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STATE OF FLORIDA

CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

March 8, 2016

Kenneth J. Plante, Coordinator
Joint Administrative Procedures Committee
Room 680, Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1400

Re: Docket No. 150200-PU; Rules 25-6.0436, 25-6.04364, 25-7.045 and 25-7.046, F.A.C.

Dear Mr. Plante:

Enclosed are the following materials concerning the above referenced proposed rules:

1. A copy of the proposed rules.
2. A copy of the F.A.R. notices.
3. A statement of facts and circumstances justifying the proposed rules.
4. A federal standards statement.
5. Statement of Estimated Regulatory Costs for the rules.

If there are any questions with respect to these rules, please do not hesitate to call me at 413-6214.

Sincerely,

Pamela H. Page

Pamela H. Page
Senior Attorney

Enclosures
cc: Office of Commission Clerk

25-6.0436 Depreciation.

(1) For the purposes of this rule ~~part~~, the following definitions shall apply:

(a) Category or Category of Depreciable Plant – A grouping of plant for which a depreciation rate is prescribed. At a minimum it shall ~~should~~ include each plant account prescribed in subsection 25-6.014(1), F.A.C.

(b) Embedded Vintage – A vintage of plant in service as of the date of study or implementation of proposed rates.

(c) Mortality Data – Historical data by study category showing plant balances, additions, adjustments and retirements, used in analyses for life indications or calculations of realized life. ~~Preferably,~~ Tthis is aged data in accord with the following:

1. The number of plant items or equivalent units (usually expressed in dollars) added each calendar year.

2. The number of plant items retired (usually expressed in dollars) each year and the distribution by years of placing of such retirements.

3. The net increase or decrease resulting from purchases, sales or adjustments and the distribution by years of placing of such amounts.

4. The number that remains in service (usually expressed in dollars) at the end of each year and the distribution by years of placing of such amounts.

(d) Net Book Value – The book cost of an asset or group of assets minus the accumulated depreciation or amortization reserve associated with those assets.

(e) Remaining Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the unrecovered plant balance, the ~~less~~ average future net salvage, and the average remaining life. The formula ~~for calculating a Remaining Life Rate~~ is:

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$$\text{Remaining Life Rate} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

(f) Reserve (Accumulated Depreciation) – The amount of depreciation/amortization expense, salvage, cost of removal, adjustments, transfers, and reclassifications accumulated to date.

(g) Reserve Data – Historical data by study category showing reserve balances, debits and credits such as booked depreciation, expense, salvage and cost of removal and adjustments to the reserve utilized in monitoring reserve activity and position.

(h) Reserve Deficiency – An inadequacy in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(i) Reserve Surplus – An excess in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(j) Salvage Data – Historical data by study category showing bookings of retirements, gross salvage and cost of removal used in analysis of trends in gross salvage and cost of removal or for calculations of realized salvage.

(k) Theoretical Reserve or Prospective Theoretical Reserve – A calculated reserve based on components of the proposed rate using the formula:

Theoretical Reserve = Book Investment - Future Accruals - Future Net Salvage

(l) Vintage – The year of placement of a group of plant items or investment under study.

(m) Whole Life Technique ~~Method~~ – The method of calculating a depreciation rate based

on the w~~W~~hole l~~L~~ife (a~~A~~verage s~~S~~ervice l~~L~~ife) and the a~~A~~verage n~~N~~et s~~S~~alvage. Both life and salvage components are the estimated or calculated composite of realized experience and expected activity. The formula is:

$$\text{Whole Life Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$$

(2)(a) No utility shall change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.

(b) No utility shall reallocate accumulated depreciation reserves among any primary accounts and sub-accounts without prior Commission approval.

(c) When plant investment is booked as a transfer from a regulated utility depreciable account to another or from a regulated company to an affiliate, its associated ~~an appropriate~~ reserve amount shall also be booked as a transfer. When plant investment is sold from one regulated utility to an affiliate, the ~~an appropriate~~ associated reserve amount shall also be determined to calculate the net book value of the utility investment being sold. ~~Appropriate~~ M~~m~~ethods for determining the ~~appropriate~~ reserve amount associated with plant transferred or sold are as follows:

1. Where vintage reserves are not maintained, synthesization using the currently prescribed curve shape shall ~~may~~ be required. The same reserve percent associated with the original placement vintage of the related investment shall then be used in determining the ~~appropriate~~ amount of reserve to transfer.

2. Where the original placement vintage of the investment being transferred is unknown, the reserve percent applicable to the account in which the investment being transferred resides may be assumed ~~as appropriate~~ for determining the reserve amount to transfer.

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3. Where the age of the investment being transferred is known and a history of the prescribed depreciation rates is known, a reserve can be determined by multiplying the age times the investment times the applicable depreciation rate(s).

4. The Commission shall consider any additional methods submitted by the utilities for determining the ~~appropriate~~ reserve amounts to transfer.

(3)(a) Each utility shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities as revised April 1, 2013, which is incorporated by reference in Rule 25-6.014, F.A.C. ~~as prescribed by subsection 25-6.014(1), F.A.C.~~ Utilities may maintain further sub-categorization.

(b) Upon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category.

(4)(a) Each company shall file a depreciation study for each category of depreciable property for Commission review at least once every four years from the submission date of the previous study or pursuant to Commission order and within the time specified in the order. A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Office of Commission Clerk ~~six copies of~~ the information required by paragraphs (5)~~(6)~~(a) through (g)~~(f)~~ of this rule in electronic format with formulas intact and unlocked ~~and at least three copies of the information required by paragraph (6)(g)~~.

(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.

(c) A utility proposing an effective date coinciding with the expected date of a revenue change initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.

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(d) The plant balances may include estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.

(e) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.

(f)~~(5)~~ Upon Commission approval by final order establishing an effective date, the utility shall reflect on its books and records the implementation of the depreciation ~~proposed~~ rates approved by the Commission ~~subject to adjustment when final depreciation rates are approved~~.

(5)~~(6)~~ A depreciation study shall include:

(a) A comparison of current and proposed depreciation ~~rates and~~ components for each category of depreciable plant. Components include average service life, age, curve shape, net salvage, and average remaining life. ~~Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.~~

(b) A comparison of current and proposed annual depreciation rates and expenses ~~as of the proposed effective date, resulting from current rates with those produced by the proposed rates for each category of depreciable plant~~. The comparison of current and proposed rates shall identify the proposed effective date for the proposed rates. The comparison of current and proposed annual expenses shall be calculated using current and proposed rates for each category of depreciable plant. Plant balances, reserve balances and percentages, remaining lives, and net salvage percentages shall be included in this comparison for each category of plant. ~~The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.~~

(c) Each recovery and amortization schedule currently in effect shall ~~should~~ be included

with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.

(d) A comparison of the accumulated book reserve to the prospective theoretical reserve based on proposed rates and components for each category of depreciable plant to which depreciation rates are to be applied.

(e) A general narrative describing the service environment of the applicant company and the factors, e.g., growth, technology, physical conditions, necessitating a revision in rates.

(f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It shall ~~should~~ also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.

