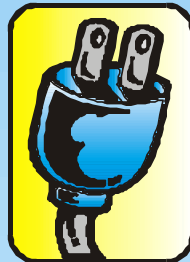


FLORIDA PUBLIC SERVICE COMMISSION  
1999 ANNUAL REPORT



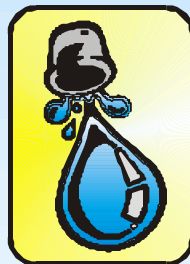
TELECOMMUNICATIONS



ELECTRIC



NATURAL GAS



WATER & WASTEWATER

FLORIDA PUBLIC SERVICE COMMISSION  
1999 ANNUAL REPORT

Reflects Calendar Year 1999

*Edited by*

Division of Consumer Affairs  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

## *A Message From the Chairman*

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The Florida Public Service Commission (PSC) experienced another challenging year in 1999 as it helped guide Florida's ever-changing electric, natural gas, telephone, water and wastewater industries into the 21st century.


Of these regulated industries, telecommunications continues to experience the most change. Two new area codes were added in 1999, bringing Florida's total to thirteen, and four existing area codes were declared to be in jeopardy of exhaustion. A docket was opened for each of these four, for which customer and technical hearings were held; decisions are expected in August 2000. In late 1999, service quality investigations of BellSouth, GTE and Sprint were initiated; hearings are scheduled for each of these investigations.

In the evolving electric industry, the PSC approved stipulations resulting in lower rates for consumers in Florida: Florida Power & Light reduced rates by a total of more than \$1 billion over three years, the largest rate reduction in Florida history; and Gulf Power Company reduced rates by \$10 million annually. Turning to the natural gas industry, the Commission proposed rules, approved in early 2000, that allow small businesses to choose their natural gas supplier.

In the water and wastewater arena, the Commission continued its efforts to ensure that consumers have a clean, reliable and affordable water supply, conducting numerous public hearings around the state.

Safeguarding the rights of Florida's utility customers continues to be a focal point. Consumer protection efforts were enhanced with the creation of a state-of-the-art Call Center to facilitate consumer contacts regarding questions and complaints. More than 69,000 consumer contacts were handled in 1999, a 22 percent increase, and nearly 11,000 complaints were resolved for savings and refunds to consumers of nearly \$2 million.

Maintaining a balance between the needs of consumers and the needs of the utility industry is central to the role of the Florida Public Service Commission. This report documents our efforts to ensure quality service at the lowest possible cost for Florida's consumers.



Joe Garcia, Chairman  
Florida Public Service Commission

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FLORIDA PUBLIC SERVICE COMMISSION

## Information Directory

As a government agency whose operations directly affect the public, the Florida Public Service Commission welcomes your requests for information on matters in which you have a concern. Inquiries may be made in writing to the address below or by telephone, Internet e-mail, or toll-free fax.

Florida Public Service Commission

2540 Shumard Oak Boulevard ♦ Tallahassee, Florida 32399-0850

Joe Garcia, Chairman	(850) 413-6042
J. Terry Deason, Commissioner	413-6038
Susan F. Clark, Commissioner	413-6040
E. Leon Jacobs, Jr., Commissioner	413-6046
Lila A. Jaber, Commissioner	413-6044
Executive Director	413-6055
Deputy Executive Director/Administrative	413-6071
Deputy Executive Director/Technical	413-6068
General Counsel	413-6248
Division of Appeals	413-6245
Division of Legal Services	413-6199
Division of Administration	413-6330
Division of Auditing & Financial Analysis	413-6480
Division of Telecommunications	413-6600
Division of Consumer Affairs	413-6100
Toll-Free Number: 1-800-342-3552 (Nationwide)	
Toll-Free Fax: 1-800-511-0809 (Florida)	
Division of Electric and Gas	413-6700
Division of Records and Reporting	413-6770
Division of Policy Analysis & Intergovernmental Liaison	413-6800
Division of Water and Wastewater	413-6900

Internet e-mail address: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)  
Internet home page address: <http://www.floridapsc.com>

## District Offices

### Miami

3625 N.W. 82nd Avenue  
Suite 400  
Miami, Florida 33166-7602  
(305) 470-5600

### Orlando

Hurston North Tower  
Suite N512  
400 W. Robinson Street  
Orlando, Florida 32801-1775  
(407) 245-0846

### Tampa

Kennedy Square  
Suite 310  
4950 W. Kennedy Blvd.  
Tampa, Florida 33609  
(813) 356-1444

# FPSC Organizational Chart



**E. Leon Jacobs, Jr.**  
Appointed through  
01/07/02



**J. Terry Deason**  
Appointed through  
01/06/03



**Joe Garcia, Chairman**  
Appointed through  
01/07/02

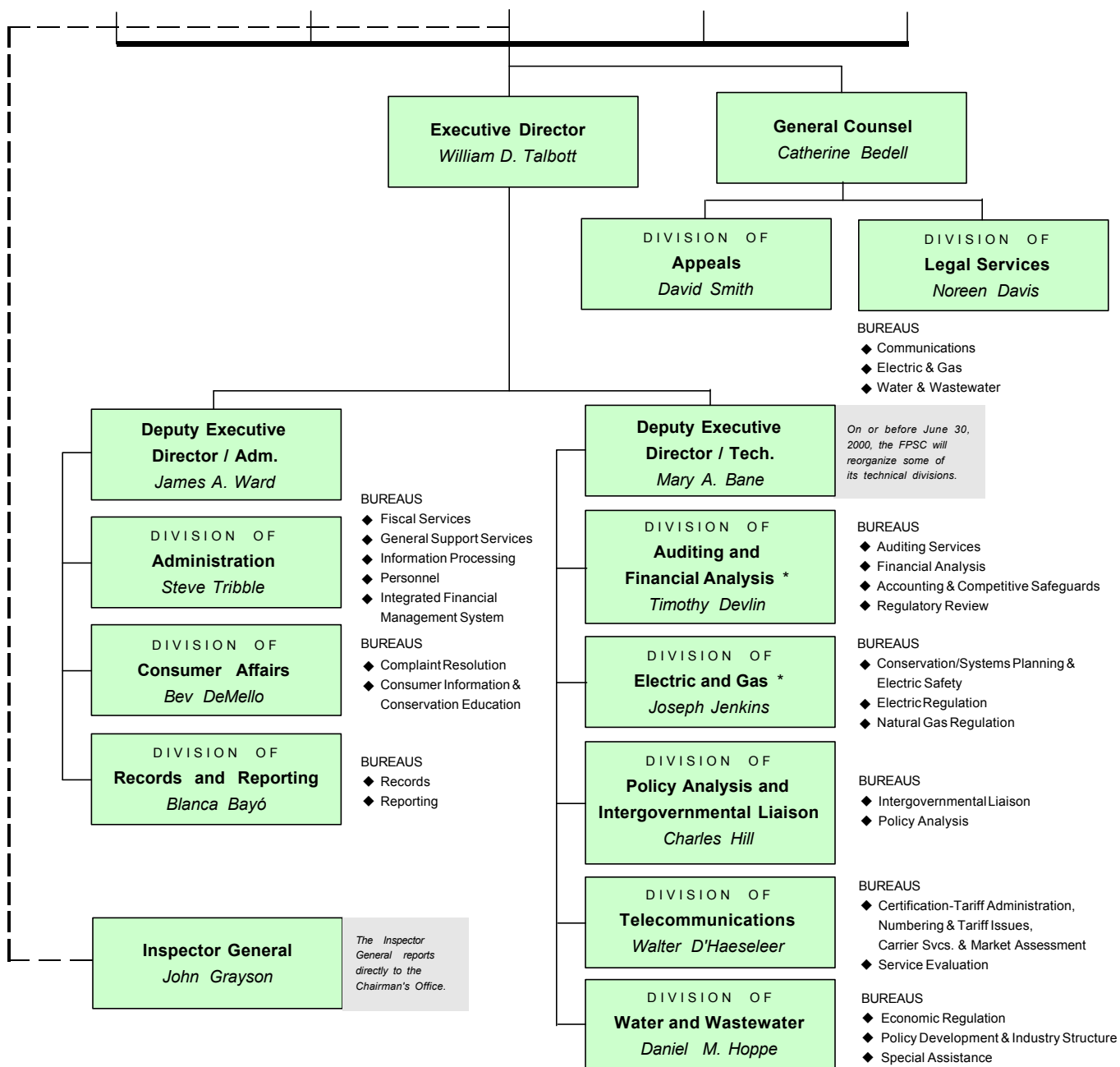


**Susan F. Clark**  
Appointed through  
01/06/03



**Lila A. Jaber**  
Appointed through  
01/01/01

Commissioner Jaber was appointed by Florida Governor Jeb Bush on February 9, 2000, to complete the term of former Commissioner Julia L. Johnson.



On or before June 30, 2000, the FPSC will reorganize some of its technical divisions.

The Inspector General reports directly to the Chairman's Office.

\* Supervises personnel in district offices: Tallahassee, Orlando, Miami and Tampa

## The Commissioners



CHAIRMAN  
*Joe Garcia*

Chairman Joe Garcia was appointed by the late Governor Lawton Chiles in August 1994 to complete a term ending in January 1998, and was then reappointed by Governor Chiles to a new term ending in January 2002. He was installed as Chairman of the Florida Public Service Commission in January 1999.

Chairman Garcia is currently Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on International Relations and serves on the NARUC Committees on Telecommunications and Consumer Affairs. In addition, he was appointed to the Federal Communications Commission's Federal-State Joint Board on Universal Service. He is Second Vice-Chair of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), and also serves on the advisory councils of the Institute of Public Utilities at Michigan State University and the Center for Public Utilities at New Mexico State University. He has also served on the Department of Energy's National Electric and Magnetic Fields Advisory Committee.

Prior to his service on the Commission, he was Executive Director of the Cuban Exodus Relief Fund, the Cuban American National Foundation's private sector resettlement program, and was Assistant Director of the Salvadoran American Foundation, where he coordinated fund-raising efforts for humanitarian relief campaigns.

He received a bachelor of arts degree in politics and public affairs, as well as a law degree, from the University of Miami. He is a director of The Beacon Council and the Latin Chamber of Commerce of USA (CAMACOL).





COMMISSIONER

*J. Terry Deason*

Commissioner Deason was first appointed by the Florida Public Service Commission Nominating Council in February 1991 for a term ending in January 1995. He has been reappointed to consecutive terms by the late Governor Lawton Chiles and Governor Jeb Bush. Commissioner Deason's current term ends in January 2003. He served as Commission Chairman from January 5, 1993, through January 2, 1995.

Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). Deason currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and Utility Association Oversight Committee.

Prior to his appointment, Deason served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, Commissioner Deason was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulting with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida.

From 1981 to 1987, he served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel.

He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. Deason also received his master of accounting degree from FSU in 1989.



COMMISSIONER

*Susan F. Clark*

Commissioner Clark was appointed by the late Governor Lawton Chiles in August 1991 to serve the remainder of a term ending in January 1995, and was reappointed to a full term ending in 1999. She was recently reappointed to another four-year term ending in 2003. She served as Commission Chairman from January 2, 1995, through January 7, 1997.

She served the Commission as General Counsel, representing the Commissioners in all state and federal courts, from 1988 until she was appointed Commissioner. Prior to that, she served as Associate General Counsel and Deputy General Counsel from 1980 to 1988. While employed by the Commission, she participated in the development of Commission policies relating to cogeneration and conservation in the electric industry, restructuring of the telecommunications industry to accommodate competition, and streamlining the regulation of water and wastewater utilities.

Prior to her employment with the Public Service Commission, she was staff attorney with the Florida Joint Administrative Procedures Committee from 1977 to 1980, and was staff attorney for Florida Senate Legislative Services from 1974 to 1977.

Commissioner Clark received her bachelor's degree in political science and her juris doctor degree from the University of Florida. She is a member of the Florida Bar and is admitted to practice in several federal courts, including the U.S. Supreme Court. She serves as Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Electricity, and Chair of the Ad Hoc Committee on Electric Industry Restructuring. She is also a member of the NARUC Subcommittee on Nuclear Issues-Waste Disposal, the Subcommittee on Strategic Issues and the Executive Committee. She represents NARUC on the North American Electric Reliability Council, is a member of the Electric Power Research Institute Advisory Council, is a member of the Steering Committee of the National Council on Competition, and is a member of the Advisory Council to the Board of Directors of the Nuclear Electric Insurance Limited.



COMMISSIONER

*E. Leon Jacobs, Jr.*

Commissioner Jacobs was appointed by the late Governor Lawton Chiles to a four-year term beginning January 1998. Prior to his appointment, he was a staff attorney for the House Committees on Tourism and Economic Development, Insurance, and Financial Services in the Florida House of Representatives, where he authored reforms to the state's minority business enterprise programs and managed health insurance and workers' compensation issues. He was staff counsel to the Florida Senate Committee on Reapportionment addressing redistricting issues, which involved support of court appeals of the political districts up through the U.S. Supreme Court. He also was an attorney with the Florida Public Service Commission, where he served as counsel to Commission staff and litigator of administrative proceedings.

He is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Water and Committee on Consumer Affairs. He is also a volunteer guardian in the Guardian Ad Litem Program (GAL) in the Second Judicial Circuit. Additionally, Commissioner Jacobs formerly chaired NARUC's Ad Hoc Task Force on Y2K Readiness. He also formerly served as President of the Board of Directors of the Tallahassee affiliate of Habitat for Humanity.

Commissioner Jacobs is a member of the Florida Bar. He received a bachelor of technology degree, with honors, in data processing from Florida A&M University, and his juris doctor degree from the College of Law at Florida State University.



COMMISSIONER

*Lila A. Jaber*

Commissioner Lila A. Jaber was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush in February 2000 to complete a term ending in January 2001.

From April 1999 to November 1999, she served as Assistant to PSC Commissioner Julia L. Johnson. From 1994 to 1999, Jaber served as a Bureau Chief with the PSC's Division of Legal Services, Bureau of Water and Wastewater, implementing law and policies on the regulation of more than 1,500 water and wastewater facilities throughout the state of Florida. She also served as an attorney with the Division of Legal Services from 1991 to 1994.

Jaber was presented with the PSC's Extraordinary Accomplishment Award in 1993 and was presented the Great Manager Esquire Award by the Florida Bar in 1997.

She is a member of the Florida Bar Administrative Law Section, the Florida Bar Government Lawyer Section, the Florida Bar Public Utilities Law Committee, and the Florida Barristers Association.

Commissioner Jaber is a court-certified mediator and a member of the Florida Bar and the National Bar Association. Jaber also serves on the National Association of Regulatory Utility Commissioners' Committee on Consumer Affairs and the Committee on Water. She received a bachelor of arts degree in political science and business from Stetson University in Deland, FL, and a juris doctorate from the Stetson University College of Law in St. Petersburg, FL.

*National Association of Regulatory Utility Commissioners*  
Committee and Subcommittee Memberships

---

J. Terry Deason	Board of Directors Committee on Finance and Technology Committee on Utility Association Oversight
Susan F. Clark	CHAIR -- Ad Hoc Committee on Electric Industry Restructuring CHAIR -- Committee on Electricity Subcommittee on Nuclear Issues-Waste Disposal Subcommittee on Strategic Issues
Joe Garcia	CHAIR -- Committee on International Relations Committee on Consumer Affairs Committee on Telecommunications
E. Leon Jacobs, Jr.	Committee on Consumer Affairs Committee on Water
Lila A. Jaber	Committee on Consumer Affairs Committee on Water
William D. Talbott	Staff Subcommittee on Executive Directors
Noreen Davis	Staff Subcommittee on International Relations
Charles H. Hill	Staff Subcommittee on Water
James A. Ward	Staff Subcommittee on Education
Timothy J. Devlin	CHAIR -- Staff Subcommittee on Accounts (Until 5/1/00)
Beverlee S. DeMello	Staff Subcommittee on Consumer Affairs Staff Subcommittee on Public Information
James W. Dean	CHAIR -- Staff Subcommittee on Electricity
Mark Futrell	VICE CHAIR -- Staff Subcommittee on Electric Service Reliability
Katrina Tew	Staff Subcommittee on Electricity Staff Subcommittee on Nuclear Issues-Waste Disposal Staff Subcommittee on Strategic Issues
Margaret Feaster	Staff Subcommittee on Computers
Patricia Lee	CHAIR -- Staff Subcommittee on Depreciation
Cheryl Bulecza-Banks	Staff Subcommittee on Gas
Lisa Harvey	Staff Subcommittee on Management Analysis
John D. Williams	Staff Subcommittee on Water
Reese Goad	Staff Subcommittee on Energy Resources and the Environment
Gregory Fogleman	Staff Subcommittee on Telecommunications

## Florida Public Service Commissioner History

Commissioner	Years Served	Replaced by	Appointed by Gov.
George G. McWhorter	08/17/87 - 06/13/91		
E.J. Vann	08/17/87 - 06/13/91		
William Himes	08/17/87 - 06/13/91		

**The Commission was abolished by the Legislature in 1891, and recreated in 1897**

R. H. M Davidson	07/01/97 - 01/03/99	John L. Morgan	
John M. Bryan	07/01/97 - 01/06/03	Jefferson B. Brown	
Henry E. Day	07/01/97 - 10/01/02	R. Hudson Burr	
John L. Morgan	01/03/99 - 01/08/07	Royal C. Dunn	
R. Hudson Burr	10/01/02 - 01/04/27	R. L. Eaton	
Jefferson B. Brown	01/06/03 - 01/08/07	Newton A. Blitch	
Newton A. Blitch	01/08/07 - 10/30/21	A. D. Campbell	
Royal C. Dunn	01/04/09 - 01/04/21	A. S. Wells	
A. S. Wells	01/04/21 - 12/16/30	L. D. Reagin	
A. D. Campbell	11/12/22 - 02/10/24	E. S. Mathews	
E. S. Mathews	02/25/24 - 01/16/46	Wilbur C. King	
R. L. Eaton	01/04/27 - 02/27/27	Mrs. R. L. Eaton-Greene	
Mrs. R. L. Eaton-Greene	02/27/27 - 01/08/35	Jerry W. Carter	
L. D. Reagin	12/16/30 - 07/06/31	Tucker Savage	
Tucker Savage	07/06/31 - 01/03/33	W. B. Douglass	
W. B. Douglass	01/03/33 - 08/04/47	Richard A. Mack	
Jerry W. Carter	01/08/35 - 01/05/71	William H. Bevis	
Wilbur C. King	01/08/47 - 07/18/64	William T. Mayo	
Richard A. Mack	09/15/47 - 01/05/55	Alan S. Boyd	
Alan S. Boyd	01/05/55 - 12/01/59	Edwin L. Mason	
Edwin L. Mason	12/01/59 - 01/06/69	Jess Yarborough	
William T. Mayo	09/01/64 - 12/31/80	Katie Nichols	Graham*
Jess Yarborough	01/06/69 - 01/02/73	Paula F. Hawkins	
William H. Bevis	01/05/71 - 01/03/78	Robert T. Mann	
Paula F. Hawkins	01/02/73 - 03/21/79	John R. Marks, III	
Robert T. Mann	01/04/78 - 01/03/81	Susan Leisner	Graham**

**The Commission became appointive January 1, 1979**

Joseph P. Cresse	01/02/79 - 12/31/85	John T. Herndon	Askew/Graham
Gerald L. Gunter	01/02/79 - 06/12/91	Susan F. Clark	Askew/Graham
			PSC Nominating Council
John R. Marks, III	03/22/79 - 03/02/87	Thomas M. Beard	Graham**
Katie Nichols	01/02/81 - 01/03/89	Betty Easley	Graham
Susan Leisner	02/16/81 - 04/02/85	Michael McK. Wilson	Graham
Michael McK. Wilson	07/12/85 - 11/22/91	Luis J. Lauredo	Graham/Martinez
John T. Herndon	01/07/86 - 04/17/90	Frank S. Messersmith	Graham
Thomas M. Beard	03/03/87 - 08/13/93	Diane K. Kiesling	Martinez
Betty Easley	01/03/89 - 01/05/93	Julia L. Johnson	Martinez
Frank S. Messersmith	06/19/90 - 02/05/91	J. Terry Deason	Martinez
J. Terry Deason	02/06/91 - 01/06/2003		PSC Nominating Council
			Chiles/Bush
Susan F. Clark	08/15/91 - 01/06/2003		Chiles/Bush
Luis J. Lauredo	01/23/92 - 05/16/94	Jose "Joe" Garcia	Chiles
Julia L. Johnson	01/05/93 - 11/15/99	Lila A. Jaber	Chiles
Diane K. Kiesling	12/07/93 - 01/05/98	E. Leon Jacobs, Jr.	Chiles
Jose "Joe" Garcia	08/19/94 - 01/07/2002		Chiles
E. Leon Jacobs, Jr.	01/06/98 - 01/07/2002		Chiles
Lila A. Jaber	02/29/00 - 01/01/2001		Bush

\* 2-year initial term

\*\* 3-year initial term

## *Maintaining the Balance*

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The work of the Florida Public Service Commission is a balancing act. The Commission must balance the needs of a utility and its shareholders with the needs of consumers. Traditionally, the Commission achieved this goal by establishing exclusive utility service territories, regulating the rates and profits of a utility, and placing an affirmative obligation on the utility to provide service to all who requested it. For electric and water customers in the state, many of the Commission's traditional methods for achieving the balance continue today. Legislative action during the 1995 session to open up the local telephone market to increased competition, however, has required the Commission to facilitate entry of new firms into the local telephone market, while at the same time ensuring that neither the new entrant nor the incumbent local exchange company is unfairly advantaged or disadvantaged. Thus, the Commission's role in the increasingly competitive telephone industry remains one of balance.

