



TELECOMMUNICATIONS



ELECTRIC



WATER & WASTEWATER



NATURAL GAS

FLORIDA PUBLIC SERVICE COMMISSION

Long Range Program Plan

Fiscal Year
2007 - 08 through 2011 -12

SEPTEMBER 2006

**FLORIDA
PUBLIC SERVICE COMMISSION**

**LONG-RANGE PROGRAM PLAN
FY 2007-2008 THROUGH FY 2011-2012**

September 2006

STATE OF FLORIDA

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
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EXECUTIVE DIRECTOR
MARY ANDREWS BANE
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Public Service Commission

September 30, 2006

The Honorable Tom Lee, President
The Florida Senate
Suite 409 The Capitol
404 South Monroe Street
Tallahassee, Florida 32399-1100

The Honorable Allen G. Bense, Speaker
Florida House of Representatives
Suite 420 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1100

Dear President Lee and Speaker Bense:

In accordance with instructions, the *Long Range Program Plan* for the Public Service Commission (PSC) has been posted to the PSC website. The website address is <http://www.psc.state.fl.us/general/publications/reports.cfm>. If you have questions or need any additional information, please contact Mr. Jim Dean, Strategic Analysis and Governmental Affairs Director, at 413-6058.

Sincerely,

A handwritten signature in blue ink that reads "Mary Andrews Bane".

Mary Andrews Bane
Executive Director

**FLORIDA PUBLIC SERVICE COMMISSION
LONG RANGE PROGRAM PLAN
FISCAL YEARS 2007-08 – 2011-12**

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AGENCY MISSION

**Facilitate the efficient provision
of safe and reliable utility services
at fair prices.**

PUBLIC SERVICE COMMISSION
Long Range Program Plan FY 2007-08 - 2011-12
Agency Goals, Objectives, Outcomes and Projection Tables
In Priority Order

GOAL #1: **Ensure that the regulatory process results in fair and reasonable rates while offering rate-base-regulated utilities an opportunity to earn a fair return on their investments.**

OBJECTIVE 1A: To establish rates and charges which result in fair and equitable treatment of all customer classes and competitive providers.

OUTCOME 1A: Percentage increase in annual utility bill for average residential usage compared to inflation as measured by the Consumer Price Index plus 1%: Electric, Gas, and Water/Wastewater Industries

	FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
<i>Actual CPI/ Actual FL</i>	CPI 3.4%/ FL 1.84%	CPI + 1	CPI + 1	CPI + 1	CPI + 1	CPI + 1

OBJECTIVE 1B: To ensure that Commission established returns on equity are commensurate with the level of risk associated with similar investments and initiate corrective proceedings when appropriate.

OUTCOME 1B: Average allowed Return on Equity (ROE) in Florida compared to average ROE in the USA.

	FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
<i>USA/ Florida</i>	Electric USA 12.2 / FL 11.38; Gas USA 11.6 / FL 11.31; W/W USA 11.2 / FL 9.69	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

OBJECTIVE 1C: To monitor the earnings of all utilities to ensure that achieved returns on equity do not exceed authorized returns, and initiate corrective proceedings when appropriate.

OUTCOME 1C: Percentage of utilities achieving within range or over range of last authorized ROE.

	FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
<i>Within Range/ Over Range</i>						
Electric	67% / 33%	100% / 0%	100% / 0%	100% / 0%	100% / 0%	100% / 0%
Gas	25% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%
Water & Wastewater	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%

GOAL #2: **Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services.**

OBJECTIVE 2: To facilitate development of competitive markets and provide the appropriate level of regulatory review and oversight.

OUTCOME 2: Percentage of state access lines served by Competitive Local Exchange Companies (CLECs).

FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
6.1%	17.0%	17.0%	17.0%	17.0%	17.0%

Long Range Program Plan FY 2007-08 – 2011-12

Agency Goals, Objectives, Outcomes and Projection Tables

GOAL #3: Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs.

OBJECTIVE 3: To enforce Commission quality and safety standards for regulated utilities.

OUTCOME 3A: Percentage of communications service variances per inspection points examined: Local Exchange Companies, Interexchange Companies, and Pay Telephone Companies.

FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
18.77%	15%	19%	19%	19%	19%

OUTCOME 3B: Percentage of electric and gas safety variances corrected on first re-inspection.

FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
65.6%	60.1%	60.1%	60.1%	60.1%	60.1%

GOAL #4: Inform utility consumers regarding utility matters and expedite resolution of disputes between consumers and utilities.

OBJECTIVE 4: To provide timely and quality assistance to customers regarding utility complaints and inquiries.

OUTCOME 4A: Consumer Calls: Percentage of calls answered.

FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
93%	86%	86%	86%	86%	86%

OUTCOME 4B: Consumer Calls: Average waiting time.

FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
.83 min.	1.4 min.	1.4 min.	1.4 min.	1.4 min.	1.4 min.

GOAL #5: Encourage and facilitate responsible use of resources and technology in the provision and consumption of electric utility services.

OBJECTIVE 5: To reduce the rate of growth of energy consumption and weather sensitive peak demand as required by Florida Energy Efficiency and Conservation Act (FEECA).

OUTCOME 5: Per capita annual kWh energy savings through conservation programs.

FY 2000-01 Baseline (Actual)	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2010-12
193 kWh	250 kWh	250 kWh	250 kWh	250 kWh	250 kWh

TRENDS AND CONDITIONS STATEMENT

The Public Service Commission (PSC) is charged by statute with the regulation of all investor-owned electric utilities, gas utilities, and telecommunications companies in the State, and the investor-owned water and wastewater utilities in those counties that have opted to transfer jurisdiction to the PSC. The work of the PSC is a balancing act. We must balance the needs of a utility and its shareholders with the needs of consumers.

During Fiscal Year 2005-2006, the PSC regulated five investor-owned electric companies, seven investor-owned gas utilities, and more than 200 investor-owned water/wastewater utilities. Additionally, the PSC had regulatory authority and competitive market oversight for 10 incumbent local exchange telephone companies (ILECs), nearly 400 competitive local exchange telephone companies (CLECs), 654 long distance (interexchange) telephone companies, over 300 competitive pay telephone service providers, 31 shared tenant service providers, and 24 alternative access vendors. Further, the PSC has more limited jurisdiction over 34 municipally owned electric systems and 18 rural electric cooperatives. We also monitor compliance with gas safety rules and regulations by 117 natural gas utilities and transporters. Finally, the PSC has authority over all electric utilities for power supply planning and power plant and transmission line need determination.

RESPONSIBILITY AND JURISDICTION

- The Public Service Commission is a regulatory agency created by the State Legislature under its constitutional power to pass laws for the correction of abuses and to prevent unjust discrimination and excessive charges by persons and corporations engaged in performing services of a public nature.
- The PSC has quasi-legislative and judicial responsibilities, as well as some executive powers and duties. In its legislative capacity, the PSC makes rules governing utility operations. In a judicial manner, the PSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the 1st District Court of Appeal and the Florida Supreme Court. In its executive role, the PSC enforces state laws affecting the utility industries.
- Specifically, the PSC regulates the rates and quality of service for investor-owned electric and natural gas utilities in the state. The Commission also regulates the rates and quality of service for investor-owned water and wastewater utilities located in counties which have by resolution turned over jurisdiction to the Florida Public Service Commission. The PSC also has jurisdiction over rate structure, accounting procedures, territorial disputes, safety, Ten Year Site Plans, power plant siting, and transmission line siting. Further, the Commission provides regulatory oversight to facilitate development of competition in providing local telephone service and to assist consumers with their concerns.

- The PSC's authority for its activity is contained in the following Florida Statutes: Chapter 120, Rulemaking; Chapter 350, Organization, Powers and Duties; Chapter 364, Telecommunications; Chapter 366, Public Utilities (generally), Ratemaking; Chapter 367, Water and Wastewater Systems; Chapter 368, Gas Transmission and Distribution Facilities; Chapter 403, Power Plant and Transmission Line Siting; and Chapter 427, Special Transportation and Communications Services.
- Rules adopted by the PSC to implement the above laws are contained in Chapter 25, F.A.C.

The PSC is also governed by other statutes and rules which apply to agencies of state government generally, in matters such as personnel, finance, and accounting.

To meet its statutory responsibilities, the PSC has established five primary goals as follows:

1. Utilize a regulatory process that results in fair and reasonable rates for consumers while offering rate-base-regulated utilities an opportunity to earn a fair return on their investments.
2. Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services.
3. Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs.
4. Inform utility consumers regarding utility matters and expedite resolution of disputes between consumers and utilities.
5. Encourage and facilitate responsible use of resources and technology in the provision and consumption of electric utility services.

Traditionally, the PSC's responsibilities related to ensuring fair and equitable rates and safe and reliable service for consumers through rate of return regulation of the utilities providing those services. Goals 1 and 3 address these responsibilities. The PSC achieves these goals by regulating the rates and profits of utilities and placing an affirmative obligation on utilities to provide service to all who request it.

To meet Goals 1 and 3, the PSC establishes rates and monitors earnings levels for regulated electric, natural gas, water, and wastewater companies. In addition to ratesetting, the PSC must take action to make sure that adequate reserves of electricity are available at reasonable prices, which is especially critical in this state where energy needs are of such paramount importance. The PSC also regulates the quality of service of the investor-owned electric companies and of the investor-owned water and wastewater companies in counties which have turned over jurisdiction to the PSC.

