



The Wonderful World of  
**Tariffs**

A Guide for  
Tariff Filings  
by Municipal  
and Rural Cooperative  
Electric Utilities

Division of Economics  
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*The most frequent contact municipal and rural cooperative electric utilities have with the Public Service Commission (PSC) is through tariff filings. While the Commission has less extensive jurisdiction over non-investor owned utilities, certain Commission procedures should be followed by those utilities when filing changes to their tariffs.*

## HISTORY

Chapter 366, Florida Statutes, governs the PSC's jurisdiction over electric and gas utilities. That statute gives the Commission authority over five specific areas for all electric utilities in the state, including municipals and rural cooperatives.

- To prescribe uniform systems of accounts and classifications of accounts.
- To prescribe a rate structure for all electric utilities.
- To require electric power conservation and reliability within a coordinated grid for operational as well as emergency purposes.
- To approve territorial agreements and settle territorial disputes
- To prescribe safety for transmission and distribution facilities pursuant to the National Electric Safety Code.

Following the adoption of this statutory language in 1974, all municipal and rural cooperative utilities were required by Commission Order 8628, issued January 3, 1979, to file schedules showing all rates and charges for electric service. Rates as of that date were “grandfathered” or accepted as is. Any subsequent changes, however, were subject to PSC review. The PSC’s Division of Economics is responsible for maintaining the official copy of all electric utilities’ tariffs. Any time a change is made to any aspect of a utility’s provision of regulated electric service, that change should be filed with the Commission. The Commission has adopted rules governing the procedure for such filings starting in Sections 25-9.050 through 25-9.071 of the Florida Administrative Code. Below is a description of what is required to be filed under these rules and what happens when a tariff is filed with the Commission.

*Preparing a*

TARIFF FILING

*What must be filed?*

**Base Rates.** The specific jurisdiction of the PSC over municipal and rural cooperative rates refers to rate structure. This is differentiated from rate base regulation the PSC exercises over investor-owned electric utilities (IOU) in that the PSC has no jurisdiction over the total revenue requirement of municipals and rural cooperatives. Our job is to see that the total amount the utility says it needs is collected fairly from all customer classes. However, every change to a

utility's tariff must be filed with the Commission. This includes not only monthly charges for electric service, but service availability criteria such as deposit practices, connection charges, and line extension or contributions in aid of construction.

**Fuel/Wholesale Power/Purchased Power Adjustment.**

Many municipal and cooperative electric utilities purchase part or all of the power needed to serve their retail loads. Unlike IOUs, part of the cost of purchased power is often included in base rates, and the amount in base rates is adjusted up or down to reflect the actual cost of power incurred by the utility. This adjustment factor is typically shown separately on the customer's bill. The formula by which adjustments to purchased power costs are calculated does not change frequently and should be included in the tariff. In addition, the periodic adjustment factors that true up the actual cost to the amount recovered in base rates should also be filed with the PSC. The adjustment factor is filed whenever the factor changes and is considered an informational filing – it is not specifically approved by the PSC, although it is maintained on file, primarily to respond to questions on bill calculations. A fill-in-the-blank form is available, or a utility may submit the information in any comparable form, by fax, E-mail or regular mail.

***How should tariffs be filed?***

Rules 25-9.052 and 25-9.053, Florida Administrative Code, describe the timetable and format for tariff filings. In general, a tariff filing should be submitted 30 days prior to final

adoption by the governing board of the utility (City, Utility Commission, or Board of Trustees). The filing should contain sufficient supporting documentation to allow the PSC to carry out its responsibility to ensure that rates are fair, just and reasonable.

**Rule 25-9.052, General Submittal Instructions.** This rule describes exactly what must be filed with the Commission. It requires a utility to file “all supplements, revisions, modifications or changes to the documentation” in quadruplicate. It is also very helpful if one copy of the proposed change in legislative format is included. Rule 25-9.052 also includes the requirement that changes be submitted “30 days prior to final adoption by the utility.” The key word here is *adopted*. This concept is distinctly different from the effective date of the tariff. The purpose of filing 30 days prior to adoption is to give staff time to review the filing prior to final adoption and alert the utility to any problems they see with the proposed changes. The PSC does not have the authority under Chapter 366 to suspend or deny a municipal or rural cooperative tariff, the way it does for investor-owned electric utilities, nor can it modify the proposed effective date. However, staffs review before adoption can assist the utility in complying with all Commission rules and practices and possibly prevent problems in the future.

**Rule 25-9.053, Filing and Evaluation of Submittals.** Each transmittal seeking approval of a tariff change must be accompanied by supporting documentation “in sufficient detail as to allow the Commission to determine

the derivation of all rate structure modifications.” The preferred documentation is a utility specific cost study. However, recognizing that the cost to prepare such a comprehensive study may outweigh the benefits, the PSC will also accept an analysis of utility specific cost and operating data. Where no supporting documentation is submitted with the filing, PSC staff typically contacts the utility to obtain additional information.

***All requests for changes to the tariff  
should be sent electronically to:***

Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

***Fuel and Purchased Power adjustment updates  
may be sent directly to:***

Patti Daniel  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

### ***What Happens Once a Tariff is Filed?***

Once a utility has reviewed its needs and determines that a change in its tariff is desirable, the utility submits a tariff package as described above to the PSC. Once the tariff

arrives, it is routed to the Bureau of Economic Impact and Rate Design for handling. The filing is then assigned an Authority Code and assigned to an analyst who will evaluate the filing. Only if a filing requires formal Commission approval will it be assigned a Docket Number.

