

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



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

Public Service Commission

August 17, 1998

Mr. Carroll Webb
Joint Administrative Procedures
Committee
120 Holland Building
Tallahassee, Florida 32399

Re: Docket No. 980275-GU - Proposed Amendment of Rule 25-7.0131, F.A.C., Investor-Owned Gas Utility Regulatory Assessment Fees.

Dear Mr. Webb:

Enclosed are an original and two copies of the following materials concerning the above referenced proposed rule:

1. A copy of the rule and the form incorporated by reference into the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal standards statement.
5. A statement of estimated regulatory costs.

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

Sincerely,

Christiana T. Moore
Associate General Counsel

DOCUMENT NUMBER-DATE

00785 AUG 17 98

FPSC-RECORDS/REPORTING

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
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- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
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ADM70131.MRD

Enclosures

cc: Division of Records & Reporting

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

CODING: Words underlined are additions; words in
~~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 (01/9907/96), entitled
13 "Investor-Owned Natural Gas Utility Regulatory Assessment Fee
14 Return" and Form PSC/ADM 71 (07/96), entitled "Gas Municipal or
15 Gas District Regulatory Assessment Fee Return" are incorporated
16 into this rule by reference and may be obtained from the
17 Commission's Division of Administration. The failure of a
18 utility to receive a return form shall not excuse the utility
19 from its obligation to timely remit the regulatory assessment
20 fees.

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

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

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

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

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

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

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

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

16 (c) Where a utility, municipal, or gas district receives an
17 extension of its due date pursuant to this rule, then the
18 utility, municipal, or gas district shall remit a charge in
19 addition to the regulatory assessment fee, as set out in s.
20 350.113, F.S.

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

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1 | this rule.

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

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

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

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

8 | History: New 5/18/83, formerly 25-7.131, Amended 10/16/86,
9 | 4/25/90, 07/08/96, 01/01/99 .

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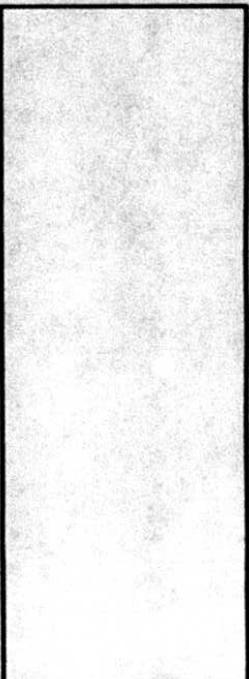
CODING: Words underlined are additions; words in
~~struck through~~ type are deletions from existing law.

Florida Public Service Commission
(See Filing Instructions on Back of Form)

STATUS: _____
 Actual Return

 Estimated Return

PERIOD COVERED: _____



Please Complete Below If Official Mailing Address Has Changed

(Name of Utility) _____

(Address) _____

(City/State) _____

(Zip) _____

FOR PFC USE ONLY	
Check/	_____
\$	0601001
\$	0030001
\$	P
\$	0601001
\$	0040111
\$	_____
Postmark Date	_____
Initials of Preparer	_____

LINE NO.	ACCOUNT CLASSIFICATION	INTRASTATE AMOUNTS	LINE NO.	ACCOUNT CLASSIFICATION	INTRASTATE AMOUNTS
1.	GAS SERVICE REVENUES:		24.	Deferred Conservation Cost Recovery Revenues	\$ _____
2.	Residential Sales (480)	\$ _____	25.	Unbilled Revenues	_____
3.	Commercial Sales (481)	_____	26.	Other	_____
4.	Industrial Sales (481)	_____	27.	Provision for Rate Refund (496)	_____
5.	Other Sales To Public Authorities (482)	_____	28.	Pipeline Refunds	_____
6.	Interdepartmental Sales (484)	_____	29.	Other Refunds	_____
7.	Total Sales To Ultimate Consumers	\$ _____	30.	Total Other Operating Revenues	\$ _____
8.	Sales For Resale (483)	_____	31.	Total Gas Operating Revenues	\$ _____
9.	Total Natural Gas Service Revenues	\$ _____	32.	Adjustments: (Specify)	_____
10.	Revenues From Manufactured Gas	_____	33.	_____	_____
11.	Total Gas Service Revenues:	\$ _____	34.	_____	_____
12.	OTHER OPERATING REVENUES		35.	Total Adjustments	\$ _____
13.	Intramility Transfer (485)	_____	36.	Revenues Subject To Regulatory Assessment Fee	_____
14.	Forfeited Discounts (487)	_____	37.	REGULATORY ASSESSMENT FEE RATE	_____ .005
15.	Miscellaneous Service Revenues (488)	_____	39.	REGULATORY ASSESSMENT FEE DUE (Less 37 x Line 38)	\$ _____
16.	Revenue from Transportation of Others' Gas (489)	_____	40.	LESS: Payment For Jan. 1 - Jun. 30 Period	(_____)
17.	Sales of Products Extracted from Natural Gas (490)	_____	41.	Net Regulatory Assessment Fee Due	_____
18.	Revenue From Natural Gas Processed by Others (491)	_____	42.	Penalty For Late Payment	_____
19.	Incidental Gasoline and Oil Sales (492)	_____	43.	Interest For Late Payment	_____
20.	Rent From Gas Property (493)	_____	44.	TOTAL AMOUNT DUE	\$ _____
21.	Interdepartmental Rents (494)	_____			
22.	OTHER GAS REVENUES (495)				
23.	Deferred Purchased Gas Adjustment Revenues	_____			

AS PROVIDED IN SECTION 350.113, FLORIDA STATUTES, THE MINIMUM ANNUAL FEE IS \$25.