Goal 2 addresses the PSC's responsibility with respect to regulatory oversight in the telecommunications industry. The PSC's primary responsibility in this industry is to promote competition through flexible regulatory treatment and encouragement of innovation and investment in telecommunications markets, while ensuring that consumers have the information they need to make informed decisions.

Goal 4 addresses the PSC's efforts to assist customers with needed information and to help resolve their complaints and concerns with utilities. Increased competition in the telecommunications industry has led to increasing complexity of that industry and a multitude of new (and often confusing) choices being offered to consumers, dramatically expanding the PSC's role in making customers aware of their rights in this new market. Further, the PSC has a consumer call center dedicated to speaking with customers about their complaints with utilities and working to help resolve those complaints.

Goal 5 addresses the PSC's responsibility to encourage efficient use of energy resources. The oil crises of the 1970s led to the enactment of the Florida Energy Efficiency and Conservation Act of 1980 (Sections 366.80-366.85 and 403.519, F.S.) giving the PSC responsibility for developing conservation goals and approving conservation programs of public utilities. The Commission also uses rate structure to send proper pricing signals to consumers and to encourage efficient use of electricity and water.

Electric Issues

There are a number of critical issues facing the electric industry in the state over the next 3 to 5 years, issues which must be addressed in order for consumers to continue to receive electricity in a reliable manner at reasonable rates. The PSC is proactively addressing these issues in a number of areas.

Electric Utility Distribution Reliability

The Commission requires each investor-owned electric utility (IOU) to file an Annual Distribution Service Reliability Report. The purpose of this document is to review trends in key reliability indices established by the Commission. Areas under review include the number, frequency, and duration of interruptions to electric service provided to end-use customers. Outages are analyzed to identify areas where electric utilities should implement improvements to their operation and maintenance practices. As a result of PSC scrutiny, the reliability indices reported by the IOUs have improved, specifically in the area of vegetation management. This will be an ongoing focus of the agency.

Infrastructure Hardening

In response to the widespread hurricane damage in 2004 and 2005, the Commission is pursuing a comprehensive investigation into ways to minimize future storm damage to electric infrastructure and to reduce the resulting outages experienced by customers. In

response to 2006 legislative changes which expanded Commission authority to require higher standards of utility construction, the Commission is promulgating rules which mandate more frequent utility pole inspections, increase the standards for electric infrastructure to withstand wind damage, and address other areas which will reduce the damage to utility infrastructure during hurricanes.

More specifically, the Commission has required all utilities to implement an eight year pole inspection program with specific testing methodologies, and required the utilities to file annual reports on that inspection. The Commission also is addressing storm hardening and underground conversion: the costs and reliability of installing, or converting to, underground distribution facilities; strengthening the construction standards for utility distribution construction, including a systematic inspection of pole attachments to make sure that third party attachers (such as cable and telecommunication providers) are not overloading the poles and increasing the likelihood of pole failure; and encouraging the location of facilities in easily accessible locations to facilitate repair and maintenance.

Fuel Diversity

Over the past several years, utilities across the nation and within Florida have selected natural gas-fired generation as the predominant source of new capacity. The use of natural gas for electricity production in Florida has increased significantly over the past ten years from 19.3% in 1995 to 32% in 2005.

Given the volatility of natural gas prices, evidenced by the wide range of projected prices and availability of natural gas, the Commission is requiring the electric utilities to explore the feasibility of adding solid fuel generation as part of future capacity additions. The State's largest investor-owned utility, FPL, is currently seeking to address these fuel diversity issues by comparing natural gas-fired and coal-fired generation alternatives. The differences between natural gas-fired and solid fuel-fired technologies not only include forecasted fuel price differences, but also future emissions control technologies and requirements, as well as the capital costs and feasibility of developing and constructing a coal-fired generating unit in Florida. Based on its initial review, FPL has included a coal-fired generating unit in its plans for the 2012 time frame. Five other electric utilities (JEA, Gainesville Regional Utilities, Seminole Electric Cooperative, Progress Energy Florida, and Tampa Electric Company) have also included solid fuel-fired generating units in their planned generation resource additions.

Expanding the diversity of fuels used by utilities to generate electricity will be one of the major efforts by the Commission over the next 5 years to continue to meet growing needs for electricity at reasonable prices.

Renewable Generation

Another key effort by the Commission relates to increasing the use of renewable generation. In order to increase the number of renewable generators, the Commission has required the investor-owned utilities to implement a Fossil Fuel Unit Type Portfolio

approach to standard offer contract pricing for renewable generators. The Portfolio approach will encourage the development of renewable energy resources because renewable generators can choose from a menu of contracts based on various generating technologies, with different pricing, timing, and operating characteristics. Rules to codify these requirements are underway.

The Commission is also developing more comprehensive information on the availability and cost-effectiveness of renewable resources in the state. Only when we better understand the available options can we proactively require additional activity on the part of utilities.

Telecommunications Issues

The PSC has numerous responsibilities related to the telecommunications industry, including facilitating the development of competition in the local telephone market by arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. The PSC also is active in monitoring and assessing the status of local competition, processing negotiated agreements, interpreting agreements and tariffs, and providing input on legislative and Federal Communications Commission (FCC) initiatives. Reviews of industry practices are conducted to determine whether entities are engaging in anti-competitive practices that could dampen the development of competition. The PSC also provides oversight of numbering resources and processes area code relief cases as necessary. Several areas where actions by the PSC are expected to continue over the next five years are discussed below.

Technology/Infrastructure Issues

The PSC continues to monitor both existing and emerging Internet access technology and backbone infrastructure. The PSC recognizes the blurring distinction between the traditional telephone network and the data transmission networks. The PSC continues its efforts to identify the different technologies involved, assess the direction of those technologies, analyze pricing differences between voice and data networks, and determine what, if any, policy actions the PSC should consider to make sure that consumers continue to receive basic telephone service at reasonable rates.

As communications networks, including the traditional public switched networks transition to multifunction Internet protocol-based networks, providing voice, data and video services, the role of regulatory bodies becomes less clear. However, the FCC and state regulatory agencies will have a continuing role in ensuring that all providers of telecommunications service help cover the cost of essential infrastructure and emergency services such as 911.

Link-Up Florida and Lifeline Assistance Programs

The PSC remains committed to increasing public awareness about the availability of the Link-Up Florida and Lifeline Assistance Programs that help low income families cover the cost of telephone service. Promotional activities continue to focus on “grass roots”

efforts with increased attention to streamlining the application process. Efforts emphasize putting Lifeline educational materials in the hands of local organizations that are involved in the community and have regular one-on-one contact with eligible individuals. These organizations include entities such as area agencies on aging, area community action agencies, housing authorities, legal aid centers, senior centers, churches, and Urban Leagues.

Water and Wastewater Issues

The water and wastewater industry, although not subject to competitive pressures, faces unique challenges of its own. Water and wastewater is an increasing cost industry. Rapid population growth exerts upward pressure on water rates as demand continually increases for this finite resource. In addition, compliance with the standards in the federal Safe Drinking Water Act and the Clean Water Act has increased the costs of providing water and wastewater services to the public, in some instances dramatically. Compared to other utility industries, the water and wastewater utilities generally have much smaller customer bases over which to spread the increasing costs. Therefore, the impacts of increased costs may be greater for the individual customer of a water or wastewater utility than for customers of other utility services.

Given the rising cost and scarcity of this resource, it is important that customers be aware of water and wastewater proceedings before the PSC and have access to and participate in these proceedings. In the water and wastewater industries, the PSC continues to oversee quality-of-service issues such as water pressure and capacity. Service quality issues often arise when a utility files an application for a rate change because the PSC conducts customer hearings as a part of the rate case process. Consumers' comments at rate case hearings typically include service quality issues. The PSC continues to review and respond to consumer concerns and work with the utility and the Department of Environmental Protection to resolve service issues.

The issue of reuse (using effluent water for a beneficial purpose, such as irrigation) is a growing one for the PSC and has significant implications in the area of rate base/economic regulation. The Legislature has recognized the benefits of reuse to Florida and has enacted provisions in the governing statutes for the Florida Department of Environmental Protection (DEP), the five Water Management Districts and wastewater utilities to employ reuse as the chosen means for effluent disposal and as a method of water conservation. The PSC has clearly been given direction from the Legislature that reuse should be considered a public good and should be implemented by utilities wherever feasible. The PSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with the statewide goals, while mitigating the effect on water and wastewater rates.

Water conservation is another area with major economic implications. As an economic regulator, the PSC is actively involved in demand-side water conservation through rate level and rate structure. Rates and rate structure have a direct bearing on water usage and, therefore, on water resource allocation.

CONCLUSION

In conclusion, the work of the PSC is a balancing act. The PSC's primary responsibility is to ensure that customers of regulated utility companies receive safe and reliable service at fair and reasonable rates. At the same time, the Commission is required by law to ensure that the rate-base-regulated companies are allowed an opportunity to earn a fair return on their investments in property dedicated to providing utility service.

Safe and reliable utility services are critical to promoting a positive business and social environment for Florida's residents. Measures of our success focus on customer protection and assistance, conservation, safety oversight, service evaluations, competitive market oversight, and ratemaking.

