



Public Service Commission

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SEP 13 AM 10:25
RECORDS AND REPORTING

DATE: SEPTEMBER 14, 2000

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

FROM: DIVISION OF REGULATORY OVERSIGHT (VANDIVER)
DIVISION OF ECONOMIC REGULATION (L. ROMIG) *Handwritten: RJE, KOW, J.S. pm, 100*
DIVISION OF LEGAL SERVICES (WALKER) *Handwritten: RJE, KOW*

RE: DOCKET NO. 000651-GU - APPLICATION FOR AUTHORIZATION, PURSUANT TO RULE 25-7.015, FLORIDA ADMINISTRATIVE CODE, TO MAINTAIN ACCOUNTING RECORDS OUTSIDE THE STATE OF FLORIDA, BY ATLANTIC UTILITIES, A FLORIDA DIVISION OF SOUTHERN UNION COMPANY D/B/A SOUTH FLORIDA NATURAL GAS.

SEPTEMBER 26, 2000 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\AFA\WP\000651.RCM

CASE BACKGROUND

On May 30, 2000, pursuant to Rule 25-7.015, Florida Administrative Code, Atlantic Utilities, a Florida Division of Southern Union Company d/b/a South Florida Natural Gas, (South Florida or Company), filed a request that the Commission authorize South Florida to maintain various accounting records out-of-state. South Florida stated in its request that it is a public utility that provides natural gas service to approximately 4,400 customers in New Smyrna Beach, Edgewater, and portions of Volusia County. South Florida requests authorization to maintain various accounting records at Southern Union's corporate office, located in Austin, Texas, rather than at the South Florida offices within the State of Florida.

DOCUMENT NUMBER-DATE

11382 SEP 13 8

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission authorize South Florida to keep its accounting records out-of-state?

RECOMMENDATION: Yes, the Commission should approve South Florida's request to keep its records out-of-state. (Vandiver)

STAFF ANALYSIS: Rule 25-7.015(1), Florida Administrative Code states:

All records that a utility is required to keep, by reason of these or other rules prescribed by the Commission, shall be kept at the office or offices of the utility within the state, unless otherwise authorized by the Commission. Such records shall be open for inspection by the Commission or its authorized representatives at any and all reasonable times.

In the filing for this docket, South Florida states that:

the small size of South Florida's operations necessitates continuing assistance from Southern Union personnel in Austin to perform various daily accounting functions. Consolidation of the associated South Florida accounting records in Southern Union's corporate office enables more effective use of Southern Union's accounting personnel and promotes consistency in tracking and maintaining accounting information.

The utility further comments that while accounting information can generally be made available through South Florida's computer access in its Florida offices, the expertise in addressing interpretations and providing support for various accounting issues resides in its corporate office. Once the utility changes its accounting for the Florida system, the utility offices in Florida plan to have on-line access to accounting reports (trial balance, etc.), as well as copies of invoices and purchase orders.

Currently, the utility duplicates certain functions in Texas and Florida. If this request is approved, the utility will eliminate some of that duplication. In addition, the utility plans to implement certain changes as a result of the new tariff request for Firm Transportation Service. This tariff will require specialized expertise for billing and accounting that is available in Texas.

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Section 366.05(11), Florida Statutes, states that the "Commission has the authority to assess a public utility for reasonable travel costs associated with reviewing the records of the public utility and its affiliates when such records are kept out of state," Florida Statutes. Rule 25-7.015(2), Florida Administrative Code, further defines reasonable travel expenses as "those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business." Subsection (a) of the same rule also states that the "utility shall remit reimbursement for out-of-state travel expenses within 30 days from the date the Commission mails the invoice." The utility's filing confirms the utility's awareness of the rule by stating that the utility "will fully comply with the requirements of Commission Rule 25.7015(2) (sic) pertaining to reimbursement of out-of-state travel expenses by Commission representatives incurred during any review of out-of-state records or production of out-of-state records in the State of Florida upon request by Commission representatives." Staff further confirmed that the utility realizes the statutory language also requires reimbursement for out-of-state travel.

Staff recommends that the Commission authorize South Florida to keep its records out-of-state. Because the utility's expertise in addressing interpretations and providing support for various accounting issues resides in Texas, staff believes the change will be more efficient for the utility. In addition, the statute and Commission rule requires the utility to reimburse the Commission for reasonable travel costs associated with reviewing the records kept out of state. Therefore, the proposed change should not impair the Commission's ability to appropriately supervise this utility.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if no protest is filed within 21 days of the issuance of the order. (WALKER)

STAFF ANALYSIS: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.