(g) ~~The filing shall contain~~ Aall calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements, and plant balance at end of year) as well as reserve activity (retirements, accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at end of year) for each year of activity from the date of the last submitted study to the date of the present study. When available, ~~To the degree possible,~~ retirement data ~~involving retirements~~ shall ~~should~~ be aged.

(h) The mortality and salvage data used by the company in the depreciation rate design must agree with activity booked by the utility. Unusual transactions not included in life or

salvage studies, e.g., sales or extraordinary retirements, must be specifically enumerated and explained.

(i)~~(7)(a) Utilities shall provide~~ Cealculations of depreciation rates using both the whole life technique ~~method~~ and the remaining life technique ~~method~~. The use of these techniques ~~methods~~ is required for all depreciable categories. Utilities may submit additional studies or methods for consideration by the Commission.

~~(b) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.~~

~~(8)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every four years from the submission date of the previous study unless otherwise required by the Commission.~~

~~(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.~~

~~(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.~~

(6)~~(9)~~ As part of the filing of the annual report pursuant to Rule 25-6.135, F.A.C., each utility shall include an annual depreciation status report. The annual depreciation status reports shall be provided in electronic format. In the electronic format, the formulas must be intact and unlocked. The annual depreciation status report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications, retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at year end) for each category of investment for which a depreciation rate, amortization, or capital recovery schedule has been approved. The report

shall indicate for each category ~~that:~~ whether there has been a change of plans or utility experience since the filing of the last annual depreciation status report requiring a revision of rates, amortization or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.

~~(a) There has been no change of plans or utility experience requiring a revision of rates, amortization or capital recovery schedules; or~~

~~(b) There has been a change requiring a revision of rates, amortization or capital recovery schedules.~~

(7)~~(10) For any category where current conditions indicate a need for revision of depreciation rates, amortization or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.~~

(a) Prior to the date of retirement of major installations, the Commission shall approve capital recovery schedules to correct associated calculated deficiencies where a utility demonstrates that (1) replacement of an installation or group of installations is prudent and (2) the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(b) The Commission shall approve a special capital recovery schedule when an installation is designed for a specific purpose or for a limited duration.

(c) Associated plant and reserve activity, balances and the annual capital recovery schedule expense must be maintained as subsidiary records.

Rulemaking Authority 350.115, 350.127(2), 366.05(1), FS. Law Implemented 350.115, 366.04(2)(f), 366.06(1) FS. History–New 11-11-82, Amended 1-6-85, Formerly 25-6.436, Amended 4-27-88, 12-12-91, 12-11-00, 5-29-08, _____.

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25-6.04364 Electric Utilities Dismantlement Studies.

(1) Each utility that owns a ~~fossil fuel~~ generating unit is required to establish a dismantlement accrual as approved by the Commission to accumulate a reserve ~~that is sufficient~~ to meet all expenses at the time of dismantlement. The purpose of the study required by subsection (3) is to obtain ~~sufficient~~ information to update cost estimates based on new developments, additional information, technological improvements, and forecasts; to evaluate alternative methodologies; and to revise the annual accrual needed to recover the costs. This rule does not apply to nuclear generating plants, which are addressed in Rule 25-6.04365, F.A.C.

(2) For the purpose of this rule, the following definitions shall apply:

(a) "Contingency Costs." A specific provision for unforeseeable elements of cost within the defined project scope.

(b) "Dismantlement." The process of safely managing, removing, demolishing, disposing, or converting for reuse the materials and equipment that remain at the ~~fossil fuel~~ generating unit following its retirement from service and restoring the site to a marketable or useable condition.

(c) "Dismantlement Costs." The costs for the ultimate physical removal and disposal of plant and site restoration, minus any attendant gross salvage amount, upon final retirement of the site or unit from service.

(3) Each utility shall file a dismantlement study for each generating site once every 4 years from the submission date of the previous study or pursuant to ~~unless otherwise required by~~ Commission order~~.~~ and within the time specified in the order. The study shall be site-specific unless a showing is made by the utility that a site-specific study is not possible. A utility may file a study sooner than 4 years. Each utility's dismantlement study shall include:

(a) A narrative describing each ~~fossil fuel~~ generating unit, including the in-service date and

estimated retirement date.

(b) A list of all entities owning an interest in each generating unit and the percentage of ownership by each entity.

(c) The dismantlement study methodology.

(d) A summary of the major assumptions used in the study.

(e) The methodology selected to dismantle each generating unit and support for the selection.

(f) The methodology and escalation rates used in converting the current estimated dismantlement costs to future estimated dismantlement costs and supporting documentation and analyses.

(g) The total utility and jurisdictional dismantlement cost estimates in current dollars for each unit.

(h) The total utility and jurisdictional dismantlement cost estimates in future dollars for each unit.

(i) For each year, the estimated amount of dismantlement expenditures.

(j) The projected date each generating unit will cease operations.

(k) For each site, a comparison of the current approved annual dismantlement accruals with those proposed. Current accruals shall be identified as to the effective date and proposed accruals to the proposed effective date.

(l) A summary and explanation of material differences between the current study and the utility's last filed study including changes in methodology and assumptions.

(m) Supporting schedules, analyses, and data, including the contingency allowance, used in developing the dismantlement cost estimates and annual accruals proposed by the utility. Supporting schedules shall include the inflation analysis.

(4) The dismantlement annual accrual shall be calculated using the current cost estimates

escalated to the expected dates of actual dismantlement. The future costs less amounts recovered to date shall then be discounted in a manner that accrues the costs over the remaining life span of the unit.

(5) Dismantlement accruals shall be recorded monthly to assure that the costs for dismantlement have been provided for at the time the production unit or site ceases operations.

(6) A utility shall not establish a new annual dismantlement accrual, revise its annual dismantlement accrual, or transfer a dismantlement reserve without prior Commission approval.

(7) The annual dismantlement accrual shall be a fixed dollar amount and shall be based on a 4-year average of the accruals related to the years between the dismantlement study reviews.

(8) The accumulated dismantlement reserve and accruals shall be maintained in a subaccount of Account 108 "Accumulated Depreciation" and separate from the accumulated depreciation reserve and expenses. Subsidiary records shall include sufficient detail to allow for separate site or unit reporting.

Rulemaking Authority 350.115, 350.127(2), 366.05(1) FS. Law Implemented 366.041, 366.05(1), 366.06(1) FS. History–New 12-30-03, Amended _____.

25-7.045 Depreciation.

(1) For the purpose of this rule ~~part~~, the following definitions shall apply:

(a) Category or Category of Depreciable Plant – A grouping of plant for which a depreciation rate is prescribed. At a minimum it shall ~~should~~ include each plant account prescribed in Rule 25-7.046, F.A.C.

(b) Embedded Vintage – A vintage of plant in service as of the date of study or implementation of proposed rates.

(c) Mortality Data – Historical data by study category showing plant balances, additions, adjustments and retirements, used in analyses for life indications or for calculations of realized life. ~~Preferably~~ Tthis is aged data in accord with the following:

1. The number of plant items or equivalent units (usually expressed in dollars) added each calendar year.

2. The number of plant items retired (usually expressed in dollars) each year and the distribution by years of placing of such retirements.