The Florida Public Service Commission consists of five members selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the Commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs, and law.

The Governor appoints Commissioners from nominees selected by the Public Service Commission Nominating Council. Commissioners also must be confirmed by the Florida Senate. Each Commissioner serves a four-year term unless he or she is appointed to replace a departing Commissioner, in which case the new Commissioner will serve out that term. Should the Governor fail to appoint a new Commissioner by the 60th day following receipt of the slate of nominees, the PSC Nominating Council is empowered to appoint, by majority vote, one of the nominees it submitted to the Governor.

The PSC, created by the Florida Legislature in 1887, was originally called the Florida Railroad Commission. The primary purpose of the board was the regulation of railroad passenger and freight rates and operations.

As Florida progressed, it was necessary for the Commission to expand. In 1911, the Legislature conferred upon the Commission the responsibility of regulating telephone and telegraph companies, and in 1929, jurisdiction was extended to motor carrier transportation. The PSC began regulating investor-owned electrics in 1951, and then in 1953, jurisdiction was extended to the regulation of gas utilities. In 1959, the Commission began regulating privately owned water and wastewater systems.

Prior to 1978, three Commissioners were elected in a statewide election. The 1978 Legislature adopted a bill changing the Commission to a five-member appointed board.

The Commission has quasi-legislative and judicial responsibilities, as well as some executive powers and duties. In its legislative capacity, the PSC makes rules governing utility operations. In a judicial manner, the PSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the First District Court of Appeal and the Florida Supreme Court. As an executive agency, the PSC enforces state laws affecting the utility industries.

---

During 1999, the PSC regulated five investor-owned electric companies, eight investor-owned gas utilities, and 331 investor-owned water/wastewater utilities comprising 1,275 systems. Additionally, the PSC had regulatory authority and competitive market oversight for 10 incumbent local exchange telephone companies, 346 alternative local exchange telephone companies, 653 long distance (interexchange) telephone companies, 891 competitive pay telephone service providers, 31 shared tenant service providers, and 36 alternative access vendors.

While the PSC does not regulate publicly owned, municipal, or cooperative utilities, it does have rate structure jurisdiction over 33 municipally owned electric systems, 18 rural electric cooperatives, and 27 municipally owned gas utilities.

In 1999, the Commission's Division of Records and Reporting received and processed 16,055 numbered documents, which was an increase of 1,324 documents over the 1998 total of 14,731. It opened 2,041 dockets, and in doing so set an all-time record for the second year in a row for dockets opened in one year. The Division reopened 27 dockets and closed 2,827.

The PSC has 401 authorized positions and an annual budget of about \$30 million. ♦



## *How Rates are Set*

---

The Public Service Commission has the responsibility to set rates that are fair, just, and reasonable. It is also required to set rates to allow utility investors an opportunity to earn a reasonable return on their investment. Whenever a jurisdictional rate-base-regulated gas, electric, telephone, water or wastewater company wants to change its rates, it must come before the PSC for permission. The PSC then investigates its request and sets new rate levels if the request is valid. The investigation is extensive, with many PSC staff members helping the Commission assess the company's request.

### **Public Input**

As part of its investigation in rate cases, the PSC holds a customer hearing within the utility's service areas, so the Commissioners can hear from the public. Customers may comment or ask questions on the proposed rates or make any other statements relating to the utility's operations. The Public Counsel, who is appointed by the Florida Legislature, represents customers at rate case hearings.

### **Technical Hearings**

Later, hearings similar to courtroom proceedings are held in which evidence is presented by expert witnesses in support of each viewpoint represented. Witnesses are cross-examined by the utility, intervenors, staff, and the Office of Public Counsel. This information is utilized by the Commission when it evaluates company requests.

### **Commission Decisions**

After all evidence is presented, the Commission reviews the record that has been developed and issues a decision. The decision it makes will determine the level of rates the company will be permitted to collect.

The utility is required to justify all of its expenses for the operations of the utility. An expense that the Commission determines to be improper or unnecessary is disallowed and is excluded from the amount the utility is allowed to collect from customers.

The Commission also looks at the amount utility stockholders have invested in plants and other facilities and allows a reasonable return on the investment necessary to provide good service.

Rates are calculated to produce the amount needed for the approved expenses plus the authorized return. There is no guarantee that the authorized return will be achieved.

Once the final order is issued, the Commission's decision can be appealed to the state's appellate court system. ♦



EXECUTIVE DIRECTOR

*William D. Talbott*

The Executive Director is, essentially, the chief of staff of the Commission with general responsibility over the technical and administrative operations of the Commission. He acts as an interagency liaison and consults with and advises the Commission on economic and governmental matters. The Office of the Executive Director includes two Deputy Executive Directors. This division of executive duties helps to facilitate the flow and efficiency of the Commission's workload, and provides the proper direction and leadership for the staff. The Office coordinates the activities of the divisions, is responsible for the implementation of Commission policies, makes recommendations for the development and implementation of internal management and budget policies, and acts as legislative liaison.



DEPUTY EXECUTIVE DIRECTOR /  
TECHNICAL

*Mary A. Bane*

Mary Bane is Deputy Executive Director over the Divisions of Auditing and Financial Analysis, Telecommunications, Electric and Gas, Policy Analysis and Intergovernmental Liaison, and Water and Wastewater, and acts as legislative liaison.



DEPUTY EXECUTIVE DIRECTOR /  
ADMINISTRATIVE

*James A. Ward*

James Ward is Deputy Executive Director over the Divisions of Administration, Consumer Affairs and Records and Reporting.



DIVISION DIRECTOR

*Tim Devlin*

*The Division of Auditing and Financial Analysis is the principal adviser to the Commission on matters pertaining to accounting, taxes, capital recovery, and finance. In addition, the Division performs audits and issues reports on regulated utilities. Of the seventy-six staff members in the Division, sixty-six are technical staff composed of accountants, economists, engineers, and financial analysts. There are fifteen Certified Public Accountants, two Certified Internal Auditors, three Certified Rate of Return Analysts, one Certified Financial Analyst, one Certified Depreciation Professional, and thirteen staff members who hold advanced degrees.*

# Auditing & Financial Analysis

## *Bureau of Auditing Services*

A staff of 27 accountants completed 175 financial, special investigative, and regulatory assessment fee (RAF) audits to support the staff analysis of utility petitions and Commission initiatives during 1999. These audits were broken down as follows:

SUMMARY OF AUDITS	
Capacity Cost	4
Compliance	2
Conservation	10
Earnings Surveillance	10
Environmental Cost Recovery	3
Fuel	5
Investigations	20
IXC Pass-Through	6
Purchased Gas Adjustments	8
Rate Base Audits (Transfer)	10
Rate Cases	1
Regulatory Assessment Fees	92
Staff-Assisted Rate Cases	4

The 1998 Legislature required GTE and Sprint to reduce the switched access charges to interexchange companies (IXCs). Further, the statutes require each IXC to flow-through the reduction. The Bureau of Auditing Services initiated an audit for a sample of eleven IXCs to verify the flow-through of the access charge reductions. The six audits completed in 1999 show no errors in the application of the pass-through rates. However, three of the remaining audits have extensions in order to pursue potential errors.

The Bureau of Auditing Services also assisted the Division of Telecommunications (CMU) with audits in six dockets opened when BellSouth Telecommunications petitioned for waiver of the collocation requirements. These audits included physical inspection of the six central offices; interviews of switch, circuit, and common system planners; measurement of portions of the central offices and comparisons with maps showing current and future use space; and review of access line forecasts and historical growth. Two auditors managed the audits and filed testimony; however, the cases were deferred and the petitions eventually were withdrawn by the companies.

Three other audits that are indicative of an area that the Bureau has become more involved in are telecommunications company billing audits. The first audit was a dispute between a pay phone company and BellSouth Telecommunications regarding the amount owed to BellSouth. The audit involved billing from 1989 through early 1999. While the pay phone company recorded approximately 1,400 customers, the auditors sampled about 130 accounts. The auditors compared the pay phone company's records to the records of BellSouth. For each of those accounts, the auditors attempted to trace the pay phone company's payments to BellSouth by tracing to the canceled checks and the check register. The second audit was also a billing dispute between BellSouth and a computer company. This audit covered a much shorter time frame but required the auditors to schedule all bills and trace payments to canceled checks as well as review the quality of service provided by BellSouth based on evidence provided by the computer company trouble tickets provided by BellSouth. These two audits were completed and the cases ultimately were stipulated using some of the information provided by the audits. The third audit was in response to a rule change that fixed a rate for 0+ and 0- calling. Some companies did not implement the fixed rate on a timely basis and were required to refund overcharges. In this particular audit, the company's reported overcharges appeared unreasonable for the reported gross revenues, so the Bureau was asked to audit the company's report.

In 1998, the Bureau initiated a program review of the RAFs submitted to the Commission. The Bureau used a basic audit request that included two steps: tracing the revenues and regulatory assessment fees reported on the RAF form to the utility's general ledger, and judgmentally testing the utility's revenues to determine that all revenue types required by statute and rule are reported on the RAF form. In 1999, the Bureau pulled a sample of companies from the total population of all non-rate-base-regulated companies that pay RAFs. Forty-six RAF reviews for the 1999 sample were completed in 1999, as well as 42 of the reviews for the 1998 sample. Four additional audits were initiated as a follow-up to the completed audits.

During the year, three auditors submitted testimony in two cases before the Commission. In the first case, the auditors supported the audit work in a water and wastewater rate case filing. The audit was a comprehensive audit of all rate base and net operating income items as well as the capital structure. In the second case, the auditor supported the audit work in a water and wastewater certificate transfer case. The audit covered the cost of the plant at the time of the transfer.

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<b>BUREAU OF AUDITING TALLAHASSEE DISTRICT OFFICE AUDITS COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
920260-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Comprehensive review of the revenue requirements and rate stabilization plan of Southern Bell Telephone and Telegraph Company.
UNDKT.	CABLE & WIRELESS, INC.	Investigation to verify the flow-through of switched access rate reductions.
UNDKT.	GTE FLORIDA INCORPORATED	Investigation to verify the flow-through of switched access rate reductions.
990001-EI	GULF POWER COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (capacity cost).
990002-EG	GULF POWER COMPANY	Energy conservation cost recovery clause.
990001-EI	GULF POWER COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (fuel).
990007-EI	GULF POWER COMPANY	Environmental cost recovery clause.
UNDKT.	GULF POWER COMPANY	Investigation into the earnings level for 1998.
UNDKT.	GULF POWER COMPANY	Investigation into building space.
UNDKT.	NORTHEAST FLORIDA TELEPHONE COMPANY	Investigation into the earnings level for 1998.
UNDKT.	NORTHEAST FLORIDA TELEPHONE COMPANY, INC.	Review of regulated and nonregulated services.
UNDKT.	OPERATOR COMMUNICATIONS, INC. D.B.A. OCI	Investigation into reported overcharges for 0+ and 0- calls made after February 1, 1999.
UNDKT.	SPRINT-FLORIDA, INC.	Investigation to verify the flow-through of switched access rate reductions.
990003-GU	ST. JOE NATURAL GAS	Purchased gas adjustment (PGA) true-up.
990002-EG	ST. JOE NATURAL GAS	Energy conservation cost recovery clause.
<b>TOTAL TALLAHASSEE AUDITS: 15</b>		

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BUREAU OF AUDITING TAMPA DISTRICT OFFICE AUDITS COMPLETED 1999		
Docket No.	Utility Name	Docket Title
UNDKT.	AMERICAN COMMUNICATION SERVICES OF JACKSONVILLE, INC. D.B.A. E.SPIRE COMMUNICATIONS, INC.	Investigation to verify the flow-through of switched access rate reductions.
990002-EI	FLORIDA POWER CORPORATION	Energy conservation cost recovery clause.
990001-EI	FLORIDA POWER CORPORATION	Fuel and purchased power cost recovery clause and generating performance incentive factor (fuel).
990001-EI	FLORIDA POWER CORPORATION	Fuel and purchased power cost recovery clause and generating performance incentive factor (capacity cost).
UNDKT.	FLORIDA POWER CORPORATION	Investigation into building renovation costs of the general office complex, Bayboro, and Central Station.
UNDKT.	FLORIDA POWER CORPORATION	Investigation into the level of earnings for 1998.
UNDKT.	FRONTIER COMMUNICATIONS	Investigation to verify the flow-through of switched access rate reductions.
981266-SU	HACIENDA VILLAGE UTILITIES, INC.	Application for transfer of Certificate No. 285-S in Pasco County to Hacienda Utilities, Ltd.
UNDKT.	HUNTER CREEK UTILITIES, LLC.	Review of financial statements provided as part of application for certificate to provide water and wastewater service in Charlotte County.
990002-EG	TAMPA ELECTRIC COMPANY D.B.A. PEOPLES GAS SYSTEM	Energy conservation cost recovery clause.
990002-EG	TAMPA ELECTRIC COMPANY D.B.A. PEOPLES GAS SYSTEM	Energy conservation cost recovery clause.
990003-GU	TAMPA ELECTRIC COMPANY D.B.A. PEOPLES GAS SYSTEM	Purchased gas adjustment (PGA) true-up.
981858-WS	ROTONDA WEST UTILITY CORPORATION	Application for authority to transfer facilities and Certificate Nos. 565-W and 493-S in Charlotte County to Aquasource Utility, Inc.
990001-EI	TAMPA ELECTRIC COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (fuel).
950379-EI	TAMPA ELECTRIC COMPANY	Investigation into the level of earnings for 1998.
990007-EI	TAMPA ELECTRIC COMPANY	Environmental cost recovery clause.
990001-EI	TAMPA ELECTRIC COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (capacity cost).
990002-EG	TAMPA ELECTRIC COMPANY	Energy conservation cost recovery clause.
<b>TOTAL TAMPA AUDITS: 18</b>		

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BUREAU OF AUDITING ORLANDO DISTRICT OFFICE AUDITS COMPLETED 1999		
Docket No.	Utility Name	Docket Title
990937-SU	ABCA, INC.	Application for staff-assisted rate case in Polk County.
UNDKT.	AMERICAN NETWORK EXCHANGE, INC. D.B.A. AMNEX	Investigation to verify the flow-through of switched access rate reductions.
UNDKT.	BAYSIDE UTILITY SERVICES, INC.	Investigation to verify compliance with Commission order.
990356-WS	BIEBER ENTERPRISES, INC. D.B.A. BREEZE HILL UTILITIES	Application for staff-assisted rate case in Polk County.
991290-WU	BRENDENWOOD WATER SYSTEM	Application for staff-assisted rate case in Lake County.
990971-TX	C.I.O., INC.	Review of financial statements provided as part of application for certificate to provide alternative local exchange telecommunications service.
990003-GU	CHESAPEAKE UTILITIES CORPORATION	Purchased gas adjustment (PGA) true-up.
990002-EG	CHESAPEAKE UTILITIES CORPORATION	Energy conservation cost recovery clause.
990253-WU	INGLEWOOD WATER SYSTEM	Audit of rate base for application for approval of sale in Levy County to Lonnie and Royanna Parnell.
981779-WS	J. SWIDERSKI UTILITIES, INC	Audit of rate base for application for authority to transfer facilities and Certificate Nos. 371-S and 441-W in Lake County to Aquasource Utility, Inc.
990194-WS	LAKE YALE CORPORATION D.B.A. LAKE YALE UTILITY COMPANY	Audit of rate base for application for transfer of Certificate Nos. 560-W and 488-S in Lake County to Lake Yale Treatment Associates, Inc.
960444-WU	LAKE UTILITY SERVICES, INC.	Application for rate increase in Lake County.
980670-WS	SANLANDO UTILITIES CORPORATION	Investigation of possible overearnings in Seminole County.
UNDKT.	SEBRING GAS SYSTEM, INC.	Investigation into the level of earnings for 1998.
980003-GU	SEBRING GAS SYSTEM, INC.	Purchased gas adjustment (PGA) true-up.
981609-WS	SOUTHLAKE UTILITIES, INC.	Investigation into level of service availability charges and AFPI charges in Lake County.



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<b>BUREAU OF AUDITING                      ORLANDO DISTRICT OFFICE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
990003-GU	SOUTH FLORIDA NATURAL GAS	Purchased gas adjustment (PGA) true-up.
UNDKT.	SPRINT COMMUNICATIONS COMPANY, LIMITED PARTNERSHIP D.B.A. SPRINT	Investigation to verify the flow-through of switched access rate reductions.
990731-WU	SUNRISE WATER COMPANY, INC.	Audit of rate base for application for transfer of water facilities to Keen Sales in Polk County.
981663-WU	TANGERINE WATER COMPANY, INC.	Application for staff-assisted rate case in Orange County.
981663-WU	TANGERINE WATER COMPANY, INC.	Investigation to verify compliance with Commission order.
981697-WS	VILLAGE WATER, LTD.	Audit of rate base for application for authority to transfer facilities and Certificate Nos. 585-W and 503-S in Polk County to Aquasource Utility, Inc.
990243-WU	WATER OAK UTILITIES CO., INC.	Application for limited proceeding increase and restructuring of water rates in Lake County.
<b>TOTAL ORLANDO AUDITS: 23</b>		

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<b>BUREAU OF AUDITING                      MIAMI DISTRICT OFFICE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	2001 TELECOMMUNICATIONS, INC	Complaint against BellSouth Telecommunications regarding billing practices.
990193-TP	BELLSOUTH TELECOMMUNICATIONS, INC.	Complaint by ATNEX Computer Corp regarding billing dispute.
981250-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition for temporary waiver of physical collocation requirements set forth in the 1996 Telecommunications Act and the FCC's First Report and order for the Lake Mary Main central office.
981012-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition for temporary waiver of physical collocation requirements set forth in the 1996 Telecommunications Act and the FCC's First Report and order for the North Dade Golden Glades central office.
981011-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition for temporary waiver of physical collocation requirements set forth in the 1996 Telecommunications Act and the FCC's First Report and order for the West Palm Beach Gardens central office.
980948-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition for temporary waiver of physical collocation requirements set forth in the 1996 Telecommunications Act and the FCC's First Report and order for the Miami Palmetto central office.
980947-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition for temporary waiver of physical collocation requirements set forth in the 1996 Telecommunications Act and the FCC's First Report and order for the Boca Raton Boca Teeca central office.
980946-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition for temporary waiver of physical collocation requirements set forth in the 1996 Telecommunications Act and the FCC's First Report and order for the Daytona Beach Port Orange central office.
990975-WS	BONITA COUNTRY CLUB UTILITIES, INC.	Audit of rate base for application for transfer of Certificate No. 281-S in Lee County to RealNor Hallandale, Inc.
980003-GU	CITY GAS COMPANY OF FLORIDA	Purchased gas adjustment true-up.
980002-EG	CITY GAS COMPANY OF FLORIDA	Energy conservation cost recovery clause.
UNDKT.	FLORIDA POWER & LIGHT COMPANY	Investigation into the contract practices for joint trenching.