At this time, the PSC is proposing a continuation budget. The expanded responsibilities resulting from the 2006 legislative session are being implemented with existing resources. The PSC does not have any task forces at this time.

LRPP Exhibit I: Agency Workforce Plan

Fiscal Years	Proposed Total FTE Reductions	Description of Reduction Issue	Positions per Issue	Impact of Reduction
FY 2007 -2008	13	Streamline the Telecommunications Tariff/Agreement Processes	1	Implementing more efficient processes for tariffs and agreements, and the associated decreased review of tariffs, may lead to possible increases in misbillings of customers.
		Streamline Water/Wastewater Certification Process	5	Eliminating rate base audits may result in company records being more difficult to audit in subsequent rate cases.
		Eliminate Water/Wastewater Annual Report Reviews	1	This may result in rates being higher than necessary for some WAW utilities. However, the earnings surveillance program for WAW utilities has not led to significant savings in the past due to the cost increasing nature of the industry.
		Streamline Regulatory Oversight of Telecommunications Companies	5	Streamlining regulatory assessment fee (RAF) fine processes and less review of RAF forms may possibly lead to more errors in filing of RAFs.
		Eliminate Electric Dismantlement Studies	1	May lead to less accurate depreciation accounting and consequently, some intergenerational inequity.
FY 2008-2009		Streamline Regulatory Oversight of Telecommunications Companies	4	Reduced PSC review of companies' provision of service to their competitors may result in less competition and fewer choices for customers.
		Reduce Telephone Service Evaluations	3	For companies making elections under FS 364.051(6), the quality of service standards are lessened. This may result in lower quality of customer service. There will be less review of tariff compliance, answer times for 911, and other LEC services due to reduction of service evaluations. In addition, payphone quality of service may decline due to inability to perform as many audits.

LRPP Exhibit I: Agency Workforce Plan

Fiscal Years	Proposed Total FTE Reductions	Description of Reduction Issue	Positions per Issue	Fiscal Years
	37	Fewer Intercarrier Disputes Requiring FPSC Resolution and Fewer Area Code Dockets	6	ILEC and CLEC use of Commercial Agreements in place of or in addition to many of the negotiated agreements which are currently in effect may result in a decline in the number of issues arbitrated before the PSC. In addition, we expect there to be fewer intercarrier disputes about the remaining agreements. No adverse impacts expected. Numbering conservation efforts and slower growth of number usage will reduce the number of area code dockets.
		Streamline Water/Wastewater (WAW) Ratemaking Process in File and Suspend Rate Cases by Eliminating Insignificant Adjustments and by Revising the WAW Used and Useful Statute	4	Rates may not precisely reflect cost of service since some accounting adjustments may not be made. The elimination of "used and useful" adjustments may result in some intergenerational inequity.
		Simplify Water/Wastewater SARC Process by Ceasing Field Audits of Small Company Books and Records	3	This may result in rates not precisely reflecting cost of service since some accounting adjustments may not be made.
		Eliminate review of electric tariffs filed outside of a rate case	1	May result in temporary inappropriate charges to customers until such time as a complaint or petition is filed.
		Close District Office	8	Fewer audits will be done and those will be done by the remaining two offices. This may impact the ability to verify regulated utility compliance with PSC orders, rules and statutes as well as verification of utility filings with company records. There may be fewer inspections of gas systems and new electric construction.

LRPP Exhibit I: Agency Workforce Plan

Fiscal Years	Proposed Total FTE Reductions	Description of Reduction Issue	Positions per Issue	Fiscal Years
		Privatize Consumer Call Center	8	Privatization of the Call Center may create a disconnect between the call center staff and the expertise of technical staff in the other PSC divisions, resulting in consumers calling but not getting resolution of their complaint. It is unclear as to what cost savings would be experienced.
Total	50			

LRPP Exhibit II - Performance Measures and Standards

Department: Florida Public Service Commission
 Program: Utilities regulation/ Consumer Assistance
 Service/Budget Entity: Consumer Safety/ Protection

Department No.: 61000000

Code: 1205.00.00.00

Code: 61010000

Approved Performance Measures for FY 2006-07	Approved Prior Year Standard FY 2005-06	Prior Year Actual FY 2005-06	Approved Standards for FY 2006-07	Requested FY 2007- 08 Standard
Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite	3.39% CPI+1	11.06%	CPI+1	CPI+1
Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite	USA +/- 1	10.9% + .84%	USA +/- 1	USA +/- 1
Percent of utilities achieving within range and over range of last authorized ROE: Electric	100%/0%	80% / 0%	100%/0%	100%/0%
Percent of utilities achieving within range and over range of last authorized ROE: Gas	29%/0%	29% / 14%	29%/0%	29%/0%
Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater	10%/5%	3% / 6%	10%/5%	10%/5%
Percent of communications service variances per inspection points examined	15%	19%	19%	19%
Percent of electric and gas safety variances corrected on first reinspection	60.10%	58.36%	60.10%	60.10%
Consumer Calls: Percent of calls answered	86%	94%	86%	86%
Consumer Calls: Average waiting time (in minutes)	1.4	0.06	1.4	1.25
Conservation Programs Reviewed and Conservation Proceedings Undertaken	87	93	87	89
Per capita annual kWh energy savings through conservation programs (in kWh)	238	257.6	250	250

Approved Performance Measures for FY 2006-07	Approved Prior Year Standard FY 2005-06	Prior Year Actual FY 2005-06	Approved Standards for FY 2006-07	Requested FY 2007- 08 Standard
Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric	19	29	19	22
Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas	7	7	7	7
Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater	170	176	170	165
Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues	1600	1126	1600	1100
Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies	200	118	175	100
Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric	3	9	7	7
Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas	1	1	1	1
Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater	75	54	75	70
Number of proceedings relating to wholesale competition or electric reliability	33	37	33	33
Utility Consumer Inquiries, Complaints, and Information Requests Handled	56,000	40,559	50,000	38,000
Safety Inspections Performed (Electric and Gas)	3,000	3,145	3,000	3,000
Communications Service Evaluations Performed	8,000	7,487	7,000	7,000
Number Average Customer Satisfaction Rating of the Complaint Handling Function	4	4	4	4

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 1: Percentage of Annual Utility Increases for Average Residential Usage Compared to Inflation as Measured by the Consumer Price Index

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
CPI+1 (4.39%)	11.06%	6.67	152%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The composite price exceeded goal because of the unexpected dramatic increase in the price of natural gas.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 3: Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE - Electric

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%/0%	80%/0%	20/-	20%/-

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

One of the five rate regulated electric utilities earned below the ROE range, Under-earning utilities are responsible for petitions for a rate increase to correct under-earnings. The Commission does not initiate rate increases.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 5: Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE – Water & Wastewater

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10% / 5%	9%/6%	(1)/1	10%/20%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

10 out of 174 of the regulated water and wastewater utilities earned above the ROE range, Under-earning utilities are responsible for filing petitions for a rate increases to correct under-earnings. The Commission does not initiate rate increases.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

The Commission will make a determination of overearnings, make appropriate refunds and reduce revenues and rates accordingly for each utility.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 6: Percent of Communications Service Variances per Inspection Points Examined

Action:

- ☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
15%	19%	4%	27%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- ☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect Other (Identify)

Explanation:

External Factors (check all that apply):

- ☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☒ Natural Disaster
☐ Target Population Change ☒ Other (Identify)
☐ This Program/Service Cannot Fix The Problem
☐ Current Laws Are Working Against The Agency Mission

Explanation: There was an abnormal level of variances due to the continuing aftermath of hurricane damage resulting in delay of normal installations and repair work. In addition, some of the evaluations occurred during peak installation timeframes due to seasonal customers leading to misses in standards.

Management Efforts to Address Differences/Problems (check all that apply):

- ☐ Training ☐ Technology
☐ Personnel ☒ Other (Identify)

Recommendations: This percentage of variances remains reliable, however it must be viewed in context of the surrounding circumstances. Given the hurricane conditions, it would be expected that the variance level would be high.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 7: Percent of Electric & Gas Safety Variances Corrected on First Reinspection

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
60.10	58.36	-1.74	2.9%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input checked="" type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

With the intensified 2005 hurricane season, utilities emphasized service restoration and final repair.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

No action necessary because of the effects of a natural disaster. Future hurricane seasons will be monitored to determine their affect on any changes to the performance standard.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 10: Conservation Programs Reviewed and Conservation Proceedings Undertaken

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
87	93	6	7%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The Commission has no control over the number of petitions received initiating a review of conservation programs.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 12: Utility Companies for which Rates or Earnings were Reviewed/Adjusted - Electric

Action:

- ☐ Performance Assessment of Outcome Measure ☐ Revision of Measure
☒ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
19	29	10	53%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- ☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☐ Other (Identify)

Explanation:

External Factors (check all that apply):

- ☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☒ Other (Identify)
☐ This Program/Service Cannot Fix The Problem
☐ Current Laws Are Working Against The Agency Mission

Explanation:

The Commission has no control over the number of petitions received initiating a review of rates or earnings.

