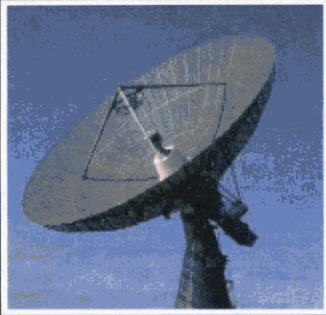


Florida Public Service Commission



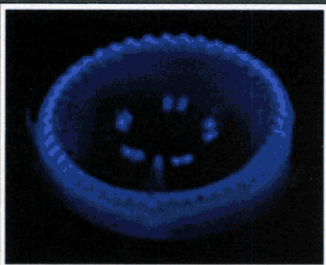
TELECOMMUNICATIONS



ELECTRIC



WATER & WASTEWATER



NATURAL GAS

# Long Range Program Plan

Fiscal Year  
2009 - 10 through 2013 -14

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SEPTEMBER 30, 2008

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**FLORIDA  
PUBLIC SERVICE COMMISSION**

**LONG-RANGE PROGRAM PLAN  
FY 2009-2010 THROUGH FY 2013-2014**

**September 30, 2008**



COMMISSIONERS:  
MATTHEW M. CARTER II, CHAIRMAN  
LISA POLAK EDGAR  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

STATE OF FLORIDA



EXECUTIVE DIRECTOR  
MARY ANDREWS BANE  
(850) 413-6068

## Public Service Commission

September 30, 2008

Mr. Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

The Honorable Ken Pruitt, President  
The Florida Senate  
312 Senate Office Building  
Tallahassee, Florida 32399-1100

The Honorable Marco Rubio, Speaker  
Florida House of Representatives  
420 The Capitol  
Tallahassee, Florida 32399-1300

**Re: Long-Range Program Plan Fiscal Years 2009-10 through 2013-14**

Dear Mr. McDaniel, President Pruitt, and Speaker Rubio:

In accordance with instructions dated July 2008, the *Long Range Program Plan* for the Florida Public Service Commission (PSC) has been posted to the PSC website. The website address is <http://www.floridapsc.com/publications/reports.aspx>. If you have questions or need any additional information, please contact Ms. Apryl Lynn, Director of Administrative Services, at 413-6330.

Sincerely,

A handwritten signature in cursive script that reads "Mary Andrews Bane".

Mary Andrews Bane  
Executive Director

MAB:MS:sf



**FLORIDA PUBLIC SERVICE COMMISSION  
LONG RANGE PROGRAM PLAN  
FISCAL YEARS 2009-2010 – 2013-2014**

**TABLE OF CONTENTS**

	<b>Page No.</b>
Agency Mission.....	1
Agency Goals, Objectives, Outcomes and Projection Tables.....	2
Trends and Conditions Statement.....	4
Performance Measures and Standards [Exhibit II] .....	11
Performance Measure Assessment Forms [Exhibit III].....	13
Performance Measure Validity & Reliability Forms [Exhibit IV].....	22
Identification of Associated Activity Contributing to Performance Measures [Exhibit V].....	23
Agency Level Unit Cost Summary [Exhibit VI].....	25
Glossary of Terms and Acronyms.....	26



## **AGENCY MISSION**

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



**PUBLIC SERVICE COMMISSION**  
**Long Range Program Plan FY 2009-10 - 2013-14**  
**Goals and Objectives**  
**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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
<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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
<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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
<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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	6.1%	11.0%	11.0%	11.0%	11.0%	11.0%

## Long Range Program Plan FY 2009-10 - 2013-14 Goals and Objectives

**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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
18.77%	19%	19%	19%	19%	19%

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

FY 2000-01 Baseline (Actual)	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
93%	86%	86%	86%	86%	86%

**OUTCOME 4B:** Consumer Calls: Average waiting time.

FY 2000-01 Baseline (Actual)	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
.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 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
193 kWh	250 kWh	250 kWh	250 kWh	250 kWh	250 kWh

## **TRENDS AND CONDITIONS STATEMENT**

The Florida Public Service Commission (FPSC or Commission) is committed to making sure that Florida's consumers receive some of their most essential services — electric, natural gas, telephone, water, and wastewater — in a safe, affordable, and reliable manner. At the same time, the FPSC must balance these consumer needs with the opportunity for utilities and their stockholders to earn a fair rate of return for their capital investments. In doing so, the FPSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation, competitive market oversight, and monitoring of safety, reliability, and service.

