

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: June 27, 2019
TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk
FROM: Samantha Cibula, Office of the General Counsel *S.M.C.*
RE: Docket No. 19980643-EI

Please file the attached materials in the docket file listed above.

Thank you.

Attachment

RECEIVED-FPSC
2019 JUN 27 AM 11:39
COMMISSION
CLERK



TAMPA ELECTRIC

September 8, 1998

Mr. Tim Devlin, Director
Division of Auditing and Financial Analysis
Florida Public Service Commission
Room 215J - Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Generic investigation of cost allocation and affiliated transactions for electric utilities; FPSC Docket No. 980643-EI

Dear Mr. Devlin:

Pursuant to your letter of July 22, 1998 to Ms. Angela Llewellyn at Tampa Electric Company, we attach Tampa Electric's to Staff Data Requests Nos. 2 - 14, and 16 - 18.

Sincerely,

A handwritten signature in black ink that reads "Paula Thompson". The signature is fluid and cursive.

Paula Thompson
Regulatory Affairs

cc: DeLaine Bacon

TAMPA ELECTRIC COMPANY

P.O. BOX 111

TAMPA, FL 33601-0111

HILLSBOROUGH COUNTY 223-0800

OUTSIDE OF HILLSBOROUGH COUNTY 1-888-223-0800

[HTTP://WWW.TECOENERGY.COM](http://www.tecoenergy.com)

AN EQUAL OPPORTUNITY COMPANY

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 2
PAGE 1 OF 1**

2. Describe the accounting records and written accounting procedures which you keep to insure that expenses and revenues for below the line activities are properly recorded.
 - A. The account numbering system used by Tampa Electric enables the company to record below the line transactions into below the line general ledger accounts. The accounting tools used to record these transactions include cash receipts entries, accounts receivable postings, payroll vouchers, accounts payable postings and journal entries.

As indicated in our discussion on question 1, the company follows guidelines for determining below the line treatment but does not keep written procedures for this.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 3
PAGE 1 OF 1**

3. How does the utility ensure that the price for all services which the utility purchases from an affiliate are not above market cost?
- A. Except for purchases from TECO Transport & Trade, TECO Coal and TECO Power Services, which receive continued review by the FPSC, the services or products provided by affiliates are minor in nature.

For affiliate goods and services such as coal and transportation, the FPSC has in place a benchmarking procedure to annually ensure that the prices of these items are not above market cost.

For all other non-contracted services, the company relies on a combination of factors including: (1) knowledge that affiliates are charging Tampa Electric at cost, with no mark-up, (2) general awareness of the marketplace and reasonable levels of costs for various services provided (information obtained by our purchasing department), and (3) periodic review of available vendor prices when considered necessary. Through time, affiliate charges have been found to be reasonable and appropriate.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 4
PAGE 1 OF 1**

4. How does the affiliate ensure that the price for services which it purchases from the utility are not above market cost?
 - A. For services provided by Tampa Electric, the affiliates can determine that prices are not above market by relying on a combination of factors, including: (1) knowledge that Tampa Electric is charging affiliates at cost, with no mark-up, (2) general awareness of the marketplace and reasonable levels of costs for various services provided, and (3) periodic review of available vendor prices when considered necessary. Through time, Tampa Electric charges have been found to be reasonable and appropriate.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 5
PAGE 1 OF 1**

5. How does the utility ensure that its ratepayers are not charged by the utility's affiliates or parent for items like contributions, etc. , that are not allowed in rates?
- A. All parent company costs are gathered at month end from a monthly transaction detail. Summaries are created for the allocation of expenditures to the subsidiaries. All expenses coded as un-allocable expenses (such as contributions) are omitted from the subsidiary distribution. Any costs , such as contributions and lobbying expenses, that are not allowed in rates are considered un-allocable. A journal entry is prepared to summarize and distribute the allocable expenses.

Internal controls are in place to ensure that items not allowed into rates are not charged into Tampa Electric. Internal controls would include but not be limited to: review procedures, documentation procedures, internal audits of charges and approval procedures. Costs billed to the utility by affiliates are reviewed for appropriateness by the accounting department before approval to pay is provided.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 6
PAGE 1 OF 1**

6. Do you or will you use the regulated utility's logo for affiliated/new regulated companies? If so, please explain in detail. How is the regulated utility compensated for use of its logo?
- A. In June 1997, TECO Energy, the holding company for Tampa Electric and other subsidiaries, adopted a new logo (Attached). Each TECO Energy subsidiary, including Tampa Electric, now uses an individual logo which is a subset of the TECO Energy logo generic design. The regulated company's logo is not used by any other affiliates.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 7
PAGE 1 OF 1**

7. Does the utility allow affiliates to advertise on the utility bill stuffers or to insert affiliate bill stuffers in utility customer bills? If so, explain how the utility is compensated?
- A. Tampa Electric has not made available its bill insert space to affiliates for advertisement. In limited instances, articles mentioning an affiliate in Tampa Electric's bill stuffers has been done when it is a service that would be of interest to customers or its is information regarding changes to Tampa Electric's business relationships. Costs are allocated from the utility to the affiliate for any such affiliate reference. The allocation is done proportionally for the printing/production cost.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 8
PAGE 1 OF 1**

8. How are charges allocated to the affiliate when regulated utility personnel are used to audit or lend accounting or technical expertise to the affiliate?

A. At Tampa Electric Company, such instances are rare, but they have occurred on occasion. When they do occur, direct charges, at fully loaded cost, are billed to the operating company whenever regulated utility personnel provide expertise or any other type of service.

The employee who performs duties for an affiliate will charge their time to the affiliate (through their time sheet) for hours worked. This direct expense will then be loaded with fringe benefit costs (associated with the labor dollars) and vehicle charges, if appropriate.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 9
PAGE 1 OF 1**

9. How are charges allocated to the regulated utility when affiliate personnel are used to audit or lend accounting or technical expertise to the regulated utility?
- A. Such instances are rare, but they have occurred on occasion. If the situation described arises, the regulated utility would be billed by the affiliate for fully-loaded labor costs and any other miscellaneous expenses incurred. The allocations would be based on time sheets and other utilization documentation.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 10
PAGE 1 OF 1**

10. Are there any instances of transactions between affiliates for which a portion of the related expenses are assessed to a regulated activity? If so, please describe in detail.
- A. No. Transactions between affiliates would never have a portion of the related expenses assessed to a regulated activity since the regulated entity received no benefit in the form of goods and services.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 11
PAGE 1 OF 1**

11. Provide a list of all allocation bases and explain why they are appropriate to use as allocations for each item allocated.
- A. All costs are allocated based on the fair, reasonable approach of all affiliates sharing a portion of the expenses which are generated during the course of providing the service being shared. Allocation bases would include: labor, square footage, and utilization.

Direct Labor

Fringe & selected vehicle charges are allocated to affiliates based on their usage of direct labor. This provides an equitable means to distribute costs as they are expensed.

Square Footage

Each affiliate that shares the tenancy of the TECO Plaza receives its equitable share of rent, Plaza operations and maintenance, and interoffice mail costs based on its portion of square footage in relation to total square footage.