3. The net increase or decrease resulting from purchases, sales or adjustments and the distribution by years of placing of such amounts.

4. The number that remains in service (usually expressed in dollars) at the end of each year and the distribution by years of placing of such amounts.

(d) Net Book Value - The book cost of an asset or group of assets minus the accumulated depreciation or amortization reserve associated with those assets.

(e)~~(d)~~ Remaining Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the unrecovered plant balance, the ~~less~~ average future net salvage and the average remaining life. The formula ~~for calculating a Remaining Life Rate~~ is:

$$\text{Remaining Life Rate} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

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(f) Reserve (Accumulated Depreciation) – The amount of depreciation/amortization expense, salvage, cost of removal, adjustments, transfers, and reclassifications accumulated to date.

(g)~~(e)~~ Reserve Data – Historical data by study category showing reserve balances, debits and credits, such as booked depreciation expense, salvage and cost of removal, and adjustments to the reserve utilized in monitoring reserve activity and position.

(h)~~(f)~~ Reserve Deficiency – An inadequacy in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(i)~~(g)~~ Reserve Surplus – An excess in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(j)~~(h)~~ Salvage Data – Historical data by study category showing bookings of retirements, gross salvage and cost of removal used in analysis of trends in gross salvage and cost of removal or for calculations of realized salvage.

(k)~~(i)~~ Theoretical Reserve or Prospective Theoretical Reserve – A calculated reserve based on components of the proposed rate using the formula:

Theoretical Reserve = Book Investment – Future Accruals – Future Net Salvage.

(l)~~(j)~~ Vintage – The year of placement of a group of plant items or investment under study.

(m)~~(k)~~ Whole Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the w~~W~~hole l~~L~~ife (a~~A~~verage s~~S~~ervice l~~L~~ife) and the a~~A~~verage n~~N~~et s~~S~~alvage. Both life and salvage components are the estimated or calculated composite of realized experience and expected activity. The formula is:

Whole Life Rate = 100% - Average Net Salvage %

Average Service Life in Years

(2)(a) No utility shall ~~may~~ change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.

(b) No utility shall ~~may~~ reallocate accumulated depreciation reserves among any primary accounts and sub-accounts without prior Commission approval.

(c) When plant investment is booked as a transfer from a regulated utility depreciable account to another or from a regulated company to an affiliate, its associated reserve amount shall also be booked as a transfer. When plant investment is sold from one regulated utility to an affiliate, the associated reserve amount shall also be determined to calculate the net book value of the utility investment being sold. Methods for determining the reserve amount associated with plant transferred or sold are as follows:

1. Where vintage reserves are not maintained, synthesization using the currently prescribed curve shape shall be required. The same reserve percent associated with the original placement vintage of the related investment shall then be used in determining the amount of reserve to transfer.

2. Where the original placement vintage of the investment being transferred is unknown, the reserve percent applicable to the account in which the investment being transferred resides shall be assumed for determining the reserve amount to transfer.

3. Where the age of the investment being transferred is known and a history of the prescribed depreciation rates is known, a reserve can be determined by multiplying the age times the investment times the applicable depreciation rate(s).

4. The Commission shall consider any additional methods submitted by the utilities for determining reserve amounts to transfer.

(3)(a) Each utility shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts for Natural Gas Companies (USOA) as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, as revised April 1, 2013, which is incorporated by reference in Rule 25-7.014(1), F.A.C. ~~as prescribed by Rule 25-7.046, F.A.C.~~ Utilities may maintain further sub-categorization.

(b) Upon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category.

(4)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study or pursuant to Commission order and within the time specified in the order.

A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Office of Commission Clerk ~~six copies of~~ the information required by paragraphs (5)~~(6)~~(a) through (g) ~~(f) and (h)~~ of this rule in electronic format with formulas intact and unlocked ~~and at least three copies of the information required by paragraph (6)(g)~~.

(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.

(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.

(d) The plant balances may include estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.

(e) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.

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(f)~~(5)~~ Upon Commission approval by final order establishing an effective date, the utility shall ~~may~~ reflect on its books and records the implementation of the depreciation ~~proposed~~ rates~~,~~ approved by the Commission ~~subject to adjustment when final depreciation rates are approved~~.

(5)~~(6)~~ A depreciation study shall include:

(a) A comparison of current and proposed depreciation ~~rates and~~ components for each category of depreciable plant. Components include average service life, age, curve shape, net salvage, and average remaining life. ~~Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.~~

(b) A comparison of current and proposed annual depreciation rates and expenses ~~resulting from current rates with those produced by the proposed rates for each category of depreciable plant~~. The comparison of current and proposed rates shall identify the proposed effective date for the proposed rates. The comparison of current and proposed annual expenses shall be calculated using current and proposed rates for each category of depreciable plant. Plant balances, reserve balances and percentages, remaining lives, and net salvage percentages shall be included in this comparison for each category of plant. ~~The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates should be brought to the effective date of the proposed rates.~~

(c) Each recovery and amortization schedule currently in effect shall ~~should~~ be included with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.

(d) A comparison of the accumulated book reserve to the prospective theoretical reserve based on proposed rates and components for each category of depreciable plant to which depreciation rates are to be applied.

(e) A general narrative describing the service environment of the applicant company and

the factors, e.g., growth, technology, physical conditions, leading to the present application for a revision in rates.

(f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of the depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It shall ~~should~~ also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.

(g) ~~The filing shall contain~~ Aall calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements, and plant balance at end of year) as well as reserve activity (retirements, accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at end of year) for each year of activity from the date of the last submitted study to the date of the present study. When available, ~~To the degree possible,~~ retirement data ~~involving retirements~~ shall ~~should~~ be aged.

(h) The mortality and salvage data used by the company in the depreciation rate design must agree with activity booked by the utility. Unusual transactions not included in life or salvage studies, e.g., sales or extraordinary retirements, must be specifically enumerated and explained.

(i)~~(7)(a) Utilities shall provide~~ Cealculations of depreciation rates using both the whole life technique and the remaining life technique ~~method~~. The use of these techniques ~~methods~~ is required for all depreciable categories. Utilities may submit additional studies or methods for

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consideration by the Commission.

~~(b) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.~~

~~(8)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study unless otherwise required by the Commission.~~

~~(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.~~

~~(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.~~

(6)~~(9)~~ As part of the filing of the annual report under subsection 25-7.014(3), F.A.C., each utility shall include an annual depreciation status report. The annual depreciation status report shall be provided in electronic format. In the electronic format, the formulas must be intact and unlocked. The annual depreciation status report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications, retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at end of year) for each category of investment for which a depreciation rate, amortization schedule, or capital recovery schedule has been approved. The report shall indicate for each category ~~that:~~ whether there has been a change of plans or utility experience since the filing of the last annual depreciation status report requiring a revision of the rates, amortization, or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is

requested.