### **FPSC Responsibilities**

#### **Scope of Authority**

The FPSC regulates all investor-owned electric utilities, gas utilities, and telecommunications companies. A characteristic unique to Florida's water and wastewater industry is that counties have the option to elect to regulate the investor-owned water and wastewater companies in their county pursuant to Chapter 367, or transfer regulation to the FPSC. Currently 34 counties have either left regulation with the FPSC or transferred regulatory authority to the FPSC.

The regulation of energy and water and wastewater investor-owned utilities is commonly referred to as rate base or rate-of-return regulation, which includes rate setting responsibility and earnings oversight and also extends to quality of service and consumer complaints. Most telecommunications companies are price-cap regulated. The Commission does not have rate setting or earnings oversight authority for those companies. The Commission does have jurisdiction over company-to-company matters, quality of service issues, and consumer complaints for telecommunications companies.

Further, the FPSC exercises rate structure and territorial jurisdiction over municipally-owned electric systems and rural electric cooperatives. The FPSC also ensures compliance with gas safety rules and regulations for municipally-owned natural gas utilities, special gas districts, investor-owned gas utilities, intrastate gas pipelines, and private master meters. Finally, the FPSC has power supply planning and power plant and transmission line need determination authority over all electric utilities. These latter areas of responsibility give the Commission a significant role in ensuring that energy production is sufficient to meet both current and future demand.

## Statutory Authority

The FPSC's authority for its activity is contained in the following Florida Statutes:

- Chapter 120, Rulemaking
- Chapter 186, Planning and Development (10 Year Site Plans)
- 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
- Chapter 427, Special Transportation and Communications Services

The FPSC has quasi-legislative and judicial responsibilities, as well as some executive powers and duties. In its legislative capacity, the FPSC promulgates rules governing utility operations. In a judicial manner, the FPSC conducts evidentiary hearings on issues regarding the cost and quality of regulated services. Additionally, it hears and decides complaints and issues written orders.

Rules adopted by the FPSC to implement the above laws are contained in Chapter 25, Florida Administrative Code (F.A.C.).

To meet its statutory responsibilities, the FPSC has established the following five primary goals:

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 the 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.

## **Agency Priorities**

As discussed previously, the FPSC's authority extends over three major utility industries: energy, telecommunications, and water and wastewater. Each industry has unique characteristics and each has significant issues that will require regulatory actions by the FPSC over the next five years. The agency's priorities are based on legislative directives and economic and environmental factors affecting provision of utility services within the state.

### **Energy Priorities**

Florida's electric utilities are required by law to furnish adequate, sufficient, and efficient electric supply to each person applying for service. Meeting increasing customer demand in a time of rising costs and growing concerns about global climate change represents a significant challenge. During the 2008 regular session, the Legislature outlined its plan to meet these challenges in HB 7135, which is Florida's most aggressive energy legislation to date. HB 7135 stresses the importance of diversifying fuels used for electric power generation, increasing the focus on demand-side conservation and energy efficiency, and preserving existing supply-side renewable energy resources while encouraging the development of new renewable energy resources.

Other recent legislation has created financial incentives to encourage utilities to make capital investments, to expand existing and construct new nuclear power plants, and to explore clean coal technologies such as integrated gasified combined cycle (IGCC) units. To date, utilities have proposed, and the FPSC has found, an affirmative need for approximately 5,000 MWs of additional nuclear facilities through 2020 that will help maintain Florida's fuel diversity by reducing the State's future dependence on oil and natural gas while reducing the emission of greenhouse gases.