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<b>BUREAU OF AUDITING MIAMI DISTRICT OFFICE AUDITS COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	FLORIDA POWER & LIGHT COMPANY	Investigation into the contract practices regarding rocky conditions vs. sandy conditions.
990007-EI	FLORIDA POWER & LIGHT COMPANY	Environmental cost recovery clause.
990002-EG	FLORIDA POWER & LIGHT COMPANY	Energy conservation cost recovery clause.
990001-EI	FLORIDA POWER & LIGHT COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (fuel).
990001-EI	FLORIDA POWER & LIGHT COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (capacity cost).
990002-EG	FLORIDA POWER & LIGHT COMPANY	Energy conservation cost recovery clause.
990001-EI	FLORIDA PUBLIC UTILITIES COMPANY	Fuel and purchased power cost recovery clause and generating performance incentive factor (fuel).
990003-GU	FLORIDA PUBLIC UTILITIES COMPANY	Purchased gas adjustment (PGA) true-up.
990535-WU	FLORIDA PUBLIC UTILITIES COMPANY	Request for approval of increase in water rates in Nassau County.
990002-EG	FLORIDA PUBLIC UTILITIES COMPANY	Energy conservation cost recovery clause.
UNDKT.	FLORIDA PUBLIC UTILITIES COMPANY- FERNANDINA BEACH	Investigation into the earnings level for 1998.
990003-GU	INDIANTOWN GAS COMPANY	Purchased gas adjustment true-up.
981221-SU	SANDALHAVEN UTILITY, INC.	Audit of rate base for application for transfer of Certificate No. 495-S in Charlotte County to Utilities, Inc. of Sandalhaven.
982017-SU	SOUTH SEAS UTILITY COMPANY	Audit of rate base for application for authority to transfer facilities and Certificate No. 268-S in Lee County to AquaSource Utility, inc.
UNDKT.	VARTEC TELECOM, INC. D.B.A. VARTEC TELECOM, INC. AND CLEAR CHOICE COMMUNICATIONS	Investigation to verify the flow-through of switched access rate reductions.
<b>TOTAL MIAMI AUDITS: 27</b>		

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<b>BUREAU OF AUDITING                      REGULATORY ASSESSMENT FEE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	1-800-RECONEX, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	AMERICAN TEL. GROUP, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	AMERICAN TEL GROUP, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	AMERITEL PAY PHONES, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	AMI COMMUNICATIONS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	ATLANTIC BUS. COMM. OF ORLANDO, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	ATLANTIC TELECOMMUNICATION SYSTEMS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	B&S PAYPHONE CO.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	BELLSOUTH TELECOMMUNICATIONS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	BIZ TEL CORP.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	BROWARD BUSINESS SERVICES, INC	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CALL-4-LESS	Audit compliance with regulatory assessment fees for year ended December 31, 1998.

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<b>BUREAU OF AUDITING                      REGULATORY ASSESSMENT FEE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	CARIB COMM., L.P.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CHERRY COMMUNICATIONS	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	CINCINNATI BELL LONG DISTANCE, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CITIZENS TELECOM	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	CITY OF SEBRING	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CITY OF HOMESTEAD	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CITY OF TALLAHASSEE	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CITY OF LEESBURG	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	CITY OF LAKE WORTH UTILITIES	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	CITY OF LAKE CITY	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	CITY OF GREEN COVE SPRINGS	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	COLLEGIATE VILLAGE INN, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.

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**BUREAU OF AUDITING  
REGULATORY ASSESSMENT FEE AUDITS  
COMPLETED 1999**

<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	COMMEX	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	COMMUNICATIONS MANAGEMENT SERVICES, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	D.D.D. CALLING, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	DAVE & BUSTER'S, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	DONALD C. BAUERLE	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	ENERGY SERVICES OF PENSACOLA	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	ENTEL WEST COAST - JOINT VENTURE	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	EQUITY PAY TELEPHONE CO., INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	ESCAMBIA RIVER ELECTRIC COOP, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	EZ TALK COMMUNICATIONS	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	FLORIDA BELL TELEPHONE, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	FOXTEL, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.

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<b>BUREAU OF AUDITING                      REGULATORY ASSESSMENT FEE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	FRANK M. MCHUGH	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	FREDERICK H. ARNETT, JR.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	FREEDOM COMMUNICATIONS CORP.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	FREEDOM COMMUNICATIONS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	FRIENDLY WAS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	GAINESVILLE REGIONAL UTILITIES	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	GEORGE C. BROWN	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	GRACO, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	GTE LONG DISTANCE	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	GUATE CENTRO SERVICES, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	HADI HORRI	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	HJN TELECOM, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.

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<b>BUREAU OF AUDITING                      REGULATORY ASSESSMENT FEE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	IDEAL DIAL CORP.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	INFO-TEL. INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	ITC DELTACOM, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	JACKSON MEMORIAL HOSPITAL	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	KMC TELECOM, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	KMC TELECOM, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997 and 1998.
UNDKT.	LONG DISTANCE WHOLESALE CLUB	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	MERIDIAN TELCOM CORP.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	MIAMI PAY PHONES SERVICES, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	MICHAEL L. MAUST AND CAROL F. MAUST	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	MZ. GLORIA'S FULL SERVICE SALON	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	NATIONALTEL	Audit compliance with regulatory assessment fees for year ended December 31, 1997.



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BUREAU OF AUDITING REGULATORY ASSESSMENT FEE AUDITS COMPLETED 1999		
Docket No.	Utility Name	Docket Title
UNDKT.	NEFCOM TECHNOLOGIES	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	NORTH AMERICAN DIGICOM CORP.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	OMNEYA HAMOUDA	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	OVERLOOK COMMUNICATIONS INTERNATIONAL	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	PETER MARIO SOSTHEIM	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	PHONETEL TECHNOLOGIES, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	PRIORITY LINK	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	QUALITY PHONE SERVICE OF FLORIDA	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	QUENTEL COMMUNICATIONS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	RAVAR, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	RAY GRUBER	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	RITELINE COMMUNICATIONS, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.

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<b>BUREAU OF AUDITING                      REGULATORY ASSESSMENT FEE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	SHARED NETWORK USERS GROUP, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	SOUTHREP, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	SPRINT	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	ST. RITA CATHOLIC CHURCH	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	STEVEN C. SORENSON	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	T-NETIX, INC	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	TEL-PRO ENTERPRISES	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	TEL3 (NETEL, INC.)	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	TELECOM ONE, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	TELEPHONE COMPANY OF CENTRAL FLORIDA	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	THE PHONE COMPANY	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	TOUCH TONE AMERICA, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.

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<b>BUREAU OF AUDITING                      REGULATORY ASSESSMENT FEE AUDITS                      COMPLETED 1999</b>		
<b>Docket No.</b>	<b>Utility Name</b>	<b>Docket Title</b>
UNDKT.	TOWN OF CENTURY	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	U.S. PAYTEL, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	U.S. NETWORK SERVICES, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	U.S. REPUBLIC COMM.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	WESTEL, INC.	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	WILLIAM O. BAMIS	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	WILLIAM THOMAS SMITH	Audit compliance with regulatory assessment fees for year ended December 31, 1998.
UNDKT.	ZAYIN INCORPORATED	Audit compliance with regulatory assessment fees for year ended December 31, 1997.
<b>TOTAL REGULATORY ASSESSMENT FEE AUDITS: 92</b>		

### **Electronic Data Processing (EDP) Section**

The Electronic Data Processing Section (EDP) provides computerized audit support to Public Service Commission auditors and staff. Since the last reporting, the number of requests for EDP support increased 11.3 percent. The EDP Section received 89 requests for support on 14 audits covering 11 utility companies, each with its own complex computer system, which is industry-specific.

In 1999, the EDP Section continued its support of distribution of laptop computers as well as the installation of extensive upgrades for field computer software. These upgrades benefited not only Division of Auditing and Financial Analysis staff, but also the Division of Electric and Gas (EAG) and the Division of Telecommunications (CMU) engineering personnel assigned to the PSC's district offices. The support not only involves the physical delivery, but also covers the ongoing troubleshooting and resolution of problems that always accompany this type of function.

Technical support was also provided to the Commission's Year 2000 Task Force. The EDP Section continues to supply advice and direction to the auditors and staff on issues involving statistical sampling methodology as required.

One of the projects that the EDP Section embarked on in 1999 involved program development to provide EDP support for future billing audits on Tampa Electric Company (TECO) and Florida Power Corporation (FPC). When completed, the programs will enable the Public Service Commission auditors and staff to utilize electronic billing data, furnished by the companies, to perform computerized audits for fuel, conservation, capacity, and environmental billing elements. The resulting audit products will be much more sophisticated and complete than what has been possible in the past. Programing for TECO is expected to be available and utilized during the first half of 2000, with the completion of programing for FPC to closely follow.

### *Bureau of Financial Analysis* **Depreciation Section**

The Depreciation Section worked on several environmental cost recovery dockets, depreciation studies of gas and electric companies, and water and wastewater, and electric depreciation rules. The Section participated in earnings reviews for telecommunication and electric companies and will participate in several pending rate cases. Nuclear decommissioning and disposal of spent nuclear fuel, decommissioning studies, and rulemaking were other activities. Fossil plant dismantlement studies were reviewed. The Section participated in a water and wastewater rate case, confidentiality determinations, determination of the costs of unbundled network elements (UNEs) in the telecommunications industry, three telecommunications arbitration proceedings, several rates case petitions by the Office of Public Counsel and collocation proceedings. Further, the Section was involved in several earnings reviews, a subscriber plant factor proceeding, and a service rider proceeding.

During 1999, the Section assisted the Florida Department of Revenue (DOR) and property tax appraisers in various telecommunications industry matters.

The Section is routinely involved in analyzing annual status reports and drafting comments to rules proposed by the Federal Energy Regulatory Commission (FERC), Federal Communications Commission (FCC), and Nuclear Regulatory Commission (NRC), among others. The Section is very active in National Association of Regulatory Utility Commissioners (NARUC) activities and supplies an instructor at the summer training session as well as participating in other national organizations. The Section monitors publications of the FERC, FCC, NRC, and Financial Accounting Standards Board (FASB) for relevant information, and reads and conducts research in relevant matters. A resulting report discussed stranded investment. The Section also routinely handles complaints and inquiries concerning depreciation matters.

*1999 Depreciation Studies*

<b>ELECTRIC :</b>	<b>DOCKET NUMBER :</b>
FPL	971660-EI
FPUC-Fernandina Beach (Rec. in 1999)	980583-EI
<b>GAS :</b>	
City Gas	990229-GU
FPUC	990302-GU
Indiantown	980845-GU

**Finance Section**

During 1999, the Finance Section provided capital structure and cost of capital support in earnings investigations of Florida Public Utilities Company's (FPUC) Fernandina Beach water and wastewater division, United Water Company, and Sanlando Utilities Corporation. Further, the Finance Section worked on Sanlando's petition to build a water reuse project; TECO's earnings sharing plan filings; FPL's petition to waive portions of the standard offer contracts bidding rule; FPL's proposal to reduce its allowed return on equity and extend its plan for expensing certain items in 1999 and 2000; the OPC's petitions to bring Gulf Power Company and FPL in for rate cases; the City of Lakeland's power plant Need Determination proceeding; Gulf's power plant and Need Determination proceeding; FPL's nuclear decommissioning filing; TECO's and FPL's fossil fuel dismantlement studies; and FPL's, TECO's, and Gulf's petitions for recovery of environmental costs. In addition, the Finance Section evaluated certificate applications to provide competitive services in the telecommunications industry and evaluated issues regarding the restructuring of the electric utility industry. Staff also participated in various rulemaking proceedings.

In addition to working on state regulatory matters, the Finance Section took on an expanded role in monitoring regulatory changes at the federal level. The Finance Section monitored the actions of the FERC and other state regulatory commissions regarding the restructuring of the electric utility industry. This role also included drafting comments to the Securities and Exchange

Commission (SEC) regarding the rules governing public utility holding companies' investments in foreign utilities and exempt wholesale generator projects. The Section reviewed the FCC's proposed rules to open the telecommunications industry to competition.

The Finance Section also performed numerous routine activities. On an ongoing basis, staff processed the security applications for all investor-owned natural gas and electric utilities, evaluated the requests for corporate undertakings from all water and wastewater utilities, monitored all FASB and SEC pronouncements that impact financial and reporting requirements of utilities, calculated the interest on refunds, and maintained the database and cost-of-equity models used by staff to estimate the required rate of return on common equity capital. Also, on a continuous basis, staff maintained a dialogue with various state and federal regulatory commissions, credit rating agencies, and the financial community.

### **Tax Section**

During 1999, the Tax Section was involved in dockets dealing with the Environmental Cost Recovery Clause, fuel, and purchased power and gas. The Section was involved in earnings surveillance proceedings, rate cases, nuclear matters, several water and wastewater matters, refunds of contributions-in-aid-of-construction (CIAC) gross-up, and monitoring the Internal Revenue Service (IRS) project to develop CIAC regulations. Comparisons of the provisions of the old CIAC law and regulations and the new CIAC law were prepared. The Section participated in rulemaking in all industries, a UNE project, and the determination of the cost of basic local service pursuant to legislative mandate. Telecommunications arbitration and collocation cases, reuse matters, depreciation studies, and mergers and acquisitions also involved the Section.

The Section has actively monitored the telecommunications flat tax proposal, and provided assistance to customers, potential providers, and providers of telecommunications services in Florida. Billing inquiries and complaints involving taxes and fees were also handled. The Section provided information to several utilities and the IRS in a number of income tax cases.

The Section regularly monitors the NRC, FERC, FCC, FASB, and IRS for relevant tax developments and participates in developing comments in response to their notices. It also attends meetings between the IRS and various companies.

The earnings surveillance reports are monitored for tax matters. The Section is active at the national level through NARUC and prepared a national report on taxation in a competitive environment. The Section was asked to provide assistance to the DOR and county property appraisers. It also participated in the development of a report on the effect of competition and potential price decreases on several sources of Florida revenues.

The Section continues to revise the Commission's Miscellaneous Tax Handbook and is developing tax audit and training materials. The Section also continues to conduct research into relevant tax areas and has written several reports on the findings.

*Bureau of Accounting & Competitive Safeguards*  
**Telecommunications**

During 1999, two local exchange companies, Alltel Florida, Inc. and Northeast Florida Telephone Company, Inc., elected price cap regulation, effective March 1, 1999, and February 9, 1999, respectively. As a result of their price cap election, the Telecommunications Accounting Section requested audits of Alltel's and Northeast's earnings including calendar year 1998 and up to March 1, 1999, for Alltel and calendar year 1998 and up to February 9, 1999, for Northeast. An audit of BellSouth's 1997 earnings requested by the Communications Accounting Section was completed during 1999. A Continuing Properties Record (CPR) audit of BellSouth in Florida was initiated as a result of audit reports issued by the FCC pertaining to CPR inventory discrepancies discovered at various Regional Bell Operating Companies, including BellSouth. The Section continues to monitor the earnings of the remaining rate-base-regulated companies.

The Telecommunications Accounting Section provided technical assistance to the Division of Administration related to the RAF filings. The Section also assisted in amending Regulatory Assessment Fee Commission Rule 25-4.0161, Florida Administrative Code. Technical assistance was also provided to CMU for the determination of refunds and interest related to IXC refunds. The Section also assisted CMU in the selection of a provider of relay services in Florida. The Section continued to monitor FCC activities and filed comments when needed. The Section provided assistance in the Operating Support System Evaluation Project for BellSouth. Assistance to CMU was also provided by the Section in Docket 990994-TP, Revision of the Customer Billing Rule for Local Exchange Telephone Companies. The Telecommunications Accounting Section also participated in the development of the general standard procedures for biennial audits as required under Section 272 of the Communications Act of 1934, as amended.

**Energy**

No requests for rate increases were filed during 1999. However, numerous over-earnings reviews were conducted during 1999 for electric utilities on 1997 and 1998 earnings. FPUC and TECO were subject to earnings limitations for 1998. In addition, an earnings limitation for 1999 is in place for TECO. In 1999, the Commission ordered a refund of \$11.2 million to TECO's customers; however, the order was protested. In addition, the Commission approved rate reductions of \$350 million for FPL and \$10 million for Gulf Power. The earnings of these utilities during 1999 will be specifically reviewed during 1999. The earnings for all of the investor-owned electric and natural gas utilities are continuously monitored through the Section's earnings surveillance program. The Section has also been involved in several dockets concerning the write-off of certain regulatory assets for electric utilities.

During 1999, FPC announced that it intended to merge with Carolina Power and Light. The Energy Section has been monitoring the merger and its effects on Florida ratepayers. Also, workshops were held on staff's proposed rule concerning cost allocations and transactions between regulated and non-regulated operations.

The Energy Section also provides technical accounting assistance to other sections within the Division, as well as other Commission divisions. As a result, the Section is involved in numerous

proceedings involving such diverse areas as tariffs, cost recovery clauses, depreciation, storm damage, revenue decoupling and return on equity reviews.

### **Forecasting & Econometric Analysis**

In 1999, the Forecasting & Econometric Analysis Section participated in several docketed proceedings involving projected financial information. These proceedings included two need determination cases for Gulf Power and Lakeland Utilities in which the Section conducted analyses of the load forecasts supporting the need for power. The Section also participated in the Electric Reserve Margin docket, as well as two Fossil Fuel Dismantlement dockets and the Nuclear Decommissioning docket. Late in the year, the Section began working on the OSS Third Party Testing dockets for CMU. Finally, the Section accepted responsibility for conducting statements of estimated regulatory costs for rulemaking and other matters.

In an undocketed proceeding, the Forecasting & Econometric Analysis Section analyzed the customer, energy, and demand forecasts included in the Ten Year Site Plans submitted by 10 Florida utilities. These analyses consisted of reviews of the forecast methodologies and assumptions, comparisons of the forecasts to the Commission's independent forecast projections, and calculations of each utility's historical forecast accuracy. The Section also assisted the Division of Consumer Affairs in the analysis of the results of the Commission's customer awareness surveys and public service announcements.

The Forecasting & Econometric Analysis Section undertook several important additional activities, including a review of the Forecasted Earnings Surveillance Reports filed by the larger electric and gas utilities, finalizing FPC's Revenue Decoupling experiment, and tracking FPL's retail revenues and special accruals.

### *Bureau of Regulatory Review*

The Bureau of Regulatory Review is responsible for auditing utility operations, investigating and documenting current practices, and identifying areas for improvement. The Bureau reviews utility operations to determine if adequate operating procedures and internal controls are in place and if the utility is in compliance with company, state, and federal guidelines. The Bureau performs special investigations and coordinates follow-up of its findings with other Commission staff members. In addition, the Bureau assists in developing and revising the Commission's Standard Operating Procedures (SOPs-1600).