Utilization

Parking garage space, selected vehicles, computer usage, and record storage are based on each affiliate's direct usage of the resource. Stores handling and minor materials costs are calculated monthly and assigned to those areas utilizing the storeroom inventory on the basis of inventory dollars issued out.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 12
PAGE 1 OF 1**

12. What is the utility's definition of, and what criteria does the utility use, to determine:

A. Above the line - The revenues and expenses related to providing electric service to retail customers, which are under the regulatory jurisdiction of the Florida Public Service Commission.

Below the line - Revenues and expenses incurred by a utility that are not a part of providing service to retail customers.

Non-regulated - Refers to services or products that are not subject to price regulation by state or federal regulatory commissions.

Regulated - Refers to services or products that are subject to price regulation by state or federal regulatory commissions.

Nonutility - Operations or activities that are not a part of the provision of regulated electric utility service.

Utility related - Operations or activities related to the provision of electric utility service that are regulated by state or federal regulatory commissions.

Affiliate - A company that is related to another company due to common ownership or control.

Subsidiary - A legal entity that is directly or indirectly owned and controlled by a parent company.

The company uses criteria established by the FERC, FPSC, GAAP, SEC and internal controls to determine how revenues, expenses, services, products, operations or activities are categorized under the definitions above.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 13
PAGE 1 OF 1**

13. How does the utility determine the price of assets and intangibles when they are transferred to affiliates?
- A. Assets transferred from Tampa Electric Company to a non-regulated affiliate company are valued at the greater of market or net book value. Assets transferred from Tampa Electric Company to another regulated affiliate company are valued at net book value.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 14
PAGE 1 OF 1**

14. How do the affiliates determine the price of assets and intangibles when they are transferred to the utility?
- A. One time transfers of assets or intangibles are priced from an affiliate to a utility at net book value.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 16
PAGE 1 OF 1**

16. Do you inform customers or potential customers for services provided by an affiliate, that such services are not regulated? If so, how does the utility do it?
- A. When Tampa Electric personnel mention TECO Energy affiliates' services to customer or potential customers, they are usually responding to customers' expressed needs for information about such services. Utility personnel do not make a uniform practice of informing customers as to the regulatory status of an affiliate's services.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 17
PAGE 1 OF 1**

17. Is business information or other information obtained by the regulated utility routinely shared with the non-regulated affiliates, i.e. information on potential customers? If so, please describe the policies and procedures.
- A. No. Customer-specific load on utility data obtained by the regulated electric utility in the conduct of providing retail electric service is not shared with non-regulated affiliates unless the customer directs the regulated utility to provide such data in its own interest.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 980643-EI
STAFF'S GENERIC INVESTIGATION
QUESTION NO. 18
PAGE 1 OF 1**

18. Should the PSC promulgate rules that would provide uniformity in the accounting related to the interaction of regulated and non-regulated activities.
- A. Tampa Electric believes it is unnecessary and burdensome for the PSC to promulgate accounting rules in this area. Given the amount of guidance on affiliate transactions already established by the FERC, the SEC and the FASB, additional rules from the PSC is unessential. It seems reasonable that as the future marketplace evolves, the Commission can determine if there is any incremental value to supplementing existing accounting guidelines.



September 4, 1998

Mr. Timothy J. Devlin
Director of Auditing & Financial Analysis
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 980643-EI – Generic investigation of cost allocation and affiliated transactions for electric utilities

Dear Mr. Devlin:

In a letter dated July 22, 1998 you issued a series of questions concerning cost allocation manuals for transactions between regulated operations, non-regulated operations, and affiliates. Per your request, FPL responded in writing to questions 1 and 15 in a letter dated August 5, 1998.

A workshop was held on August 12, 1998 to discuss the remaining questions. Due to time constraints, not all of the questions were discussed and you requested that the remaining questions be submitted in writing.

I have attached FPL's responses to the remaining questions that were not covered at the workshop.

Sincerely,

A handwritten signature in cursive script that reads "Samuel S. Waters". Below the signature, the word "for" is written in a smaller, simpler script.

Samuel S. Waters
Director, Regulatory Affairs Coordination

CAM QUESTIONS

8. How are charges allocated to the affiliate when regulated utility personnel are used to audit or lend accounting or technical expertise to the affiliate?

When utility labor resources are used to audit or lend technical expertise to an affiliate, the labor costs are fully loaded and billed to the affiliate. Loadings consist of the cost of pension and welfare, payroll taxes and insurance, A&G, and non-productive time.

9. How are charges allocated to the regulated utility when affiliate personnel are used to audit or lend accounting or technical expertise to the regulated utility?

Parent company charges as well as affiliate labor used by the utility are either allocated or direct charged, based on fully loaded costs.

10. Are there any instances of transactions between affiliates for which a portion of the related expenses are assessed to a regulated activity? If so, please describe in detail.

There are no instances of transactions between affiliates for which a portion of the related expenses are assessed to a regulated activity.

11. Provide a list of all allocation bases and explain why they are appropriate to use as allocators for each item allocated.

Please refer to the answer to Question 5 from our previous response to questionnaire dated 2/23/98.

Payroll dollars for labor usage is an appropriate allocator because the costs that are allocated on this basis are a function of payroll; e.g. payroll taxes, medical and other benefits, pensions, etc.

Usable square feet is an appropriate allocator because the costs for facilities are driven by occupied space; e.g. property taxes and insurance, property management and maintenance, depreciation expense, etc.

12. What is the utility's definition of, and what criteria does the utility use, to determine:

"above the line" - The "line" is "Net Utility Operating Income" (page 114, line 24 of the FPSC Form 1). All accounts included on lines 1 - 23 of that page are "above the line". The criteria used by FPL to determine whether revenues and expenses are "above the line" or "below the line" are the account descriptions contained in the Uniform System of Accounts.

"below the line" - The "line" is "Net Utility Operating Income" (page 114, line 24 of the FPSC Form 1). All accounts included on lines 26 - 72 of that page are "below the line". The criteria used by FPL to determine whether revenues and expenses are "above the line" or "below the line" are the account descriptions contained in the Uniform System of Accounts.

"non-regulated" - services or products that are not subject to price regulation by state or federal regulatory commissions. (Reference: Draft NARUC Guidelines)

"regulated" - services or products that are subject to price regulation by state or federal regulatory commissions, including any income received from the rental or lease of assets used to provide the regulated services or products. (Reference: Draft NARUC Guidelines)

"utility" - When used as a noun, the term "utility" means, unless a different intent clearly appears from the context, a "public utility" as defined in Section 366.02(1), Florida Statutes. Simply stated, it is a legal entity supplying electricity to or for the public within Florida.

When used as an adjective, the term "utility" means, unless a different intent clearly appears from the context, having to do with supplying electricity to or for the public within Florida. For instance, utility operations would be operations having to do with supplying electricity to or for the public within Florida.

"utility related" - means, unless a different intent clearly appears from the context, related to supplying electricity to or for the public within Florida.

"nonutility" - means, unless a different intent clearly appears from the context, any activity conducted by a public utility which is not associated with the supply of electricity to or for the public within Florida.