### **Fuel Diversity**

During the late 1990's, utilities across the nation and within Florida selected natural gas-fired generation as the predominant source of new capacity. The use of natural gas for electricity production in Florida increased significantly from 19.3 percent in 1995 to 38.8 percent in 2007. Given the volatility of natural gas prices, evidenced by the wide range of projected prices and availability of natural gas, the FPSC has required electric utilities to explore the feasibility of adding solid fuel generation and additional renewable power as part of future capacity additions. Both Florida Power and Light and Progress Energy Florida have begun the application process for approval to construct a total of four new nuclear reactors in Florida.

As part of that process, in 2008 the FPSC granted a determination of need for Turkey Point Units 6 & 7 (Florida Power and Light) and Levy Units 1 & 2 (Progress Energy).



Both utilities have filed petitions pursuant to Section 366.93, F.S., which allows early cost recovery for new nuclear power plants. The in-service dates of 2016 through 2020 for these nuclear units, will require the Commission to annually evaluate the cost recovery and the long-term feasibility of these projects over the next 8 to 12 years.

The Commission will need to continue to expand the diversity of fuels used by utilities to generate reasonably priced electricity over the next five years.

### Renewable Generation

Another priority of the FPSC is to increase the use of renewable generation. The Florida Legislature enacted legislation during the 2008 Regular Session requiring the FPSC to develop a Renewable Portfolio Standard (RPS) rule. The RPS would require investor-owned electric utilities to provide a percentage of their customers' needs with renewable energy. The rule is to be submitted to the Legislature by February 1, 2009, for ratification. The Commission has been conducting rule development workshops and a proposed rule will be issued in November, with a rule hearing to be held in December.

In developing this RPS rule, the FPSC is directed to evaluate the cost and installed capacity for each renewable generation method available in Florida through 2020. To assist in accomplishing these objectives, the FPSC, in cooperation with the Florida Governor's Energy Office (GEO), has requested technical assistance from the U.S. Department of Energy (DOE) and the Lawrence Berkley National Laboratory (LBNL). In response, LBNL has retained the services of Navigant Consulting to conduct a comprehensive study assessing the potential for electric energy generation from renewable resources in Florida. As part of the FPSC RPS rulemaking process, Working Groups have been identified for specific renewable resources. These groups will compile Florida specific data on the quantity, cost, performance, and environmental characteristics of renewable energy resources, which will be provided to Navigant to use to determine the technical and economic potential for renewable generating resources in Florida. The results of the analysis by Navigant will be used by the FPSC to determine RPS percentage standards and cost controls to be included in the proposed RPS rule.

Once the Legislature ratifies the RPS rule, the Commission will take steps to establish an RPS for the state. There will be annual proceedings to assess progress and the RPS will be revised no less often than every five years.

### Energy Conservation

During 2008, the Legislature amended the Florida Energy Efficiency and Conservation Act (FEECA) to place greater emphasis on the pursuit, through utility sponsored incentives, of all cost-effective customer conservation and energy efficiency measures. Under FEECA,

the FPSC must establish numeric conservation goals for each FEECA utility,<sup>1</sup> at least every five years. FEECA goals were last set by the FPSC in 2004 and must be reset in 2009. In order to implement the enhanced requirements of the FEECA statutes, the utilities have contracted with ITRON and KEMA, two nationally recognized consulting firms, to conduct a technical potential study. This study will establish baseline consumption data, identify potential measures, develop corresponding demand and energy savings for each measure, and ultimately estimate the total technical potential savings if all measures were adopted. Once the technical potential has been identified, the utilities will screen the measures using various cost-effectiveness tests, including the Total Resource Cost test, and propose overall energy (Kwh) and demand (Kw) savings goals based on their assessment of economic and achievable potential. The FPSC and its staff have actively monitored the utility analysis process, including the holding of public workshops with input from interested parties. The FPSC was also authorized by the Legislature and is in the process of retaining technical consulting and expert witness services to independently analyze and critique the proposed utility goals and provide alternative policy options. Hearings to establish new conservation and energy efficiency goals are scheduled to occur on August 19-21, 2009.