The Bureau responds to requests for assistance from other technical divisions, the administrative support divisions, the Executive Suite, and the Commissioners. A description of some of the Bureau's 1999 activities follows.

### **Regulatory Reviews**

The Bureau of Regulatory Review completed six major projects in 1999. During the year, eight additional reviews were initiated and are still in progress.



During 1999, the Bureau continued its review and analysis of BellSouth's operational support systems (OSS) at the request of the Division of Telecommunications. The Bureau developed a proposal for third-party testing of BellSouth's OSS and selected a consultant, KPMG, to conduct the tests. After overseeing KPMG's testing and results analysis, Bureau staff will assist in developing the Commission's recommendation to the FCC as to whether BellSouth provides nondiscriminatory access to its systems by competitive local exchange companies, as required by Section 271 of the Telecommunications Act of 1996. This recommendation will have a major impact upon the emergence of local telephone service competition in Florida.

During 1999, the Bureau completed a review of Northeast Telephone Company's affiliate relationships on behalf of CMU. Additionally, the Bureau completed a review of MCI's primary interexchange carrier (PIC) change procedures and initiated two similar reviews of long distance resellers that also resulted from slamming complaints. These reviews of Accutel Communications and Minimum Rate Pricing, Inc., which are expected to be complete in early 2000, examined PIC change process problems as well as the appropriateness of revoking these companies' certifications to operate in Florida. A review of allegations of improper marketing practices by BellSouth Telecommunications is also expected to be completed during 2000.

On behalf of the Division of Electric and Gas, the Bureau completed a review of a long-term gas transportation contract between FPL and Florida Gas Transmission, Inc. The review examined the appropriateness of the vendor selection process used. A review of customer property damage claims handling was conducted to examine the four Florida investor-owned utilities' (IOUs') processes and to identify any patterns of discriminatory treatment. The Bureau also conducted a survey of natural gas customers to determine whether improper marketing practices may have resulted from subsidiary relationships between Peoples Gas Company and TECO Gas Services. During 1999, the Bureau updated its 1997 review of "Equal Employment Opportunity and Minority and Women-Owned Business Procurement Practices at the Four Investor-Owned Electrics."

The Bureau initiated a follow-up review of electric distribution service quality at FPL and FPC to assess the results of improvement plans implemented in response to its original 1997 service quality study. This review will be completed during 2000. Also still in progress are the following audits: a review of the methodologies for rating generating capacity used by FPL, FPC, and TECO; a review of the development of underground residential distribution tariff differentials for all four IOUs; and a review of FPC's purchasing function. ♦



DIVISION DIRECTOR

*Walter D'Haeseleer*

*The Division of Telecommunications is responsible for providing information and making recommendations to the Commissioners on matters concerning telecommunications. In addition, the Division provides telecommunications information and assistance to members of the general public as well as other governmental bodies and the news media. Telecommunications companies currently regulated by the Florida Public Service Commission include 10 local exchange telephone companies, 346 alternative local exchange companies, 653 long distance (interexchange) telephone companies, 891 competitive pay telephone service providers, 31 shared tenant service providers, and 36 alternative access vendors.*

# Telecommunications

## Implementation of State Legislation

As a result of passage of HB 4785 during the 1998 legislative session, the Commission was required to conduct a number of studies for the Legislature and provide reports by February 15, 1999. The Legislature required that the Commission:

- A. "Determine and report to the President of the Senate and the Speaker of the House the total forward-looking cost, based upon the most recent commercially available technology and equipment and generally accepted design and placement principles of providing basic local telecommunications service on a basis no greater than a wire center basis, using a cost proxy model to be selected by the Commission after notice and opportunity for hearing."
- B. "Calculate a small local exchange telecommunications company's cost of providing basic local telecommunications services based on one of the following options:
  - A different proxy model; or
  - A fully distributed allocation of embedded costs, identifying high-cost areas within the local exchange area the company serves and including all embedded investments and expenses incurred by the company in the provision of universal service. The geographic basis for the calculations shall be no smaller than a census block group."
- C. "Determine and report to the President of the Senate and the Speaker of the House the amount of support necessary to provide residential basic local telecommunications service to low-income customers," defined as customers who qualify for Lifeline service (the Lifeline Assistance Program).
- D. "Study and report . . . the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies."
- E. "Report . . . its conclusions as to the fair and reasonable Florida residential basic local telecommunications service rate" considering the following: (1) affordability; (2) value of service; (3) comparable residential rates in other states; and (4) the cost of providing residential basic local telecommunications services in Florida, including the proportionate share of joint and common costs.

- F. "Study issues associated with telecommunications companies serving customers in multi-tenant environments and report its (the Commission's) conclusions, including policy recommendations. As part of this study, the Commission shall hold publicly noticed workshops and shall consider the promotion of a competitive telecommunications market to end users, consistency with any applicable federal requirements, landlord property rights, rights of tenants, and other considerations developed through the workshop process and Commission research."

The Commission conducted a technical hearing on A and B; workshops on C, D, E, and F; and 22 public hearings in conjunction with E. Three reports were filed with the Legislature in February 1999.

**Universal Service and Lifeline Funding Report** (Report of the Florida Public Service Commission on the Total Forward-Looking Cost of Providing Basic Local Telecommunications Service and the Amount of Support Necessary to Provide Basic Local Telecommunications Service to Low-Income Customers in Compliance with A, B, and C)

The Commission did three things. First, it selected a cost proxy model (BCPM 3.1 with modifications) to determine the total forward-looking cost of basic local telecommunications service. The Commission recommended that the costs produced by this model should be reported to the Legislature and used for large local exchange companies, or LECs (GTE, BellSouth, Sprint), if a permanent universal service mechanism were to be established. For small companies, embedded costs (actual costs instead of a proxy) should be used for this purpose. Second, the Commission determined that annual funding requirements for the Lifeline Assistance Program could reach \$36,480,108 by the year 2000 if all eligible households were enrolled and a low-income fund established. Third, the Commission addressed the need for a universal service fund and how one could be implemented. The Commission found that there was no immediate need for a universal service fund for either high-cost areas or Lifeline assistance.

**Study on Fair and Reasonable Rates** (Relationship of the Costs and Charges of Various Services Provided by Local Exchange Companies and Conclusions as to the Fair and Reasonable Florida Residential Basic Local Telecommunications Service Rate in Compliance with D and E)

The Commission found that rates for basic local service could be increased by a modest amount in Florida and still remain affordable for most citizens. Based on criteria that were required to be considered, a rate increase falling in a range from \$0 to \$5 per month would yield a fair and reasonable rate for most citizens in Florida. If any rate increase was implemented, we recommended that other rates be reduced, such as intrastate access charges and touchtone (where applicable). We also recommended that the Legislature consider a low "no-frills" rate to ensure affordability.

**Multi-Tenant Environments** (A Report on Access by Telecommunications Companies to Customers in Multi-Tenant Environments in Compliance with F)

The Commission found that, for purposes of access by telecommunications companies to customers, the definition of a multi-tenant environment (MTE) should be inclusive of all types of structures and tenancies except condominiums, cooperatives, homeowners' associations, all tenancies of 13 months or less in duration, and short-term tenancies as defined in the Florida Administrative Code (Rule 25-24.610(1)(a)). All parties involved in telecommunications access in MTEs should be encouraged to continue to negotiate in good faith using reasonable and nondiscriminatory standards. All costs related to access in an MTE should be reasonable and nondiscriminatory. A fee imposed solely for the privilege of providing telecommunications service in an MTE creates a barrier to competitive entry. To the extent a facilities-based carrier installs equipment in an area already dedicated to public use, and the existing carrier obtained access to that space at no charge, additional carriers should also be provided access at no charge.

### **Service Evaluation Activity**

Field evaluations of the telecommunications services provided by local exchange, interexchange, and pay telephone companies were conducted by the Division of Telecommunications' (CMU's) Bureau of Service Evaluation. Local exchange companies evaluated during 1999 were Vista-United and "mini" evaluations at BellSouth, GTE-Florida, and Sprint.

Audit objectives for local companies were:

- ◆ to evaluate each company's performance in meeting the Commission's service standards;
- ◆ to review the company's control systems to ensure the accuracy of service quality data;
- ◆ provided in periodic reports to the Commission; and
- ◆ to determine if previously identified service deficiencies were corrected.

At Vista-United, over 50,000 test calls were initiated from two central offices to measure company performance against more than 70 service standards. Business office and repair records were reviewed in two exchanges. Subscriber loops were checked for transmission levels, noise, proper grounding, and safety.

In addition, BellSouth, GTE-Florida, and Sprint were re-evaluated to determine if the deficiencies found during the 1998 evaluations were corrected. Repair records were reviewed in 14 exchanges during these re-evaluations. Other items reviewed were answer time in the business office and repair.

Using special equipment available to the deaf and hearing-impaired, test calls were made to telephone company services and to 911 emergency systems to ensure access is available to hearing-impaired and deaf persons. Additionally, over 3,000 test calls were made via the Florida Relay Service to review the level of call completions and answer time.

While most deficiencies discovered were resolved during the evaluation, companies failing to meet the Commission's target standards were requested to specify what corrective action would be taken to comply with applicable standards. Each company response was reviewed to ensure proper corrective action had been taken.

Five interexchange carriers were evaluated. Long distance test calls were made to analyze: 1) percentage of call completions; 2) quality of transmission; 3) compliance with rules and tariffs with respect to billing accuracy; and 4) whether the call was rated correctly. Reports of the results were furnished to each provider evaluated. Where standards were not achieved or the results were unsatisfactory, the company was requested to take the appropriate corrective action.

Tests were made on 10,283 pay telephones for compliance with the Commission's rate cap, accessibility to the wheelchair-disabled, access to the caller's preferred long distance company, and posting of required information notices. Instruments were also checked with respect to other applicable rule requirements. Providers were notified of violations and must confirm that corrective action has been taken. In addition, test calls were made to test the answer time of county 911 emergency systems. These results were provided to the respective county 911 coordinator and to the Florida Department of Management Services' Division of Communication for follow-up of problem areas.

#### **Area Code Relief**

In Florida and around the country, the demand for telephone numbers has been growing at an increasing rate due to growth in the number of telecommunications service providers, new customers, and the rising use of fax machines, pagers, and cellular telephones. New area codes have been introduced at a growing rate in recent years to combat the resulting shortage of telephone numbers. The Commission has played an active role in planning for these necessary changes. For 1999, the key actions were as follows:

- ◆ In April, the Commission petitioned the Federal Communications Commission (FCC) seeking authority to institute a variety of number conservation measures such as 1,000-number block pooling, NXX code (central office prefix) sharing, and rate center consolidation. The FCC granted Florida interim authority in September. Commission staff, industry representatives, and other interested parties are now determining where these measures will be most helpful and how to implement them in a timely and cost-effective manner.
- ◆ Commission staff has undertaken a number utilization study to determine the status of number utilization in each of Florida's 13 area codes. The results of this study will be used in conjunction with planning for the implementation of number conservation measures and extending the life of area codes throughout Florida.
- ◆ In Docket No. 990373-TP, the Commission supported the industry's adoption of a Stipulation and Voluntary Number Conservation Measures. The Stipulation has 13 provisions. Some of the important provisions are:
  1. Uncontaminated 1,000-number blocks are to be set aside, and service providers are to maintain no more than nine months of 1,000-block telephone number resources to meet customer demand.
  2. Existing national Central Office Code Assignment Guidelines and Code Jeopardy procedures agreed to by the industry will be followed.
  3. All uncontaminated 1,000-number blocks will be set aside, where practicable.
  4. Numbering resources will be released in 1,000-number blocks in order to maintain nine

months' inventory supply or to meet a specific customer requirement.

5. Utilization reports will be submitted by each NXX code holder upon written request of the Commission, not to exceed twice per year.

6. The voluntary number management measures would continue until there is number pooling or a 1,000-number block conservation plan that includes Florida NXX code holders.

- ◆ Four area codes (305, 561, 904, and 954) were declared to be in jeopardy status by the North American Numbering Plan Administration, which has the responsibility to assign new area codes.
- ◆ The industry's consensus area code relief proposal for each of the four jeopardy area codes is to implement a distributed overlay. The Commission has opened a docket for each area code, and customer service and technical hearings have been scheduled during the first and second quarters of 2000. A decision is expected in August 2000.

### *Area Codes and Their Estimated Relief Year*

AREA CODE	APPROXIMATE COUNTY COVERAGE	RELIEF YEAR
305*	Monroe - the Keys	2001 #
305/786*	Miami-Dade	2003
321	Brevard	2005
352	Alachua, Citrus, Dixie, Gilchrist, Hernando, Lake, Levy, Marion, and Sumter	2008
407/321	Orange, Osceola, and Seminole	2004
561*	Indian River, Martin, Palm Beach, and St. Lucie	2002 #
727	Pinellas	2009
813	Hillsborough and Pasco	2006
850	Bay, Calhoun, Escambia, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison, Okaloosa, Santa Rosa, Taylor, Wakulla, Walton, and Washington	2004
863	DeSoto, Glades, Hardee, Hendry, Highlands, Okeechobee, and Polk	2006
904*	Baker, Columbia, Duval, Flagler, Hamilton, Lafayette, Nassau, St. Johns, Suwannee, and portions of Alachua, Bradford, Clay, Gilchrist, Putnam, Union, and Volusia	2002 #
941	Charlotte, Collier, Lee, Manatee, Monroe, and Sarasota	2002
954*	Broward	2002 #

# Rationing procedures are maintained.

\*Jeopardy Status

### **Number Portability**

Long-term telephone number portability (NP) is a service that provides residential and business telephone customers with the ability to retain, at the same location, their existing local telephone numbers when switching from one local telephone service provider to another.

Beginning in February 1999, a charge for long-term NP began to appear on customers' bills in Florida. FCC regulations allow local telephone companies to charge customers for local NP. Recoverable costs include the costs of creating new facilities, physically upgrading or improving the existing public switched telephone network, and performing the ongoing functions associated with providing long-term NP. The fixed, monthly charge can be assessed for a period of five years from the date the local telephone company first begins to collect the charge. Telephone companies are required to file tariffs with the FCC establishing the rates they will charge for NP. The FCC reviews these tariffs to determine whether the charges are reasonable and in accordance with FCC rules and orders.

NP has been implemented in all major metropolitan areas in Florida. NP must be made available in other areas within six months after a new telephone company requests that the incumbent local telephone company offer it in that service area. Florida's incumbent local exchange companies are in the process of making the remainder of their service areas NP-capable.

It should be noted that cellular and other wireless providers are not required to provide NP at this time. The FCC has extended the deadline for these providers until November 2002. Therefore, customers cannot retain the same telephone number if they change their local service from a wireline local telephone company to a wireless carrier.

The lack of NP capability on behalf of the wireless carriers is important to Florida because it effectively eliminates this portion of the industry from participating in many of the number conservation measures described in the previous section.

### **Call Aggregators**

In 1999, the Commission continued its enforcement program relating to call aggregators and the operator service industry in cooperation with Florida's Department of Business and Professional Regulation (DBPR). DBPR forwarded 124 inspections to the Commission. The CMU staff also independently inspected 353 call aggregators and sent 360 notices of 870 violations.

### **Operator Service Providers**

Operator service providers (OSPs) generally serve the hospitality and pay telephone industry and share revenues with hotels and other call aggregators. Federal, state, and FPSC regulations apply to this industry. On February 1, 1999, the Commission implemented rules that imposed rate caps for 0+ and 0- intrastate calls placed at public pay phones and call aggregator locations (hotel/motel). To verify OSP compliance with the new rate caps, staff reviewed all tariffs on file with the Commission. While the investigation continues, staff has opened four dockets in 1999, one of which has resulted in refunds of \$86,016.85, one pending Commission approval of a refund of \$510.43, and two for which refund amounts are not yet determined. Four

dockets were opened against OSPs in 1999 for failing to respond to staff's inquiries regarding OSP tariffed rates. Four other OSPs have stated that overcharges occurred and dockets will be opened during the first quarter of 2000. Staff has corresponded with an additional 31 OSPs to determine if they are in compliance with the Commission's rate caps and are awaiting their responses.

Through test calls placed from public pay phones, staff identified two OSPs that charged rates exceeding the tariffed rates. One OSP was ordered to refund \$7,500 and a proposed refund of \$65,210.39 by the second OSP is pending Commission approval.

### **Debit Cards**

CMU's Bureau of Service Evaluation randomly conducts test calls to verify the accuracy of rates charged versus tariffed rates for determining time reductions against a debit card's time allotment. Consumers have expressed concern and confusion regarding the manner in which debit card providers reduce the amount of available time on a debit card. Staff will continue to randomly evaluate debit cards and monitor for disclosure of surcharges, per-minute rates, and other costs to assist consumers in making informed decisions on the purchase of these products.

### **Wholesale Agreements**

Today, because of changes in state and federal telecommunications laws, alternative local exchange companies (ALECs) are allowed to compete with the incumbent local exchange company (ILEC) to provide basic local telephone service.

With the introduction of local exchange competition, it is necessary for the ILECs and the ALECs to exchange traffic so that their respective customers can call each other. Stated differently, all carriers must be able to interconnect with one another. This interconnection must ensure that the exchange of traffic between the carriers is transparent to the end user in much the same way traffic is exchanged today between the ILEC and a long distance carrier.

Additionally, the ILEC is required to unbundle all requested features, functions, and capabilities of its network and make them available for wholesale purchase. Unbundling portions of the local exchange company's network and making them available for purchase provides a method that a potential competitor can use to enter the local market. Such provisions are particularly important to those competitors lacking certain facilities.

Entry can also be enhanced by the ability to purchase and resell the ILEC's services. For potential providers having few or no facilities, resale enables them to enter the local market without having to make a large investment.

Both state and federal laws, although somewhat differently, include provisions for negotiating various aspects of interconnection, unbundling, and resale and, if the negotiations fail, there are provisions for the state commission to resolve the conflict. As of December 31, 1999, the Commission has approved 1,152 agreements negotiated by parties under either Chapter 364, Florida Statutes, or Section 252 of the federal Telecommunications Act of 1996 (TA 96), of which



512 were approved during 1999. The Commission has established rates, terms, and conditions for interconnection, resale and unbundling under Chapter 364 for four ALECs (with various ILECs), and completed eleven arbitration proceedings under Section 252 of TA 96. Most of the agreements resulting from the arbitrations are for a two-year term, which means that the Commission may perform many more arbitrations in 2000.

### **Lifeline**

The Lifeline Assistance Program is designed to help low-income consumers obtain monthly local telephone service. The FCC expanded the program effective January 1, 1998, to make Lifeline available to every state, territory, and commonwealth; increased the federal Lifeline support; and modified the state matching requirement.

Under the expanded program, eligible participants can receive an initial \$3.50 waiver of the federal subscriber line charge, whether or not a state participates. If the state approves the program, the eligible participant will receive an additional rate reduction of \$1.75, which is funded through federal support. If the state provides funding of \$3.50, the eligible participant can receive a further rate reduction of \$1.75 through federal support. The maximum Lifeline support available is \$10.50 (\$7.00 federal support, plus \$3.50 state support). In Florida, the local exchange companies provide the \$3.50 state portion of the credit. Thus, Florida customers receive the full \$10.50 credit toward local service.

Customers may receive toll blocking on a voluntary basis. Lifeline customers may not have their local service disconnected for nonpayment of service other than basic local service.

Additionally, the Commission voted at the November 30, 1999, Agenda Conference to allow eligible persons previously disconnected for nonpayment to receive Lifeline service, so long as arrangements were made to pay any outstanding local service charges over a period of at least four months.

As of June 30, 1999, there were 130,139 customers participating in Lifeline. This represents 1.67 percent of ILEC residential access lines in the state.