"affiliate" - Any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the utility. Ownership of 5 percent or more of the voting securities of an entity shall be conclusively deemed to constitute the control thereof. (Reference: Part 25-6.1351, paragraph 2(a), Florida Administrative Code)

“subsidiary” – Subsidiary Company means a company which is controlled by the utility through ownership of voting stock. A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts. (Reference: 18 CFR, Part 101, Definition 38). “Control” (including the terms *controlling*, *controlled by*, and *under common control with*) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means (Reference: 18 CFR, Part 101, Definition 5. B)

13. How does the utility determine the price of assets and intangibles when they are transferred to affiliates?

Valuation for transfer of assets and intangibles from the utility to affiliates is based on fair market value as described in FPL General Operations Procedure 910.

14. How do the affiliates determine the price of assets and intangibles when they are transferred to the utility?

Valuation for transfer of assets and intangibles from affiliates to the utility is also described in procedure 910. It states that prices for assets and intangibles transfers to the utility are to be based on the same criteria as prices for transfers from the utility, i.e., fair market value.

15. Do you have any formal written procedures governing “standards of conduct”? If so, please provide a copy of these standards.

This was previously provided.

16. Do you inform customers or potential customers for services provided by an affiliate, that such services are not regulated? If so, how does the utility do it?

Customers are verbally informed that the affiliate, FPL Services Inc., is an unregulated affiliate. Other affiliates such as Turner Foods do not inform customers that they are not regulated.

17. Is business information or other information obtained by the regulated utility routinely shared with the non-regulated affiliates, i.e. information on potential customers? If so, please describe the policies and procedures.

FPL current policy does not allow the utility to provide customer information to any affiliate or any other entity unless requested by the customer.

18. Should the PSC promulgate rules that would provide uniformity in the accounting related to the interaction of regulated and nonregulated activities.,

No. In Docket No. 850096-EI the Staff of the Florida Public Service Commission (FPSC) recommended that the FPSC should not initiate rulemaking to establish rules governing electric utility diversification and affiliated company transactions. In their recommendation Staff stated that "using the Staff report as a guide to raise issues and establish policy on a case by case basis will insure that the Commission retains the flexibility to respond to new situations and new information as diversification activities expand into new areas". The Staff report was prepared in response to a request by the FPSC for a recommended policy and guidelines addressing electric utility diversification and affiliated company relationships.

No one has offered a compelling need for such a rule. The absence of rate cases does not remove the FPSC's ability to pass on such issues. The FPSC may safely make case by case adjudications based on an evidentiary record without promulgating nonrule policy. There has been no documented abuse which needs to be corrected. The Uniform System of Accounts, an extensive set of regulations, is already in place. Rulemaking to force uniformity when there are valid reasons for differences serves no rational purpose. Absent a demonstrated need for a rule, the cost and expenditure of resources necessary for a rulemaking procedure should be avoided

However, if Staff believes that a rule is necessary the current draft of the "NARUC Guidelines for Cost Allocations and Affiliate Transactions" (NARUC Guidelines) could be used to form the basis for a rule. FPL does not agree that it would be appropriate or in the best interest of our customers to incur the additional costs that would be required to comply with the additional reporting and audit requirements currently included in the NARUC Guidelines. At this time, FPL does not have any future comments on the NARUC Guidelines than those provided at the workshop on August 12, 1998.

One Energy Place
Pensacola, Florida 32520

850.444.6111

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
98 SEP -2 PM 12: 29
AUDITING &
FINANCIAL ANALYSIS DIV



September 1, 1998

Tim Devlin
Florida Public Service Commission
2450 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Dear Tim:

Attached are Gulf Power's responses to the affiliated transaction questions included with your letter dated July 22, 1998, in accordance with your request made at the FPSC workshop on August 12, 1998.

If you have any questions, please feel free to call me at (850) 444-6384 or Richard McMillan at (850) 444-6589.

Sincerely,


Ronnie R. Labrato

RRL:cb

Attachment

cc: Richard J. McMillan

Question 1: Does the utility keep written policy and procedures for determining above the line/below the line transactions? If so, please explain in detail and provide a copy.

Response: No. Gulf Power Company does not have specific procedures for determining above and below the line transactions, but the company does provide all employees access to a 'Classification of Accounts Manual' prepared in accordance with the FERC Uniform System of Accounts and the requirements of the Florida Public Service Commission. Employees are also instructed to contact Accounting personnel if there is any question on the appropriate accounting treatment for a transaction.

Question 2: Describe the accounting records and written accounting procedures which you keep to insure that expenses and revenues for below the line activities are properly recorded.

Response: Gulf Power Company maintains its books and records in accordance with the FERC Uniform System of Accounts and FPSC requirements. The Company also provides all employees access to a 'Classification of Accounts Manual' which lists and describes the account numbers used by Gulf Power Company. Employees are also instructed to contact accounting personnel if they are unsure of the appropriate account number to use.

Question 3: How does the utility ensure that the price for all services which the utility purchases from an affiliate are not above market cost?

Response: There is not a formal market/cost review program for each transaction. This would be cost prohibitive and is not feasible. The service company (SCS) and the operating affiliates do periodic benchmarking and other cost comparisons to insure competitive pricing and evaluate outsourcing options. Recently Information Resource performed a thorough outsourcing evaluation; other examples are Payroll, Engineering and HR. Ultimately, each company has the right to secure other service providers if SCS or another affiliate's service level, quality or price is not acceptable. In addition to external clients, internal functional organizations keep cost pressure on support organizations through "fence management" evaluations.

Question 4: How does the affiliate ensure that the price for services which it purchases from the utility are not above market cost?

Response: Generally, each affiliate will check or know if the costs are reasonable prior to committing to another affiliate providing the service. Certain services are not reasonable to check before hand, such as storm restoration efforts, emergency parts etc., but are billed at cost. All facts and circumstances must be considered in evaluating the reasonableness of costs.

Question 5: How does the utility ensure that its ratepayers are not charged by the utility's affiliates or parent for items like contributions, etc., that are not allowed in base rates?

Response: The operating companies do not bill each other for contributions or other account 426 items. The service company (SCS) billings separately identify the contributions, etc. as below the line items on the bill, and Gulf records these charges to account 426.

Question 6: Do you, or will you, use the regulated utility's logo for affiliated/new regulated companies? If so, please explain in detail. How is the regulated utility compensated for use of its logo?

Response: The Southern non-regulated entities use Southern or the term 'a Southern Affiliate' in its name. Southern advertising is not a recoverable expense, and therefore compensation to ratepayers is not an issue. Gulf Power's merchandising operation (which is a Gulf Power non-utility function – not an affiliate) uses Gulf Power in its name and the FPSC decided in prior rate cases that no compensation was required.

Question 7: Does the utility allow affiliates to advertise on the utility bill stuffers or to insert affiliate bill stuffers in utility customer bills? If so, explain how the utility is compensated.

Response: Gulf's merchandising operation (which is a Gulf Power non-utility function – not an affiliate) includes bill stuffer advertising in our customer bills and pays for all costs related to producing and mailing the bill stuffer (as approved in prior rate cases). No affiliates currently advertise in bill stuffers included with our customer's bill.

Question 8: How are charges allocated to the affiliate when regulated utility personnel are used to audit or lend accounting or technical expertise to the regulated utility?

Response: The actual costs are accumulated and billed to the affiliate, including the fringe benefits related to the labor costs.

Question 9: How are charges allocated to the regulated utility when affiliate personnel are used to audit or lend accounting or technical expertise to the regulated utility?