Management Efforts to Address Differences/Problems (check all that apply):

- ☐ Training ☐ Technology
☐ Personnel ☒ Other (Identify)

Recommendations:

None.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

**Measure 14: Utility Companies for which Rates or Earnings were Reviewed/Adjusted –
Water & Wastewater**

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
170	176	6	4%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The Commission has no control over the number of petitions received initiating a review of rates or earnings.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

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LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 15: Proceedings to evaluate or resolve retail and wholesale telecommunications competitive issues

Action:

- Performance Assessment of Outcome Measure ☐ Revision of Measure
X Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1600	1126	474	29.6%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | Natural Disaster |
| <input type="checkbox"/> Target Population Change | X Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation: The rules were changed by the FCC. The companies and the FPSC are still dealing with the change in business rules that came from the rules changes. Large proceedings were dealt with during this period that would indicate the number of proceedings declined; however, the large proceedings dealt with many companies and many issues. In addition, competition in the telecommunications industry is also coming from companies that are not regulated by the FPSC resulting in fewer tariffs, arbitrated agreements for these companies.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | X Other (Identify) |

Recommendations: The competitive market is still shifting. The FPSC needs to monitor to determine if the number of proceedings and issues before the FPSC will increase or decrease in reaction to the market shifts.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 16: Number of Proceedings Granting Certificates to Operate as a
Telecommunications Company and Registering Intrastate Interexchange
Telecommunications Companies (IXCs)

Action:

- Performance Assessment of Outcome Measure ☐ Revision of Measure
X Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
200	118	82	41%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | Other (Identify) |

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | Natural Disaster |
| <input type="checkbox"/> Target Population Change | X Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation: Competition for traditional wireline companies is coming from new technologies and companies that do not need certificates from the FPSC. In addition, the rules of the FCC have changed so many telecommunications companies have changed their business plans. The payphone industry is dwindling with fewer certificates being requested.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | X Other (Identify) |

Recommendations: Having fewer certificates is not a negative if competition is increasing so this needs to be monitored along with what happens to the competitive market as a whole.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 17: Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or Approving Territorial Agreements - Electric

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3	9	6	200%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The Commission has no control over the number of petitions received initiating a review of territorial agreements.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 19: Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or Approving Territorial Agreements – Water & Wastewater

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75	54	(21)	28%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The Commission has no control over the number of petitions received initiating a review of territory.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

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LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 20: Number of Proceedings Relating to Wholesale Competition or Electric Reliability

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
33	37	4	12%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The Commission has no control over the number of petitions received initiating a review of wholesale competition or electric reliability.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

None.

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LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 21: Utility Consumer Inquiries, Complaints and Information Requests Handled

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
56,000	40,559	15,441	27.6%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

The previous standard was for Utility Consumer Inquires, Complaints, and Information Requests Handled. The new measure, Utility Consumer Complaints and Information Requests Closed, counts only those items that can be categorized as closed.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

Performance Standard adjusted to account for only complaints and information requests closed. We will handle an estimated 1,000 calls per month that do not fall into a "closed" category.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 23: Communications Service Evaluations Performed

Action:

- Performance Assessment of Outcome Measure ☐ Revision of Measure
X Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
7000	7487	487	7%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | X Other (Identify) |

Explanation:

Additional staff time was spent on evaluating problem areas related to the ILEC networks.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | Natural Disaster |
| <input type="checkbox"/> Target Population Change | Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | X Other (Identify) |

Recommendations:

Issues were identified so additional efforts were made to evaluate the areas of concern so the root cause could be addressed. Efforts can be resumed at its normal level.

Office of Policy and Budget – July 2006

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 24: Number Average Customer Satisfaction Rating of the Complaint Handling Function

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

The standard of 4 should be used for this new Output Measure.

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LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 1: Percentage of Annual Utility Increases for Average Residential Usage Compared to Inflation as Measured by the Consumer Price Index (CPI)

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Florida Statutes require the Florida Public Service Commission to ensure that the regulatory process results in fair and reasonable rates, where jurisdiction allows, while offering rate base regulated utilities an opportunity to earn a fair return on their investments. The Commission currently has rate setting authority over the investor-owned electric and gas utilities and the water and wastewater utilities in counties that have opted to give jurisdiction to the Commission. The Commission has ratemaking authority over one small telephone utility located in the panhandle of Florida. Other telephone utilities have been deregulated. Rate setting actions are taken by the Commission during the course of a rate case initiated by the filing of a petition by a regulated utility, or upon the Commission's own motion if there is evidence of over earnings. This outcome measure attempts to evaluate the Commission's performance in maintaining fair and reasonable rates by comparing average regulated utility rate increases in Florida to increases in the Consumer Price Index. Data for this measure is taken from tariffs filed with the Commission by the utilities and reported on a calendar year basis for the investor-owned electric, gas, and Class A water and wastewater utility system groups. These tariffs are compiled in the Commission's Annual Cost Statistics Report. The standard for evaluating future performance under this measure is the national CPI plus 1%.

Validity:

This measure uses the Consumer Price Index as a benchmark for comparing Florida regulated utility price increases, and therefore the Commission's performance in maintaining utility price increases at a reasonable level. As with other measures relating to utility rates, this measure is a valid indicator of the Commission's achievement of this goal in a broad sense. Many external factors affect the utilities' rates and actual earnings. Viewed as a trend over a number of years, however, this measure provides a valid general indication of the Commission's performance in this area.

Reliability:

The Commission's Division of Economic Regulation researches and reports the data for this measure. The utility bill increase data are extracted from tariffs and reports provided by the utilities and reviewed by Division staff. The Consumer Price Index data will be as published by the U.S. Department of Labor. Standard operating procedures have been developed to ensure that the data is developed and recorded consistently and accurately

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 2: Average Allowed Return on Equity (ROE) in Florida Compared to Average ROE in the USA

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Florida Statutes require the Florida Public Service Commission to ensure that the regulatory process results in fair and reasonable rates while offering rate base regulated utilities an opportunity to earn a fair return on their investments. The Commission currently has rate setting authority over the investor-owned electric and gas utilities and the water and wastewater utilities in counties that have opted to give jurisdiction to the Commission. Rate setting actions are taken by the Commission during the course of a rate case initiated by the filing of a petition by a regulated utility, or upon the Commission's own motion if there is evidence of over earnings. This outcome measure evaluates the Commission's performance in ensuring the utilities an opportunity to earn a fair return on investments by comparing Return on Equity (ROE) authorized for Florida utilities to ROEs authorized for comparable utilities in other states. The determination of the ROE to be authorized for the utility is one of if not the most complex and important decisions made in a rate case. The fact that a specific ROE is authorized for a utility does not mean that the utility is guaranteed to receive that return on its investments. Economic conditions, management practices, and other factors have a significant effect on actual ROE achieved.

The amount reported under this measure as the Average Allowed ROE in Florida for the electric and gas industries is a weighted average ROE computed for applicable Florida utilities based on asset size. The amount presented as the Average Allowed ROE in Florida for the water and wastewater industry is the midpoint of the range indicated by the authorized leverage formula adopted by the Commission annually. The amounts presented under this measure by industry as the Average Allowed ROE in the USA are computed as follows:

Electric:

All electric companies in the USA with a Standard and Poor's (S&P's) bond rating and that derive the majority of revenues from regulated operations are included in the calculation. The ROE for the USA index is calculated using a weighted average of the ROEs reported by C. A. Turner Utility Reports (CAT) based on asset size as reported in the companies' SEC reports.

The average ROE in Florida should be within plus or minus 100 basis points of the USA ROE. Many risk factors can impact the determination of ROE. These factors include, but are not limited to, the asset mix of the plant, the fuel mix, the regulatory environment, the opportunity offered to achieve the authorized return, and the extent of competition. The risk factors that exist yearly will determine whether Florida's ROE should be higher or lower than the USA ROE.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 2 Continued: Average Allowed Return on Equity (ROE) in Florida Compared to Average ROE in the USA

Gas:

All natural gas companies in the USA followed by CAT and that derive the majority of revenues from regulated operations are included in the calculation. The weighted average ROE for the USA is then calculated based on asset size as reported by CAT. The Florida ROE should be within plus or minus 100 basis points of the average USA ROE. As with electric utilities, the various risk factors for the gas companies will determine whether Florida's ROE should be higher or lower.

Water and Wastewater:

All water and wastewater companies reported by CAT are selected for inclusion in the USA average. As with the gas companies, the figure for the Average Allowed ROE in the USA is a weighted average based on asset size as reported by CAT.

The published data for water and wastewater companies is very sparse. The information published is for water and wastewater companies much larger than the typical water and wastewater utility in Florida. As a result, it is reasonable for the Florida ROE to be within plus or minus 250 basis points of the calculated USA ROE. This represents a larger range than the other industries, but that is consistent with the comparability of the data available.

Validity:

This measure uses the ROEs established by regulatory commissions in other states for comparable utilities as a benchmark for evaluating the reasonableness of ROEs established for Florida utilities. This measure is a valid indicator of the Commission's achievement of this goal in a broad sense. To truly evaluate the Commission's performance in setting ROE, one would have to review the evidence presented in each rate case and base a conclusion thereon. Also, external factors beyond the control of the Commission such as economic, geographic, environmental, and political circumstances all affect ROE and must be considered in evaluating the Commission's performance under this measure. As a result, this measure should be considered as only a general indicator of the Commission's performance in this area. However, viewed as a trend over a number of years, this measure provides a valid general indication of the Commission's performance in this area.