### **Unauthorized Billing (Cramming)**

During 1999, the Commission closed 1,872 cramming cases, which includes some complaints that were received in 1998, resulting in refunds of \$182,499.93 to Florida consumers. Cramming is the addition of charges to a telephone bill for programs, products or services the consumer did not authorize, did not knowingly authorize, or did not receive.

The Commission conducted seven cramming rule development workshops at various locations throughout the state from February 4, 1999, through April 7, 1999. On July 30, 1999, Docket No. 990994-TP was opened and a Proposed Rule Development Notice was published in the *Florida Administrative Weekly* on August 27, 1999. Another rule development workshop was conducted on September 9, 1999, in Tallahassee. Industry participation in this workshop was significant. CMU staff will file a recommendation on January 20, 2000, for the Commission Agenda Conference scheduled for February 1, 2000. Staff anticipates the rule amendments will become effective on March 31, 1999, the scheduled date for filing the rule for adoption.

### **Tariff Filings**

Telecommunications companies in Florida made 2,155 tariff filings during 1999. In 1999, 2,213 tariff filings were closed (includes pending filings from 1998), compared with 1,623 in 1998. Of the 2,213 filings, the Commission voted on 1,075 (compared with 543 in 1998, 707 of the 1,075 filings were negotiated agreement tariff filings). The remaining 1,138 tariff filings were handled administratively. Of the 2,213 tariff filings, 992 were filed by incumbent local exchange companies (ILECs), 827 by interexchange companies (IXCs), and 394 by alternative local exchange companies (ALECs). The following 1999 tariff filings were of special interest:

#### **First Quarter:**

**Frontier** - Filing increases rates for basic custom calling features within minimum-maximum range and increases charge for private line mileage, extra bill copies, returned check charge and late payment interest.

**BellSouth** - Filing implements E911 Location Identification Database.

**Sprint** - Filing implements charge for unauthorized local service provider change/slamming.

**Sprint** - Filing decreases Network Access Line charge.

**GTE** - Filing provides National Directory Assistance/Customer Name and Address Service.

**BellSouth** - Filing imposes penalty on subscribers who engage in activities that create traffic problems on the network (network meltdown).

**BellSouth** - Filing increases the rate for Local Toll Directory Assistance calls.

**Sprint** - Filing adds Asynchronous Transfer Mode (ATM) Service.

#### **Second Quarter:**

**Alltel** - Filing decreases Centrex Service rates to comply with 364.051, Florida Statutes.

**Alltel** - Filing increases the charges for Directory Assistance.

**Vista-United Telecommunications** - Filing adds National Directory Assistance Service.

**Sprint** - Filing implements Two-way Extended Area Service (EAS) for the Groveland Exchange to include Orlando, Winter Garden and Windermere Exchanges.

**BellSouth** - Filing implements Non-Optional Two-Way Flat Rate EAS between Groveland and Orlando.

**Sprint** - Filing restructures Optional EAS Plan from Flat Rate to Tiered Rate.

**BellSouth** - Filing increases Local and Toll Station Operator Surcharges.

**Sprint** - Filing adds liability limitation and Y2K language.

**Sprint** - Filing introduces Data Amplification, which provides data transmission for customers located beyond a 42-decibel loss for high-speed digital data service.

**Northeast Florida** - Filing updates the rates and product description for the portable communications terminal for deaf or speech-impaired persons.

**BellSouth** - Filing introduces an inward Toll Free Dialing (TFD) Service with a reduced rate for TFD calls placed from points within the subscriber's local calling area, using a ten-digit number. A separate rate schedule is used for TFD calls that originate from locations within the local calling area of the TFD terminating number. This offering provides additional savings for TFD subscribers who commit to specified monthly usage levels and to service periods of one, two or three years.

**All LECs** - Filings implement the Lifeline Transitional Discount.

**Third Quarter:**

**BellSouth** - The Late Payment Charge for residential subscribers will be \$1.50 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6 and the Late Payment Charge for business subscribers will be \$9 plus an interest charge of 1.5 percent on the unpaid balance exceeding \$6.

**BellSouth** - Filing introduces Extended Reach Service which allows customers to "extend their reach" from centrally located metropolitan local calling areas into the areas of the LATA that are available on a foreign-exchange basis.

**Frontier** - Filing offers \$40 credit to residential customers in good credit standing who agree to subscribe to an additional line for six months.

**Fourth Quarter:**

**Sprint** - Filing increases/decreases rates for certain Private Line Features.

**GTE** - Filing offers ReDirect Service which allows customers to manage their incoming voice call activity.

### **Enforcement Activity**

**Slamming:** During 1999, dockets involving eight IXCs were settled and closed for a total of \$548,000 in contributions to Florida's General Revenue Fund, \$200,000 expended for consumer education, a \$500 imposed fine, and three certificate cancellations. Five IXC dockets remain open pending completion of proposed settlement payments or Commission approval of settlement offers totaling \$401,000. Two other slamming dockets involving ALECs were closed for a total of \$52,500 in contribution to the General Revenue Fund.

**Cramming:** Three dockets involving two IXCs and one uncertificated company are in process. For one docket, the company has protested a proposed fine of \$1,710,000 and a hearing is scheduled for April, 2000. The second docket, with a proposed fine of \$78,000, is scheduled for Agenda in 2000 and the third docket, with a settlement offer of \$2,000, is pending until completion of the Order protest period.

**Operating Without a Certificate:** Dockets involving four IXCs were settled and closed for a total of \$25,500 in contributions to the General Revenue Fund and \$45,500 in assessed fines forwarded to the Comptroller's office for collection. Dockets involving two ALECs and one IXC remain open pending Commission decision or company response to Commission Order.

**Service Standard Violations:** Dockets involving 33 pay telephone companies and one ALEC were settled and closed for a total of \$105,600 in contributions to the General Revenue Fund and three certificate cancellations. Three pay telephone company dockets remain open pending Commission decision or completion of the Order protest period. In addition, hearings are scheduled during August, September, and November 2000, for three LEC dockets opened to investigate service standard violations

**Overcharges:** One docket was settled and closed, with a total refund of \$6,768.98 and a second docket with a proposed refund of \$53,021.81 is pending Commission approval. In addition, several dockets have been opened against companies that have charged in excess of the Commission's rate caps for operator services. A summary has been provided earlier in the report under "Operator Service Providers."

**Failure to Respond to Staff Inquiries:** Dockets have been opened involving five IXCs and two ALECs for failing to respond to staff inquiries. Recommendations will be filed in 2000.

**Failure to File Regulatory Assessment Fees:** Pay Telephone: One hundred and ninety-eight dockets were opened against pay telephone companies. Eighty-three had their certificates canceled; two companies paid a \$500 fine; nine companies paid a \$100 settlement; four companies paid the past-due regulatory assessment fees and their certificates were voluntarily canceled; and 100 are pending final resolution.

**Interexchange Companies:** One hundred and twenty-four dockets were opened against IXCs. Three companies paid a \$100 settlement; three companies' certificates were canceled; and 118 are pending final resolution.

**Alternative Local Exchange Companies:** Forty-three dockets were opened against ALECs. One company paid a \$100 settlement; two companies' certificates were canceled; and forty are pending final resolution.

**Alternative Access Vendor:** One docket was opened against alternative access vendors and is pending final resolution.

**Shared Tenant Providers:** Six dockets were opened against shared tenant service providers and are pending final resolution.

### **Telecommunications Access System**

The Telecommunications Access System Act of 1991 (TASA) creates a two-part system to improve telecommunications between people with hearing and speech impairments and those who do not have such impairments.

The Commission ordered the ILECs to set up a nonprofit corporation known as the Florida Telecommunications Relay, Inc. (FTRI) to administer portions of the program. FTRI became operational just a few weeks after passage of TASA.

A second organization, established during the latter part of 1991, was the TASA Advisory Committee to the FPSC. The ten-member advisory committee, whose members are familiar with hearing and speech impairment issues, was organized by the Commission and is active in assisting the Commission with the continuing development of the Florida Telecommunications Access System.

At the end of 1991, the Commission selected MCI Telecommunications, Inc. to provide the relay service in Florida. In August 1996, the Commission issued its request for proposals for relay service beginning June 1, 1997. The Commission again selected MCI Telecommunications, Inc. to provide relay service under a three-year contract. The three-year contract with MCI expires on May 31, 2000. Accordingly, the Commission issued a new request for proposals for relay service in October 1999 and selected Sprint to provide service beginning June 1, 2000.

The following tables provide a statistical summary of the status of the Telecommunications Access System. ♦

## TELECOMMUNICATIONS ACCESS SYSTEM STATISTICS

Table A

## Equipment Distribution

	Total Items Distributed	Average per month
7/1/94 - 6/30/95	45,307	3,776
7/1/95 - 6/30/96	41,281	3,440
7/1/96 - 6/30/97	36,526	3,044
7/1/97 - 6/30/98	38,321	3,193
7/1/98 - 6/30/99	38,559	3,213

Table B

## New Recipients of Equipment and Training (7/98-6/99)

Deaf	405
Hard of Hearing	21,736
Speech Impaired	136
Dual Sensory Impaired	22
<b>Total</b>	<b>22,299</b>

Table C

## Financial Report (7/98-6/99)

Relay Services	\$ 7.0 million
Equipment & Repairs	\$ 2.8 million
Equipment Distribution & Training	\$ 0.9 million
Outreach	\$ 0.6 million
General & Administrative	\$ 0.7 million
<b>Total</b>	<b>\$ 12 million</b>

Table D

## Surcharge Level

7/1/95 - 6/30/96	10¢ / access line / month
7/1/96 - 6/30/97	12¢ / access line / month
7/1/97 - 6/30/98	12¢ / access line / month
7/1/98 - 6/30/99	11¢ / access line / month
7/1/98 - Forward	9¢ / access line / month

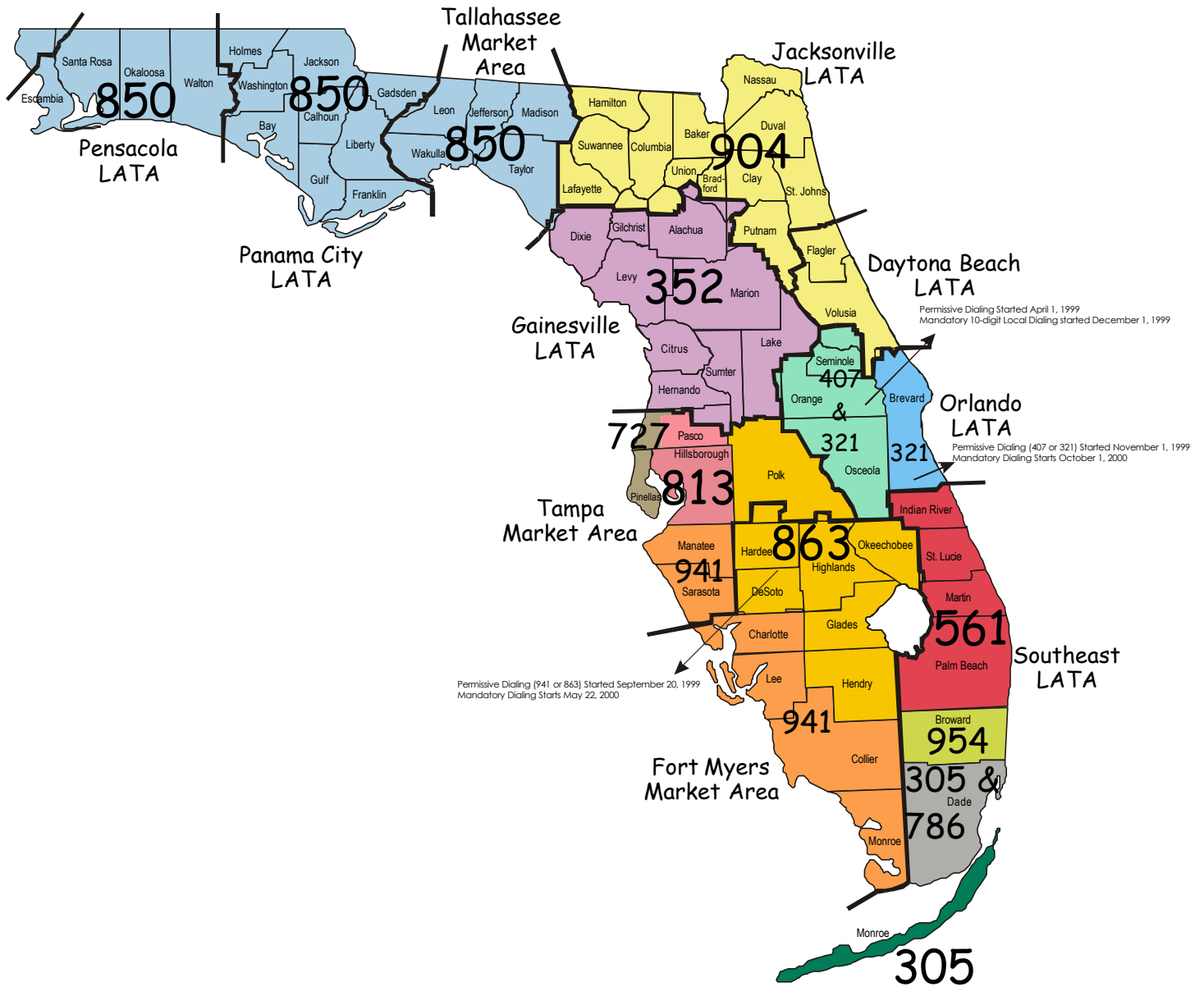
1999 ANNUAL REPORT

*Regulated Telephone Company Statistics*

as of December 1999

Company Headquarters	Number of Florida Exchanges	Florida Access Lines	Percent of State Total	Access Line Percent Growth from Previous Year
<b>Alltel Florida, Inc.</b> <i>Live Oak, Florida</i>	27	87,373	0.77	5.63%
<b>BellSouth Telecommunications</b> <i>Miami, Florida</i>	102	6,617,173	57.99	2.09%
<b>GT COM (Formerly Florala)</b> <i>Florala, Alabama</i>	2	2,525	0.02	3.48%
<b>Frontier Communications of the South</b> <i>Atmore, Alabama</i>	2	4,537	0.04	6.35%
<b>GT COM (Formerly St. Joseph)</b> <i>Port St. Joe, Florida</i>	13	35,532	0.31	5.43%
<b>GTE Florida, Inc.</b> <i>Tampa, Florida</i>	24	2,443,575	21.41	3.15%
<b>GT COM (Formerly Gulf Tel.)</b> <i>Perry, Florida</i>	2	10,963	0.10	6.72%
<b>ITS (Formerly Indiantown)</b> <i>Indiantown, Florida</i>	1	3,705	0.03	4.75%
<b>Northeast Florida Telephone Company</b> <i>Macclenny, Florida</i>	2	9,280	0.08	8.01%
<b>Quincy Telephone Company</b> <i>Quincy, Florida</i>	3	13,623	0.12	2.66%
<b>Sprint Florida (Centel)</b> <i>Tallahassee, Florida</i>	35	449,340	3.94	4.79%
<b>Sprint Florida (United)</b> <i>Altamonte Springs, Florida</i>	69	1,714,663	15.03	5.89%
<b>Vista-United Telecommunications</b> <i>Lake Buena Vista, Florida</i>	2	18,706	0.16	22.78%
<b>Total</b>	<b>284</b>	<b>11,410,995</b>	<b>100.00</b>	<b>3.05%</b>

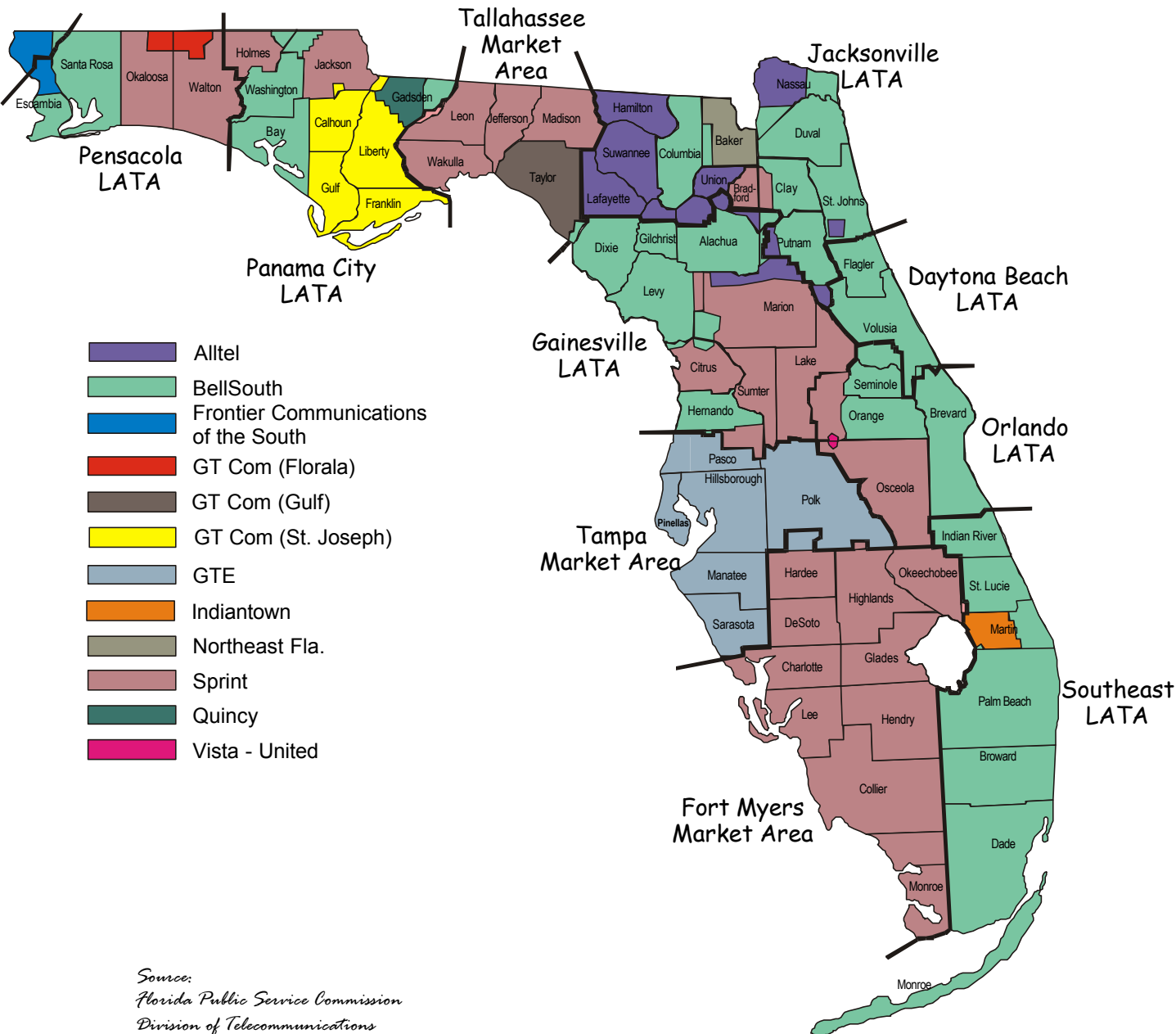
# Florida Area Codes and LATA Boundaries



Source:  
 Florida Public Service Commission  
 Division of Telecommunications  
 By Levent Neri  
 February 22, 2000



# Florida Local Exchange Telephone Companies



*Source:*  
 Florida Public Service Commission  
 Division of Telecommunications  
 By Levent Neri  
 February 22, 2000



DIVISION DIRECTOR

*Joe Jenkins*

*The Division of Electric and Gas is responsible for providing technical information, advice, and assistance in the economic, engineering, and rate areas regarding the regulation of the electric and natural gas industries. The Division is responsible for analysis of testimony and exhibits in Commission proceedings. Activities include developing cross-examination and direct testimony, and preparing recommendations concerning the disposition of electric and gas utility matters.*

## Electric and Gas

### **Fuel Cost Recovery**

In November 1999, the Commission set the investor-owned electric utilities' fuel and purchased power cost factor, the capacity cost recovery factor, and the generation performance incentive factor for 2000. The Commission decided several generic and company-specific issues that affect the level of costs the utilities can recover from their ratepayers. First, the Commission established a consistent regulatory treatment among the utilities for revenues derived from non-separated wholesale energy sales. Second, the Commission approved cost recovery for the replacement fuel and purchased power costs associated with the explosion at Tampa Electric Company's (TECO) Gannon Station in April 1999. Third, the Commission approved a new regulatory treatment for TECO's sale of wholesale capacity and energy to the Florida Municipal Power Agency. This new regulatory treatment will return all revenues generated from this sale to TECO's retail ratepayers.