Response: The affiliate would directly assign or accumulate the costs where possible, and allocated costs would be based upon reasonable bases in accordance with SEC guidelines (SCS allocation bases are approved by the SEC).

Question 10: Are there any instances of transactions between affiliates for which a portion of the related expenses are assessed to a regulated activity? If so, please describe in detail.

Response: No. Transactions between other Southern affiliates would not be assessed to Gulf unless Gulf received a benefit in the form of goods and/or services.

Question 11: Provide a list of all allocation bases and explain why they are appropriate to use as allocators for each item allocated.

Response: SCS' allocation bases may be found documented in its annual PSC Cost Allocation Report. Functional management is responsible for selecting the most appropriate method of allocation, which "fairly and equitably" allocates any indirect costs. This selection is made to the extent possible on the basis of causative factors. The SEC has approved all SCS allocation bases. The operating companies bill each other for direct costs, including payroll adders, travel, etc.

Question 12: What is the utility's definition of, and what criteria does the utility use, to determine: above the line, below the line, non-regulated, regulated, non-utility, utility related, affiliate, and subsidiary.

Response: FERC and FPSC requirements determine the appropriate accounting and ratemaking treatment of the Company's business transactions.

above the line – includes all FERC income accounts included in Operating Income
below the line – includes all other FERC income accounts other than Operating Income
such as Other Income and Deductions, Interest Charges, and Preferred Dividends

non-regulated – includes all non-utility functions and other items disallowed for
ratemaking by the FPSC or FERC

regulated – includes all utility related costs approved for ratemaking by the FPSC or
FERC

non-utility – assets and revenues/expenses not related to providing utility service to
ratepayers

utility related – assets and revenues/expenses related to providing utility service to
ratepayers

affiliate – separate corporate entities associated with one another under common
ownership or control

subsidiary – a wholly owned company which you control.

Question 13: How does the utility determine the price of assets and intangibles when they are transferred to affiliates?

Response: Based upon cost or market per SEC guidelines.

Question 14: How do the affiliates determine the price of assets and intangibles when they are transferred to the utility?

Response: Based upon cost or market value per SEC guidelines.

Question 15: Do you have any formal written procedures governing "standards of conduct" related to affiliated transactions? If so, please provide a copy of these standards.

Response: Yes. Gulf Power has Management Procedure No. 100-014, Affiliate Company Transactions, which is attached. Also attached is Southern Company's 'Code of Conduct for Officers and Employees' concerning business relationships and sharing of market information between Southern Energy Marketing, Inc., Southern Electric International, SCS, and the Operating Companies.

Question 16: Do you inform customers or potential customers for services provided by an affiliate, that such services are not regulated? If so, how does the utility do it?

Response: No, but the non-regulated affiliates use a Southern Company name and are clearly not directly related to Gulf's electric service.

Question 17: Is business information or other information obtained by the regulated utility routinely shared with the non-regulated affiliates, i.e. information on potential customers? If so, please describe the policies and procedures.

Response: No. The company does not provide customer utility information to any affiliate or other entities without the permission of the customer.

Question 18: Should the PSC promulgate rules that would provide uniformity in the accounting related to the interaction of regulated and non-regulated activities.

Response: No. The general guidelines already established by the SEC, FERC, FASB, and PSC which require that all costs should be directly assigned where possible, and where allocations are necessary, that appropriate allocation bases be used are sufficient. Each company and the individual non-regulated activities may require unique handling based upon corporate structure and other variables.

Management Procedure



SUBJECT AFFILIATE COMPANY TRANSACTIONS	Number 100-014	
	Original Issue Date 10-10-97	Revision Date NEW
	Page 1 of 5	

PURPOSE:

These guidelines provide general instructions for recording and billing expenses to affiliated companies.

PROCEDURE:

I. GENERAL

- A. Transactions between affiliated companies in the Southern Company system are subject to regulation by the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC), and state public service commissions (PSCs). This regulatory framework imposes stringent restrictions on any financial subsidization, or so-called "cross-subsidization," among the system's affiliated companies. The SEC, for example, requires as a general matter under the Public Utility Holding Company Act of 1935 (PUHCA) that affiliated companies within a holding company system which provide service to each other do so "at cost, fairly and equitable allocated."
- B. In large part, the regulatory restrictions on affiliate transactions, as well as applicable accounting principles, are general in nature and do not specifically prescribe the price to be charged for a particular service rendered to an affiliate. Thus, determining the appropriate price requires the exercise of sound business judgment in addition to adherence to regulatory guidelines and accounting principles. The objective of the policy and instructions in this procedure is to ensure that these regulatory guidelines and accounting principles are followed whenever decisions are made on charges to affiliates and that such charges are appropriate.

II. POLICY

No company in the Southern Company system may enter into a transaction which would result in the financial subsidization of an affiliate company in violation of applicable SEC, FERC, or PSC restrictions.

III. INSTRUCTIONS

The company may provide available employees and other resources to affiliated companies and will recover all appropriate costs associated with providing these resources. Under no circumstances will requests received from affiliated companies take priority over company work.

A. Affiliate Companies

- Alabama Power Company
- Georgia Power Company

Management Procedure

SUBJECT AFFILIATE COMPANY TRANSACTIONS	Number 100-014	
	Original Issue Date 10-10-97	Revision Date NEW
	Page 2 of 5	

- Mississippi Power Company
- Savannah Electric and Power Company
- Southern Communications Services, Inc.
- Southern Energy, Inc.
- Southern Nuclear Operating Company, Inc.
- Southern Development and Investment Group, Inc.
- Southern Company Services, Inc.
- Southern Electric Railroad Company
- Southern Information Holding Company, Inc.
- Southern Telecommunications Holding Company, Inc.
- Mobile Energy Services Holding, Inc.

B. Items to Bill for Affiliate Transactions

- Occupancy for use of company facilities
- Labor
- Overheads on labor
- Travel expenses
- Materials and supplies
- Any other use of company assets / resources in which the benefit is for an affiliated company

C. Recording Expenses

1. Job Order

Services and other resources provided by the company are normally accounted for and billed on a job order. The department where the service is requested is responsible for contacting Corporate Accounting and requesting the job order number. It is the responsibility of individual employees assigned to projects as well as their manager to record all appropriate reimbursable expenses to the job order numbers.

2. Occupancy and Investment Costs of Information Resource Products

- a. Corporate Accounting will be responsible for calculating occupancy and charging to the assigned job order. An occupancy rate will be multiplied by the square footage (grossed up for common space) occupied by the tenant.
- b. Corporate Accounting will be responsible for charging the assigned job order with the investment cost of IR products used, such as personal computers and telephones.