Reliability:

The Commission's Division of Economic Regulation provides the data for this measure. The data for other states is based on their review and determination of comparable systems and research regarding ROEs. A list of utilities selected for comparison and the factors evaluated in selecting have been documented. Standard operating procedures have been developed to ensure that this data is developed and recorded consistently and accurately.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 3-5: Percent of Utilities Achieving Within Range and Over Range of Last Authorized Return on Equity (ROE)

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Florida Statutes require the Florida Public Service Commission to ensure that the regulatory process results in fair and reasonable rates while offering rate base regulated utilities an opportunity to earn a fair return on their investments. The Commission currently has rate setting authority over the investor-owned electric and gas utilities and the water and wastewater utilities in the counties that have opted to give jurisdiction to the Commission. Rate setting actions are taken by the Commission during the course of a rate case initiated by the filing of a petition by a regulated utility, or upon the Commission's own motion due to evidence of over earnings. When setting ROE, the Commission establishes a range within which it expects the utility's ROE to remain. This range is generally set as plus or minus 100 basis points of the ROE, which becomes the midpoint of the ROE range. No utility should consistently earn over the top of its ROE range. If a utility is earning under its range, there are various rules, statutes, and tools available to the utility to increase its earnings. It is the utilities' management's prerogative to avail themselves of these mechanisms. The determination of the Return on Equity (ROE) to be authorized for the utility is one of if not the most complex and important decisions made in a rate case. The fact that a specific ROE is authorized for a utility does not mean that the utility is guaranteed to receive that return on its investments but that, based on the evidence presented, it should have the opportunity to do so.

Validity:

This measure assesses the Commission's performance in allowing utilities the opportunity to earn a reasonable return on their investments by looking at the statistics of how many are earning within or over their last authorized ROE. This measure is a valid indicator of the Commission's achievement of this goal in a broad sense. External factors such as economic conditions, utility management practices, and others will have a significant effect on actual ROE earned by the utilities. Viewed as a trend over a number of years, however, this measure provides a valid general indication of the Commission's performance in this area. The actual return data for this measure is taken from the reports of earnings filed by investor-owned electric, gas, and water and wastewater utilities as of December 31 of the most recent calendar year.

Reliability:

The Commission's Division of Economic Regulation provides the data for this measure. The data is extracted from reports provided by the utilities and reviewed for reasonableness by staff of that Division. Standard operating procedures are in place to ensure that this data is developed and recorded consistently and accurately.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 6: Percent of Communications Service Variances per Inspection Points Examined

Action (check one):

- ☐ Requesting Revision to Approved Measure
- ☐ Change in Data Sources or Measurement Methodologies
- ☐ Requesting New Measure
- ☒ Backup for Performance Outcome and Output Measure

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." The Commission has an ongoing service evaluation program for the telecommunications industry under which the three largest companies (BellSouth, Sprint, and Verizon) are evaluated annually and the remaining local exchange companies (LEC) once every four years. The number of inspection points is dependent upon the scope and size of the evaluation. In addition to the LEC evaluations with inspection point counts, there are payphone and interexchange telecommunications company evaluations and inspection point counts that are included in this measure. This measure evaluates the Commission's performance in facilitating quality telecommunications service by looking at the percentage of service variances found per total inspection points examined for each of the major telecommunications subindustries. Data for this measure will be reported on the fiscal year basis.

Validity:

The percent of service variances found by the Commission's ongoing service evaluation program and the changes in that number from one year to the next should be valid indications of the companies' attention to the provision of quality service, and therefore the Commission's performance in promoting high quality service.

Reliability:

The data for this measure is based on service evaluations conducted during the course of the year. It is maintained and reported by the Commission's Division of Competitive Markets and Enforcement. Service evaluations are routinely conducted and requirements consistently applied. This should therefore be a reliable indicator of performance.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 7: Percent of Electric & Gas Safety Variances Corrected on First Reinspection

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs."

The Commission has adopted rules relating to safety standards of the electric utilities which require, among other things, compliance with the National Electric Safety Code (NESC). The Commission conducts routine inspections based on a sample of work orders submitted for new electric utility construction.

In addition, the Commission has adopted rules relating to safety standards for gas utilities which require, among other things, compliance with the U. S. Department of Transportation's Federal Code of Regulations for Gas Pipelines. The Commission conducts annual inspections of all gas distribution systems operating in the state.

This measure attempts to evaluate the Commission's performance in promoting safety in the provision of electric & gas utility service by looking at the percentage of safety variances found to have been corrected on the first reinspection following the initial citing. Data for this measure is extracted from safety inspection reports prepared by Commission inspectors and is reported by fiscal year.

Validity:

The percent of safety variances found by the Commission's ongoing safety inspection program, the percentage corrected on first reinspection, and the changes in these numbers from one year to the next are certainly indications of the utilities' attention to ensuring compliance with safety requirements and therefore the Commission's performance in promoting that compliance.

Reliability:

The data for this measure is maintained and reported by the Commission's Division of Regulatory Compliance and Consumer Assistance for safety inspections conducted during the course of the fiscal year. Standard operating procedures have been developed to ensure the consistency and accuracy of this data. Safety inspections are routinely conducted and requirements consistently applied.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 8: Consumer Calls – Percent of Calls Answered

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

The Automated Call Distributor – Management Information System (ACD-MIS) provides real-time monitoring and comprehensive historical reporting for call centers. It provides call center managers with up-to-the-minute call center performance evaluation. These statistics allow call center managers to monitor changing ACD traffic flows and level of service.

Monthly reports are compiled using data captured by the ACD-MIS. The reports list the number of calls presented to the Commission's Call Center via the toll-free number, as well as the number of calls answered, deflected, and abandoned. The percentage of calls answered equals the total number of calls answered, divided by the total number of calls presented. If the actual percentage is greater than the established standard, the standard was exceeded.

Call Center calls are first answered by an Integrated Voice Response System (IVR), and then go through a call tree. Callers are first given the option of hearing the message in English or Spanish and then are given the options of obtaining brochures from the Commission, the Commission's address in order to file written complaints, information regarding other state agencies, or speaking with a representative. Callers selecting the option to speak with a representative are routed to the ACD queue to speak with the next available representative, if one is not immediately available. The Percentage of Calls Answered measures the Call Center's performance in handling calls routed to the ACD queue that are answered by a representative (as opposed to being abandoned by the caller while waiting in the queue or the call being deflected by the system because of call volumes).

Validity:

The percentage of calls answered equals the total number of calls answered, divided by the total number of calls presented. The elements included in this measure are very meaningful indicators of the Call Center's performance in handling consumer calls since the equation used is specific to the measure itself. Using a percentage, instead of an actual number of calls answered, allows for fluctuations in the number of calls directed to the Commission's toll-free lines. It is a valid indicator of the Call Center's success in handling consumer complaints and information requests, in providing service to Florida consumers.

Reliability:

The ACD-MIS System provides real-time monitoring and comprehensive historical reporting for the PSC. It provides call center managers with up-to-the-minute call center performance evaluation. By consistently using the same method, the data is gathered and analyzed daily and monthly by Call Center Managers. The data is also provided monthly to Commission Executive Management and is extremely reliable. The measuring procedure yields the same results on repeated trials, and data are complete and sufficiently error free for the intended purposes.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 9: Consumer Calls – Average Waiting Time (in Minutes)

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

The Automated Call Distributor – Management Information System (ACD-MIS) provides real-time monitoring and comprehensive historical reporting for call centers. It provides call center managers with up-to-the-minute call center performance evaluation. These statistics allow call center managers to monitor changing ACD traffic flows and level of service.

Monthly reports are compiled using data captured by the ACD-MIS. One report, Incoming Calls Report by Group, gives the average speed of answer for the Call Center Representatives combined for a specific time period. The Average Waiting Time (in Minutes) is derived by dividing the Average Speed on Answer (in Seconds) for the given period by 60 to determine Average Speed of Answer (in Minutes). If the average is less than the established measure, the standard was exceeded.

Call Center calls are first answered by an Integrated Voice Response System (IVR), and then go through a call tree. Callers are first given the option of hearing the message in English or Spanish and then are given the options of obtaining brochures from the Commission, the Commission's address in order to file written complaints, information regarding other state agencies, or speaking with a representative. Callers selecting the option to speak with a representative are routed to the ACD queue to speak with the next available representative. The Average Waiting Time (in Minutes) measures the average time callers are required to hold prior to speaking with a representative.

Validity:

The Average Waiting Time (in Minutes) is derived by dividing the Average Speed on Answer (in Seconds) for the given period by 60 to determine Average Speed of Answer (in Minutes). The elements included in this measure are very meaningful indicators of the Call Center's performance in handling consumer calls. It is a valid indicator of the Call Center's success in handling consumer complaints and information requests, in providing service to Florida consumers.

Reliability:

This is a reliable measure, since the ACD-MIS System provides real-time monitoring and comprehensive historical reporting for the PSC. It provides call center management with up-to-the-minute call center performance evaluation.

By consistently using the same method, the data is gathered and analyzed daily and monthly by Call Center Managers. The data is also provided monthly to Commission Executive Management and is extremely reliable. The measuring procedure yields the same results on repeated trials, and the data is complete and sufficiently error free for the intended purposes.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 10: Conservation Programs Reviewed and Conservation Proceedings Undertaken

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Section 366.82, Florida Statutes, requires the Commission to adopt appropriate goals for increasing the efficiency of energy consumption and to require each utility to develop plans and programs to meet the overall goals within its service area. The Commission has adopted rules setting forth conservation goals for the electric and natural gas utilities and requiring the submission of conservation programs designed to meet their goals. The prudently incurred costs of approved conservation programs are passed through to utility customers through the Conservation Cost Recovery Clause subject to review by the Commission. The reviews of these plans, programs, and costs are the Commission's major activities in promoting energy conservation. These reviews are conducted as docketed proceedings before the Commission and as such are recorded in the Commission's Case Management System (CMS). Data for this measure is extracted from CMS and reported on a fiscal year basis.