Once the goals are reestablished, the Commission will annually review the utilities efforts to meet the new goals.

### **Water & Wastewater Priorities**

The water and wastewater industry, although not subject to competitive pressures, faces unique challenges of its own in the areas of aging infrastructure, rate relief requests, affordability, and reuse.

The major workload for this industry is ratemaking to ensure utilities remain financially viable so that customers continue to receive their water at reasonable rates. A key consideration in setting water rates is sending proper price signals to customers to encourage efficient use of this critical resource.

Rapid population growth exerts upward pressure on water rates as demand continually increases for this finite resource. Compared to other utility industries, 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. Increases in the cost of gasoline, insurance, labor, chemicals, property taxes, and sludge removal are negatively impacting the financial position of water and wastewater utilities.

Compliance with the standards in the federal Safe Drinking Water Act and the Clean Water Act has also increased the cost of providing water and wastewater services to the

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<sup>1</sup> These FEECA utilities are Florida Power & Light Company (FPL), Progress Energy Florida, Inc. (PEF), Gulf Power Company (Gulf), Tampa Electric Company (TECO), Florida Public Utilities Company (FPUC), JEA, and Orlando Utilities Company.

public, in some instances dramatically. Drinking water standards have become more stringent with respect to the maximum levels allowed for certain contaminants. The tightening of standards often requires utilities to expend monies to make modifications to their plants or processes in order to gain compliance with the more stringent standards.

Legislative action during the 2008 session increased the revenue threshold for a small water or wastewater utility to be eligible for a Staff Assisted Rate Case (SARC) to adjust its rates. The amended law raises the current revenue cap of \$150,000, set in 1989, to \$250,000, and allows the Florida Public Service Commission to raise the cap, if needed, in the future. Small utility companies, with revenues of less than \$250,000, may lack the resources and expertise necessary to prepare the analysis to justify a needed rate increase on their own.

### **Telecommunications Priorities**

In 1995, the Florida Legislature recognized the potential benefits of introducing competition for telecommunications services and enacted legislation to open local telecommunications markets to service providers other than the incumbent local exchange companies (ILECS). The following year, Congress enacted the Telecommunications Act of 1996 making local competition a national objective. The emergence of unregulated technologies such as wireless and VoIP have created an increasingly competitive market for telecommunications services. The FPSC's current focus for the industry is to continue to remove obstacles to competitive markets, resolve consumer complaints, facilitate company-to-company interconnection, and monitor evolving telecommunications technology.

A rulemaking petition is currently pending before the FPSC to review, modify, or eliminate rules applicable to ILECs that may be obsolete or in need of modification due to competitive conditions. The petition was filed by AT&T, Embarq, Verizon, Windstream, and TDS Telecom. The petition also proposes a rule based on a competitive market test that would trigger additional relief from FPSC rules if the test conditions are met. The FPSC has already addressed a portion of the petition by eliminating some obsolete rules. In the coming months the Commission will be addressing the remainder of the rules that may be more contentious as well as the proposed market test rule.

To facilitate the access to affordable telecommunications service for all consumers, the FPSC and Department of Children and Families (DCF) implemented a Lifeline automatic enrollment process. The FPSC and DCF are continuing to work together to make enrolling in the Lifeline program easier for applicants. In recent years, the FPSC has expanded efforts and resources on outreach and to simplify application procedures for Lifeline services. This effort ensures that all Florida consumers have access to telecommunications services at affordable rates.

## **Conclusion**

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.

