

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into propriety)	DOCKET NO. 870076-PU
and methods for making routine)	
adjustments to authorized returns on)	ORDER NO. 22657
equity.)	
<hr/>		ISSUED: 3-8-90

The following Commissioners participated in the disposition of this matter:

- MICHAEL McK. WILSON, Chairman
- THOMAS M. BEARD
- BETTY EASLEY
- GERALD L. GUNTER
- JOHN T. HERNDON

ORDER CLOSING DOCKET

BY THE COMMISSION:

In Order No. 17064, issued January 7, 1987, this Commission directed Commission staff to open a "generic docket for the purpose of studying how the authorized returns on equity for the several utility industries could be periodically revised outside of full revenue requirements cases to reflect changed circumstances and whether such a periodic revision would be beneficial to ratepayers." (Order No. 17064 at page 2) This docket was opened and staff sent interrogatories to affected parties, held workshops on this issue, followed by written comments from the parties. Commission staff issued a preliminary report on May 17, 1987.

We have reviewed the report as well as other staff memoranda and conclude that no further action is necessary in this docket. Under normal economic circumstances the Commission's current procedures work effectively. The procedures that have been employed in the past several years have addressed outdated returns on equity (ROE) and brought these ROEs into line with current market conditions. These procedures include acceptance of company offers to use lower ROEs for purposes of Rule 25-14.003, Florida Administrative Code, acceptance of other offers concerning ROE, use of limited proceedings to reset ROE, and rate case proceedings. Perhaps the most significant new procedure comes from a legislative enactment, Section 366.06(3), Florida Statutes (1989). This provision requires larger electric and gas utilities to file modified minimum filing requirements (MMFRs) every four years. This process should help to ensure that the ROEs for these utilities will be kept up to date.

DOCUMENT NUMBER-DATE

02156 MAR -8 1990

FPSC-RECORDS/REPORTING

ORDER NO. 22657
DOCKET NO. 870076-PU
PAGE 2

In summation, it is our belief that current Commission procedures render this docket unnecessary. Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Docket No. 870076-PU be and the same is hereby closed.

By ORDER of the Florida Public Service Commission, this 8th day of March, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

RDV/(03181)

Commissioner Herndon dissents as follows:

I voted against the majority's decision to approve staff's recommendation. I am in favor of holding a generic ROE proceeding each year or two to set guideline ROE's for each industry we regulate, much like the leverage formula used in Water and Sewer. This new ROE should be used for all purposes (AFUDC, Tax Rule, interim rate increases/decreases, overearning, etc.) until a new company specific ROE is set in a rate case. Although we have recently reset the authorized ROE's for United and FPL in limited scope proceedings, these were but the first steps in full earnings investigations. The recent statutory revisions requiring electric and gas utilities to file Modified Minimum Filing Requirements (MMFR's) every 4 or 5 years will allow us to examine authorized ROE's in a more timely manner. However, I still believe we need to keep authorized ROE's current for our monitoring purposes and especially for AFUDC in the electric industry. The new procedures we are using are working, but they have come about far too late and are not as easily administered as I envision. I believe that a routine, periodic process to set ROE would more fairly treat customers and utilities alike, and should be implemented.

ORDER NO. 22657
DOCKET NO. 870076-PU
PAGE 3

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.