~~(a) There has been no change of plans or utility experience requiring a revision of the rates, amortization, or capital recovery schedules; or~~

~~(b) There has been a change requiring a revision of rates, amortization, or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.~~

(7)~~(10)~~(a) Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies where a utility demonstrates that (1) replacement of an installation or group of installations is prudent, and (2) the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(b) The Commission shall ~~may~~ approve a special capital recovery schedule when an installation is designed for a specific purpose or for a limited duration.

(c) Associated plant and reserve activity, balances and the annual capital recovery schedule expense must be maintained as subsidiary records.

Rulemaking Authority 350.127(2), 350.115, 366.05(1) FS. Law Implemented 350.115, 366.04(2(f), 366.06, 366.06(1) FS. History–New 11-11-82, Amended 1-6-85, Formerly 25-7.45, Amended 4-27-88, 12-12-91, 5-29-08, _____.

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

25-7.046 Subcategories of Gas Plant for Depreciation.

(1) The accounts under subsection (3) below are to be used in the design of depreciation rates. They are intended to group together items which are relatively homogeneous in their expected life and salvage characteristics. Reserve, mortality data, salvage and costs of removal shall ~~should~~ be maintained accordingly for each depreciation category for which a depreciation rate is to be applied. This shall ~~should~~ be done on the books of the company, or as a side record for depreciation study use only.

(2)(a) No company shall establish a new sub-account that would represent less than 10% of the original primary account unless it meets the following criteria:

1. Introduction of a new technology.

2. The present inclusion of an obsolescent/dying technology in a viable technology.

(b) Any company may further develop sub-accounts within the listed primary account as appropriate for its plant.

(3) The depreciation accounts listed below shall be in accordance with the Uniform System of Accounts for Natural Gas Companies (USOA) as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, as revised April 1, 2013, which is incorporated by reference in Rule 25-7.014(1), F.A.C. New depreciation subaccounts shall be established under these accounts as listed in subsection 25-7.014(1), F.A.C. ~~The accounts listed below directly follow the primary plant accounts prescribed in the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, as revised, April 1, 1981, introducing sub-divisions within those accounts for the purpose of uniformity among the companies in depreciation studies.~~

(a)~~I.~~ Local Storage Plant.

1.~~A.~~ Structures and Improvements – (Account 361)

2.~~B.~~ Gas Holders – (Account 362)

3.~~C.~~ Other – (Account 363) – Equipment such as compressors, gauges and other instruments used in connection with the storage of gas in holders.

(b)~~H.~~ Distribution Plant.

1.~~A.~~ Structures and Improvements – (Account 375)

2.~~B.~~ Mains – (Account 376) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Plastic

b.~~2.~~ Other – cast iron, steel, etc.

3.~~C.~~ Compressor Station Equipment – (Account 377)

4.~~D.~~ Measuring and Regulating Equipment – General – (Account 378) – Equipment used in measuring and regulating gas in connection with distribution systems other than the measurements of gas deliveries to customers.

5.~~E.~~ Measuring and Regulating Equipment – City Gate – (Account 379) – Equipment used in measuring of gas at entry points to distribution systems.

6.~~F.~~ Services – (Account 380) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Plastic

b.~~2.~~ Other – cast iron, steel, etc.

7.~~G.~~ Meters – (Account 381)

8.~~H.~~ Meter Installations – (Account 382)

9.~~I.~~ Regulators – (Account 383)

10.~~J.~~ Regulator Installations – (Account 384)

11.~~K.~~ Industrial Measuring and Regulating Equipment – (Account 385)

12.~~L.~~ Other Property on Customer's Premises – (Account 386) – Investment of equipment owned by the company installed on the customer's premises that is not includible in other accounts.

13.~~M.~~ Other Equipment – (Account 387) – Investment in equipment used for the

distribution system not included in any of the above accounts such as fire protection equipment, leak detectors, pipe locators. ~~, etc.~~

(c)~~III.~~ General Plant.

1.~~A.~~ Structures and Improvements – (Account 390)

2.~~B.~~ Office Furniture and Equipment – (Account 391) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Office Furniture – Regular office furniture and furnishings and miscellaneous equipment such as lounge equipment.

b.~~2.~~ Office devices such as typewriters, calculating, reproducing, addressing, blueprinting, cash registers, check writers and other office machines.

c.~~3.~~ Computers and peripheral equipment

3.~~C.~~ Transportation Equipment – (Account 392) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Passenger cars and light trucks (trucks of one ton capacity or less)

b.~~2.~~ Heavy trucks (trucks of greater than one ton capacity)

c.~~3.~~ Special purpose vehicles such as trailers

d.~~4.~~ Airplanes

4.~~D.~~ Stores Equipment – (Account 393)

5.~~E.~~ Tools, Shop and Garage Equipment – (Account 394)

6.~~F.~~ Laboratory Equipment – (Account 395)

7.~~G.~~ Power Operated Equipment – (Account 396)

8.~~H.~~ Communication Equipment – (Account 397)

9.~~I.~~ Miscellaneous Equipment – (Account 398) – Investment in miscellaneous equipment such as kitchen equipment, infirmary equipment. ~~, etc.~~

(4) The accounts under subsection (3) shall be implemented as of the beginning of the next

fiscal year following the adoption of this rule. As of that point in time:

(a) Reserve activity data, mortality activity data, salvage and costs of removal are to be recorded to these accounts for subsequent activity.

(b) The separation of embedded investments and reserves under prior accounts into balances relating to accounts under subsection (3) may require estimation. For accounts where vintage data is to be maintained, development of the vintaged distributions of those investments may require synthesization. Vintaged distribution of the reserves is not required.

(c) Where any existing accounts are~~, in the opinion of the Commission, essentially~~ compatible with those listed in subsection (3) for depreciation study purposes, those existing accounts shall be deemed to be in compliance with this rule.

Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.05(1), 366.06(1) FS. History–New 11-7-85. Formerly 25-7.46. Amended, _____.

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

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NO.: RULE TITLE:

25-6.0436: Depreciation

25-6.04364: Electric Utilities Dismantlement Studies

PURPOSE AND EFFECT: To update, clarify and streamline depreciation rules for investor-owned electric utilities. Docket No. 150200-PU

SUMMARY: The amendments modify and define the rules which prescribe accounting principles and procedures for the calculation of depreciation by electric utilities. The amendments also address dismantlement accrual by electric utilities. Rule 25-6.0436, F.A.C. is amended to eliminate the requirement for multiple copies of depreciation studies, provide a specific reference to the Uniform System of Accounts, and codify the Commission's authority to require a depreciation study at a time set by the Commission. Rule 25-6.04364, F.A.C. is amended to apply to all generating units other than fossil fuel, and clarify that this dismantlement rule is not applicable to nuclear generating plants which are addressed in Rule 25-6.04365, F.A.C.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of $200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the Agency.

The rules are also not likely to have an adverse impact on economic growth, private sector job creation or employment, private sector investment, business competitiveness, productivity, or innovation in excess of $1 million in the aggregate within 5 years after implementation of the rule. The SERC examined the factors required by Section 120.541(2), FS, and concluded that the rule amendments will not have an adverse impact on economic growth, business competitiveness, or small business and that there would likely be transactional cost savings to the individual and entities required to comply with the rules. The amendments to these rules should benefit affected entities by codifying current practices. Affected entities also potentially may benefit from the removal of the requirement for paper copies.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information contained in the SERC.