Validity:

This measure reports the actual number of conservation proceedings conducted by the Commission and is a valid indicator of the level of Commission workload in its conservation activity.

Reliability:

Standard operating procedures are in place to ensure that this data is recorded correctly and consistently. This measure and the data reported under it provide a reliable basis for assessing the volume of workload involved in this activity.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 11: Per Capita Annual kWh Energy Savings through Conservation Programs

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Section 366.82, Florida Statutes, requires the Commission to adopt goals for increasing the efficiency of electric energy (Kilowatt Hours or kWh) consumption and to require each utility to develop plans and programs to meet the overall goals within its service area. The Commission has adopted rules establishing conservation goals for the electric utilities and requiring the submission of conservation programs designed to meet their goals. This measure evaluates the utilities' achievement of their kWh goals based on the annual savings in electrical consumption resulting from conservation programs conducted by the electric and gas utilities. Data for this measure is provided by the electric and gas utilities for the most recent calendar year and expressed on a per capita basis.

Validity:

The annual kWh energy savings resulting from conservation is the bottom line indication of the success in promoting conservation of electricity and is a valid indicator of the Commission's performance in achieving this goal. External factors such as weather and economic conditions will affect the level of conservation. Weather extremes tend to create greater demand for electricity regardless of conservation efforts. Poor economic conditions sponsor greater interest in conservation on the part of the consumer, while good economic conditions tend to remove some of this interest.

Reliability:

Data for this measure is provided by the electric and gas industries and reviewed by the staff of the Division of Economic Regulation for reasonableness. Standard operating procedures are in place to ensure that this data is developed consistently and accurately.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 12-14: Utility Companies for Which Rates or Earnings were Reviewed/Adjusted

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Florida Statutes require the Florida Public Service Commission to ensure that the regulatory process results in fair and reasonable rates while offering rate base regulated utilities an opportunity to earn a fair return on their investments. The Commission continues to have rate setting authority over privately held electric, gas, and water and wastewater utilities. When a utility wishes to change its rates, it must petition the Commission which in turn conducts a docketed rate proceeding to determine if the proposed rates should be approved. In other instances, periodic reviews of rates are conducted in order to reset rates, especially for purposes of cost recovery of certain highly volatile costs, such as fuel costs for electric and gas utilities.

The Commission staff also monitor utility rates through various surveillance activities. If they see evidence that a utility may be over earning, a review is initiated and audits conducted. Other audits and reviews are conducted in cost recovery and limited scope proceedings. This measure reflects the level of Commission activity directed toward the setting of reasonable rates and earning levels by quantifying the number of utility companies that had rates or earnings reviewed or adjusted during the reporting period. The source of data for this measure is extracted from the Commission's Case Management System. Data for this measure is compiled on a fiscal year basis.

Validity:

This measure reports the actual number of companies having rate or earning reviews or adjustments and is a valid indicator of the level of Commission workload in its ratemaking activity. Factors such as economic trends, weather, technological change, political environment, and others directly affect rates and expenditures, and therefore the amount of Commission activity in these areas. As an output measure, however, it is a reliable indicator of the amount of activity being undertaken by the Commission in this area of responsibility and will be most meaningful when viewed as a trend over time.

Reliability:

Standard operating procedures are in place to ensure that data is recorded correctly and consistently. External factors cited above will affect the quantities reported under this measure, but the measure and data provide a reliable basis for assessing the volume of workload involved in this activity.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 15: Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues

Action (check one):

- ☐ Requesting Revision to Approved Measure
- ☐ Change in Data Sources or Measurement Methodologies
- ☐ Requesting New Measure
- ☒ Backup for Performance Outcome and Output Measure

Data Sources and Methodology:

One of the Commission's goals is to "Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services." Changes in the telecommunications industry, beginning with the opening of the long distance telephone market to competition in the 1980s and the local telephone market in 1995, have required the FPSC to expand beyond its traditional "ratemaking" regulatory role for this industry. The PSC's primary responsibility with regard to this industry is now to facilitate entry of new firms into the local telecommunications market, while at the same time ensuring that neither the new entrants nor the incumbents are unfairly advantaged or disadvantaged. New entrants into the local exchange telephone market (Competitive Local Exchange Companies), with the exception of some of the cable companies, do not have the infrastructure necessary to deliver telephone service directly to a subscriber's home or business and must enter into agreements with the existing local exchange telephone providers to lease their lines and equipment in providing local telephone service. These agreements must be reviewed and approved by the Commission.

Expanding technology and the impact on the telecommunications infrastructure has also raised new issues and increased the frequency of some such as the establishment of new area codes as existing ones become fully populated. This measure captures these and other proceedings relating to competition in the telecommunications industry, including the review of tariffs filed by telecommunications companies. These proceedings are routinely recorded in the Commission's Case Management System (CMS) and in the workload control system in the Commission's Division of Competitive Markets & Enforcement. The data for this measure will be extracted from these record systems and reported on a fiscal year basis.

Validity:

This measure reports the actual number of "competitive market" proceedings conducted by the Commission as recorded in CMS and should therefore be a valid indicator of the level of Commission workload in its *Competitive Market Oversight* activity. However, external factors such as economic trends and technological change will also affect the number of proceedings conducted under this activity.

Reliability:

This measure and the data reported from the Commission's automated systems under it should provide a reliable basis for assessing the volume of workload involved in this activity.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

**Measure 16: Number of Proceedings Granting Certificates to Operate as a
Telecommunications Company and Registering Intrastate
Interexchange Telecommunications Companies (IXCs)**

Action (check one):

- ☐ Requesting Revision to Approved Measure
- ☐ Change in Data Sources or Measurement Methodologies
- ☐ Requesting New Measure
- ☒ Backup for Performance Outcome and Output Measure

Data Sources and Methodology:

One of the Commission's goals is to "Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services." The interexchange (long distance) and pay telephone markets have been open to competition since the 1980s. The Telecommunications Act of 1995 opened the local telephone market to competition. With the exception of intrastate interexchange telecommunications companies (IXCs), new entrants into these markets must submit an application for a certificate to operate as a telecommunications company to the Commission for approval. IXCs must provide contact information to and file tariffs with the PSC. For tracking purposes, the PSC assigns a registration number to each IXC.

The applications for certificates and registrations are docketed and recorded in the Commission's Case Management System. The data for this measure is reported on a fiscal year basis.

Validity:

This measure validly represents one area of Commission activity relating to the entry of competition into the telecommunications industry. The number of certification and registration proceedings conducted by the Commission is clearly a valid indicator of such activity. However, other factors such as economic trends and technological change will also affect the number of certificate applications submitted by providers of telecommunications services and the number of registrations to operate as IXCs.

Reliability:

Data for this measure is taken from the Commission's Case Management System. Standard operating procedures are in place to ensure that data is recorded in this system correctly and consistently. External factors as cited above will affect the quantities reported under this measure. As an output measure, however, it will be a reliable indicator of the amount of Commission activity under this responsibility.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 17-19: Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or Approving Territorial Agreements

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." Applications for certificates of authorization to provide utility service are required of all privately-owned water and wastewater utilities providing service in those counties subject to Commission jurisdiction. Electric and gas utilities are not required to obtain formal certificates but must bring territorial agreements, amendments to agreements, or disputes with other gas or electric utilities to the Commission for approval or resolution. The number of certificates granted allowing additional service providers to enter the market or modify their territory and the number of territorial agreements approved and disputes resolved are indicators of workload activity related to this outcome. All electric, gas, and water & wastewater territorial service area proceedings are docketed and recorded in the Case Management System (CMS). Hence, an exact count of territorial service area proceedings are compiled from CMS on a fiscal year basis.

Validity:

This measure reports the actual number of electric and gas territorial dockets and water and wastewater service area certification dockets conducted by the Commission annually and is a valid indicator of the level of Commission workload in assigning territorial service areas.

Reliability:

The data for this measure is recorded in the Commission's CMS. Standard operating procedures are in place to ensure that this data is recorded correctly and consistently. This measure and the data reported under it provide a reliable basis for assessing the volume of workload involved in this activity.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 20: Number of Proceedings Relating to Wholesale Competition or Electric Reliability

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." A key ingredient in ensuring quality and reliable electric service in the State is determining that adequate electric generation and transmission facilities are planned and built to supply Florida's growing population with electrical service. All electric utilities in the State with 250 megawatts or more of generating capacity, or with plans to build 50 megawatts or more of generating capacity, are required to file a Ten-Year Site Plan with the Commission each year detailing their plans for new or expanded generating capacity within the ensuing ten-year period. The Commission reviews the plan for adequacy and reliability of the planned generating capacity and issues a report accepting and/or commenting on each utility's plan.

This report is provided to the Florida Department of Environmental Protection for use in their review of related environmental issues. Prior to beginning construction of certain generating plants or transmission lines, a utility must file a Petition for Determination of Need with the Commission.

