



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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RECORDS AND REPORTING

**DATE:** JULY 23, 1998

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF APPEALS (MOORE) *CM*  
 DIVISION OF ADMINISTRATION (SEWELL) *SM*  
 DIVISION OF AUDITING AND FINANCIAL ANALYSIS (SLEMKEWICZ) *JS*  
 DIVISION OF ELECTRIC AND GAS (BULECZA-BANKS) *RT*  
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CM*

**RE:** DOCKET NO. 980275-GU - PROPOSED AMENDMENT OF RULE 25-7.0131, F.A.C., INVESTOR-OWNED GAS UTILITY REGULATORY ASSESSMENT FEES.

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

**RULE STATUS:** PROPOSAL MAY BE DEFERRED

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\APP\WP\980275.RCM

**ISSUE 1:** Should the Commission amend Rule 25-7.0131, F.A.C., to increase the regulatory assessment fee charged to investor-owned gas utilities?

**RECOMMENDATION:** Yes. Rule 25-7.0131, F.A.C., should be amended to increase the regulatory assessment fee charged to investor-owned gas utilities from .375 percent to .5 percent of gross operating revenues.

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

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FPSC-RECORDS/REPORTING

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

The Division of Administration reviewed RAF revenues and costs for each industry and determined that the cost of regulating investor-owned gas utilities has exceeded RAF revenues for all but two fiscal years (92-93 and 93-94) since 1989-90. This deficit is projected to continue unless the RAF rate is increased. (Attachment 1) Staff recommends that the rate be increased from the current .375 percent to the .5 percent maximum authorized by section 366.14(2), Florida Statutes. Staff will monitor the costs and the revenues and, if necessary, recommend further action at a later date.

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

**Statement of Estimated Regulatory Cost**

Amendment of the rule will increase the amount of RAF investor-owned gas utilities will be required to pay beginning in 1999. If the higher rate had been in effect for 1997, the utilities would have collectively been required to pay an additional \$468,221 in fees. Additional information is provided in the attached Statement of Estimated Regulatory Cost (SERC).

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

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

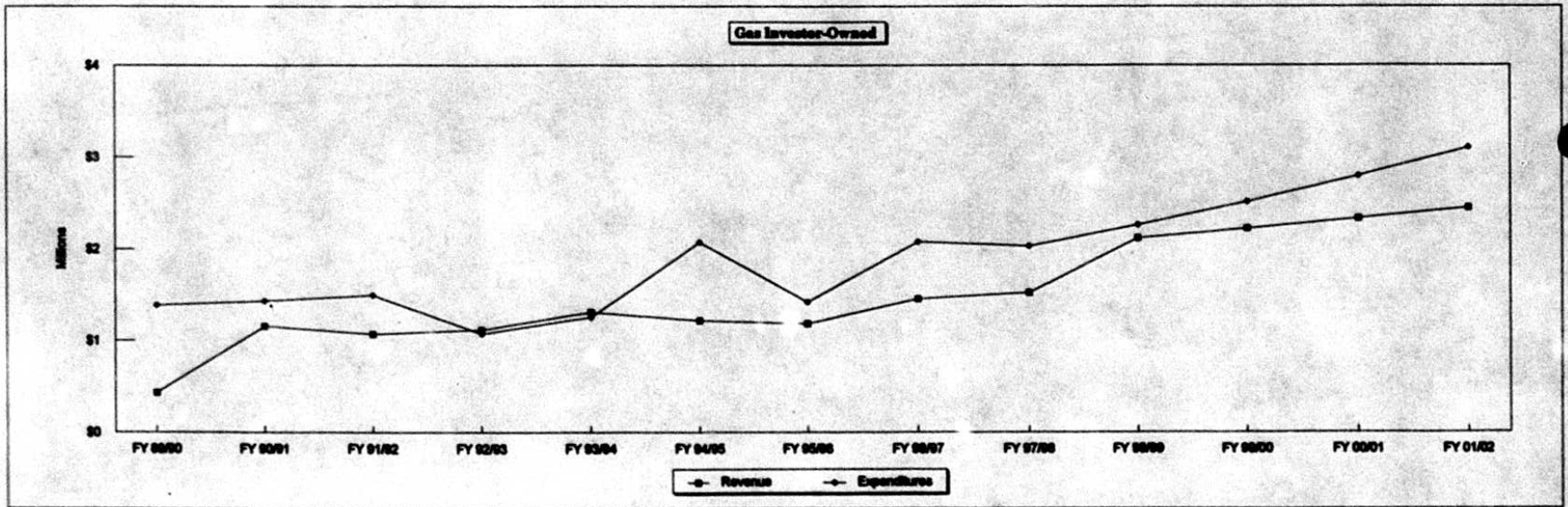
**STAFF ANALYSIS:** Unless comments or requests for hearing are filed, the rule as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