Management Procedure



SUBJECT AFFILIATE COMPANY TRANSACTIONS	Number 100-014	
	Original Issue Date 10-10-97	Revision Date NEW
	Page 3 of 5	

- c. Tax and Contract Accounting will be responsible for calculating the annual occupancy rate per square foot.
 - d. Corporate Real Estate and Quality will be responsible for informing Corporate Accounting of changes in square footage and new tenants.
 - e. Information Resources (IR) will be responsible for informing Corporate Accounting of changes in the number of units of IR products used by tenants. IR is also responsible for calculating the rates to charge for IR products.
3. Labor Expenses
- a. Labor hours incurred by company employees assigned to work on projects are charged to an assigned job order number through STARS.
 - b. Company employees assigned to projects will continue to receive benefits (i.e., ESP, pension, insurance, etc.). These costs will be billed to the requesting company and are included in the calculation of the labor overhead rates. Corporate Accounting will be responsible for calculating the overheads and charging to the job order number. If an employee is out of the state for a period exceeding three months, he/she must contact SCS centralized payroll for the proper state income tax treatment.
4. Material Expenses
- Material withdrawn from company inventories to support projects is charged to the appropriate job order number through stores and COPICS. Material purchased directly from vendors is charged to the job order number and indicated on the vendor invoice.
5. Transportation Expenses
- Rental vehicle costs are charged to the appropriate job order number. Use of company vehicles is charged to the job order through the Standard Transportation System (STS). If transportation expenses are not charged to the job order number through the STS, costs should be estimated based on the time used for the project.

Management Procedure



SUBJECT AFFILIATE COMPANY TRANSACTIONS	Number 100-014	
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	Page 4 of 5	

6. Meals, Lodging and Miscellaneous Expenses

Meals, lodging and miscellaneous expenses incurred by employees assigned to projects are charged to the appropriate job order number through the personal expense statement.

7. Equipment Costs

Investment costs on equipment used for projects which are not included in occupancy or transportation will be estimated and charged to the job order.

D. Billing Process

On a monthly basis, Corporate Accounting will bill associated companies for all costs charged to job orders plus applicable overheads.

IV. GULF POWER COMPANY CONTACTS FOR QUESTIONS AND BILLINGS RELATING TO AFFILIATE TRANSACTIONS

- Kathy Majors -- ext. 6584
- Kim McDaniel -- ext. 6684
- Richard McMillan -- ext. 6589
- Ronnie Labrato -- ext. 6384

V. RESPONSIBILITY FOR COMPLIANCE WITH SOUTHERN COMPANY AND GULF POWER COMPANY POLICY


Corporate Accounting should be consulted prior to entering into affiliate transactions.

- A. Employees receiving requests for services must obtain supervisory approval prior to providing the service.
- B. Employees assigned to the project are responsible for charging all reimbursable expenses to the job order number.
- C. Corporate Accounting is responsible for establishing job order numbers, preparing and submitting invoices, and reviewing and reconciling accounts.
- D. Managers where the services are initiated are responsible for requesting a job order number from Accounting and ensuring all reimbursable expenses are charged to the assigned job order number.

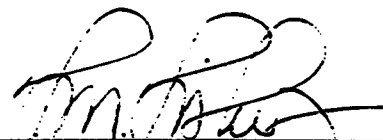
Management Procedure

SUBJECT AFFILIATE COMPANY TRANSACTIONS	Number 100-014	
	Original Issue Date 10-10-97	Revision Date NEW
	Page 5 of 5	

E. The Controller is responsible for overseeing pricing and billing for affiliate transactions.



Vice President - Finance



Vice President - Power Delivery and
Customer Operations

**Code of Conduct for Officers and Employees
of Southern Energy Marketing, Inc.
and Southern Electric International
Concerning Business Relationships and the Receiving of
Market Information from Other Affiliates
of The Southern Company**

1. **"System Companies" means any of Alabama Power Company, Georgia Power Company, Mississippi Power Company, Gulf Power Company, Savannah Electric and Power Company, Southern Company Services, Inc. and any subsidiary of such companies.**
2. **"Unregulated Companies" means any of the subsidiary companies of The Southern Company other than System Companies and includes Southern Electric International, Inc. ("Southern Electric") and Southern Energy Marketing, Inc. ("Southern Energy").**
3. **No officer or employee of Unregulated Companies shall make any statement suggesting or indicating that:**
 - (a) **a person or company doing business with Southern Electric or Southern Energy will receive preferential treatment with regard to the purchase or sale of transmission service or electric energy from or to System Companies; or**
 - (b) **a person or company doing business with System Companies will receive preferential treatment in the purchase or sale of electric energy from or to Southern Energy.**
4. **The personnel of Unregulated Companies engaged in the marketing or purchasing of wholesale power or transmission service will not receive, either directly or indirectly, from the personnel of System Companies engaged in the marketing or purchasing of wholesale power or transmission service information regarding the price or terms offered by System Companies to a customer or potential customer or the identity of such customer or potential customer.**
5. **Southern Electric, Southern Energy or any other affiliate that is a public utility, an exempt wholesale generator or an owner of an interest in a qualifying facility ("Unregulated Power Companies") will not purchase non-power goods and services from System Companies at a price lower than market value or cost, whichever is higher, and Unregulated Power Companies will not sell non-power goods and services to System Companies at a rate in excess of market value.**

**Code of Conduct for Officers and Employees
of Southern Company Services and Operating Companies
Concerning Business Relationships and the Sharing of Market
Information with Southern Energy Marketing, Inc.**

1. **"System Companies" means any of Alabama Power Company, Georgia Power Company, Mississippi Power Company, Gulf Power Company, Savannah Electric and Power Company, Southern Company Services, Inc. and any subsidiary of such companies.**
2. **"Unregulated Companies" means any of the subsidiary companies of The Southern Company other than System Companies, and includes Southern Electric International, Inc. ("Southern Electric") and Southern Energy Marketing, Inc. ("Southern Energy").**
3. **No officer or employee of System Companies shall directly (or indirectly through an officer or employee of another affiliate of The Southern Company) provide any information to any officer or employee of Unregulated Companies if such information has been received on a confidential basis from a customer of System Companies and such customer has not consented to release of such information. This prohibition shall not apply to publicly available information or information that is derived from publicly available information.**
4. **The personnel of System Companies engaged in the marketing or purchasing of wholesale power or transmission service will not provide, either directly or indirectly, to the personnel of Unregulated Companies engaged in the marketing or purchasing of wholesale power or transmission service information regarding the price or terms offered by System Companies to a customer or potential customer or the identity of such customer or potential customer.**
5. **No officer or employee of System Companies shall make any statement suggesting or indicating that:**
 - (a) **a person or company doing business with Southern Electric or Southern Energy will receive preferential treatment with regard to the purchase or sale of transmission service or electric energy from or to System Companies; or**
 - (b) **a person or company doing business with System Companies will receive preferential treatment in the purchase or sale of electric energy from or to Southern Energy.**
6. **System Companies will not directly or indirectly provide Unregulated Companies' marketing personnel with non-public information regarding transmission availability, terms or rates on the System Companies' transmission system unless such information:**

(1) is provided in response to a request by an Unregulated Company for transmission service under System Companies' transmission tariff; (2) pertains to the requested

service; and (3) is comparable to the information provided to non-affiliated entities in the context of their requests for transmission service. System Companies will post on their electronic bulletin board the disposition of any request for transmission service by an Unregulated Company in the same manner as it would post information for a request for service by any eligible utility.

7. System Companies will sell non-power goods and services to Southern Electric, Southern Energy or any other affiliate that is a public utility, an exempt wholesale generator or an owner of an interest in a qualifying facility ("Unregulated Power Companies") at a price no lower than market value or cost, whichever is higher, and System Companies will not purchase non-power goods and services from Unregulated Power Companies at a rate in excess of market value.