The FPSC'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 FPSC is required by law to ensure that rate base regulated companies are afforded an opportunity to earn a fair return on their investment in property dedicated to providing utility service. With Florida's dynamic energy climate, the targets are ever changing, and this task is more complex than ever before.

At this time, the FPSC is proposing a continuation budget. The FPSC does not have any task forces.

## LRPP Exhibit II - Performance Measures and Standards

**Department:** Florida Public Service Commission

**Department No.:** 61000000

**Program:** Utilities Regulation/ Consumer Assistance

**Code:** 1205.00.00.00

**Service/Budget Entity:** Consumer Safety/ Protection

**Code:** 61010000

	<b>Approved Performance Measures for FY 2007-08 (Words)</b>	<b>Approved Prior Year Standard FY 2007-08 (Numbers)</b>	<b>Prior Year Actual FY 2007-08 (Numbers)</b>	<b>Approved Standards for FY 2008-09 (Numbers)</b>	<b>Requested FY 2009-10 Standard (Numbers)</b>
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite	2.8%	4.44%	CPI+1	CPI+1
2	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite	10.6%	11.7%	USA +/- 1	USA +/- 1
3	Percent of utilities achieving within range and over range of last authorized ROE: Electric	100%/0%	60%/0%	100%/0%	100%/0%
4	Percent of utilities achieving within range and over range of last authorized ROE: Gas	29%/0%	0%/0%	29%/0%	29%/0%
5	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater	10%/5%	1%/3%	10%/5%	10%/5%
6	Percent of communications service variances per inspection points examined	19.0%	14.5%	19.0%	19.0%
7	Percent of electric and gas safety variances corrected on first reinspection	60.1%	82.0%	60.1%	60.1%
8	Consumer Calls: Percent of calls answered	86%	95%	86%	86%
9	Consumer Calls: Average waiting time (in minutes)	1.4	0.25	1.4	1.4
10	Conservation Programs Reviewed and Conservation Proceedings Undertaken	87	102	87	87
11	Per capita annual kWh energy savings through conservation programs (in kWh)	250	282	250	250
12	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric	19	26	19	19



	<b>Approved Performance Measures for FY 2007-08 (Words)</b>	<b>Approved Prior Year Standard FY 2007-08 (Numbers)</b>	<b>Prior Year Actual FY 2007-08 (Numbers)</b>	<b>Approved Standards for FY 2008-09 (Numbers)</b>	<b>Requested FY 2009-10 Standard (Numbers)</b>
13	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas	7	7	7	7
14	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater	160	160	160	160
15	Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues	1200	953	1200	1200
16	Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies	110	101	110	110
17	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric	3	5	3	3
18	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas	1	1	1	1
19	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater	60	59	60	60
20	Number of proceedings relating to wholesale competition or electric reliability	33	43	33	33
21	Utility Consumer Complaints and Information Requests Closed	38,000	39,436	38,000	38,000
22	Safety Inspections Performed (Electric and Gas)	3,000	3,477	3,000	3,000
23	Communications Service Evaluations Performed	7,000	4,018	7,000	4,000
24	Number Average Customer Satisfaction Rating of the Complaint Handling Function	4	6	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 Increases for Average Residential Usage Compared to Inflation as Measured by the Consumer Price Index**

**Action:**

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

Approved Standard FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
CPI (2.80%)+1	4.44%	0.64%	16.8%

**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 significant increase in the average residential bill is driven by the large increase in fuel costs experienced by the electric utilities and gas utilities which still provide gas direct to their customers. The average electric bill increased 4.37%. The average gas bill increased 7.25%. The much larger customer base for the electrics, coupled with the large percentage increase, resulted in the 4.44% increase over all industries.

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

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

**Recommendations:**

None.

### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utilities Regulation/Consumer Assistance  
**Service/Budget Entity:** Consumer Safety/Protection  
**Measure 2: Average Allowed Return on Equity (ROE) in Florida  
Compared to Average ROE in the USA: Composite**

**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
USA (10.6%)+/-1	11.7%	0.1%	0.9%

**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:**

In 2005, the Commission approved Stipulations and Settlements (Stipulations) offered by Florida Power & Light Company (FPL) and Progress Energy Florida (PEF), respectively, and certain parties to their respective rate proceedings that set the companies' authorized ROE at 11.75%. So while the national average return continued to fall with the decline in long-term capital costs, the average returns in Florida have not changed since 2005. By 2007, this trend resulted in the current situation where the average authorized ROE in Florida exceeds the national average authorized return by 110 basis points.

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

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

**Recommendations:**

None.

### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utilities Regulation/Consumer Assistance  
**Service/Budget Entity:** Consumer Safety/Protection  
**Measure 3: Percentage of Utilities Achieving Within Range and Over Range of Last Authorized ROE - 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 FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
100% / 0%	60% / 0%	(40%) / -	(40%) / -

**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:**

Two 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):

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

**Recommendations:**

None.

### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utilities Regulation/Consumer Assistance  
**Service/Budget Entity:** Consumer Safety/Protection  
**Measure 4: Percentage of Utilities Achieving Within Range and Over Range of Last Authorized ROE – Gas**

**Action:**

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

Approved Standard FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
29% / 0%	0% / 0%	(29%) / -	(100%) / -

**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:**

None of the rate regulated gas utilities earned within 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 type="checkbox"/> Other (Identify) |

**Recommendations:**

None.



### LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utilities Regulation/Consumer Assistance  
**Service/Budget Entity:** Consumer Safety/Protection  
**Measure 5: Percentage of Utilities Achieving Within Range and Over Range of Last Authorized ROE – Water & Wastewater**

**Action:**

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

Approved Standard FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
10% / 5%	1% / 3%	(9%) / -	(90%) / -

**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:**

Only three of the rate regulated water and wastewater utilities earned within 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 type="checkbox"/> Other (Identify) |

**Recommendations:**

None.

### 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 Competitive Issues**

**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 FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
1200	953	(247)	(20.58%)

**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:** As wireline companies merge and the telecommunications market develops, the dockets filed at the PSC should decrease due to fewer wireline companies and competitors not being under the PSC's jurisdiction. As the competitive market grows and matures, many issues have been resolved. New cases involve new market players or are a result of violations of rules and orders or based upon consumer complaints. The number of payphones continues to drop due to cost considerations, and the growth in wireless also results in fewer cases.

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

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

**Recommendations:**

None.

### 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  
☒ Performance Assessment of Output Measure ☐ Deletion of Measure  
☐ Adjustment of GAA Performance Standards

Approved Standard FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
110	101	(9)	(8.18%)

**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:**

Certification or registration is required for telecommunications and IXC companies under the PSC jurisdiction. Many of the competitors are not regulated by the PSC. Many of the companies under the PSC's jurisdiction have merged or have chosen to go out of business. This results in fewer certifications and registrations being issued. This measure's results are reflective of the nature of the telecommunications market. Competitive pressures are from not only other wireline companies but also cable, wireless, and internet protocol companies not within the PSC's jurisdiction.

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

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

**Recommendations:**

None.

### 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:**

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

Approved Standard FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
60	59	(1)	(.016%)

**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 number of water and wastewater companies regulated by the PSC has been declining and is expected to continue to decline, due to utility sales to governmental authorities and counties taking back regulatory jurisdiction. 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):

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

**Recommendations:**

None.

## 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:**

- |   |  |
|---|--|
| <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 FY 2007-08	Actual Performance Results FY 2007-08	Difference Over/(Under)	Percentage Difference
7000	4018	(2982)	(43%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

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

**Explanation:** A required cellular phone signal strength assessment for the state of Florida resulted in a competing priority. Major staff resources were dedicated to mapping the state for cellular coverage in anticipation of rulemaking on service quality for the incumbent local exchange companies to assess whether cellular service is a viable competing alternative for landline service.