**Attachments:**

Summary of Cost and Revenue  
Proposed Rule  
SERC

**Public Service Commission  
Regulatory Trust Fund  
Summary of Cost and Revenue For Gas Investor-Owned Utilities  
For Period July 1980 Through Projected Year 2002**

03



	FY 80/80	FY 80/81	FY 81/82	FY 82/83	FY 83/84	FY 84/85	FY 85/86	FY 86/87	FY 87/88	FY 88/89	FY 89/90	FY 90/91	FY 01/02
Assessable Rate	.1250%	.3750%	.3750%	.3750%	.3750%	.3750%	.3750%	.3750%	.3750%	.50%	.50%	.50%	.50%
Revenue	\$432,232	\$1,457,742	\$1,470,879	\$1,417,144	\$1,509,751	\$1,519,325	\$1,486,126	\$1,499,996	\$1,526,122	\$2,118,418	\$2,222,915	\$2,332,844	\$2,447,921
Expenditures	\$1,385,572	\$1,431,572	\$1,404,704	\$1,473,220	\$1,254,327	\$2,070,235	\$1,418,842	\$2,077,829	\$2,033,403	\$2,240,707	\$2,513,420	\$2,794,383	\$3,104,753

**FOOTNOTES:**  
 RUF and Misc. Revenue net after service charge to General Revenue (6% FY 88/89; 7.5% for all remaining years).  
 FY 87/88 Revenue was based on a 10 yr. average and the Expenditures allocation was based on a 3 yr. MS average.  
 FY 88/89 and forward Revenue and Expenditures are based on an 8 yr. average.

1 | 25-7.0131 Regulatory Assessment Fees; Gas Utilities, Gas  
2 | Municipals, and Gas Districts.

3 | (1) As applicable and as provided in s. 350.113, F.S. and  
4 | s. 366.14, F.S., each gas utility, municipal, or gas district  
5 | shall remit a fee based upon its gross operating revenue. This  
6 | fee shall be referred to as a regulatory assessment fee.  
7 | Regardless of the gross operating revenue of a company, a minimum  
8 | annual regulatory assessment fee of \$25 shall be imposed.

9 | (a) Each investor-owned gas utility shall pay a regulatory  
10 | assessment fee in the amount of .005 ~~0.00375~~ of its gross  
11 | operating revenue derived from intrastate business, excluding  
12 | sales for resale between public utilities, municipal gas  
13 | utilities, and gas districts or any combination thereof.

14 | (b) Each municipal or gas district shall pay a regulatory  
15 | assessment fee in the amount of 0.001919 of its gross operating  
16 | revenue derived from intrastate business, excluding sales for  
17 | resale between public utilities, municipal gas utilities, and gas  
18 | district or any combination thereof.

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

23 | (3) If the due date falls on a Saturday, Sunday, or a legal  
24 | holiday, the due date is extended to the next business day. If  
25 | the fees are sent by registered mail, the date of the

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~~struck through~~ type are deletions from existing law.

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

12 (4) Commission Form PSC/ADM 67 (07/96), entitled "Investor-  
13 Owned Natural Gas Utility Regulatory Assessment Fee Return" and  
14 Form PSC/ADM 71 (07/96), entitled "Gas Municipal or Gas District  
15 Regulatory Assessment Fee Return" are incorporated into this rule  
16 by reference and may be obtained from the Commission's Division  
17 of Administration. The failure of a utility to receive a return  
18 form shall not excuse the utility from its obligation to timely  
19 remit the regulatory assessment fees.

20 (5) Each utility, municipal, and gas district shall have up  
21 to and including the due date in which to:

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

23 (b) Remit an amount which the utility, municipal, or gas  
24 district estimates is its full fee

25 (6) Where the utility, municipal, or gas district remits

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1 | less than its full fee, the remainder of the full fee shall be  
2 | due on or before the 30th day from the due date and shall, where  
3 | the amount remitted was less than 90 percent of the total  
4 | regulatory assessment fee, include interest as provided by  
5 | subsection (8) (b) of this rule.

6 |       (7) A utility, municipal, or gas district may request from  
7 | the Division of Administration a 30-day extension of its due date  
8 | for payment of regulatory assessment fees or for filing its  
9 | return form.

10 |       (a) The request for extension must be written and  
11 | accompanied by a statement of good cause.

12 |       (b) The request for extension must be received by the  
13 | Division of Administration at least two weeks before the due  
14 | date.

15 |       (c) Where a utility, municipal, or gas district receives an  
16 | extension of its due date pursuant to this rule, then the  
17 | utility, municipal, or gas district shall remit a charge in  
18 | addition to the regulatory assessment fee, as set out in s.  
19 | 350.113, F.S.

20 |       (8) The delinquency of any amount due to the Commission  
21 | from the utility, municipal, or gas district pursuant to the  
22 | provisions of s. 350.113, F.S. and this rule, begins with the  
23 | first calendar day after any date established as the due date  
24 | either by operation of this rule or by an extension pursuant to  
25 | this rule.