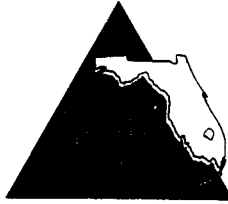
CODE OF CONDUCT CONCERNING NON-DISCRIMINATORY TRANSMISSION SERVICES

On August 1, 1995, Southern Companies filed Transmission Service Tariffs with the Federal Energy Regulatory Commission to govern the provision of transmission services. In those Tariffs, Southern Companies committed to provide transmission services to third parties on a non-discriminatory basis. In general terms, this commitment means that Southern Companies will not provide transmission service for their own sales in a manner that is preferential to the service provided to third parties. In addition, Southern Companies will not use non-public information concerning their transmission systems to advantage their own wholesale marketing efforts.

The following guidelines are being provided to assist employees in complying with these commitments:

1. Southern Companies shall provide transmission services to all parties (including themselves) on a non-discriminatory basis.
2. Southern Companies shall comply with the terms of the Tariffs to obtain transmission services to accommodate their own wholesale sales of capacity and energy.
3. Employees shall not discriminate in favor of Southern Companies or against third parties in the provision of transmission services or the administration of the Tariffs. Without limiting the applicability of the foregoing, employees shall not discriminate in matters concerning the availability of transmission services, the pricing of transmission services, the prioritization of transmission requests, or curtailments of service.
4. Employees shall not divulge non-public information concerning the availability or pricing of transmission services to employees of Southern Companies or third parties without complying with the terms of the Tariffs.
5. Employees seeking information concerning transmission services for wholesale transactions of Southern Companies shall follow the same procedures required of third parties.
6. Unless otherwise required by judicial or regulatory authority, employees shall not divulge non-public information concerning existing or potential transactions that is obtained in connection with the provision of transmission services.
7. Unless otherwise required by judicial or regulatory authority, employees in the wholesale marketing functions of Southern Companies shall not receive non-public information concerning existing or potential transactions from employees involved in the provision of transmission services.

If you have any questions concerning this Code of Conduct, please contact the Compliance Officer for your Company.



**Florida
Public
Utilities
Company**

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION

09 SEP 14 AM 9:05

AUDITING &
FINANCIAL ANALYSIS DIV

P O Box 3395
West Palm Beach
FL 33402-3395

September 9, 1998

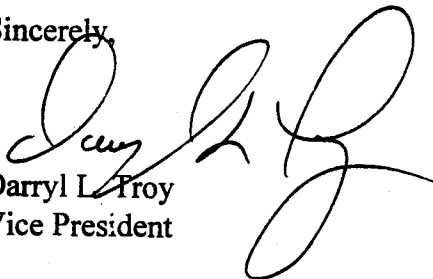
Mr Timothy J Devlin Director
Division of Auditing and Financial Analysis
FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Blvd
Tallahassee FL 32399-0865

Dear Mr. Devlin:

I have enclosed our response to your questions concerning Docket No. 980643-EI - Cost Allocations and Affiliated Transactions for Electric Utilities.

Should you require additional information or further explanations, please let me know.

Sincerely,



Darryl L. Troy
Vice President

cc: Parties of Record
George Bachman

DTROY/ fpsc-dev-cost alloc.quest

FLORIDA PUBLIC UTILITIES COMPANY
Docket No. 980643-EI
Staff's Generic Investigation
Customer Allocation and Affiliated Transactions

FPSC - CAM QUESTIONS (Revised as of 7/17/98)

1. Does the utility keep written policy and procedures for determining above the line/below the line transactions? If so, please explain in detail and provide a copy.

Yes, correspondence dealing with specific below the line items is attached. Certain above the line/below the line allocations are detailed in Special Job 61-227 which is updated annually. These annual updates are maintained in our Corporate Office and address payroll, transportation, accounts payable and clearing accounts.

2. Describe the accounting records and written accounting procedures which you keep to insure that expenses and revenues for below the line activities are properly recorded.

See answer to question No. 1. Accounting procedures regarding below the line transactions have evolved from decisions in full revenue requirements rate cases.

3. How does the utility ensure that the price for all services which the utility purchases from an affiliate are not above market cost?

There are no affiliated companies in the electric operations. See Florida Public Utilities Company's organizational structure attached.

4. How does the affiliate ensure that the price for services which it purchases from the utility are not below market cost?

There are no affiliated companies in the electric operations.

5. How does the utility ensure that its ratepayers are not charged by the utility's affiliates or parent for items like contributions, etc., that are not allowed in rates?

There are no affiliate or parent Company transactions in the electric operations. Contributions are recorded below the line (Account 426) per written instructions and approval procedures.

6. Do you, or will you, use the regulated utility's logo for affiliated/new regulated companies? If so, please explain in detail. How is the regulated utility compensated for use of its logo?

No, we don't plan to use the regulated utility's logo for affiliated/new regulated companies.

7. Does the utility allow affiliates to advertise on the utility bill stuffers or to insert affiliate bill stuffers in utility customer bills? If so, explain how the utility is compensated.

Not in our electric operations.

8. How are charges allocated to the affiliate when regulated utility personnel are used to audit or lend accounting or technical expertise to the affiliate?

Not applicable to our electric operations. In the gas operations the cost of personnel is allocated to affiliates on the basis of time tickets, customers, revenues or payroll.

9. How are charges allocated to the regulated utility when affiliate personnel are used to audit or lend accounting or technical expertise to the regulated utility?

Not applicable.

10. Are there any instances of transactions between affiliates for which a portion of the related expenses are assessed to a regulated activity? If so, please describe in detail.

Not applicable.

11. Provide a list of all allocation bases and explain why they are appropriate to use as allocators for each item allocated.

The major allocation bases are included in the attached chart. These were developed over multiple electric, gas and water rate cases.

12. What is the utility's definition of, and what criteria does the utility use, to determine:

"above the line" Subject to price regulation by state or federal commission.

"below the line" Not subject to price regulation by state or federal commission.

"non-regulated" Not subject to price regulation by state or federal commission.

“regulated” Subject to price regulation.

“non-utility” Item outside of utility operations.

“utility related” Within utility operations.

“affiliate” Associated entities (companies).

“subsidiary” Entity that shares ownership with a parent organization.

Whether expenditures fall within one or more of the above categories is determined by FERC Uniform System of Accounts, FPSC Rules and Regulations, rate cases and Company guidelines and procedures.

13. How does the utility determine the price of assets and intangibles when they are transferred to the affiliates?

Not applicable to electric operations.

14. How do the affiliates determine the price of assets and intangibles when they are transferred to the utility?

Not applicable to electric operations.

15. Do you have any formal written procedures governing “standards of conduct”? If so, please provide a copy of these standards.

See answer to Question No. 1.

16. Do you inform customers or potential customers for services provided by an affiliate, that such services are not regulated? If so, how does the utility do it?

There are no affiliates in the electric operations.

17. Is business information or other information obtained by the regulated utility routinely shared with the non-regulated affiliates, i.e. information on potential customers? If so, please describe the policies and procedures.

There are no affiliates in the electric operations.

18. Should the PSC promulgate rules that would provide uniformity in the accounting related to the interaction of regulated and non-regulated activities.

Due to the numerous corporate structures involved and the company specific non-regulated activities it would be burdensome and possibly impossible to establish

establish rules that would address all the affiliated transactions that now exist. The Company's non-regulated activities and appropriateness of cost allocations should be addressed on a Company specific case basis.

