

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendment of Rule 25-6.0141,  
F.A.C., Allowance for Funds Used During  
Construction; Rule 25-6.033, F.A.C., Tariffs;  
Rule 25-6.036, F.A.C., Inspection of Plant; and  
Rule 25-6.037, F.A.C., Extent of System  
Which Utility Shall Operate and Maintain.

DOCKET NO. 20190164-EI  
ORDER NO. PSC-2019-0518-FOF-EI  
ISSUED: December 11, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
JULIE I. BROWN  
DONALD J. POLMANN  
GARY F. CLARK  
ANDREW GILES FAY

NOTICE OF ADOPTION OF RULE

BY THE COMMISSION:

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has adopted without changes amendments to Rule 25-6.0141, F.A.C., Allowance for Funds Used During Construction, Rule 25-6.033, F.A.C., Tariffs, and Rule 25-6.037, F.A.C., Extent of System Which Utility Shall Operate and Maintain, and the repeal of Rule 25-6.036, F.A.C., Inspection of Plant.

The rules were filed with the Department of State on December 10, 2019, and will be effective on December 30, 2019. A copy of the rules as filed with the Department is attached to this Notice.

This docket is closed upon issuance of this Notice.

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By ORDER of the Florida Public Service Commission this 11th day of December, 2019.



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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

ABK

**25-6.0141 Allowance for Funds Used During Construction.**

(1) Construction work in progress (CWIP) or nuclear fuel in process (NFIP) not under a lease agreement that is not included in rate base may accrue allowance for funds used during construction (AFUDC), under the following conditions:

(a) Eligible projects. The following projects may be included in CWIP or NFIP and accrue AFUDC:

1. Projects that involve gross additions to plant in excess of 0.5 percent of the sum of the total balance in Account 101, Electric ~~401—Electric~~ Plant in Service, and Account 106, Completed Construction not Classified, at the time the project commences and

a. Are expected to be completed in excess of one year after commencement of construction, or

b. Were originally expected to be completed in one year or less and are suspended for six months or more, or are not ready for service after one year.

(b) Ineligible projects. The following projects may be included in CWIP or NFIP, but may not accrue AFUDC:

1. Projects, or portions thereof, that do not exceed the level of CWIP or NFIP included in rate base in the utility's last rate case.

2. Projects where gross additions to plant are less than 0.5 percent of the sum of the total balance in Account 101, Electric ~~401—Electric~~ Plant in Service, and Account 106, Completed ~~406—Completed~~ Construction not Classified, at the time the project commences.

3. Projects expected to be completed in less than one year after commencement of construction.

4. Property that has been classified as Property Held for Future Use.

(c) Unless otherwise authorized by the Commission, the following projects may not be included in CWIP or NFIP, nor accrue AFUDC:

1. Projects that are reimbursable by another party.

2. Projects that have been cancelled.

3. Purchases of assets which are ready for service when acquired.

4. Portions of projects providing service during the construction period.

(d) Other conditions. Accrual of AFUDC is subject to the following conditions:

1. Accrual of AFUDC is not to be reversed when a project originally expected to be completed in excess of one

year is completed in one year or less;

2. AFUDC may not be accrued retroactively if a project expected to be completed in one year or less is subsequently suspended for six months, or is not ready for service after one year;

3. When a project is completed and ready for service, it shall be immediately transferred to the appropriate plant account(s) or Account 106, Completed Construction Not Classified, and may no longer accrue AFUDC;

4. Where a work order covers the construction of more than one property unit, the AFUDC accrual must ~~shall~~ cease on the costs related to each unit when that unit reaches an in-service status;

5. When the construction activities for an ongoing project are expected to be suspended for a period exceeding six ~~(6)~~ months, the utility must ~~shall~~ notify the Commission of the suspension and the reason(s) for the suspension, and must ~~shall~~ submit a proposed accounting treatment for the suspended project; and

6. When the construction activities for a suspended project are resumed, the previously accumulated costs of the project may not accrue AFUDC if such costs have been included in rate base for ratemaking purposes. However, the accrual of AFUDC may be resumed when the previously accumulated costs are no longer included in rate base for ratemaking purposes.