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

RULEMAKING AUTHORITY: 366.05(1), 350.115, 350.127(2), FS.

LAW IMPLEMENTED: 350.115, 366.04(2)(f), 366.041, 366.05(1), FS.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Pamela H. Page, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6214, phpage@psc.state.fl.us.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-6.0436 Depreciation.

(1) For the purposes of this rule ~~part~~, the following definitions shall apply:

(a) Category or Category of Depreciable Plant – A grouping of plant for which a depreciation rate is prescribed. At a minimum it shall ~~should~~ include each plant account prescribed in subsection 25-6.014(1), F.A.C.

(b) No change.

(c) Mortality Data – Historical data by study category showing plant balances, additions, adjustments and retirements, used in analyses for life indications or calculations of realized life. ~~Preferably,~~ This is aged data in accord with the following:

1. through 4. No change.

(d) No change.

(e) Remaining Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the unrecovered plant balance, the ~~less~~ average future net salvage, and the average remaining life. The formula ~~for calculating a Remaining Life Rate~~ is:

$$\text{Remaining Life Rate} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

(f) through (l) No change.

(m) Whole Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the w~~W~~hole l~~L~~ife (a~~A~~verage s~~S~~ervice l~~L~~ife) and the a~~A~~verage n~~N~~et s~~S~~alvage. Both life and salvage components are the estimated or calculated composite of realized experience and expected activity. The formula is:

$$\text{Whole Life Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$$

(2)(a) through (b) No change.

(c) When plant investment is booked as a transfer from a regulated utility depreciable account to another or from a regulated company to an affiliate, its associated ~~an appropriate~~ reserve amount shall also be booked as a transfer. When plant investment is sold from one regulated utility to an affiliate, the ~~an appropriate~~ associated reserve amount shall also be determined to calculate the net book value of the utility investment being sold. ~~Appropriate~~ Mmethods for determining the ~~appropriate~~ reserve amount associated with plant transferred or sold are as follows:

1. Where vintage reserves are not maintained, synthesization using the currently prescribed curve shape shall ~~may~~ be required. The same reserve percent associated with the original placement vintage of the related investment shall then be used in determining the ~~appropriate~~ amount of reserve to transfer.

2. Where the original placement vintage of the investment being transferred is unknown, the reserve percent applicable to the account in which the investment being transferred resides may be assumed ~~as appropriate~~ for determining the reserve amount to transfer.

3. No change.

4. The Commission shall consider any additional methods submitted by the utilities for determining the ~~appropriate~~ reserve amounts to transfer.

(3)(a) Each utility shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities as revised April 1, 2013, which is incorporated by reference in Rule 25-6.014, F.A.C. ~~as prescribed by subsection 25-6.014(1), F.A.C.~~ Utilities may maintain further sub-categorization.

(b) No change.

(4)(a) Each company shall file a depreciation study for each category of depreciable property for Commission review at least once every four years from the submission date of the previous study or pursuant to Commission order and within the time specified in the order. A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Office of Commission Clerk ~~six copies of~~ the information required by paragraphs (5)~~(6)~~(a) through (g)~~(f)~~ of this rule in electronic format with formulas intact and unlocked ~~and at least three copies of the information required by paragraph (6)(g)~~.

(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.

(c) A utility proposing an effective date coinciding with the expected date of a revenue change initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.

(d) The plant balances may include estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.

(e) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.

(f)~~(5)~~ Upon Commission approval by final order establishing an effective date, the utility shall reflect on its books and records the implementation of the depreciation ~~proposed~~ rates approved by the Commission ~~subject to adjustment when final depreciation rates are approved~~.

(5)~~(6)~~ A depreciation study shall include:

(a) A comparison of current and proposed depreciation ~~rates and~~ components for each category of depreciable plant. Components include average service life, age, curve shape, net salvage, and average remaining life. ~~Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.~~

(b) A comparison of current and proposed annual depreciation rates and expenses ~~as of the proposed effective date, resulting from current rates with those produced by the proposed rates for each category of depreciable plant~~. The comparison of current and proposed rates shall identify the proposed effective date for the proposed rates. The comparison of current and proposed annual expenses shall be calculated using current and proposed rates for each category of depreciable plant. Plant balances, reserve balances and percentages, remaining lives, and net salvage percentages shall be included in this comparison for each category of plant. ~~The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.~~

(c) Each recovery and amortization schedule currently in effect shall ~~should~~ be included with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.

(d) through (e) No change.

(f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It shall ~~should~~ also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.

(g) ~~The filing shall contain~~ Aall calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements, and plant balance at end of year) as well as reserve activity (retirements, accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at end of year) for each year of activity from the date of the last submitted study to the date of the present study. When available ~~To the degree possible~~, retirement data ~~involving retirements~~ shall ~~should~~ be aged.

(h) No change.

(i)~~(7)(a) Utilities shall provide~~ Ccalculations of depreciation rates using both the whole life technique ~~method~~ and the remaining life technique ~~method~~. The use of these techniques ~~methods~~ is required for all depreciable categories. Utilities may submit additional studies or methods for consideration by the Commission.

~~(b) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.~~

~~(8)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every four years from the submission date of the previous study unless otherwise required by the Commission.~~

~~(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.~~

~~(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.~~

(6)~~(9)~~ As part of the filing of the annual report pursuant to Rule 25-6.135, F.A.C., each utility shall include an annual depreciation status report. The annual depreciation status reports shall be provided in electronic format. In the electronic format, the formulas must be intact and unlocked. The annual depreciation status report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications,

retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at year end) for each category of investment for which a depreciation rate, amortization, or capital recovery schedule has been approved. The report shall indicate for each category ~~that:~~ whether there has been a change of plans or utility experience since the filing of the last annual depreciation status report requiring a revision of rates, amortization or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.

~~(a) There has been no change of plans or utility experience requiring a revision of rates, amortization or capital recovery schedules; or~~

~~(b) There has been a change requiring a revision of rates, amortization or capital recovery schedules.~~

~~(7)(10) For any category where current conditions indicate a need for revision of depreciation rates, amortization or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.~~

(a) through (c) No change.

Rulemaking Authority 350.115, *350.127(2), 366.05(1), FS. Law Implemented 350.115, 366.04(2)(f), 366.06(1) FS. History–New 11-11-82, Amended 1-6-85, Formerly 25-6.436, Amended 4-27-88, 12-12-91, 12-11-00, 5-29-08,* _____.

25-6.04364 Electric Utilities Dismantlement Studies.

(1) Each utility that owns a ~~fossil fuel~~ generating unit is required to establish a dismantlement accrual as approved by the Commission to accumulate a reserve ~~that is sufficient~~ to meet all expenses at the time of dismantlement. The purpose of the study required by subsection (3) is to obtain ~~sufficient~~ information to update cost estimates based on new developments, additional information, technological improvements, and forecasts; to evaluate alternative methodologies; and to revise the annual accrual needed to recover the costs. This rule does not apply to nuclear generating plants, which are addressed in Rule 25-6.04365, F.A.C.