**Authority Code.** An Authority Code is simply an internal PSC tracking mechanism for keeping up with tariff filings. When an approved tariff is returned to a utility, the back of the approved sheets will bear the signature of the Director of the Division of Economics and the Authority Code assigned to that filing. If multiple tariff sheets are included in a single filing, the package will be assigned a single Authority Code.

The first two letters of the Authority Code identify the type of utility filing the tariff. Municipal tariffs are designated ME, and Rural Cooperatives carry a CE designation. The second set of numbers is the year – tariffs filed in 2013 will show 13 as the middle two digits, 2014 would be 14. The last set of numbers is the sequential number of that type of tariff filed within the given calendar year. For example, ME-14-2 would be the second municipal tariff filing for 2014.

Rules 25-9.055 and 25-9.056 of the Florida Administrative Code describe and give examples of how tariff sheets are to appear and be numbered. Each new tariff sheet has a distinct number assigned to it and each subsequent revision is noted at the top. The PSC retains all cancelled or superseded tariffs, so proper numbering is essential to maintain historical perspective.

**Administrative Approval.** The Commission as an agency is given certain rights and obligations in the statute. The role of PSC staff is to advise and inform the Commissioners in their decision making. However, in some limited circumstances, the Commission has delegated to staff the authority to take certain actions on their behalf. The specific area in which authority has been delegated to staff is contained in the PSC Administrative Procedures Manual.

One of the areas subject to administrative handling is tariff filings by municipal or rural cooperative electric utilities. Changes which would fall into the administrative approval category are across the board percentage increases or decreases. In addition, if a new service has already been approved by the Commissioners for an investor-owned utility, a similar filing by a municipal or rural cooperative will be approved administratively. Changes to miscellaneous service fees and practices such as deposits or connections will also generally be approved administratively as long as the charge or policy appears reasonable and is applied in a non-discriminatory manner.

When a filing is received, a preliminary assessment is made regarding whether it can be administratively approved. Commission staff may contact the utility for additional information or suggest changes based on past Commission practices or decisions. If the changes in the filing fall under the areas subject to administrative approval, a transmittal letter indicating approval will be prepared for the Division Director's signature. A package consisting of the



transmittal letter and the approved tariff sheet(s) is stamped and signed on the back indicating approval and the filing is mailed to the utility. The approved sheet(s) will then be placed in the official utilities' tariff.

**Formal Commission Approval.** If, after review and discussion with the utility, staff has concerns with the proposal or believes the proposed changes do not fall into the categories for which staff has been delegated permission for administrative approval, the filing will be taken to the Commission for disposition. The filing will be assigned a PSC Docket Number, in addition to the Authority Code number. Once a matter is set for Commission consideration, a Case Assignment and Scheduling Record (CASR) is filed, listing the events and timetable for Commission consideration of the issue. For docketed matters, staff prepares a written recommendation to the Commission, describing the filing and what issues staff believes the Commission should address. This recommendation is filed 12 days prior to the date the Commission will hear the item at a regularly scheduled Agenda Conference. The utility will be provided a copy of the staff's recommendation and may participate in the Agenda Conference on the item, but is not required to participate.

The Commission may vote to approve, deny or modify staff's recommendation. Once a decision is made by the Commission, PSC legal staff has 20 days to draft an order codifying the Commission vote. Interested parties, including the utility, then have 21 days to protest the decision. If one party objects to the decision, the Commission can reconsider and/or amend the

original vote or set the matter for an evidentiary hearing. Once the 21 day protest period has expired, the Commission issues a consummating order which finalizes the initial order. Once a consummating order is issued, any appeal of the decision must be made to the Florida Supreme Court. Upon becoming final, the tariffs will be stamped and returned to the company as described above.

Typically, if the Commission has a concern with a proposed tariff, the Commission will send a comment letter to the utility. A Comment Letter is a formal request for the utility to explain in writing why it believes the filing is necessary and proper and why the Commission's decision should be dismissed. A utility is generally given 60 days to respond to a Comment Letter. Once the utility's response to the Comment Letter is received and analyzed, a second recommendation is prepared to discuss whether the utility has adequately addressed the concerns raised.

If the Commission accepts the utility's response to the Comment Letter, including any proposed changes, the tariff is approved. If the Commission does not believe the utility has adequately justified its request, it may require the company and staff to negotiate further, or set the matter for hearing. The Commission does not have the authority to suspend, deny or modify a municipal or rural cooperative tariff filing prior to an evidentiary hearing on the issue. Even if the filing is set for hearing, the tariff may go into effect, pending a final Commission decision.

## S U M M A R Y

This discussion represents an overview of the steps involved in processing an electric utility tariff filing.

Above all, the Commission and its staff are available to assist both utilities and ratepayers in seeing that the electric rates, terms and conditions for the provision of electric service are fair, just, and reasonable. PSC staff is always willing to meet or talk with utility representatives or individual customers who have concerns about regulated services. We strongly encourage utilities who are considering major changes in their tariffs or new programs to discuss those issues with staff before making a formal filing. Rate staff handles all electric tariff filings and can provide a broad perspective on problems or proposed solutions.

For rate related questions, call the Division of Economics at (850) 413-6410, and indicate that you have a question on electric rates. Complete copies of the Florida Statutes, Florida Administrative Code and other Commission documents such as the Commission calendar and information on open dockets may be accessed through the PSC website at [www.floridapsc.com](http://www.floridapsc.com). All of the rate schedules for the investor-owned electric utilities are also available through the website along with tariffs for several municipal and rural cooperative electric utilities.