Also, the Commission deferred several issues to provide for a more detailed, deliberate analysis. First, the Commission will conduct a hearing in May 2000 to examine the incentives that utilities receive when engaged in certain non-separated wholesale sales. Second, the Commission will conduct a hearing in August 2000 to examine the utilities' disclosure requirements for affiliated transactions and wholesale transactions. Third, the Commission is expected to establish the appropriate regulatory treatment for the remaining fuel in the reactors at the end of the license lives for the five nuclear units within the state.

### **Environmental Cost Recovery**

During the 1993 legislative session, Section 366.8255, Florida Statutes was adopted, establishing an Environmental Cost Recovery Clause. This law required the Commission to create a cost recovery mechanism to allow investor-owned utilities to recover environmental compliance costs. During 1999, Florida Power & Light (FPL) recovered approximately \$16.8 million for 20 projects; Gulf Power Company recovered approximately \$8.2 million for 33 projects; and TECO recovered approximately \$4.3 million for 26 projects through the clause. While FPL's rate case settlement did not affect its 1999 cost recovery, its year 2000 cost recovery level is capped at \$12.8 million. The FPL cap will result in customer savings of approximately \$0.6 million. Gulf Power's rate case settlement did not have an apparent impact on the level of recovery for the year 1999 or 2000. Environmental

Cost Recovery Clause hearings are held in November, in conjunction with the fuel cost recovery hearings.

### **Natural Gas Utility Regulation**

In 1996, the Commission opened Docket No. 960725-GU to analyze the impact of natural gas utilities providing transportation service to their customers. Since that time, the Commission staff has conducted five workshops, obtained and evaluated comments from the parties and interested persons, and issued a model unbundling tariff. In 1998, the staff drafted a rule that would require natural gas utilities to offer transportation service to all non-residential customers.

In 1999, the staff held a workshop on the proposed draft rule. Post-workshop comments were received and the rule modified to incorporate changes proposed by the parties. The rule was brought before the Commission in August 1999. At the Agenda Conference, the Commissioners voted to conduct a workshop on the proposed rule. The workshop was held on November 17, 1999. At the conclusion of the workshop, the Commissioners instructed staff to consider the comments made by the parties and Commissioners, and determine whether any changes should be made to the proposed rule. A consensus draft of the rule was proposed on December 30, 1999. A staff recommendation on the proposed rule is due to be filed in the first quarter of 2000.

Currently, five of the eight natural gas utilities offer transportation service. The transportation service is offered only to those customers that meet a consumption threshold. The threshold serves to limit transportation service to those customers categorized as large commercial, or greater.

While the proposed rule requiring utilities to offer transportation service to non-residential customers has not been approved, City Gas Company of Florida filed a petition seeking approval to provide transportation service to all non-residential customers. This petition, filed on October 12, 1999, was approved by the Commission at its November 16, 1999, Agenda Conference.

### **Interstate Natural Gas Pipeline Matters**

On December 1, 1998, Florida Gas Transmission (FGT) filed an application with the Federal Energy Regulatory Commission (FERC) to obtain approval for its proposed Phase IV Expansion. This proposed expansion would increase the average daily delivery capacity by 272,000 MMBtu per day, for a total pipeline capacity of approximately 1.727 Bcf. Eight shippers signed a 20-year firm commitment for this capacity, but the anchor shipper is FPL, which sought the gas deliveries for a repowered generation plant in Fort Myers. The planned in-service date of this expansion is May 1, 2001. The FERC issued a preliminary determination on the non-environmental aspects of FGT's Phase IV application on June 30, 1999.

With its Phase IV application in its preapproval state, FGT held a five-week open season for its proposed Phase V expansion. The open season, which closed on April 30, 1999, saw enough interest that FGT submitted a certificate application to the FERC on December 1, 1999. The anchor customers for this expansion are FPL and Gulf Power. FPL will use the capacity to serve its repowered Sanford power plant in Volusia County, while Gulf Power plans to build a new gas-

fired combined-cycle generating unit at its existing Lansing Smith facility near Panama City. Early estimates indicate that the completion of both Phase IV and Phase V will raise FGT's capacity to nearly 2.0 Bcf per day. FGT expects to begin Phase V construction in March 2001, and complete the project by spring 2002.

In addition to FGT's proposed Phase IV and Phase V expansion projects, three companies are competing to bring new pipeline capacity into the state. Coastal Corporation has proposed to build a 700-mile pipeline named Gulfstream Natural Gas System. As proposed, the pipeline will commence near Mobile, Ala., extend across the Gulf of Mexico, and come on shore in the area of the Port of Manatee. Once on shore, the pipeline will proceed east to a terminus near Lake Okeechobee. Gulfstream submitted its application to the FERC on October 15, 1999. On October 28, 1999, the FERC issued a Public Notice of Application and formally began the pipeline certification process. This one Bcf/d pipeline has an expected in-service date of June 2002.

Another contender in the pipeline race is Duke Energy with its proposed Sawgrass pipeline project. The Sawgrass pipeline project consists of two pipeline segments. These segments represent two different ownership interests. The first segment will commence at the tailgate of the Dauphin Island Gathering Partnership processing plant near Coden, Ala. This segment, owned jointly by Enron and Duke Energy Southeast pipeline Corporation, terminates in Panama City. The proposed in-service date is 2001. The other pipeline segment, owned by Duke Energy Southeast Pipeline Corporation, will commence at the Coden plant through expansion of the Enron-Duke Energy system and will extend to the peninsula of Florida. The pipeline, as proposed, will have a capacity of 0.7 Bcf/d at its November 2002 in-service date.

Completing the group of potential pipeline projects is Williams-Transco's Buccaneer Pipeline. As proposed, this 674-mile pipeline will extend from a processing plant in Mobile County, Ala., to the west coast of Florida just north of the Tampa area, and continue on shore in an easterly direction. Buccaneer Pipeline is currently designed at just under one Bcf per day. Buccaneer filed its application with the FERC on September 30, 1999. On October 12, 1999, the FERC rejected Buccaneer's filing because it failed to include the minimum required environmental information needed for FERC staff to begin processing the application. On October 30, 1999, Buccaneer refiled its application. The refiled application contained supplemental environmental information required by the FERC. On November 3, 1999, the FERC issued a Public Notice of Application and formally began the pipeline certification process for Buccaneer. The expected in-service date for the project is April 2002.

#### **Conservation Activities for Natural Gas Utilities**

Florida's natural gas utilities provide natural gas to residential customers primarily for water heating, cooking, clothes drying, and space conditioning. Annual consumption per residential customer continues to decline as a result of increased appliance efficiency and conservation activities.

Conservation for natural gas utilities in Florida has historically been used to slow the growth rate of power plant construction and reduce the consumption of petroleum fuels. However, in 1996, the Commission adopted a policy that requires gas utility conservation programs to be evaluated exclusively on the impact to the gas utility ratepayers. Any impact on power plant construction or petroleum fuel use would not be considered in determining whether a particular natural gas conservation program would be approved.

The gas industry continues to promote the development of residential gas space conditioning equipment with lower life-cycle costs, improved efficiency, lower emissions, and increased utility at a competitive price. Natural gas space conditioning, especially cooling applications, decreases peak electric demand. Since cooling applications are primarily used during the summer months when residential and commercial gas usage is typically low, the additional gas load improves the load factor of the gas utilities, resulting in a lower cost of gas.

Most of the natural gas conservation programs offered by Florida's natural gas utilities employ the application of a rebate. The rebate is designed to defray the additional costs often required for natural gas equipment and installation. Generally, gas technologies have higher initial costs, which is repaid over the life of the product through lower fuel costs. From the ratepayer standpoint, additional customers brought onto the utility's natural gas system help spread the infrastructure costs over more customers, thus reducing the per-unit costs to all customers. The conservation programs offered by the gas utilities, and approved by the Commission, must show that all ratepayers monetarily benefit from implementation of the program.

Chapter 366.82, Florida Statutes requires natural gas utilities with sales volumes over 100 million therms to offer cost-effective conservation programs. Currently, both Peoples Gas System and City Gas Company of Florida have sales in excess of 100 million therms and, as required, offer conservation programs. Chesapeake Utilities Corporation and St. Joe Natural Gas Company voluntarily offer programs to existing and potential natural gas customers.

#### **Conservation Cost Recovery Clause**

Investor-owned electric and gas utilities subject to provisions of the Florida Energy Efficiency and Conservation Act are permitted to recover prudent and reasonable expenses for Commission-approved conservation and demand side management programs. Actual and projected expenditures are adjusted and recovered over a 12-month period through an approved cost recovery factor.

At the February 1995 conservation hearings, the Commission voted to deny cost recovery of expenditures resulting from participation in Commission dockets related to the development of numeric goals for electric utilities. The Commission stated that only prudent and reasonable conservation expenditures relating directly to an approved conservation program are recoverable through the conservation cost recovery clause.

*Commission-Regulated Florida Electric and Gas Utilities***Estimated Conservation Cost Recovery for 1999**

Utility	Amount Spent *
Florida Power Corporation	\$ 70,689,490
Florida Power & Light Company	156,344,394
Florida Public Utilities**	288,876
Gulf Power Company	3,048,205
Tampa Electric Company	18,388,690
Chesapeake Utilities	358,852
City Gas Company	1,976,436
Peoples Gas System	8,186,793
Peoples Gas System (Western Division )	1,243,002
St. Joe Natural Gas	24,675
<b>Total</b>	<b>\$ 260,549,413</b>

\* January-November are actual amounts. December is projected amount.

\*\* Marianna and Fernandina Beach divisions are combined.

**Gas Pipeline Safety**

During 1999, the Commission's gas engineering staff evaluated 77 natural gas systems, covering approximately 35,600 miles of pipeline and 651,000 customers. These evaluations resulted in the issuance of 20 written notifications of gas safety violations. The notifications cited 40 rule violations, ranging from failure to odorize natural gas to the failure to repair gas leaks. All violations have been corrected or scheduled for corrective action pursuant to the Commission's procedures.

On August 14, 1998, a fire and explosion, caused by lightning, resulted in the rupture and loss of service of the 24-inch, 30-inch and 36-inch pipelines that are the sole natural gas supply to peninsular Florida. The failure occurred near the city of Perry, at a key gas compressor station used to move gas through the pipeline system. The explosion caused extensive damage to the compressors and related facilities.

Several studies were completed in 1999 to prevent a recurrence of the natural gas supply outage precipitated by lightning. Independent lightning studies were finished that included critical points review to prevent other failures. The recommendations made for changes to the pipeline system, such as increasing the strength of some facilities and the bypassing of other critical points in the system, have been implemented.

Congress directed the U.S. Department of Transportation (USDOT) to require that "all individuals responsible for the operation and maintenance of natural gas pipeline facilities be tested for qualifications and certified to operate and maintain those facilities." It appears that a rule drafted by the Federal Negotiated Rulemaking Committee and the USDOT became final this year. The rule is a non-prescriptive, performance-based regulation requiring each natural gas system operator in Florida to develop a written program for the qualification of individuals. This would allow each program to be customized to the unique operations and practices of each operator. This requirement covers all operation, maintenance and construction employees of natural gas systems and contractors, subcontractors or any other entities performing covered tasks for the system operator. The gas utilities will have 18 months to develop the procedures and three years to qualify their personnel.

Operators of natural gas distribution systems were required this year to notify customers of the availability of excess flow valves (EFVs) for installation beginning February 2, 1999. EFVs restrict the flow gas by closing automatically when a gas service line is severed, mitigating the hazard of service line failures. Operators are not required to install EFVs, only to inform customers of their availability. Notification must detail the safety benefits and the cost of installation, if any, that the customer may bear.

The USDOT has issued an advisory bulletin (ADB-99-02) to the operators of natural gas systems regarding the potential vulnerability of older plastic gas pipe to brittle-like cracking. The National Transportation Safety Board recently issued a Special Investigation Report (NTSB/SIR-98/01), "Brittle-Like Cracking in Plastic Pipe for Gas Service." The bulletin describes how plastic pipe installed in natural gas systems from the 1960s through the early 1980s may be vulnerable to brittle-like cracking, resulting in gas leakage and hazards to life and property.

The USDOT has also issued an additional advisory bulletin (ADB-99-01) reminding natural-gas system operators of the potential poor resistance to brittle-like cracking of certain polyethylene pipe manufactured by Century Utility Products, Inc.

It is being recommended that all operators of natural gas systems identify all pre-1982 plastic pipe, analyze leak histories, and evaluate any conditions that may impose high stresses on the pipe. Appropriate and prompt remedial action, including replacement, must be taken to mitigate any risks to public safety detected. The Commission's staff gas safety engineers are working closely with all gas systems to identify any potential plastic pipe problems before they become hazards.

The USDOT evaluated the 1999 Management Information System Data Collection forms for the drug testing of gas pipeline industry personnel. The USDOT determined that the random positive drug testing rate for pipeline industry for the period of January 1, 1998, through December 31, 1998, was 0.7 percent. Because of the low rate, the random drug testing rate for the gas pipeline industry will be maintained at the minimum 25 percent of the covered employees for the period of January 1, 2000, through December 31, 2000.

Commission staff completed a review of new amendments to the federal pipeline safety code and recommended adoption by rule. The docket for updating the Commission's gas safety rules was completed in May 1999.

Damage to natural gas pipelines by dig-ins (pipelines cut or damaged by others engaged in excavation activities), about 3,500 last year, continues to be the leading gas safety issue in Florida and the rest of the United States. In 1993, the Florida Legislature enacted Chapter 566, Florida Statutes, titled "Underground Facility Damage Prevention and Safety." The purpose was to aid the public by preventing injury to persons or property and the interruption of services resulting from damage to an underground facility caused by excavation or demolition operations.

The Act created a not-for-profit corporation consisting of operators of underground facilities in Florida to administer the provisions of the Act. The corporation was named Sunshine State One-Call of Florida, Inc. The Act required the corporation to establish a one-call, toll-free telephone notification system by June 1, 1994. The purpose of the telephone system is to receive notification of planned excavation or demolition activities and to notify member operations of such planned excavation or demolitions. In 1997, the Florida Legislature amended certain sections of Chapter 556. Because of the amendments, municipalities that operate buried utility facilities and have a population greater than 10,000 persons must participate in the Sunshine One-Call System.

In November 1997, the USDOT issued its final rule regarding Mandatory Participation in Qualified One-Call Systems by Pipeline Operators. The rule took effect on May 18, 1998. This rule requires operators of onshore gas pipelines to participate in qualified one-call systems as part of the required excavation damage prevention program. The Commission staff found several gas systems not in compliance with this requirement during the 1999 safety evaluations. All these gas systems are now in the process of joining the One-Call System.

### *Local Gas Accidents and Incidents*

Year	Number of Gas Systems Explosive Incidents	Number of Incidents	Number of Injuries	Number of Fatalities	Number of Dig-Ins
1987	8	16	5	2	13
1988	8	19	1	0	18
1989	10	28	3	0	26
1990	8	35	0	0	33
1991	5	23	0	0	21
1992	8	42	3	0	39
1993	7	31	3	0	18
1994	13	20	3	0	15
1995	10	24	2	0	16
1996	12	24	3	0	17
1997	12	24	1	1	21
1998	11	19	1	0	13
1999	8	25	2	0	12



### Electric Safety

In 1999, 2,073 inspections were completed on random samples from 75,526 work orders processed. In 1999, new construction (completed after July 1, 1986) accounted for 1,337 variances from the National Electric Safety Code.

#### *Utility-Reported Injuries and Fatalities to the Public Involving Electric Line Contact <sup>(1)</sup>*

Year	Number of Injuries		Number of Fatalities	
	OVERHEAD	UNDERGROUND	OVERHEAD	UNDERGROUND
1986	32	4	15	0
1987	49	5	23	0
1988	37	3	17	0
1989	43	1	14	0
1990	40	4	16	0
1991	27	3	19	1
1992	32	8	12	0
1993	29	6	13	0
1994	36	3	8	0
1995	27	2	12	0
1996	22	3	10	0
1997	22	2	12	0
1998	23	2	10	0
1999	18	1	13	0

### Conservation Activities for Electric Utilities

In 1980, the Commission required all electric utilities and every natural gas utility whose sales exceeded 100 million therms per year to adopt cost-effective demand side management (DSM) programs to meet the requirements of the newly enacted Florida Energy Efficiency and Conservation Act (FEECA). Since that time, Florida's utilities have implemented a wide array of conservation programs primarily targeted toward reducing peak demand and the state's dependence on oil as a generator fuel.

In 1989, the Florida Legislature revised the FEECA statute so that its requirements applied only to those utilities with annual energy sales exceeding 500 gigawatt-hours. The Commission revised its DSM rules to require the FEECA utilities to meet general, non-numeric DSM goals.

In 1993, the Commission again revised its rules, at this time requiring utilities to set numeric conservation goals for summer and winter demand (kW) and annual energy (kWh) sales over a ten-year period. The rules required the FEECA utilities to propose goals for Commission

approval based on an assessment of a wide variety of end-use categories in the residential and commercial/industrial market segments. The rules also require annual reporting of demand and energy savings from DSM programs. This requirement allowed the Commission to more closely monitor and evaluate the conservation activities of the FEECA utilities.

On October 3, 1994, the Commission established annual numeric DSM goals for the four largest investor-owned electric utilities. These goals represent aggressive, reasonably achievable levels of conservation while minimizing the rates to the utilities' ratepayers. The cumulative effect of these annual goals is a projected savings of approximately 2,100 MW by the year 2003.

To further encourage DSM, the Commission allowed for a case-by-case consideration of lost revenue recovery and incentives for a specific group of DSM measures. These measures are solar, renewables, natural gas substitution, high efficiency cogeneration, and other DSM programs that have significant savings but minimally increase rates. To date, no utilities have applied for incentives for these types of programs. Utilities were also encouraged to explore "green pricing" to promote solar and renewable energy resources. Green pricing is a voluntary program in which customers may contribute money on their monthly bills for the utility to evaluate renewable central station technologies, such as photovoltaic and solar power plants.

On June 9, 1995, the Commission approved the investor-owned utilities' initial DSM plans. These plans contained DSM programs intended to meet the each utility's DSM goals. On September 15, 1995, the Commission approved plans filed by the investor-owned utilities to conduct research and development on natural gas technologies for heating, cooling, dehumidification, and water heating. The purpose of the research is to obtain data on these technologies for possible future inclusion as DSM programs.

On April 10, 1995, the Commission set annual numeric DSM goals for Florida Public Utilities Company (FPUC) and the eight municipal and six cooperative electric utilities then subject to FEECA. The cumulative effect of these annual goals is savings of approximately 223 MW by the year 2005. By 1996, the Commission had approved the DSM plans filed by these utilities.

However, in 1996, the Florida Legislature further revised the FEECA statute, increasing the minimum sales threshold for utilities subject to FEECA to 2,000 gigawatt hours as of July 1, 1993. As a result, only the five investor-owned utilities, as well as the Jacksonville Electric Authority (JEA) and the Orlando Utilities Commission (OUC), are subject to the current FEECA statute. These utilities are currently responsible for approximately 87 percent of the state's total electric sales.