(2) For the purpose of this rule, the following definitions shall apply:

(a) No change.

(b) "Dismantlement." The process of safely managing, removing, demolishing, disposing, or converting for reuse the materials and equipment that remain at the ~~fossil fuel~~ generating unit following its retirement from service and restoring the site to a marketable or useable condition.

(c) No change.

(3) Each utility shall file a dismantlement study for each generating site once every 4 years from the submission date of the previous study or pursuant to ~~unless otherwise required by~~ Commission order~~.~~ and within the time specified in the order. The study shall be site-specific unless a showing is made by the utility that a site-specific study is not possible. A utility may file a study sooner than 4 years. Each utility's dismantlement study shall include:

(a) A narrative describing each ~~fossil fuel~~ generating unit, including the in-service date and estimated retirement date.

(b) through (m) No change.

(4) through (8) No change.

Rulemaking Authority 350.115, 350.127(2), 366.05(1) FS. Law Implemented 366.041, 366.05(1), 366.06(1) FS. History–New 12-30-03, Amended _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Sue Ollila

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: March 1, 2016

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 41, Number 84, April 30, 2015.

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NO.: RULE TITLE:

25-7.045 Depreciation

25-7.046 Subcategories of Gas Plant for Depreciation

PURPOSE AND EFFECT: To update, clarify and streamline depreciation rules for investor-owned gas utilities. Docket No. 150200-PU.

SUMMARY: The rule amendments modify and define the rules which prescribe accounting principles and procedures for the calculation of depreciation by gas utilities. Rule 25-7.045, F.A.C. is amended to eliminate the requirement for multiple copies of depreciation studies, provide a specific reference to the Uniform System of Accounts, and codify the Commission's authority to require a depreciation study at a time set by the Commission. Rule 25-7.046, F.A.C. is amended to specifically reference the Uniform System of Accounts as the standard for depreciation accounts and new depreciation subaccounts.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of $200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the Agency.

The rules are also not likely to have an adverse impact on economic growth, private sector job creation or employment, private sector investment, business competitiveness, productivity, or innovation in excess of $1 million in the aggregate within 5 years after implementation of the rule. The SERC examined the factors required by Section 120.541(2), FS, and concluded that the rule amendments will not have an adverse impact on economic growth, business competitiveness, or small business and that there would likely be transactional cost savings to the individual and entities required to comply with the rules. The amendments to these rules should benefit affected entities by codifying current practices. Affected entities also potentially may benefit from the removal of the requirement for paper copies.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information in the SERC.

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

RULEMAKING AUTHORITY: 350.115, 350.127(2), 366.05(1), F.S.

LAW IMPLEMENTED: 350.115, 366.04(2)(f), 366.05(1), 366.06, 366.06(1), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Pamela H. Page, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6214, phpage@psc.state.fl.us.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-7.045 Depreciation.

(1) For the purpose of this rule ~~part~~, the following definitions shall apply:

(a) Category or Category of Depreciable Plant – A grouping of plant for which a depreciation rate is prescribed. At a minimum it shall ~~should~~ include each plant account prescribed in Rule 25-7.046, F.A.C.

(b) No change.

(c) Mortality Data – Historical data by study category showing plant balances, additions, adjustments and retirements, used in analyses for life indications or for calculations of realized life. ~~Preferably~~ This is aged data in accord with the following:

1. through 4. No change.

(d) Net Book Value - The book cost of an asset or group of assets minus the accumulated depreciation or amortization reserve associated with those assets.

(e)~~(d)~~ Remaining Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the unrecovered plant balance, the ~~less~~ average future net salvage and the average remaining life. The formula ~~for calculating a Remaining Life Rate~~ is:

$$\text{Remaining Life Rate} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

(f) Reserve (Accumulated Depreciation) – The amount of depreciation/amortization expense, salvage, cost of removal, adjustments, transfers, and reclassifications accumulated to date.

(g)~~(e)~~ Reserve Data – Historical data by study category showing reserve balances, debits and credits, such as booked depreciation expense, salvage and cost of removal, and adjustments to the reserve utilized in monitoring reserve activity and position.

(h)~~(f)~~ Reserve Deficiency – An inadequacy in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(i)~~(g)~~ Reserve Surplus – An excess in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(j)~~(h)~~ Salvage Data – Historical data by study category showing bookings of retirements, gross salvage and cost of removal used in analysis of trends in gross salvage and cost of removal or for calculations of realized salvage.

(k)~~(i)~~ Theoretical Reserve or Prospective Theoretical Reserve – A calculated reserve based on components of the proposed rate using the formula:

Theoretical Reserve = Book Investment – Future Accruals – Future Net Salvage.

(l)~~(j)~~ Vintage – The year of placement of a group of plant items or investment under study.

(m)~~(k)~~ Whole Life Technique ~~Method~~ – The method of calculating a depreciation rate based on the w~~W~~hole l~~L~~ife (a~~A~~verage s~~S~~ervice l~~L~~ife) and the a~~A~~verage n~~N~~et s~~S~~alvage. Both life and salvage components are the estimated or calculated composite of realized experience and expected activity. The formula is:

$$\text{Whole Life Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$$

(2)(a) No utility shall ~~may~~ change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.

(b) No utility shall ~~may~~ reallocate accumulated depreciation reserves among any primary accounts and sub-accounts without prior Commission approval.

(c) When plant investment is booked as a transfer from a regulated utility depreciable account to another or from a regulated company to an affiliate, its associated reserve amount shall also be booked as a transfer. When plant investment is sold from one regulated utility to an affiliate, the associated reserve amount shall also be determined to calculate the net book value of the utility investment being sold. Methods for determining the reserve amount associated with plant transferred or sold are as follows:

1. Where vintage reserves are not maintained, synthesization using the currently prescribed curve shape shall be required. The same reserve percent associated with the original placement vintage of the related investment shall then be used in determining the amount of reserve to transfer.

2. Where the original placement vintage of the investment being transferred is unknown, the reserve percent applicable to the account in which the investment being transferred resides shall be assumed for determining the reserve amount to transfer.

3. Where the age of the investment being transferred is known and a history of the prescribed depreciation rates is known, a reserve can be determined by multiplying the age times the investment times the applicable depreciation rate(s).

4. The Commission shall consider any additional methods submitted by the utilities for determining reserve amounts to transfer.

(3)(a) Each utility shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts for Natural Gas Companies (USOA) as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, as revised April 1, 2013, which is incorporated by

reference in Rule 25-7.014(1), F.A.C. ~~as prescribed by Rule 25-7.046, F.A.C.~~ Utilities may maintain further sub-categorization.

(b) No change.

(4)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study or pursuant to Commission order and within the time specified in the order. A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Office of Commission Clerk ~~six copies of~~ the information required by paragraphs (5)~~(6)~~(a) through (g) ~~(f) and (h)~~ of this rule in electronic format with formulas intact and unlocked ~~and at least three copies of the information required by paragraph (6)(g)~~.

(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.

(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.

(d) The plant balances may include estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.