As competitive pressures build in the electric industry at the wholesale level, the Commission expects to see the number of electric reliability proceedings increase. These proceedings and the Ten-Year Site Plan proceedings discussed above are the subject of this measure. Records of these proceedings are maintained in the Commission's Case Management System (CMS) and in the workload control system of the Division of Economic Regulation. Data for this measure will be extracted from these record systems and reported on a fiscal year basis.

Validity:

The measure reports the actual number of proceedings conducted by the Commission relating to the electric wholesale competition and reliability. External factors such as economic trends and technological changes will have a significant effect on the number of proceedings conducted in this area. However, the measure is a valid indicator of the level of Commission workload in its electric reliability activity.

Reliability:

Standard operating procedures are in place to ensure that this data is recorded correctly and consistently. The measure and underlying data provide a reliable basis for assessing the volume of workload involved in this activity.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 21: Utility Consumer Complaints and Information Requests Closed

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

The Consumer Activity Tracking System (CATS) is a database system that tracks complaints and information requests completed with the Commission. It provides comprehensive reporting for all cases completed, and provides managers with detailed case handling performance evaluation. These statistics allow managers to monitor the number of cases closed. A complaint is an inquiry that involves a substantial unresolved objection regarding a regulated utility, as it relates to charges, facility operations, or the quality of services rendered, the disposal of which requires investigation and/or analysis by PSC staff. An information request is an inquiry that involves providing facts, reference material or other data, but does not involve a substantial unresolved objection by a consumer regarding a regulated utility.

Monthly and annual reports are compiled using data captured by CATS. The Total by Industry reports list the number of cases closed by Consumer Complaint staff and grouped by industry, including both "transfer-connect" cases (cases received by Consumer Complaint analysts that were actually transferred to utilities for handling), and cases handled by Bureau of Complain Resolution staff. If the actual figures are greater than the established standard, the standard was exceeded.

Consumer complaints and requests are received at the Commission via toll-free lines to its consumer Call Center or by mail, fax, or Internet E-mail. Some require research, investigation, and multiple communications with the consumer and utility. Records of consumer complaints and information requests entered are maintained in CATS and are reported on a fiscal year basis by industry.

Validity:

The number of consumer complaints and information requests closed by the Commission is clearly a valid indicator of one area of the Commission's activity directed toward ensuring that quality, reliable, and safe utility services are provided to the consumers, and in assisting the consumer in dealing with a myriad of emerging issues.

Reliability:

CATS provides real-time monitoring and comprehensive historical reporting, and provides managers with detailed case handling performance evaluation. These statistics allow managers to monitor the number of complaints and information requests closed.

By consistently using the same method, the data is gathered and analyzed daily and monthly by managers. The data is also provided monthly to Commission Executive Management and is extremely reliable. The measuring procedure yields the same results on repeated trails, and data are complete and sufficiently error free for the intended purposes.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 22: Safety Inspections Performed (Electric & Gas)

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." The Commission has ongoing safety inspection activities that are conducted to assess the utilities' compliance with safety standards. The primary area of safety inspections is in the Electric and Gas industries. Safety inspection findings are reported to the utilities, monitored, and reported to the Commission for enforcement action as required. Data on the number of safety inspections are maintained by the Division of Regulatory Compliance and Consumer Assistance in a workload tracking system. This data will be reported for electric and gas industries on a fiscal year basis.

Validity:

The number of safety inspections conducted is clearly a valid indicator of one area of Commission activity being directed at ensuring quality, reliable, and safe utility for Florida consumers. External factors will have only a minimal effect on the quantities reported under this measure.

Reliability:

As explained above, the data for this measure is recorded in existing workload tracking systems. Standard operating procedures have been developed to ensure that this data is recorded correctly and consistently. As an output measure, this will be a reliable indicator of the amount of time being expended under this responsibility.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 23: Communications Service Evaluations Performed

Action (check one):

- ☐ Requesting Revision to Approved Measure
- ☐ Change in Data Sources or Measurement Methodologies
- ☐ Requesting New Measure
- ☒ Backup for Performance Outcome and Output Measure

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." The Commission has ongoing service evaluation activities that are conducted to assess the telecommunications industry's compliance with service quality standards. Service evaluation findings are reported to the companies, monitored, and reported to the Commission for enforcement action as required. Data on the number of service evaluations are maintained by the Division of Competitive Markets and Enforcement in a workload tracking system. This data will be reported for the telecommunications industry on a fiscal year basis.

Validity:

The number of service evaluations conducted is clearly a valid indicator of one area of Commission activity being directed at ensuring quality, reliable, and safe telecommunications service for Florida consumers. External factors will have only a minimal effect on the quantities reported under this measure.

Reliability:

As explained above, the data for this measure is recorded in existing workload tracking systems. As an output measure, this will be a reliable indicator of the amount of time being expended under this responsibility.

Office of Policy and Budget – July, 2006

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 24: Average Customer Satisfaction Rating of the Complaint Handling Function

Action (check one):

- ☐ Requesting revision to approved performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure.

Data Sources and Methodology:

Consumer complaints are received at the Commission via toll-free lines to its consumer Call Center or by mail, fax, or Internet e-mail. The Consumer Activity Tracking System (CATS) provides a data base for completed complaints. A customer satisfaction survey is sent to a statistically valid sample of these complainants. There is a specific question rating the consumer complaint service provided by the FPSC. Customers are asked to rate the service from one to seven with seven being excellent. The responses to this question are averaged to determine overall satisfaction. An average response of four or better would be considered satisfactory.

Validity:

The Florida Customer Service Standards Act of 2001 requires development of customer satisfaction measures as part of the performance measures system. A statistically valid survey is a recognized method of obtaining customer feedback to assess satisfaction with the Commission's complaint handling function. However, legal and jurisdictional limitations on the Commission's authority to address and resolve all consumer complaints and overall levels of consumer dissatisfaction with regulated utilities can affect the validity of the survey measure to assess customer satisfaction specific to the effectiveness of Commission activities.

Reliability:

The CATS database system tracks complaints filed with the FPSC. It provides objective and comprehensive reporting for all cases completed. Monthly, the system will select a statistically valid sample of complainants for survey purposes. The sample will provide a confidence level indicating that the responses represent the population. Survey responses will be entered into the CATS system for calculation of the average response value. The average of these responses will then represent the populations satisfaction level with the customer services provided by the FPSC. CATS will maintain the historic results of the survey.

Office of Policy and Budget – July, 2006

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures			
Measure Number	Approved Performance Measures for FY 2006-07		Associated Activities Title
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite		Ratemaking
2	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite		Ratemaking
3	Percent of utilities achieving within range and over range of last authorized ROE: Electric		Ratemaking
4	Percent of utilities achieving within range and over range of last authorized ROE: Gas		Ratemaking
5	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater		Ratemaking
6	Percent of communications service variances per inspection points examined		Service Evaluations
7	Percent of electric and gas safety variances corrected on first reinspection		Safety Oversight
8	Consumer Calls: Percent of calls answered		Consumer Protection And Assistance
9	Consumer Calls: Average waiting time (in minutes)		Consumer Protection And Assistance

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for FY 2006-07		Associated Activities Title
10	Conservation Programs Reviewed and Conservation Proceedings Undertaken		Conservation
11	Per capita annual kWh energy savings through conservation programs (in kWh)		Conservation
12	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric		Ratemaking
13	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas		Ratemaking
14	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater		Ratemaking
15	Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues		Competitive Market Oversight
16	Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies		Certificates And Territorial Disputes
17	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric		Certificates And Territorial Disputes

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures			
Measure Number	Approved Performance Measures for FY 2006-07		Associated Activities Title
18	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas		Certificates And Territorial Disputes
19	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater		Certificates And Territorial Disputes
20	Number of proceedings relating to wholesale competition or electric reliability		Electric Reliability
21	Utility Consumer Inquiries, Complaints, and Information Requests Handled		Consumer Protection And Assistance
22	Safety Inspections Performed (Electric and Gas)		Safety Oversight
23	Communications Service Evaluations Performed		Service Evaluations
24	Number Average Customer Satisfaction Rating of the Complaint Handling Function		Consumer Protection And Assistance

EXHIBIT VI: AGENCY LEVEL UNIT COST SUMMARY						
PUBLIC SERVICE COMMISSION	FISCAL YEAR 2005-06					
SECTION I: BUDGET	OPERATING					FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT				26,200,544		0
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)				975,934		0
FINAL BUDGET FOR AGENCY				27,176,478		0
SECTION II: ACTIVITIES * MEASURES	FTE	Number of Units	(1) Unit Cost	Expenditures	(2) Expenditures (Allocated)	(3) FCO
<i>Executive Direction, Administrative Support and Information Technology (2)</i>	36.25			2,645,188		0
Rate-making * Utility companies for which rates or earnings were reviewed/adjusted	95.77	196	39,784.36	6,987,728	7,797,735	
Competitive Market Oversight * Proceedings to evaluate or resolve retail and wholesale competitive issues	88.58	1,600	4,508.25	6,464,001	7,213,196	
Consumer Protection And Assistance * Utility consumer inquiries, complaints, and information requests handled	59.05	56,000	85.87	4,309,102	4,808,537	
Certificates And Territorial Disputes * Proceedings granting service authority, approving territorial agreements or resolving disputes	16.47	79	16,976.03	1,201,805	1,341,106	
Service Evaluation * Service evaluations performed	7.93	8,000	80.74	578,844	645,915	
Electric Reliability * Proceedings relating to wholesale competition or electric reliability/review of site plans	21.84	33	53,882.33	1,593,398	1,778,117	
Safety Oversight * Safety inspections performed	18.26	3,000	495.70	1,332,662	1,487,102	
Conservation * Conservation programs reviewed and conservation proceedings undertaken	4.85	87	4,542.72	354,196	395,216	
TOTAL	349.00			25,466,924	25,466,924	
SECTION III: RECONCILIATION TO BUDGET						
PASS THROUGHS						
TRANSFER - STATE AGENCIES						
AID TO LOCAL GOVERNMENTS						
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS						
OTHER						
REVERSIONS					1,709,561	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)					27,176,485	

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

Glossary of Terms and Acronyms

NOTE: This Glossary includes terms and acronyms required in the ***Long Range Program Plan Instructions*** dated July 2006, as well as terms and acronyms unique to and used by the FPSC.