**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 checked="" 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:** Pay telephone inspections declined because of significant reduction in the number of pay telephone providers and available pay telephones for public use. This is primarily due to rapidly expanding use of cellular phones.

**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 for this measure should be reduced from 7000 to 4000 Communications Service Evaluations performed to correlate with the reduction in the total number of pay telephones. The new standard would continue to address inspections of local exchange companies, competitive local exchange companies, interexchange companies, telephone poles, pay telephones, and the Florida Relay Service. This would also permit shifting some staff resources to address additional inspection needs in electric and gas safety.



## **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 performance measure.
- ☐ Change in data sources or measurement methodologies.
- ☐ Requesting new measure.
- ☒ Backup for performance measure. This Exhibit IV is being submitted as backup to the request to change the standard for the approved measure 23.

**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 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 Service, Safety and Consumer Assistance in an automated workload tracking system. This data is reported for the telecommunications industry on a fiscal year basis.

Pay telephone evaluations, which in the past have been a significant portion of the total number of evaluations performed, have decreased based on reductions in the industry due to customers' increased usage of cell phones. The number of pay telephones in Florida has decreased to approximately 25,000 phones statewide, which reduces the number of inspections required and increases staff travel time between inspection locations. Therefore, we request that the standard for the number of evaluations performed be reduced from 7,000 to 4,000.

**Validity:** The number of service evaluations conducted is clearly a valid indicator of the level of Commission activity directed at ensuring quality, reliable, and safe telecommunications services for Florida consumers. Validity of this measure may be affected where the population of inspections to be conducted is reduced due to external factors.

**Reliability:** As explained above, the data for this measure is recorded in existing workload tracking systems. As an output measure carried out and recorded under standard procedures, reported results will be a reliable indicator of the amount of workload activity under this function.

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for FY 2008-09	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
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

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

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2008-09</b>	<b>Associated Activities Title</b>
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
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 Closed	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



## ***Glossary of Terms and Acronyms***

**NOTE:** This Glossary includes terms and acronyms required in the ***Long Range Program Plan Instructions*** dated July 2007, as well as terms and acronyms unique to and used by the FPSC.

**Activity:** A unit of work which has identifiable starting and ending points, consumes resources, and produces outputs. 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 September 30 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. These categories are defined within this glossary under individual listings. For a complete listing of all appropriation categories, please refer to the ACTR section in the LAS/PBS User's Manual for instructions on ordering a report.

**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.

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

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

**DEP** - Department of Environmental Protection

**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.

**FAC** - Florida Administrative Code

**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.

**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**

**IGCC - Integrated Gasification Combined Cycle**

**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.

**Indexing:** Permits utilities to recognize inflationary increases in major categories of operating expenses, such as chemicals, fuel, materials and supplies, rent and insurance.

**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**

**IOU - Investor-Owned Utility**

**IT** - Information Technology

**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.

**L.O.F.** - Laws of Florida

**LRPP** - Long-Range Program Plan

**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.

**MAN** - Metropolitan Area Network (Information Technology)

**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.

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

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

**Outcome:** See Performance Measure.

Output: See Performance Measure.

Outsourcing: Means the process of contracting with a vendor(s) to provide a service or an activity and there is a transfer of management responsibility for the delivery of resources and the performance of those resources. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission.

## **PBPB/PB2 - Performance-Based Program Budgeting**

Pass Through: (1) 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;** (2) A mechanism that allows increases in expenses beyond the control of the utility such as purchased water and/or wastewater, purchased electric, ad valorem taxes, required testing, and regulatory fees to be passed through to the customer.

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 services and activities undertaken in accordance with a plan of action organized to realize identifiable goals and objectives 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

**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.

**RPS** - Renewable Portfolio Standard

**Reuse:** Using effluent water for a beneficial purpose, such as irrigation.

**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

**TF** - Trust Fund

**TRW** - Technology Review Workgroup

**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)