THIS FORM MUST BE COMPLETED AND RETURNED REGARDLESS OF THE AMOUNT OF REVENUES REPORTED

I, the undersigned owner/officer of the above-named vendor, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

(Signature of Utility Official) _____

(Title) _____

(Date) _____

(Please Print Name) _____

Telephone Number (_____) _____

FAX Number (_____) _____

F.E.I. No. _____

FLORIDA PUBLIC SERVICE COMMISSION
Institution For Filing Regulatory Assessment Fee Return
(Investor-Owned Natural Gas Utility)

1. **WHEN TO FILE:** To avoid payment of penalties and interest, this Regulatory Assessment Fee Return and payment must be filed or postmarked:

*On or before July 30 for the six-month period January 1 through June 30, AND
On or before January 30 for the six-month period July 1 through December 31.*

However, if July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee may be filed or postmarked on the next business day, without penalty.

2. **FEES:** Each utility shall pay the currently authorized percentage, as indicated on Line 38 on the reverse side, of its gross operating revenues derived from intrastate business. Gross Operating Revenues are defined as the total revenues before expenses. The currently authorized percentage was implemented by Section 25-7.0131(1)(a), Florida Administrative Code. Annual revenue amounts are to be reported on the return for the period ended December 31.

3. **FAILURE TO FILE BY DUE DATE:** A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due. Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 42). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 43).

4. **EXTENSION:** A utility, for good cause shown in a written request, may be granted up to a 30 day extension. A request should be made by filing the enclosed *Request for Extension to File Regulatory Assessment Fee Return* form (PSC/ADM-124), two weeks prior to the filing date. If an extension is granted, a charge shall be added to the amount due:

*0.75% of the fee to be remitted for an extension of 15 days or less, or
1.5% of the fee for an extension of 16 to 30 days.*

In lieu of paying the charges outlined above, a utility may file a return and remit payment based upon estimated gross operating revenues. If such return is filed by the normal due date, the utility shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period. An automatic 30-day extension to file an actual return may be obtained by checking the "Estimated Return" space in the top left-hand corner on the reverse side.

5. **FEE ADJUSTMENTS:** Computational errors and/or differences in gross operating revenues reported for regulatory assessment fee purposes and those reported in the annual report may cause adjustments to amounts paid to the Commission. The utility will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed to the Commission by reason of the adjustment. A utility may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.

6. **MAILING INSTRUCTIONS:** Please complete this form, retain the last copy for your records, and return the original and the remaining copy in the enclosed preaddressed envelope. This will assure a more accurate and expeditious recording of your payment. However, if you are unable to use the envelope, please address your remittance as follows:

Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 ATTENTION: Fiscal Services

7. **ADDITIONAL ASSISTANCE:** If any additional assistance is required in preparing the Regulatory Assessment Fee Return, please contact the Division of Auditing and Financial Analysis at (850) 413-6480 or at the above-referenced address, directing correspondence to the attention of the division.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980275-GU

RULE TITLE:

RULE NO.:

Regulatory Assessment Fees; Gas Utilities,
Gas Municipals, and Gas Districts

25-7.0131

PURPOSE AND EFFECT: To amend the rule to increase the regulatory assessment fee.

SUMMARY: Amends Rule 25-7.0131, F.A.C., to increase the regulatory assessment fee charged to investor-owned gas utilities from .375 percent to .5 percent of gross operating revenues from intrastate business.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: Amendment of the rule will increase the amount of Regulatory Assessment Fee 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.

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

SPECIFIC AUTHORITY: 350.127(2), 366.14, FS

LAW IMPLEMENTED: 350.113, 366.14, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF

THE PROCEEDING.

HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE TIME, DATE, AND PLACE THAT WILL BE NOTICED IN THE NEXT AVAILABLE FLORIDA ADMINISTRATIVE WEEKLY.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:

Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862.

THE FULL TEXT OF THE PROPOSED RULE IS:

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

(1) No Change.

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

(b)- (3) No Change.

(4) Commission Form PSC/ADM 67 (01/99 ~~07/96~~), entitled "Investor-Owned Natural Gas Utility Regulatory Assessment Fee Return" and Form PSC/ADM 71 (07/96), entitled "Gas Municipal or Gas District Regulatory Assessment Fee Return" are incorporated into this rule by reference and may be obtained from the Commission's Division of Administration. The failure of a utility to receive a return form shall not excuse the utility from its obligation to timely remit the regulatory assessment fees.

(5) - (8) No Change.

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

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

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

NAME OF PERSON ORIGINATING PROPOSED RULE: Evelyn Sewell

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: August 4, 1998

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:

Volume 24, Number 12, March 20, 1998

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least five calendar days prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

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 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.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.

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-gsraf2