(e) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.

(f)~~(5)~~ Upon Commission approval by final order establishing an effective date, the utility shall ~~may~~ reflect on its books and records the implementation of the depreciation ~~proposed~~ rates~~,~~ approved by the Commission ~~subject to adjustment when final depreciation rates are approved~~.

(5)~~(6)~~ A depreciation study shall include:

(a) A comparison of current and proposed depreciation ~~rates and~~ components for each category of depreciable plant. Components include average service life, age, curve shape, net salvage, and average remaining life. ~~Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.~~

(b) A comparison of current and proposed annual depreciation rates and expenses ~~resulting from current rates with those produced by the proposed rates for each category of depreciable plant~~. The comparison of current and proposed rates shall identify the proposed effective date for the proposed rates. The comparison of current and proposed annual expenses shall be calculated using current and proposed rates for each category of depreciable plant. Plant balances, reserve balances and percentages, remaining lives, and net salvage percentages shall be included in this comparison for each category of plant. ~~The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates should be brought to the effective date of the proposed rates.~~

(c) Each recovery and amortization schedule currently in effect shall ~~should~~ be included with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.

(d) through (e) No change.

(f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of the depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It shall ~~should~~ also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.

(g) ~~The filing shall contain~~ Aall calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements, and plant balance at end of year) as well as reserve activity (retirements, accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at end of year) for each year of activity from the date of the last submitted study to the date of the present study. When available, ~~To the degree possible,~~ retirement data ~~involving retirements~~ shall ~~should~~ be aged.

(h) No change.

(i)~~(7)(a) Utilities shall provide~~ Cealculations of depreciation rates using both the whole life technique and the remaining life technique ~~method~~. The use of these techniques ~~methods~~ is required for all depreciable categories. Utilities may submit additional studies or methods for consideration by the Commission.

~~(b) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.~~

~~(8)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study unless otherwise required by the Commission.~~

~~(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.~~

~~(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.~~

(6)~~(9)~~ As part of the filing of the annual report under subsection 25-7.014(3), F.A.C., each utility shall include an annual depreciation status report. The annual depreciation status report shall be provided in electronic format. In the electronic format, the formulas must be intact and unlocked. The annual depreciation status report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications, retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at end of year) for each category of investment for which a depreciation rate, amortization schedule, or capital recovery schedule has been approved. The report shall indicate for each category ~~that:~~ whether there has been a change of plans or utility experience since the filing of the last annual depreciation status report requiring a revision of the rates, amortization, or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.

~~(a) There has been no change of plans or utility experience requiring a revision of the rates, amortization, or capital recovery schedules; or~~

~~(b) There has been a change requiring a revision of rates, amortization, or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.~~

(7)~~(10)~~(a) Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies where a utility demonstrates that (1) replacement of an installation or group of installations is prudent, and (2) the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(b) The Commission shall ~~may~~ approve a special capital recovery schedule when an installation is designed for a specific purpose or for a limited duration.

(c) No change.

Rulemaking Authority 350.127(2), 350.115, 366.05(1) FS. Law Implemented 350.115, 366.04(2(f), 366.06, 366.06(1) FS. History–New 11-11-82, Amended 1-6-85, Formerly 25-7.45, Amended 4-27-88, 12-12-91, 5-29-08, _____.

25-7.046 Subcategories of Gas Plant for Depreciation.

(1) The accounts under subsection (3) below are to be used in the design of depreciation rates. They are intended to group together items which are relatively homogeneous in their expected life and salvage characteristics. Reserve, mortality data, salvage and costs of removal shall ~~should~~ be maintained accordingly for each depreciation category for which a depreciation rate is to be applied. This shall ~~should~~ be done on the books of the company, or as a side record for depreciation study use only.

(2)(a) through (b) No change.

(3) The depreciation accounts listed below shall be in accordance with the Uniform System of Accounts for Natural Gas Companies (USOA) as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, as revised April 1, 2013, which is incorporated by reference in Rule 25-7.014(1), F.A.C. New depreciation subaccounts shall be established under these accounts as listed in subsection 25-7.014(1), F.A.C. ~~The accounts listed~~

~~below directly follow the primary plant accounts prescribed in the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, as revised, April 1, 1981, introducing sub-divisions within those accounts for the purpose of uniformity among the companies in depreciation studies.~~

(a)~~I.~~ Local Storage Plant.

1.~~A.~~ Structures and Improvements – (Account 361)

2.~~B.~~ Gas Holders – (Account 362)

3.~~C.~~ Other – (Account 363) – Equipment such as compressors, gauges and other instruments used in connection with the storage of gas in holders.

(b)~~II.~~ Distribution Plant.

1.~~A.~~ Structures and Improvements – (Account 375)

2.~~B.~~ Mains – (Account 376) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Plastic

b.~~2.~~ Other – cast iron, steel, etc.

3.~~C.~~ Compressor Station Equipment – (Account 377)

4.~~D.~~ Measuring and Regulating Equipment – General – (Account 378) – Equipment used in measuring and regulating gas in connection with distribution systems other than the measurements of gas deliveries to customers.

5.~~E.~~ Measuring and Regulating Equipment – City Gate – (Account 379) – Equipment used in measuring of gas at entry points to distribution systems.

6.~~F.~~ Services – (Account 380) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Plastic

b.~~2.~~ Other – cast iron, steel, etc.

7.~~G.~~ Meters – (Account 381)

8.~~H.~~ Meter Installations – (Account 382)

9.~~I.~~ Regulators – (Account 383)

10.~~J.~~ Regulator Installations – (Account 384)

11.~~K.~~ Industrial Measuring and Regulating Equipment – (Account 385)

12.~~L.~~ Other Property on Customer's Premises – (Account 386) – Investment of equipment owned by the company installed on the customer's premises that is not includible in other accounts.

13.~~M.~~ Other Equipment – (Account 387) – Investment in equipment used for the distribution system not included in any of the above accounts such as fire protection equipment, leak detectors, pipe locators. ~~, etc.~~

(c)~~III.~~ General Plant.

1.~~A.~~ Structures and Improvements – (Account 390)

2.~~B.~~ Office Furniture and Equipment – (Account 391) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Office Furniture – Regular office furniture and furnishings and miscellaneous equipment such as lounge equipment.

b.~~2.~~ Office devices such as typewriters, calculating, reproducing, addressing, blueprinting, cash registers, check writers and other office machines.

c.~~3.~~ Computers and peripheral equipment

3.~~C.~~ Transportation Equipment – (Account 392) – The following sub-accounts shall ~~should~~ be used:

a.~~1.~~ Passenger cars and light trucks (trucks of one ton capacity or less)

b.~~2.~~ Heavy trucks (trucks of greater than one ton capacity)

c.~~3.~~ Special purpose vehicles such as trailers

d.~~4.~~ Airplanes

4.~~D.~~ Stores Equipment – (Account 393)

5.~~E.~~ Tools, Shop and Garage Equipment – (Account 394)

6.~~F.~~ Laboratory Equipment – (Account 395)

7.~~G.~~ Power Operated Equipment – (Account 396)

8.~~H.~~ Communication Equipment – (Account 397)

9.~~I.~~ Miscellaneous Equipment – (Account 398) – Investment in miscellaneous equipment such as kitchen equipment, infirmary equipment. ~~, etc.~~

(4) No change.