DSM goals were most recently established on October 1, 1999, for the four largest investor-owned electric utilities. Overall, the level of each utility's demand and energy goals is lower than the goals approved by the Commission in 1994. The primary reason for decreased numeric goals is that the cost of new generating units has dropped substantially in the last five years. Without a corresponding decrease in the cost of delivering DSM programs, the result is that fewer DSM programs are cost-effective. In addition, some existing DSM programs are approaching their saturation levels. This has reduced the market potential of some DSM

measures. The four largest investor-owned utilities will file DSM plans with the Commission at the end of 1999. These plans will describe the DSM programs which each utility intends to offer customers in order to meet the Commission-established DSM goals. The Commission plans to establish revised annual numeric goals for FPUC, JEA and OUC by April 2000.

### **Generation Planning**

In 1995, the Legislature revised Section 186.801, Florida Statutes to make the Commission the lead agency charged with determining the suitability of electric utility Ten Year Site Plans. These plans provide forecasts of future electric load requirements and the resource mix planned to meet those needs. A public workshop was held before the Commission on September 27, 1999, to review the current Ten Year Site Plans. At the workshop, utilities presented their plans and interested parties had an opportunity to comment on the adequacy of the plans. The report also contains comments of other interested state and local government agencies. The Commission published a report containing its review and conclusions on the plans. This report may be obtained by contacting the Commission's Division of Electric and Gas.

The Commission's generation planning activities implement Chapter 366.04(3), Florida Statutes (known as the "Grid Bill"). The Grid Bill statute gives the Commission broad jurisdiction over the "planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities."

### **Cogeneration and Small Power Production**

By its enactment of the Public Utility Regulatory Policy Act of 1978 (PURPA), the Congress of the United States required that the Federal Energy Regulatory Commission (FERC) promulgate rules implementing PURPA and further required that each state regulatory commission develop procedures by which it would implement the FERC's rules. As a result, the Commission promulgated initial rules on the purchase of capacity and energy from cogenerators and small power producers (qualifying facilities) in 1981. These rules were revised in 1983, 1990, and 1996.

In November 1996, the rules were amended to ensure consistency with Rule 25-22.082, a formal rule on the utilities' selection of generating capacity. The cogeneration rule amendments include the following changes: (1) Standard offer contracts are available only to qualifying facilities less than 100 kW, renewables, and solid waste facilities; (2) Standard offer tariffs close when a request for proposals is issued; and (3) A contract reopener is allowed when avoided costs change.

Currently, Florida has approximately 2,220 MW of committed firm capacity under contract from 34 existing and proposed qualifying facilities.

### **Generating Capacity Shortfalls**

Florida experienced unprecedented cold weather in December 1989, resulting in statewide peak electrical demand exceeding available capacity by over 4,400 MW. The Commission ordered Florida's electric utilities to jointly prepare a state severe weather emergency plan. The joint effort resulted in the Florida Electrical Emergency Contingency Plan: Generating Capacity Shortage Element, which was adopted by Commission rule on December 4, 1990.

The plan contains procedures to be followed by each utility, individually and as a group, to ensure coordinated statewide communication and action during a generating capacity shortage. From a statewide perspective, the plan progresses through four successive stages:

1. Generating Capacity Advisory
2. Generating Capacity Alert
3. Generating Capacity Emergency
4. System Load Restoration

The electric utilities, the Commission, the Department of Community Affairs' Division of Emergency Management, and the Florida Reliability Coordinating Council hold annual training exercises to ensure the effectiveness of the plan. Since the Florida Electrical Emergency Contingency Plan: Generating Capacity Shortage Element was implemented, winter weather has been relatively mild since 1989 and there has been no loss of system load in the state due to a generation capacity emergency.

### **Power Plant Need Determination Proceedings**

The Commission is responsible for reviewing Florida's need for new supply-side sources of electricity pursuant to Chapter 403.519, Florida Statutes. Before 1986, any proposed steam or solar electrical generating facility larger than 50 MW was subject to a Commission need determination. In 1986, the Legislature increased this threshold to 75 MW.

The Commission recently determined a need exists for the following units, which are not yet in service:

1. In June 1994, the Commission granted Seminole Electric Cooperative's need petition for Hardee Power Station Unit 3, a 440 MW natural gas-fired combined cycle unit. This unit is currently scheduled to go into service in January 2002.
2. In May 1997, the Commission granted the City of Tallahassee's need petition for a 250 MW gas-fired combined cycle unit to be located at the Purdom site in Wakulla County. The anticipated in-service date for this unit is May 2000.
3. In September 1998, the Commission granted the joint need petition filed by Kissimmee Utility Authority and Florida Municipal Power Agency for Cane Island Unit 3, a 250 MW natural gas-fired combined cycle unit. The capacity from this generator will be shared equally by the two utilities. This unit is currently scheduled to go into service in June 2001.

4. In March 1999, the Commission granted the joint need petition filed by the City of New Smyrna and Duke Energy New Smyrna Beach Power Company, Ltd., L.L.P., for a 514 MW natural gas-fired combined cycle unit. The unit will supply 30 MW of capacity to the City of New Smyrna, with the remaining capacity sold on the wholesale market as merchant capacity. This unit is currently scheduled to go into service in November 2001.

5. In May 1999, the Commission granted the City of Lakeland's need petition for the conversion of McIntosh Unit 5 from simple cycle generating unit to combined cycle. The conversion is expected to be completed in January 2002, and will increase the capacity of the unit from 249 MW to 369 MW.

In December 1993, the Commission adopted Rule 25-22.082, F.A.C., a formal rule on the selection of generating capacity. Prior to filing a petition for determination of need with the Commission, each investor-owned utility is required to evaluate supply side alternatives to its next planned generating unit by issuing a Request for Proposals (RFP).

#### **Transmission Line Need Determination Proceedings**

Pursuant to Chapter 403.537, Florida Statutes (the Transmission Line Siting Act), the Commission is charged with determining the need for any transmission line greater than 230 kilovolts (kV), longer than 15 miles and that crosses a county line. Similar to the Power Plant Siting Act, a need determination for a transmission line is a prerequisite to environmental permitting. Currently, there are no transmission line additions awaiting certification.

#### **Energy Broker and Expanded Broker**

The Energy Broker resembles a computerized central dispatch for peninsular Florida. This program makes hourly comparisons of each utility's fuel costs to determine the least-cost sources of energy for that hour. Since the inception of the Energy Broker in 1978, this program has resulted in tremendous monetary savings for Florida's ratepayers, as shown in the chart below.

In 1995, the broker was modified to enable non-utility generators to sell power to other utilities. Because of competitive pressures, the amount saved will no longer be recorded.

As shown by the table, broker sales have declined dramatically in recent years. However, Florida's ratepayers have continued to enjoy the savings available from economy sales, as Florida's utilities have begun to make more economy sales outside the broker system. These sales are not limited to hourly sales as are sales on the broker and are therefore more flexible for utilities.

*Purchases and Savings Attributed to Energy Broker*

Year	Energy Broker Purchases (MWH)	Energy Broker Savings
1978	\$1,826,829	\$16,502,000
1979	2,030,425	22,195,000
1980	2,181,604	43,251,000
1981	2,507,128	62,164,000
1982	3,070,187	64,154,000
1983	3,250,158	55,614,000
1984	2,422,098	44,892,000
1985	3,379,230	60,433,000
1986	2,961,474	24,832,000
1987	4,385,646	40,652,000
1988	4,428,638	33,119,000
1989	3,675,906	38,567,243
1990	3,305,274	44,561,686
1991	3,069,068	32,487,060
1992	3,092,276	35,566,000
1993	3,049,949	32,960,000
1994	3,379,367	31,095,083
1995	3,440,133	12,936,595
1996	2,494,603	*
1997	2,332,587	*
1998	1,119,438	*
1999	46,189 **	*
<b>Total</b>	<b>1,165,627</b>	<b>695,981,994</b>

\* Because of changes in the energy market, this information is no longer available.

\*\* Data from January through November 1999.

### Economic Development

The Florida Legislature adopted statutory changes during the 1994 session to encourage the involvement of regulated utilities in economic development activities in the state. In response to changes in Chapter 288, the Commission adopted rules to establish a ratepayer/stockholder economic development expense-sharing formula. The rule allows utilities to recover 90 percent of certain economic development expenses as long as those expenses do not exceed 0.15 percent of their gross annual revenue. Recoverable expenditures are limited to assistance to state and local economic development efforts and do not include rate discounts.

Utilities continue to work toward the goal of economic development through rate design. Florida Power & Light Company, Florida Power Corporation and Tampa Electric Company received approval for various special rates to encourage the expansion and relocation of business to the

state. In addition, several small utilities are adding new rate classes to better tailor rates to customer usage patterns. Separating large customers from more costly smaller commercial customers generally result in rate reductions to the large customers who are typically less expensive to serve. While not specifically targeted economic development rates, these new rate classes make locating in the area more attractive for large-use industrial customers.

### **Electric Utility Competition**

The Commission recognizes that competition and the talk of competition in the electric utility industry is increasing. In Florida, a form of competition exists at the wholesale level. In some states, competition has spread to the retail level. Florida does not have high electric rates compared to New England, New York, and California, where retail competition has been ordered by either the state legislature or by the state utility regulatory commissions. In Florida, the primary impetus for competition at both the wholesale and retail levels is the unexpectedly low price of natural gas coupled with the new highly efficient gas-fired, combined cycle generating unit technology. These events are again making the electric utility industry a declining cost industry at the generation level.

#### **A. WHOLESALE**

At the wholesale level, the FERC is requiring utilities to open their high-voltage transmission lines to the utilities' competitors for sales to municipal and cooperative electric utilities. In December 1999, the FERC issued Order No. 2000, which encouraged utilities to join regional transmission organizations. The Florida Public Service Commission has actively participated in the debate over the FERC's proposed rules on open transmission access and stranded investment. In comments to the FERC, the Commission stated that the departing customer should be responsible for the lost revenues until the in-service date of the utility's next avoidable generating unit or capacity contract that is projected to have a capacity factor comparable to the departing wholesale customer's load factor minus reasonable mitigation costs. The Commission commented on the stranded costs caused by municipalization that occur when a city forms an electric utility and requests a wholesale wheeling order from the FERC. The FPSC has joined several other states to challenge the FERC's asserted jurisdiction to determine stranded costs caused by municipalization and to set the wheeling rate for retail wheeling.

On August 19, 1998, Duke Energy petitioned the Commission for approval to build a 514 MW power plant with the Utilities Commission of New Smyrna Beach as a co-applicant. However, New Smyrna Beach is to receive only 30 MW while the remaining 484 MW is to be sold wholesale to other utilities. Florida electric utilities opposed the petition, saying the 480 MW must be identified as serving a specific kilowatt demand need for specific customers of a specific utility. Duke argued that the 484 MW will contribute to enhancing the adequacy of peninsular Florida's generating plant reserve margins. Furthermore, New Smyrna contended that it is receiving its 30 MW at a bargain rate and is, therefore, cost-effective to the city as an applicant.

Duke New Smyrna's generating unit was granted a need determination by the Commission on March 22, 1999. The unit is awaiting certification by the Florida Department of Environmental Protection under the Power Plant Siting Act. However, FPL, TECO, and Florida Power

Corporation have protested the Commission decision to the Florida Supreme Court, and a decision is expected in early 2000.

The Commission recently received a need determination petition for a second potential merchant plant. Okeechobee Generating Company plans to build a 550 MW combined cycle unit in southern Okeechobee County. The unit's projected in-service date is April 2003. A Commission hearing is scheduled for early 2000. The proposed unit will require certification under the Power Plant Siting Act.

#### B. RETAIL

Several states have ordered the opening of all of the utilities' electric lines to allow retail wheeling. With retail wheeling, customers are able to select their generation supplier much as customers select their long distance telephone company. The electricity from the customer's choice of generation supplier is wheeled over the utility's transmission and local distribution lines to the customer's meter for consumption. Electric utilities nationwide are positioning themselves for the advent of retail wheeling. Some utilities are certain retail wheeling will occur; the only questions are when and under what set of laws.

This retail wheeling debate ranges from competition in the context for the present vertically integrated electric utility structure to electric utilities divesting themselves of their transmission facilities and formation of an independent transmission system operator. Obviously, these are weighty issues. Many states have initiated studies of competition in the electric utility industry. Some states have rejected retail wheeling because of the potential increase in electric rates to be charged to the more captive customers, in particular residential customers. Other states have ordered retail wheeling experiments. Allowing large-use customers to shop for power is said to foster economic development.

#### **Territorial Activity**

The Commission continues to actively supervise territorial agreements entered into by electric utilities throughout Florida. During 1999, the Commission reviewed and approved two territorial agreements. The Commission is also actively engaged in mediating one territorial dispute. ♦



REGULATED INVESTOR-OWNED ELECTRIC UTILITIES

1999 Operating Statistics

Electric Utility	Gross Electric Plant in Service (Million \$)	Operating Revenues (Million \$)	Operating Expenses (Million \$)	Net Operating Income (Million \$)	Number of Customers at Year End (In Thousands)
Florida Power Corporation	6,779.8	2,632.5	2,287.4	375.2	1,977.0
Florida Power & Light Company	17,556.8	6,057.5	5,311.4	746.1	3,799.8
Florida Public Utilities Company	50.7	37.6	35.0	2.6	24.9
Gulf Power Company	1,845.0	674.0	587.0	87.0	364.0
Tampa Electric Company	3,892.1	1,207.8	1,008.0	199.6	552.1
<b>TOTALS</b>	<b>30,123.9</b>	<b>10,609.3</b>	<b>9,198.8</b>	<b>1,410.5</b>	<b>6,117.8</b>

INVESTOR-OWNED ELECTRIC UTILITIES

## Purchased Fuel Cost

Expressed in dollars per unit and cents per MMBtu

Year	Heavy Oil		Light Oil		Coal		Natural Gas	
	\$/Bbl	¢/MMBtu	\$/Bbl	¢/MMBtu	\$/Ton	¢/MMBtu	\$/Mcf	¢/MMBtu
1976	11.34	180.00	13.63	235.00	25.52	111.44	0.85	85.00
1977	13.27	210.63	15.00	266.62	29.38	128.30	0.88	88.00
1978	12.30	195.24	15.49	287.07	34.63	151.22	1.04	104.00
1979	18.23	289.37	29.40	506.90	28.49	124.15	1.20	120.00
1980	23.26	369.21	33.23	572.93	42.61	186.07	1.31	131.00
1981	26.32	449.52	46.57	804.56	59.29	232.45	2.15	215.00
1982	27.73	440.16	51.27	883.97	55.69	247.55	2.21	221.00
1983	27.52	436.83	35.34	509.31	57.84	262.58	2.91	291.00
1984	29.39	466.51	34.57	586.03	57.02	249.00	3.43	343.00
1985	24.94	395.87	32.62	552.41	57.01	248.95	3.28	328.00
1986	13.51	214.44	19.55	337.07	53.01	231.48	2.03	203.00
1987	18.41	292.22	23.58	406.55	48.82	218.19	2.70	270.00
1988	13.88	220.32	14.22	245.17	48.33	211.05	2.05	205.00
1989	16.58	263.17	24.71	426.02	48.46	211.62	2.43	243.00
1990	19.07	302.70	31.22	538.28	48.86	217.73	2.55	255.00
1991	14.10	223.81	26.55	459.48	50.37	219.96	2.16	216.00
1992	15.21	241.43	26.87	483.28	49.56	216.42	2.28	228.00
1993	13.82	219.37	24.48	422.07	48.79	213.06	2.25	225.00
1994	14.17	224.92	22.95	385.89	45.75	199.83	1.97	197.00
1995	15.74	249.84	23.92	412.41	45.64	199.30	2.20	220.00
1996	17.80	282.54	27.51	475.03	43.20	188.65	3.03	303.00
1997	17.03	270.32	26.24	482.41	42.57	185.90	3.02	302.00
1998	12.83	203.55	20.08	345.21	40.30	175.98	2.84	284.00
1999	15.11	239.84	22.50	389.56	38.15	166.64	3.03	303.00

## Residential Electric Rate Changes - 1999

Fuel Cost and Total Bill for 1,000 KWH Consumption \*

No changes for months not listed

	January		April		November	
	Fuel	Total Bill	Fuel	Total Bill	Fuel	Total Bill
FPL	\$19.80	\$74.77	\$19.80	\$70.57	\$19.80	\$70.57
FPC	\$18.96	\$82.76	\$18.96	\$82.76	\$18.96	\$82.76
TECO	\$22.30	\$76.91	\$22.30	\$76.91	\$22.30	\$76.91
Gulf	\$34.13	\$62.45	\$34.13	\$62.45	\$34.13	\$61.40

\* Excludes local taxes, franchise fees, and state gross receipts taxes in excess of the 1.5% embedded in base rates. Florida Power Corp. and Tampa Electric Co. removed gross receipts tax from their base rates in their last rate case.

Per Commission Order No. PSC 98-0691-FOFPU, all recovery factors will be adjusted on an annual basis beginning January 1, 1999.

INVESTOR-OWNED ELECTRIC UTILITIES

# Typical Electric Bill Comparisons\* - Residential Service

December 31, 1999

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Florida Power & Light Company	\$5.65	\$11.39	\$21.26	\$38.66	\$52.47	\$70.57	\$106.78
Florida Power Corporation	\$6.85	\$16.24	\$27.33	\$45.81	\$64.28	\$82.76	\$119.72
Tampa Electric Company	\$8.50	\$15.34	\$26.60	\$42.71	\$59.81	\$76.91	\$111.12
Gulf Power Company	\$6.07	\$13.40	\$21.40	\$34.74	\$48.07	\$61.40	\$88.07
<u>Florida Public Utilities Company</u>							
Marianna Division	\$8.30	\$13.62	\$21.60	\$34.90	\$48.19	\$61.49	\$88.03
Fernandina Beach Division	\$7.00	\$11.99	\$19.48	\$31.97	\$44.45	\$56.93	\$81.90

\*Excluding Local Taxes / January 1999 - December 1999 Fuel Rates are included. Base rates include 1.5% gross receipts tax. Florida Power Corporation and Tampa Electric Co. removed gross receipts tax from their base rates in their last rate cases.