(e) Subaccounts. Account 107, Construction Work in Progress, and Account 120.1, Nuclear Fuel in Process of Refinement, Conversion, Enrichment and Fabrication, must ~~shall~~ be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC from the cost of construction projects that are ineligible for AFUDC.

(f) Prior to the commencement of construction on a project, a utility may file a petition to seek approval to include an individual project in rate base that would otherwise qualify for AFUDC treatment per paragraph (1)(a).

(g) On a prospective basis, the Commission, upon its own motion, may determine that the potential impact on rates may require the exclusion of an amount of CWIP from a utility's rate base that does not qualify for AFUDC treatment per paragraph (1)(a) and to allow the utility to accrue AFUDC on that excluded amount.

(2) The applicable AFUDC rate will ~~shall~~ be determined as follows:

(a) The most recent 13-month average embedded cost of capital, except as noted below, must ~~shall~~ be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.

(b) The cost rates for the components in the capital structure ~~will shall~~ be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. The cost of long term debt and preferred stock ~~will shall~~ be based on end of period cost. The annual percentage rate ~~must shall~~ be calculated to two decimal places.

(3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to six decimal places, ~~must shall~~ be employed to insure that the annual AFUDC charged does not exceed authorized levels.

(a) The formula used to discount the annual AFUDC rate to reflect monthly compounding is as follows:

$$M = [(1 + A/100)^{1/12} - 1] \times 100$$

Where:

M = discounted monthly AFUDC rate

A = annual AFUDC rate

(b) The monthly AFUDC rate, carried out to six decimal places, ~~must shall~~ be applied to the average monthly balance of eligible CWIP and NFIP that is not included in rate base.

(4) The following schedules ~~must shall~~ be filed with each petition for a change in AFUDC rate:

(a) Schedule A. A schedule showing the capital structure, cost rates and weighted average cost of capital that are the basis for the AFUDC rate in subsection (2).

(b) Schedule B. A schedule showing capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate in subsection (2).

(c) Schedule C. A schedule showing the calculation of the monthly AFUDC rate using the methodology set out in this rule.

(5) No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate ~~will shall~~ be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

(6) Each utility charging AFUDC ~~must shall~~ include in its December Earnings Surveillance Reports to the Commission Schedules A and B identified in subsection (4) of this rule, as well as disclosure of the AFUDC rate it is currently charging.

(7) The Commission may, on its own motion, initiate a proceeding to revise a utility's AFUDC rate.

(8) Each utility ~~must shall~~ include in its Forecasted Surveillance Report a schedule of individual projects that commence during that forecasted period and are estimated to ~~have equal or exceed~~ a gross cost in excess of 0.5 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified ~~of \$10,000,000~~. The schedule ~~must shall~~ include the following minimum information:

- (a) Description of the project.
- (b) Estimated total cost of the project.
- (c) Estimated construction commencement date.
- (d) Estimated in-service date.

~~(9) The provisions of this rule are effective January 1, 1996 and shall be implemented by all electric utilities no later than January 1, 1999, or the utility's next rate proceeding, whichever occurs first.~~

*Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a), (f) 366.06(1), (2), 366.08 FS. History--New 8-11-86, Formerly 25-6.141, Amended 11-13-86, 12-7-87, 1-7-97, \_\_\_\_\_.*

**25-6.033 Tariffs.**

(1) ~~A each utility may adopt such additional non-discriminatory rules and regulations governing its relations with customers in addition to those required by Commission rules, as are necessary and which are not inconsistent with these rules or orders of the Commission. But any s~~Such rules ~~or~~ and regulations must be consistent with Commission rules and must be filed with shall constitute an integral part of the utility's tariffs and shall be filed with them.