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

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

5 Specific Authority: 350.127(2), F.S., 366.14, F.S. (1989)

6 Law Implemented: 350.113, F.S., 366.14, F.S. (1989)

7 History: New 5/18/83, formerly 25-7.131, Amended 10/16/86,  
8 4/25/90, 07/08/96, 01/01/99.

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**MEMORANDUM**

June 29, 1998

98 JUN 29 PM 3:33

TO: DIVISION OF APPEALS (MOORE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CBH PR*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COST FOR DOCKET NO. 980275-GU, PROPOSED AMENDMENTS TO RULE 25-7.0131, F.A.C., REGULATORY ASSESSMENT FEES

**SUMMARY OF THE RULE**

Currently, Rule 25-7.0131, F.A.C., Regulatory Assessment Fees, describes the percentage amount of regulatory assessment fees (RAFs) that investor-owned natural gas utilities (IOUs) are required to submit to the Florida Public Service Commission (Commission). The authorizing statute, Section 350.113, Florida Statutes, states that the fees shall, to the extent practicable, be related to the cost of regulating such type of regulated company. The Commission has determined that the current RAF of 0.00375 percent of gross intrastate revenues does not cover the cost of regulating natural gas IOUs. The proposed rule amendments would increase the RAF percentage of gross operating revenues from 0.00375 to 0.005.

**ESTIMATED NUMBER AND DESCRIPTION OF INDIVIDUALS AND ENTITIES REQUIRED TO COMPLY**

There are eight natural gas IOUs which would be subject to the increase in RAFs. Municipal and cooperative gas utilities and gas districts are not covered by this rule.

**RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES**

The Commission should have no additional costs with adoption of the proposed rule changes other than minor costs to change the RAF percentage amount on RAF forms. Changing the necessary forms would be done by existing staff. No other costs to state or local government entities are foreseen. The Commission would have received an additional \$468,221 in RAFs for 1997 if the



higher percentage had been in effect. Future RAF revenues will depend on the amount of gross gas utility revenues which varies year to year.

**ESTIMATED TRANSACTIONAL COSTS  
TO INDIVIDUALS AND ENTITIES REQUIRED TO COMPLY**

There should be no significant additional transaction costs to the utilities to comply with proposed amendments to Rule 25-7.0131, F.A.C., Regulatory Assessment Fees, because the RAF forms are sent out with the required percentage included for calculations. If the higher RAF percentage had been in effect for 1997, the natural gas IOUs would have collectively been required to pay an additional \$468,221.

Although ratepayers are not required to comply with the proposed rule amendments, if there is a rate case, the additional RAF expense could be included in base rates.

**IMPACT ON SMALL BUSINESS, SMALL CITIES, OR SMALL COUNTIES**

None of the companies subject to the rule met the statutory definition of a small business. No additional direct impact on small cities or small counties is foreseen, although they would be subject to the additional costs if they are customers of a gas IOU and their rates are raised in a rate case.

**REASONABLE ALTERNATIVE METHODS**

In a workshop regarding the proposed rule, an alternative method suggested was to match the cost of regulation with RAFs to reduce regulatory costs. Although that alternative would not involve rulemaking, it may not be possible to cut regulatory costs and meet the Commission's statutory mandate for gas IOU regulation.

CBH:tfe-g:raf2

State of Florida



# Public Service Commission

**-M-E-M-O-R-A-N-D-U-M-**

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APR 24 1998

C - Records/Reporting

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**DATE:** April 23, 1998  
**TO:** Division of Records and Reporting  
**FROM:** Christiana T. Moore, Division of Appeals *CM*  
**RE:** Docket No. 989275-GU--Proposed Amendment of Rule 25-7.0131, F.A.C.--Workshop Attendance

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Attached is a copy of the sign-in list of persons attending the workshop conducted by staff today in the above docket. Please place this in the correspondence side of the docket file.

c: Steve Tribble  
Evelyn Sewell  
John Slemkewicz  
Cheryl Bulecza-Banks  
Craig Hewitt

April 23, 1998

Staff Workshop

Proposed Amendment

Rule 25-7.0131

FAC

Investor-Owned Gas - RAI

<u>Name</u>	<u>Organization</u>	<u>Phone</u>
David Rogers	FNGA/AGDF	681-0498
MIKE MALECKI	NUI/CITY GAS	(850) 873-2264
Donald Headley	CENTRAL FLORIDA GAS	941-294-2322
JOHN SLEMKEWICZ	FPSC / APAD	850-413-6420
BRENT CALDWELL	PEOPLES GAS	(813) 228-9664
John W McLelland	Central FL GAS	(991) 294-2322
Anne V. Wood	Centre FL GAS	941-293-2125
Cheryl Bulecza-Banks	FPSC	(850) 413-6642
STEVE TRIBBLE	FPSC	850 413-6251
Chris Moore	FPSC	850-413-6098
Karen Belcher	FPSC	850-413-6273
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STUART SHORR	STJOE NAT GAS	850-229-9216
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