If rules must be developed they should only be General Guidelines for cost allocations between regulated and non-regulated activities.

Memo

To: All Division Managers
From: George Bachman *GB*
CC: J Brown, F Cressman, J English, B Smith, C Stein, D Troy
Date: July 3, 1996
Re: Dues (Individual Memberships, Industry Association, and Chamber of Commerce)

I am summarizing where to charge various membership dues. Hopefully, this will clear up any confusion in this area.

Chamber of Commerce

All dues (National, State, County, Local) are charged to 100.4260.5.

Industry Association

Company association dues that benefit a broad portion of the company's operation are charged to the appropriate division's 4010.93022. An example is the Florida Natural Gas Association.

Company association dues that benefit a specific area within the company's operation are charged to that specific area. Examples are The National Association of Accountants (9215), or The National Association of Corrosion Engineers (8802-Gas; 5882-Electric).

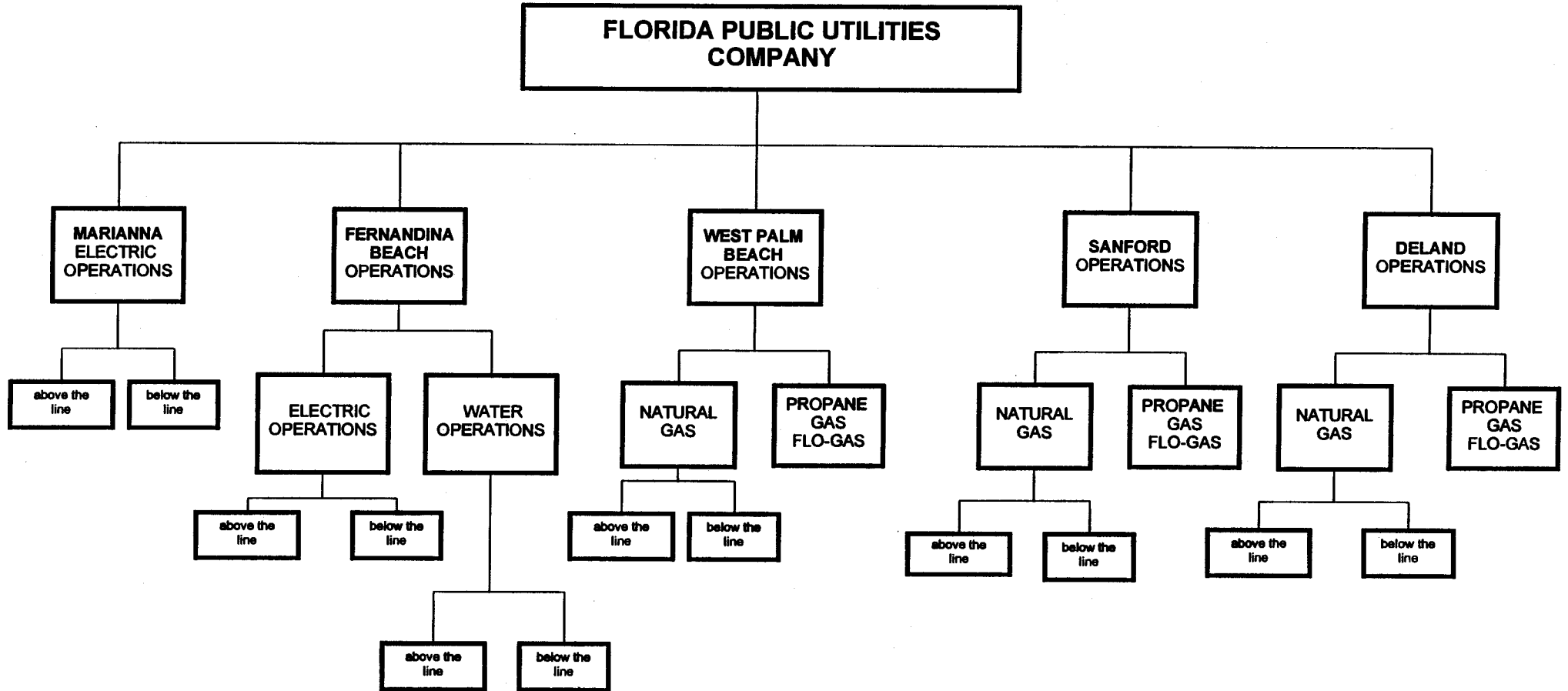
Personal Membership in an Association

Individual dues (and expenses) in an organization that benefits the employee's job are charged to the employee's normal expense accounts. This is usually where they charge their payroll, e.g., if an employee's payroll is normally charged to account 912, then membership dues for that employee are charged to 912. This includes Toastmasters, ABWA, HEIB, FICPA, NAA, etc.

Memberships in Civic and Social Clubs

All dues (Jaycees, Kiwanis, FHEA, Rotary, etc.) are charged to 100.4260.13.

FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED OPERATIONS
COST ALLOCATIONS & AFFILIATED TRANSACTIONS - AUGUST 1998



Note: Flo-Gas Corporation
 is a wholly owned subsidiary
 of
 Florida Public Utilities
 Company

FLORIDA PUBLIC UTILITIES COMPANY
Administrative & General Allocation Basis
August 1998

ACCOUNT #	DESCRIPTION	ALLOCATION BASIS	REASON
XXX.4010.903	CUSTOMER RECORDS & COLLECTION	CUSTOMERS	RELATIONAL
XXX.4010.905	MISC. CUSTOMER ACCOUNTS EXPENSE	CUSTOMERS	RELATIONAL
XXX.4010.920	ADMINISTRATIVE & GENERAL SALARIES	PAYROLL	RELATIONAL
XXX.4010.921	OFFICE SUPPLIES & EXPENSES	PAYROLL	RELATIONAL
XXX.4010.923	OUTSIDE SERVICES EMPLOYED	REVENUES	DIVISION'S CONTRIBUTION
XXX.4010.924	PROPERTY INSURANCE	PLANT	PROPERTY COVERED
XXX.4010.925	INJURIES & DAMAGES	REVENUES	DIVISION'S CONTRIBUTION
XXX.4010.926	EMPLOYEE PENSIONS/BENEFITS	PAYROLL	RELATIONAL
XXX.4010.9301	GENERAL ADVERTISING EXPENSES	REVENUES	DIVISION'S CONTRIBUTION
XXX.4010.9302	MISC. GENERAL EXPENSES	REVENUES	DIVISION'S CONTRIBUTION
XXX.4010.935	MAINTENANCE OF GENERAL PLANT	SQ FT	GENERAL OFFICE USE

STEEL ■
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& DAVIS™

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DIVISION OF APPEALS

March 1, 2000

Steel Hector & Davis LLP
215 South Monroe, Suite 601
Tallahassee, Florida 32301-1804
850.222.2300
850.222.8410 Fax
www.steelhector.com

Charles A. Guyton
850.222.3423

Craig B. Hewitt
Division of Research and Regulatory Review
Florida Public Service Commission
4075 Esplanade Way, Room G215
Tallahassee, Florida 32399-0850

By Hand Delivery

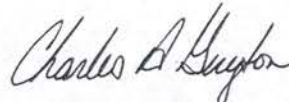
Re: Docket No. 980643-EI

Dear Mr. Hewitt:

Enclosed for filing on behalf of Florida Power & Light Company (FPL) is FPL's Response to Staff's January 31, 2000 Data/Information Request in Docket No. 980643-EI.