~~(2) Each utility shall file with the Commission tariffs containing schedules for all rates and charges and copies of all rules and regulations governing the relation of customer and utility.~~

~~(a) Each utility shall include in its tariffs without limiting them to the following provisions:~~

~~(2) All tariff filings must conform to Chapter 25-9, Florida Administrative Code, and must include the following provisions:~~

~~(a)1. Definitions of classes of customers classes.~~

~~(b)2. Rules with which prospective customers must comply with as a condition of receiving service, and the terms of any required contracts required.~~

~~(c)3. Rules for establishing governing the establishment of credit by customers for payment of service bills.~~

~~(d)4. Rules governing deposits and interest on deposits.~~

~~(e)5. Rules governing the procedure for followed in disconnecting and reconnecting service.~~

~~(f)6. Rules governing a customer's request to discontinue service. Notice by customer required for having service discontinued.~~

~~(g)7. Rules governing temporary, emergency, auxiliary or stand-by service.~~

~~(h)8. Rules covering billing periods.~~

~~(i)9. Rules covering a customer's construction requirements.~~

~~(j)10. Rules covering a special type of construction commonly requested by customers that which the utility allows to be connected and terms upon which such construction will be permitted. This applies, for example, to a case where a customer desires underground service in overhead territory.~~

~~(k)11. Rules covering any such portion of service which the utility furnished, owns, and maintains.~~

~~(l)12. Rules covering inspection of customer-owned facilities by proper authorities before service is rendered.~~

~~(3) All tariff filings shall be in the manner and form as prescribed by the Commission under separate Order entitled "Rules and Regulations Governing the Construction and Filing of Tariffs by Public Utilities."~~

~~(3) (4) No rules and regulations, or schedules of rates or charges, or modification or revisions of the same, will shall be effective until filed with and approved by the Commission as provided by Law.~~

~~(5) A copy of the rules contained herein, as promulgated and adopted by the Commission, also a copy of the rate schedules and rules and regulations of the utility as filed with the Commission, shall be kept on file in the local commercial offices of the utility for inspection by its customers. A customer shall, upon request, be furnished a copy of the rate schedule applicable to his service.~~

*Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.05(1), 366.06 FS. History—New 7-29-69, Formerly 25-6.33, Amended \_\_\_\_\_*



**25-6.036 Inspection of Plant.**

~~Each utility shall adopt a program of inspection of its electric plant in order to determine the necessity for replacement and repair. The frequency of the various inspection shall be based on the utility's experience and accepted good practice. Each utility shall keep sufficient records to give evidence of compliance with its inspection program.~~

*Rulemaking Authority 366.05(1) FS. Law Implemented 366.04(2)(c), (5), 366.05(1), 366.055, 366.08 FS. History—  
New 7-29-69, Formerly 25-6.36, Repealed \_\_\_\_\_.*

**25-6.036 Inspection of Plant.**

*Rulemaking Authority 366.05(1) FS. Law Implemented 366.04(2)(c), (5), 366.05(1), 366.055, 366.08 FS. History—  
New 7-29-69, Formerly 25-6.36, Repealed \_\_\_\_\_.*

**25-6.037 Extent of Facilities and Equipment That a System Which Utility Must Shall Inspect, Operate, and Maintain.**

(1) Each utility ~~must, unless specifically relieved in any case by the Commission from such obligations,~~ shall operate and maintain in safe, efficient, and proper condition, pursuant to Rules 25-6.034, 25-6.0341, 25-6.0345, and 25-6.040, F.A.C. the standards referenced herein, all of the facilities and equipment used in connection with the production, transmission, distribution, regulation, and delivery of electricity to any customer up to the point of delivery. The utility is also responsible for the ~~safe, efficient~~ measurement of electrical consumption consistent with test procedures and accuracies prescribed by the Commission.

(2) Each utility must adopt a program governing the inspection of its electric facilities and equipment in order to determine the necessity for replacement and repair. Each utility must keep records to establish compliance with its inspection program.

*Rulemaking Authority 350.127(2), 366.04(6), 366.05(1) FS. Law Implemented 366.03, 366.04(1), (2)(c), (f), (5), (6), 366.05(1), (3) FS. History—New 7-29-69, Amended 4-13-80, \_\_\_\_\_, Formerly 25-6.37*