

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-2019-0474-NOR-EI
ISSUED: November 8, 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 RULEMAKING

BY THE COMMISSION:

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has proposed the amendment of Rule 25-6.0141, F.A.C., Allowance for Funds Used During Construction; Rule 25-6.033, F.A.C., Tariffs; Rule 25-6.037, 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. These amendments and repeal address comments made by JAPC, update the rules to delete outdated language, delete requirements that are duplicated in other Commission rules, add clarity and specificity to the standards used by the Commission to calculate information, and modify a reporting threshold.

The attached Notice of Proposed Rules appeared in the November 8, 2019 edition of the Florida Administrative Register.

Written requests for hearing and written comments on the rules must be received by the Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than December 2, 2019.

By ORDER of the Florida Public Service Commission this 8th day of November, 2019.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

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

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NOS: RULE TITLES:

25-6.0141 Allowance for Funds Used During Construction

25-6.033 Tariffs

25-6.036 Inspection of Plant

25-6.037 Extent of System Which Utility Shall Operate and Maintain

PURPOSE AND EFFECT: To update the rules to delete outdated language, delete requirements that are duplicated in other Commission rules, add clarity and specificity to the standards used by the Commission to calculate information, and to modify a reporting threshold.

Docket No. 20190164-EI

SUMMARY: Rule 25-6.0141, F.A.C.: The Commission proposes removing a triggering provision that already passed. It also proposes changing the threshold for reporting projects on a utility's Forecasted Surveillance Report. Rule 25-6.033, F.A.C.: The Commission proposes removing an unnecessary reference to an old Commission order as well as language that was duplicative of another rule. Rule 25-6.036, F.A.C.: The Commission proposes repealing this rule and moving certain parts of it into Rule 25-6.037, F.A.C.. Rule 25-6.037, F.A.C.: The Commission proposes clarifying vague language in this rule and adding language brought over from Rule 25-6.036, F.A.C. The Commission has updated the wording in all the rules to clarify the rules.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION: The agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency. The SERC examined the factors required by Section 120.541(2), FS, and concluded that the rule amendments will not have an adverse impact on economic growth, business competitiveness, or small business and that there would likely be transactional cost savings to the individual and entities, including government entities, required to comply with the rule.

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

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

RULEMAKING AUTHORITY: 350.127(2), 366.04(6), 366.05(1) FS.

LAW IMPLEMENTED: 350.115, 366.03, 366.04(1), (2)(a), (c), (f), (4), (5), (6), 366.05(1), (3), (7), 366.055, 366.06(1), (2), 366.08 FS.

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

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Andrew King, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6195, aking@psc.state.fl.us

THE FULL TEXT OF THE PROPOSED RULE IS: [TYPE AND STRIKE VERSION]

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) No change:

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 ~~101—Electric~~ Plant in Service, and Account 106, Completed Construction not Classified, at

the time the project commences and

a. through (b)1. No change.

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

3. through (d)3. No change.

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. No change.

(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) through (g) No change.

(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) No change.

(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) through (c) No change.

(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) No change.

(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) through (d)

~~(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, _____.

(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 sSuch 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.

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

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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.

NAME OF PERSON ORIGINATING PROPOSED RULE: Kathryn Cowdery

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

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: November 5, 2019

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 45, Number 84, April 30, 2019.