If you have any questions regarding this transmittal, please contact me.

Very truly yours,



Charles A. Guyton

Enclosures

cc: Mary Anne Helton, Esq.
Jay Revell
Blanca Bayo
Parties of Record

TAL_1998/33537-1

Florida Power & Light Company
Response to January 31, 2000 Data/Information Request
Docket No. 980643-EI

1. Please identify and estimate costs to comply with each of the proposed rules, including all potential transactional costs. For purposes of this question, "transactional costs" should include direct costs that are readily ascertainable based upon standard business practices. These costs may include filing fees, costs of obtaining a license, the costs of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, and the costs of monitoring and reporting.
 - A. The pricing policy included in the cost allocation and affiliate transaction rule should allow for the transfer of assets between the utility and an affiliate at cost. The draft rule as written requires that the utility transfer assets to an affiliate at the higher of cost or market but when assets are transferred from an affiliate the requirement is at the lower of cost or market. This disparity could discourage certain transfers of assets between a utility and an affiliate resulting in a detriment to the ratepayers. If the Commission determines that a rule is necessary it should at a minimum allow for symmetry.

Since the rule applies to future transactions, Florida Power & Light Company (FPL) cannot estimate the total costs that could result from this rule.

2. Please identify and estimate additional benefits from the proposed rule.
 - A. FPL is not aware of any benefit that would result from implementing the cost allocation and affiliate transaction rule. FPL continues to believe that the proposed rule is unnecessary and that there is no compelling need for it.
3. Please provide any reasonable alternative methods of accomplishing the requirements of each of the proposed rules. Include the estimated costs of each alternative. If a modification of the proposed rule is suggested, please also include any related expenses/savings.
 - A. If the Commission believes that a rule is necessary, FPL has previously provided the information that is attached to this response as alternative language to the cost allocation and affiliate transaction rule. (FPL's comments previously filed with Staff will be attached) This alternative language would help to minimize any detrimental impact to the ratepayers.
4. Please provide additional comments or cost estimates that may be useful to the Commission or its staff in assessing the economic impacts of the proposed rule. Please include any company-recommended modifications and related expense/savings.
 - A. See response to question 3 above.

TONI JENNINGS
President



Representative Bill Posey, Chairman
Senator Walter "Skip" Campbell, Vice Chairman
Senator Ginny Brown-Waite
Senator Lisa Carlton
Representative O. R. "Rick" Minton, Jr.
Representative Adam H. Putnam

JOHN THRASHER
Speaker



THE FLORIDA LEGISLATURE
**JOINT ADMINISTRATIVE
PROCEDURES COMMITTEE**

CARROLL WEBB, EXECUTIVE DIRECTOR
AND GENERAL COUNSEL
Room 120, Holland Building
Tallahassee, Florida 32399-1300
Telephone (850) 488-9110

July 13, 2000

Ms. Mary Anne Helton
Associate General Counsel
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee Florida 32399-0862

RE: Public Service Commission Rule Nos: 25-6.135,.1351, .0436

Dear Ms. Helton:

According to our records, the above-styled rule was noticed in the Florida Administrative Weekly on **May 5, 2000**.

Paragraph 120.54(3)(e), F.S., requires that rules be filed for adoption not more than 90 days from the date of the original notice unless specified circumstances prevail. The 90-day period for filing the rules expires on **August 3, 2000**.

If you intend to adopt the rules, we remind you that paragraph 120.54(3)(d) F.S., requires that if the rules have not been changed since they were filed with the Committee, or if they contain only technical changes, you must file a notice to that effect with this Committee at least 7 days prior to filing the rules for adoption. If any change has been made in the rules, other than a technical change, you must publish a notice, and file a copy with the committee, at least 21 days prior to filing the rules for adoption.

If the rules are not filed within 90 days, and if an exception is not applicable, you must notice withdrawal of the rules. Any further action to adopt the rules must comply with the rulemaking procedures of s. 120.54, F.S. Please advise us of any exceptions which apply to the rules so that we may keep our records current.

Sincerely,

A handwritten signature in cursive script that reads "Carroll Webb".

Carroll Webb
Executive Director
and General Counsel

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FLORIDA PUBLIC SERVICE COMH.
DIVISION OF APPEALS

STATE OF FLORIDA

Commissioners:
J. TERRY DEASON, CHAIRMAN
SUSAN F. CLARK
E. LEON JACOBS, JR.
LILA A. JABER



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

Public Service Commission

July 19, 2000

Mr. Carroll Webb
Joint Administrative Procedures Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

Re: Public Service Commission Rule Nos.: 25-6.135, .1351, .0436

Dear Mr. Webb:

This letter is to advise you that the time for filing the above rules for adoption has been extended beyond the initial 90 days after the notice. A public hearing was held on June 22, 2000. In addition, another public hearing is scheduled for August 29, 2000, and a notice will be published in the Florida Administrative Weekly on August 4, 2000.

Thank you for the reminder.

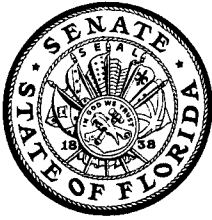
Sincerely,

A handwritten signature in cursive script that reads "Christiana T. Moore".

Christiana T. Moore
Associate General Counsel

CTM/

TONI JENNINGS
President



Representative Bill Posey, Chairman
Senator Walter "Skip" Campbell, Vice Chairman
Senator Ginny Brown-Waite
Senator Lisa Carlton
Representative O. R. "Rick" Minton, Jr.
Representative Adam H. Putnam

JOHN THRASHER
Speaker



CARROLL WEBB, EXECUTIVE DIRECTOR
AND GENERAL COUNSEL
Room 120, Holland Building
Tallahassee, Florida 32399-1300
Telephone (850) 488-9110

THE FLORIDA LEGISLATURE
**JOINT ADMINISTRATIVE
PROCEDURES COMMITTEE**

September 11, 2000

Ms. Christiana T. Moore
Associate General Counsel
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0862

RE: Public Service Commission Rule No: 25-6.0436, .135 & .1351

Dear Ms. Moore:

According to our records, the above-styled rule was noticed in the Florida Administrative Weekly on **May 5, 2000**.


Paragraph 120.54(3)(e), F.S., requires that rules be filed for adoption not more than 90 days from the date of the original notice unless specified circumstances prevail. The extended 90-day period for filing the rules expires on **October 13, 2000**

If you intend to adopt the rules, we remind you that paragraph 120.54(3)(d) F.S., requires that if the rules have not been changed since they were filed with the Committee, or if they contain only technical changes, you must file a notice to that effect with this Committee at least 7 days prior to filing the rules for adoption. If any change has been made in the rules, other than a technical change, you must publish a notice, and file a copy with the committee, at least 21 days prior to filing the rules for adoption.

If the rules are not filed within 90 days, and if an exception is not applicable, you must notice withdrawal of the rules. Any further action to adopt the rules must comply with the rulemaking procedures of s. 120.54, F.S.

Please advise us of any exceptions which apply to the rules so that we may keep our records current.

Sincerely,



Carroll Webb
Executive Director
and General Counsel