AHCA - Agency for Health Care Administration

Activity: A set of transactions within a budget entity that translates inputs into outputs using resources in response to a business requirement. Sequences of activities in logical combinations form services. Unit cost information is determined using the outputs of activities.

Actual Expenditures: Includes prior year actual disbursements, payables and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year. They may be disbursed between July 1 and December 31 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not shown in the year the funds are disbursed.

Appropriation Category: The lowest level line item of funding in the General Appropriations Act which represents a major expenditure classification of the budget entity. Within budget entities, these categories may include: salaries and benefits, other personal services (OPS), expenses, operating capital outlay (OCO), data processing services, fixed capital outlay, etc.

ATS - Aggregated Transportation Service

Baseline Data: Indicators of a state agency's current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees.

Budget Entity: A unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. "Budget entity" and "service" have the same meaning.

CIO - Chief Information Officer

CIP - Capital Improvements Program Plan

CLEC - Competitive Local Exchange Carrier

Competitive Local Exchange Carrier (CLEC): Any telecommunications company certificated by the Public Service Commission to provide local exchange telecommunications services in Florida on or after July 1, 1995.

CPI - Consumer Price Index

Consumer Price Index (CPI): A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

D3-A: A legislative budget request (LBR) exhibit which presents a narrative explanation and justification for each issue for the requested years.

DCF - Department of Children and Families

Demand: The number of output units which are eligible to benefit from a service or activity.

DEP - Department of Environmental Protection

DSL - Digital Subscriber Line

EOG - Executive Office of the Governor

Estimated Expenditures: Includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills.

FCC - Federal Communications Commission

FCO - Fixed Capital Outlay

Federal Communications Commission (FCC): The federal agency empowered by law to regulate all interstate and foreign radio and wire communication services originating in the United States, including radio, television, facsimile, telegraph, and telephone systems. The agency was established under the Communications Act of 1934.

Federal Energy Regulatory Commission (FERC): An agency of the government of the United States created by an Act of Congress, the Department of Energy Organization Act, in 1977.

FEECA - Florida Energy Efficiency and Conservation Act

FERC - Federal Energy Regulatory Commission

FFMIS - Florida Financial Management Information System

Fixed Capital Outlay (FCO): Real property (land, buildings including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

FLAIR - Florida Accounting Information Resource Subsystem

Florida Public Service Commission (FPSC or PSC): An agency of the State of Florida that regulates the state's investor-owned electric and natural gas companies, local and long distance telephone companies, and certain water and wastewater companies. The PSC's primary responsibility is to ensure that customers of regulated utility companies receive safe and reliable service at fair and reasonable rates.

FPL - Florida Power and Light

FPSC - Florida Public Service Commission

F.S. - Florida Statutes

GAA - General Appropriations Act

GR - General Revenue Fund

ILEC - Incumbent Local Exchange Carrier

Incumbent Local Exchange Carrier (ILEC): A term coined from the Telecommunications Act of 1996 to describe the incumbent local telephone company providing local transmission and switching services.

Indicator: A single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word "measure."

Information Technology Resources: Includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training.

Input: See Performance Measure.

IOE - Itemization of Expenditure

ISO - Independent System Operator

Interexchange Telecommunications Company (IXC): Any certificated company providing telecommunications service between local calling areas as those areas are described in the approved tariffs of individual local exchange companies. IXC providers include: operator service providers, resellers, switchless rebillers, multi-location discount aggregators, prepaid debit card providers, and facilities based interexchange carriers.

IT - Information Technology

ITS - Individual Transportation Service

IXC - Interexchange Telecommunications Company

JSOC - Joint Statement of Commitment

Judicial Branch: All officers, employees, and offices of the Supreme Court, district courts of appeal, circuit courts, county courts, and the Judicial Qualifications Commission.

kWh - Kilowatt-Hour

LAN - Local Area Network

LAS/PBS - Legislative Appropriations System/Planning and Budgeting Subsystem. The statewide appropriations and budgeting system owned and maintained by the Executive Office of the Governor.

LBC - Legislative Budget Commission

LBR - Legislative Budget Request

Legislative Budget Commission (LBC): A standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature.

Legislative Budget Request (LBR): A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

LEC - Local Exchange Carrier (Telecommunications Company)

Local Exchange Carrier (LEC): Any telecommunications company certificated by the Public Service Commission to provide local exchange telecommunications service in Florida on or before June 30, 1995.

L.O.F. - Laws of Florida

Long-Range Program Plan (LRPP): A plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

LRPP - Long-Range Program Plan

MAN - Metropolitan Area Network (Information Technology)

MW – Megawatt

NASBO - National Association of State Budget Officers

Narrative: Justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed.

NARUC - National Association of Regulatory Utility Commissioners

NECA - National Exchange Carrier Association

NID - Network Interface Devices

Nonrecurring: Expenditure or revenue which is not expected to be needed or available after the current fiscal year.

NRRI - National Regulatory Research Institute

NTIA - National Telecommunications and Information Administration

NXXs: The office code consisting of the first three digits of the seven digit local telephone number.

OCn - Optical Carrier Number

OPB - Office of Policy and Budget, Executive Office of the Governor

OPC - Office of Public Counsel

Outcome: See Performance Measure.

Output: See Performance Measure.

Outsourcing: Describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission.

Pass Through: Funds the state distributes directly to other entities, e.g., local governments, without being managed by the agency distributing the funds. These funds flow through the agency's budget; however, the agency has no discretion regarding how the funds are spent, and the activities (outputs) associated with the expenditure of funds are not measured at the state level. **NOTE: This definition of "pass through" applies ONLY for the purposes of long-range program planning.**

BBPB/PB2 - Performance-Based Program Budgeting

PEF - Progress Energy Florida, Inc.

Performance Ledger: The official compilation of information about state agency performance-based programs and measures, including approved programs, approved outputs and outcomes, baseline data, approved standards for each performance measure and any approved adjustments thereto, as well as actual agency performance for each measure.

Performance Measure: A quantitative or qualitative indicator used to assess state agency performance.

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services.
- Outcome means an indicator of the actual impact or public benefit of a service.
- Output means the actual service or product delivered by a state agency.

Policy Area: A grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code.

Primary Service Outcome Measure: The service outcome measure which is approved as the performance measure which best reflects and measures the intended outcome of a service. Generally, there is only one primary service outcome measure for each agency service.

Privatization: Occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service.

Program: A set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word "Program." In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. "Service" is a "budget entity" for purposes of the LRPP.

Program Component: An aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting.

Program Purpose Statement: A brief description of approved program responsibility and policy goals. The purpose statement relates directly to the agency mission and reflects essential services of the program needed to accomplish the agency's mission.

PSC - Public Service Commission

RAF - Regulatory Assessment Fee

Regulatory Assessment Fee (RAF): Money collected from regulated utility companies under the jurisdiction of the PSC which is used in the operations of the PSC as authorized by the Legislature. Fees are based upon gross operating revenues.

Reliability: The extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use.

Return on Equity (ROE): A company's profit level as a percentage of investment.

RFP - Request for Proposals

ROE - Return on Equity

RTO - Regional Transmission Organization

Service: See Budget Entity.

Standard: The level of performance of an outcome or output.

STO - State Technology Office

SWOT - Strengths, Weaknesses, Opportunities and Threats

TCS - Trends and Conditions Statement

TECO - Tampa Electric Company

TF - Trust Fund

TRO - Triennial Review Order

TRW - Technology Review Workgroup

Unbundled Network Elements (UNE): The Telecommunications Act of 1996 requires that Incumbent Local Exchange Carriers unbundle their network elements and make them available to Competitive Local Exchange Carriers on the basis of incremental cost. UNEs are defined as physical and functional elements of the network, e.g., circuit-switching and switch parts, interoffice transmission facilities, signaling and call-related databases, operator services and directory assistance, and packet or data switching. UNEs is a term used in negotiations to describe the various network components that will be used or leased.

UNE - Unbundled Network Elements

Unit Cost: The average total cost of producing a single unit of output – goods and services for a specific agency activity.

Validity: The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

WAGES - Work and Gain Economic Stability (Agency for Workforce Innovation)

WAN - Wide Area Network (Information Technology)

WAW- Water and Wastewater

WCI - Water Conservation Initiative

WFI - Workforce Florida, Inc.