(a) through (b) No change.

(c) Where any existing accounts are~~, in the opinion of the Commission, essentially~~ compatible with those listed in subsection (3) for depreciation study purposes, those existing accounts shall be deemed to be in compliance with this rule.

Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.05(1), 366.06(1) FS. History–New 11-7-85. Formerly 25-7.46. Amended, _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Sue Ollila

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: March 1, 2016

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 41, Number 84, April 30, 2015.

Rules 25-6.0436, 25-6.04364, 25-7.045, and 25-7.046, F.A.C.
Docket No. 150200-PU

STATEMENT OF FACTS AND CIRCUMSTANCES JUSTIFYING RULE

These amendments define accounting principles and procedures for the calculation of depreciation by electric and gas utilities. All the rules were amended to update, clarify, and streamline the rules. Rule 25-6.0436, F.A.C., is amended to eliminate the requirement for multiple copies of depreciation studies, provide a specific reference to the Uniform System of Accounts, and state the Commission's authority to require a depreciation study within the time specified by the Commission. Rule 25-6.04364, F.A.C., is amended to clarify that the rule is not applicable to nuclear generating plants which are addressed in Rule 25-6.04365, F.A.C. Rule 25-7.045, F.A.C., is amended to eliminate the requirement for multiple copies of depreciation studies, provide a specific reference to the Uniform System of Accounts, and state the Commission's authority to require a depreciation study within the time specified by the Commission. Rule 25-7.046, F.A.C., is amended to reference the Uniform System of Accounts as the applicable standard for depreciation accounts and new depreciation subaccounts.

STATEMENT ON FEDERAL STANDARDS

The proposed rules are no more restrictive than the federal standards.

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 3, 2015

TO: Pamela H. Page, Senior Attorney, Office of the General Counsel

FROM: Clyde D. Rome, Public Utility Analyst II, Division of Economics

RE: Statement of Estimated Regulatory Costs (SERC) for Recommended Revisions to Chapter 25-6 (Electric Service by Electric Public Utilities), and Chapter 25-7 (Gas Service by Gas Public Utilities), Florida Administrative Code (F.A.C.)

The purpose of this rulemaking initiative is to update, clarify, and streamline depreciation-related Commission rules for investor-owned electric and gas utilities. Specifically, staff is recommending the amendment of Rules 25-6.0436 (Depreciation), 25-6.04364 (Electric Utilities Dismantlement Studies), 25-7.045 (Depreciation), and 25-7.046 (Subcategories of Gas Plant for Depreciation), F.A.C. As noted in the attached SERC, five investor-owned electric utilities and eight investor-owned gas utilities would be affected by the recommended revisions.

The recommended amendments to Rules 25-6.0436 and 25-7.045, F.A.C., would clarify language and requirements, codify existing practices, and would reorganize and reorder portions of the rules in order to improve overall clarity. The changes to Rule 25-6.04364, F.A.C., reflect a changing energy generation environment and would augment the current requirements for electric utilities to provide dismantlement studies for all fossil-fuel generating units; henceforth, utilities would be required to provide dismantlement studies for all generating units that are not subject to such requirements pursuant to Rule 25-6.04365 (Nuclear Decommissioning), F.A.C. Recommended amendments to Rules 25-7.046, 25-7.045, and 25-6.0436, F.A.C., would update the effective date of the plant accounts prescribed in the federal Uniform System of Accounts.

The attached SERC addresses the considerations required pursuant to Section 120.541, Florida Statutes (F.S.). No workshop was requested in conjunction with the recommended rule revisions. No regulatory alternatives were submitted pursuant to paragraph 120.541(1)(a), F.S. None of the impact/cost criteria established in paragraph 120.541(2)(a), F.S., will be exceeded as a result of the recommended revisions.

cc: (Ollila, Draper, McNulty, Daniel, Shafer, Cibula, SERC file)

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rules 25-6.0436, 25-6.04364, 25-7.045, 25-7.046, F.A.C.

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes ☐ No ☒

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes ☐ No ☒

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of $1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth	Yes ☐	No ☒
Private-sector job creation or employment	Yes ☐	No ☒
Private-sector investment	Yes ☐	No ☒

(2) Is likely to have an adverse impact on any of the following in excess of $1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets)	Yes ☐	No ☒
Productivity	Yes ☐	No ☒
Innovation	Yes ☐	No ☒

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of $1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes ☐ No ☒

Economic Analysis: A summary of the recommended rule revisions is included in the attached memorandum to Counsel. Specific elements of the associated economic analysis are identified below in Sections B through F of this SERC. None of the impact/cost criteria established in paragraph 120.541(2)(a), F.S., will be exceeded as a result of the recommended rule revisions.

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

Five electric utilities and eight gas utilities.

(2) A general description of the types of individuals likely to be affected by the rule.

The affected entities are investor-owned electric and gas utilities operating in Florida.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

☒ None. To be done with the current workload and existing staff.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

☒ None. The rule will only affect the Commission.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

☒ None

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. "Transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule. [120.541(2)(d), F.S.]

☐ None. The rule will only affect the Commission.

☐ Minimal. Provide a brief explanation.

☒ Other. Provide an explanation for estimate and methodology used.

Rules 25-6.0436 and 25-7.045, F.A.C., include definitions of depreciation terms and specify the requirements for depreciation rate changes, depreciation studies, annual reports, and capital recovery schedules. The recommended amendments to these rules should benefit affected entities by codifying current practices and by making the rules more specific regarding depreciation matters, including the compilation and filing of studies. Staff anticipates that the rule clarifications would likely result in fewer data requests or discovery questions; therefore, depreciation study costs potentially could be reduced. Affected entities also potentially may benefit from the removal of the requirement for paper copy filings.

Recommended revisions to Rule 25-6.04364, F.A.C., would require electric utilities to provide dismantlement studies for all generating units that are not subject to such requirements pursuant to Rule 25-6.04365, F.A.C. Staff issued a data request to the investor-owned electric utilities to ascertain whether the new language would change the manner in which the utilities filed dismantlement studies with the Commission, thereby resulting in potential additional transactional costs. All utilities indicated that the recommended revisions would not cause a change in their practices of filing dismantlement studies with the Commission; therefore, no additional transactional costs are anticipated.

No additional costs are anticipated as a result of updating the Uniform System of Accounts references in Rules 25-7.046, 25-7.045, and 25-6.0436, F.A.C.

E. An analysis of the impact on small businesses, and small counties and small cities: [120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than $5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the $5 million net worth requirement shall include both personal and business investments.

☒ No adverse impact on small business.

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

☒ No impact on small cities or small counties

☐ Minimal. Provide a brief explanation.

☐ Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful. [120.541(2)(f), F.S.]

☒ None.

Additional Information:

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

☒ No regulatory alternatives were submitted.

☐ A regulatory alternative was received from

☐ Adopted in its entirety.

☐ Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.