MUNICIPAL ELECTRIC UTILITIES

# Typical Electric Bill Comparisons\* - Residential Service

December 31, 1999

UTILITY	Minimum Bill or Customer Charge	KWH						
		100	250	500	750	1,000	1,500	
Alachua	\$6.00	\$16.38	\$26.95	\$49.90	\$70.85	\$91.50	\$133.70	
Bartow	\$6.60	\$14.69	\$26.68	\$46.76	\$66.84	\$86.92	\$127.08	
Blountstown	\$8.50	\$10.80	\$21.76	\$40.02	\$58.28	\$76.54	\$113.06	
Bushnell	\$6.75	\$14.24	\$25.49	\$44.22	\$62.96	\$81.69	\$119.16	
Chattahoochee	\$4.60	\$11.36	\$21.65	\$38.80	\$55.95	\$73.10	\$107.40	
Clewiston	\$6.50	\$12.28	\$20.95	\$40.40	\$57.35	\$74.30	\$108.20	
Fort Meade	\$12.96	\$20.75	\$32.44	\$51.91	\$71.39	\$90.86	\$129.81	
Fort Pierce	\$5.35	\$12.69	\$24.21	\$43.07	\$61.93	\$80.79	\$118.51	
Gainesville	\$4.90	\$11.60	\$22.15	\$39.40	\$56.65	\$75.05	\$111.65	
Green Cove Springs	\$6.00	\$13.51	\$24.77	\$43.55	\$62.32	\$81.09	\$118.64	
Havana	\$6.00	\$14.71	\$27.79	\$49.57	\$71.36	\$93.14	\$136.71	
Homestead	\$6.60	\$12.67	\$23.42	\$41.34	\$59.26	\$77.17	\$113.01	
Jacksonville	\$5.50	\$11.77	\$21.16	\$36.83	\$52.49	\$68.15	\$99.48	
Jacksonville Beach	\$4.50	\$11.98	\$23.20	\$41.90	\$60.80	\$79.30	\$116.70	
Key West	\$5.50	\$13.54	\$25.60	\$45.70	\$65.80	\$85.90	\$126.10	
Kissimmee	\$4.40	\$11.87	\$23.08	\$41.76	\$60.44	\$79.12	\$116.48	
Lake Worth	\$2.78	\$10.96	\$23.24	\$43.70	\$64.16	\$84.62	\$125.54	
Lakeland	\$3.94	\$11.16	\$21.98	\$40.02	\$58.06	\$76.10	\$112.16	
Leesburg	\$5.00	\$12.20	\$22.99	\$40.98	\$58.96	\$76.95	\$112.93	
Moore Haven	\$8.50	\$15.15	\$25.13	\$41.75	\$58.38	\$75.00	\$108.25	
Mount Dora	\$4.94	\$12.98	\$25.04	\$45.14	\$65.24	\$85.34	\$125.54	
New Smyrna Beach	\$5.66	\$12.97	\$23.94	\$42.24	\$60.93	\$78.82	\$115.41	
Newberry	\$7.60	\$15.54	\$27.59	\$47.68	\$67.77	\$87.86	\$128.04	
Ocala	\$7.00	\$14.11	\$24.76	\$42.53	\$60.29	\$78.06	\$113.56	
Orlando	\$6.00	\$13.15	\$23.87	\$41.74	\$59.50	\$77.47	\$113.21	
Quincy	\$2.40	\$10.27	\$22.07	\$41.73	\$61.40	\$81.06	\$120.39	
Ready Creek	\$2.86	\$9.21	\$18.76	\$34.66	\$50.57	\$66.47	\$98.28	
Starke	\$5.45	\$13.11	\$23.10	\$39.75	\$56.40	\$73.05	\$117.35	
StCloud	\$6.36	\$13.94	\$25.30	\$44.24	\$63.18	\$82.12	\$120.00	
Tallahassee	\$4.94	\$13.39	\$26.07	\$47.19	\$68.32	\$89.44	\$131.69	
Vero Beach	\$7.00	\$14.26	\$25.15	\$43.30	\$61.45	\$79.60	\$115.90	
Wauchula	\$8.52	\$16.63	\$28.64	\$48.66	\$68.67	\$88.68	\$128.71	
Williston	\$6.00	\$14.18	\$26.46	\$46.92	\$67.38	\$87.64	\$128.76	

\* Excluding Local Taxes / December 1999 Fuel and Power Costs are included.

COOPERATIVE ELECTRIC UTILITIES

# Typical Electric Bill Comparisons\* - Residential Service

December 31, 1999

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Central Florida	\$9.50	\$16.66	\$26.38	\$44.25	\$62.13	\$80.00	\$115.75
Choctawhatchee	\$12.22	\$27.77	\$48.22	\$68.67	\$89.12	\$109.57	\$145.02
Clay	\$9.00	\$24.68	\$41.35	\$58.02	\$74.69	\$91.36	\$126.81
Escambia River	\$7.00	\$24.20	\$41.40	\$58.50	\$75.60	\$92.70	\$127.80
Florida Keys	\$7.00	\$25.99	\$44.98	\$63.96	\$82.95	\$101.94	\$142.93
Glades	\$10.50	\$30.00	\$49.50	\$69.00	\$88.50	\$108.00	\$147.50
Gulf Coast	\$10.00	\$26.75	\$43.50	\$60.25	\$77.00	\$93.75	\$130.50
Lee County	\$6.00	\$22.90	\$40.80	\$58.70	\$76.60	\$94.50	\$132.40
Okefenokee	\$10.00	\$27.10	\$47.75	\$68.40	\$89.05	\$109.70	\$150.35
Panola River	\$10.50	\$28.79	\$51.23	\$81.95	\$112.68	\$143.41	\$184.14
Sumter	\$8.25	\$26.40	\$44.00	\$61.60	\$79.20	\$96.80	\$134.40
Suwannee Valley	\$8.75	\$23.98	\$39.23	\$54.48	\$69.73	\$85.18	\$110.63
Talquin	\$8.00	\$25.00	\$42.00	\$59.00	\$76.00	\$93.00	\$120.00
Tri-County	\$10.00	\$29.38	\$48.75	\$68.13	\$87.50	\$106.88	\$146.25
West Florida	\$8.00	\$25.15	\$43.73	\$61.59	\$79.45	\$97.31	\$135.16
Withlacoochee River	\$9.75	\$26.93	\$42.11	\$58.29	\$74.47	\$90.65	\$126.93

\* Excluding Local Taxes/December 1999 Fuel and Purchased Power. Costs are included.

INVESTOR-OWNED ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Commercial / Industrial

December 31, 1999

UTILITY	KW DEMAND					
	750	1,500	15,000	45,000	150,000	400,000
				KWH		
				45,000	150,000	400,000
						800,000
Florida Power & Light Company	\$60	\$111	\$92	\$2,823	\$9,127	\$21,567
Florida Power Corporation	\$65	\$117	\$92	\$2,806	\$8,660	\$21,808
Tampa Electric Company	\$60	\$111	\$1,150	\$2,823	\$9,313	\$22,451
Gulf Power Company	\$62	\$114	\$845	\$2,111	\$7,866	\$17,741
Florida Public Utilities Company						
Marianna Division	\$61	\$90	\$77	\$2,064	\$6,777	\$17,300
Fernandina Beach Division	\$49	\$88	\$749	\$2,039	\$6,707	\$17,332

\*Excluding Local Taxes / January 1999 - December 1999 Fuel Rates are included. Base rates include 1.5% gross receipts tax. Florida Power Corporation and Tampa Electric Co. removed gross receipts tax from their base rates in their last rate cases.

MUNICIPAL ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Commercial / Industrial

December 31, 1999

UTILITY	KW DEMAND					
	75	150	500	1,000	2,000	
	KWH					
	75D	1,600	15,000	45,000	150,000	400,000
Alachua	\$77	\$146	\$1,399	\$3,687	\$12,286	\$30,613
Barrow	\$83	\$159	\$1,585	\$4,087	\$13,579	\$33,379
Bountstown	\$68	\$130	\$1,234	\$3,688	\$12,277	\$32,727
Bushnell	\$78	\$159	\$1,398	\$3,642	\$12,092	\$29,946
Chattahoochee	\$63	\$120	\$1,147	\$3,530	\$11,766	\$29,700
Clewiston	\$69	\$130	\$1,247	\$3,401	\$11,256	\$28,766
Fort Meade	\$81	\$144	\$1,600	\$3,915	\$12,840	\$30,960
Fort Pierce	\$84	\$124	\$1,235	\$3,185	\$10,535	\$26,035
Gainesville	\$65	\$121	\$1,163	\$3,109	\$10,326	\$22,581
Green Cove Springs	\$65	\$125	\$1,361	\$3,509	\$11,639	\$22,761
Havana	\$71	\$137	\$1,313	\$3,927	\$13,077	\$34,862
Homestead	\$66	\$125	\$1,233	\$3,200	\$11,081	\$27,523
Jacksonville	\$51	\$96	\$1,016	\$2,551	\$8,385	\$20,450
Jacksonville Beach	\$70	\$133	\$1,511	\$4,162	\$13,836	\$34,036
Key West	\$76	\$143	\$1,477	\$3,911	\$12,994	\$32,469
Kissimmee	\$83	\$119	\$1,297	\$3,178	\$10,932	\$25,209
Lake Worth	\$74	\$145	\$1,536	\$4,081	\$13,575	\$33,946
Lakeland	\$60	\$114	\$1,115	\$2,948	\$10,208	\$24,178
Leesburg	\$71	\$135	\$1,347	\$3,406	\$11,315	\$27,477
Moore Haven	\$73	\$138	\$1,376	\$3,465	\$11,480	\$27,830
Mount Dora	\$75	\$135	\$1,128	\$2,983	\$9,910	\$24,755
New Smyrna Beach	\$62	\$118	\$1,315	\$3,465	\$11,473	\$28,706
Newberry	\$77	\$148	\$1,522	\$3,786	\$12,584	\$30,199
Ocala	\$80	\$113	\$1,110	\$2,842	\$9,424	\$23,411
Orlando	\$61	\$114	\$1,122	\$2,811	\$9,337	\$22,639
Quincy	\$66	\$124	\$1,089	\$2,869	\$9,421	\$23,786
Ready Creek	\$70	\$138	\$1,176	\$2,887	\$9,576	\$22,826
Stark	\$76	\$142	\$1,338	\$3,996	\$13,299	\$35,449
St. Cloud	\$67	\$125	\$1,213	\$3,069	\$10,190	\$24,763
Tallahassee	\$69	\$132	\$1,311	\$3,309	\$10,891	\$26,658
Vero Beach	\$63	\$118	\$1,173	\$3,170	\$10,464	\$26,689
Wauchula	\$67	\$148	\$1,486	\$3,948	\$13,008	\$32,759
Williston	\$70	\$134	\$1,382	\$3,736	\$12,200	\$30,450

\* Excluding Local Taxes / December 1999 Fuel and Purchased Power Costs are included.



COOPERATIVE ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Commercial / Industrial

December 31, 1999

UTILITY	KW DEMAND							
	750	1,500	15,000	45,000	150,000	400,000	1,000	2,000
Central Florida	\$69	\$122	\$1,288	\$9,216	\$10,800	\$25,350	\$50,650	
Choctawhatchee	\$60	\$108	\$1,037	\$2,716	\$9,365	\$20,974	\$41,449	
Clay	\$60	\$111	\$1,044	\$2,734	\$9,985	\$22,535	\$43,510	
Escambia River	\$59	\$110	\$1,208	\$9,115	\$10,290	\$25,540	\$51,040	
Florida Keys	\$67	\$116	\$1,112	\$3,234	\$10,902	\$28,242	\$58,636	
Glades	\$76	\$139	\$1,511	\$4,193	\$13,375	\$32,375	\$64,575	
Gulf Coast	\$60	\$111	\$1,025	\$2,750	\$9,137	\$23,012	\$48,013	
Lee County	\$60	\$116	\$1,074	\$2,817	\$9,930	\$23,855	\$47,695	
Okefenoke	\$63	\$116	\$1,202	\$2,935	\$9,549	\$28,198	\$48,297	
Peace River	\$74	\$135	\$1,196	\$3,046	\$10,037	\$24,714	\$49,376	
Sumter	\$65	\$118	\$1,213	\$3,043	\$10,025	\$23,650	\$47,250	
Suwannee Valley	\$59	\$108	\$1,178	\$2,990	\$9,871	\$24,201	\$48,361	
Talquin	\$59	\$110	\$1,036	\$2,743	\$9,330	\$20,280	\$40,260	
Tri-County	\$78	\$142	\$1,293	\$3,123	\$10,175	\$24,500	\$48,900	
West Florida	\$62	\$115	\$1,057	\$2,621	\$9,620	\$20,902	\$41,754	
Withlacoochee River	\$57	\$104	\$989	\$2,507	\$8,298	\$20,253	\$40,481	

\* Excluding Local Taxes/December 1999 Fuel and Purchased Power Costs are included.

INVESTOR-OWNED ELECTRIC UTILITIES

Miscellaneous Charges

December 31, 1999

UTILITY	Initial Connect (1)	Normal Reconnect (2)	Violation Reconnect (3)	Collection Charge (4)	Underground	Temporary Service (5)
Florida Power & Light Company	\$16.00	\$16.00	\$19.00	\$5.50	\$110.00	\$145.00
Florida Power Corporation	\$30.50	\$15.00 \$5.50 (6)	\$27.00	\$0.00	\$74.00	\$74.00
Tampa Electric Company	\$38.00	\$16.00	\$35.00	\$8.00	\$115.00	\$115.00
Gulf Power Company	\$20.00	\$16.00	\$16.00	\$8.00	\$80.00	\$60.00
Florida Public Utilities Company Marianna Division	\$33.20	\$14.50 \$16.00 (7)	\$38.25	\$6.00	\$90.50	\$90.50
Fernandina Beach Division	\$13.00	\$11.00 \$8.00 (7)	\$15.00	\$0.00	\$20.00	\$20.00

(1) Initial connection to an establishment that has not had prior service.

(2) Connection of service to an establishment having had prior service.

(3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-payment, meter tampering, bad check, etc.

(4) A collection charge made in the event a service representative visits the premises for the purpose of discontinuing service for nonpayment of a delinquent account, and the customer pays or arranges to pay the past due amount in lieu of service interruption.

(5) Charge for installing and removing a temporary service drop.

(6) The \$5.50 charge is applicable when only one trip to the premises is required.

(7) Charge for change of account requiring only meter reading.

INVESTOR-OWNED ELECTRIC UTILITIES

Growth and Use Statistics

December 31, 1999

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Total Revenue	Residential		Retail Operating	
	kWh	Percent Increase	As of 12/31/99	Percent Increase		Percent Increase	Avg. Revenue Per kWh Sold	Total Revenue	Percent Increase
Florida Power & Light	13,260	-4.70%	3,332,422	2.00%	\$3,357,243,740	-6.20%	OTH 7.60	\$5,665,155,153	-3.50%
Florida Power Corp.	13,439	-3.81%	1,208,739	2.19%	\$1,366,413,000	-1.82%	OTH 8.41	\$2,260,633,000	-1.80%
Tampa Electric Co.	14,590	-3.50%	477,533	2.40%	\$557,442,766	-1.00%	OTH 8.00	\$1,100,102,353	0.20%
Gulf Power Co.	14,318	-1.78%	315,240	2.66%	\$277,310,760	0.40%	OTH 6.20	\$512,759,905	0.72%
Florida Public Utilities:									
Marianna Division	18,308	-3.26%	9,582	1.49%	\$3,450,040	-5.41%	OTH 6.60	\$16,166,594	-7.32%
Fernandina Beach Division	14,952	-3.69%	11,473	3.40%	\$9,483,886	-6.33%	OTH 5.84	\$21,084,947	-8.12%

MUNICIPAL & COOPERATIVE ELECTRIC UTILITIES

Growth and Use Statistics

December 31, 1999

UTILITY	RESIDENTIAL				ANNUAL REVENUES					
	Average Consumption		Number of Customers		Residential		Retail/Operating			
	KWh	Percent Increase	As of 12/31/99	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue per kWh Sold	Total Revenue	Percent Increase	
<u>Municipals</u>										
Gainessville Regional Utilities	11,137	-4.40%	66,543	2.70%	\$57,816,000	0.10%	7.57	\$119,763,000	2.10%	
Jacksonville Electric Authority	14,593	-3.30%	312,473	1.70%	\$313,571,075	-1.90%	6.90	\$617,918,679	0.70%	
City of Lakeland	14,070	-5.36%	93,104	5.47%	\$96,074,715	0.46%	7.76	\$180,770,498	-2.47%	
Orlando Util. Commission	12,142	-8.20%	123,854	3.49%	\$116,780,480	-1.64%	7.90	\$484,488,458	5.07%	
City of Tallahassee	11,908	-3.60%	77,760	2.20%	\$79,861,903	-0.80%	9.00	\$173,097,763	0.60%	
<u>Cooperatives</u>										
Clay Electric	14,412	-1.63%	119,768	2.94%	\$126,671,008	-0.11%	7.40	\$164,357,030	-0.39%	
Lee County Electric	12,742	-3.48%	130,438	2.58%	\$120,945,217	-7.18%	7.37	\$178,076,855	-7.11%	
Withlacoochee River Electric	13,221	-2.60%	140,272	2.50%	\$137,846,124	-4.90%	7.52	\$180,910,340	-5.77%	

Note: Above Revenues Include Fuel.

1,000 kWh Residential Monthly Bills for All Florida Electric Utilities  
December 31, 1999

RANK	UTILITY	TYPE	TOTAL BILL
1	Peace River	C	\$93.41
2	Havana	M	\$93.14
3	Alachua	M	\$91.80
4	Fort Meade	M	\$90.86
5	Tallahassee	M	\$89.44
6	Wauchula	M	\$88.68
7	Glades	C	\$88.50
8	Newberry	M	\$87.86
9	Williston	M	\$87.84
10	Tri-County	C	\$87.50
11	Bartow	M	\$86.92
12	Key West	M	\$85.90
13	Mount Dora	M	\$85.34
14	Lake Worth	M	\$84.62
15	Florida Keys	C	\$82.95
16	Florida Power Corporation	I	\$82.76
17	St. Cloud	M	\$82.12
18	Bushnell	M	\$81.69
19	Green Cove Springs	M	\$81.09
20	Quincy	M	\$81.06
21	Okefenoke	C	\$81.00
22	Fort Pierce	M	\$80.79
23	Central Florida	C	\$80.00
24	Sumter	C	\$79.75
25	Vero Beach	M	\$79.60
26	West Florida	C	\$79.45
27	Jacksonville Beach	M	\$79.30
28	Kissimmee	M	\$79.12
29	New Smyrna Beach	M	\$78.82
30	Ocala	M	\$78.05
31	Orlando	M	\$77.47
32	Homestead	M	\$77.17
33	Gulf Coast	C	\$77.00
34	Leesburg	M	\$76.95
35	Tampa Electric Company	I	\$76.91
36	Lee County	C	\$76.60
37	Blountstown	M	\$76.54
38	Lakeland	M	\$76.10
39	Talquin	C	\$76.00
40	Escambia River	C	\$75.80
41	Gainesville	M	\$75.05
42	Moore Haven	M	\$75.00
43	Withlacoochee River	C	\$74.47
44	Clewiston	M	\$74.30
45	Choctawhatchee	C	\$74.13
46	Chattahoochee	M	\$73.10
47	Starke	M	\$73.05
48	Clay	C	\$71.70
49	Florida Power & Light Company	I	\$70.57
50	Suwannee Valley	C	\$69.73
51	Jacksonville (JEA)	M	\$68.15
52	Reedy Creek	M	\$66.47
53	Gulf Power Company	I	\$61.40
54	Florida Public Utilities - Marianna	I	\$61.49
55	Florida Public Utilities - Fernandina	I	\$56.93

I - Investor-Owned M - Municipal C - Cooperative

Note: Rates do not include any additional gross receipts taxes that are not included in base rates.

INVESTOR-OWNED NATURAL GAS UTILITIES

1999 Operating Statistics

December 31, 1999

	Gross Gas Plant In Service (Million \$)	Operating Revenues (Million \$)	Operating Expenses (Million \$)	Operating Income (Million \$)	Number of Customers (Year End) (In Thousands)
Chesapeake Utilities Corporation	27.04	17.28	15.66	1.56	9.98
City Gas Company of Florida	154.00	91.05	84.78	6.27	100.11
Florida Public Utilities Company	52.10	29.94	25.38	3.95	38.21
Indiantown Gas Company	1.00	3.64	3.58	0.82	0.66
Peoples Gas System	673.12	251.72	221.21	30.51	253.12
Sebring Gas System, Inc.	2.10	0.45	0.34	0.11	0.70
St. Joe Natural Gas Company	6.04	1.73	1.67	0.06	3.37
South Florida Natural Gas Company	4.17	2.15	1.69	0.46	4.36

Note: All data unaudited, preliminary, and subject to change.

INVESTOR-OWNED NATURAL GAS UTILITIES

Typical Bill Comparison - Residential Service

December 31, 1999

UTILITY	Minimum Bill or Customer Charge	Therms Sold								
		10	20	30	40	50	75	100		
Chesapeake Utilities Corporation	\$7.00	\$15.88	\$24.71	\$33.57	\$42.43	\$51.29	\$73.43	\$95.57		
City Gas Company of Florida	\$7.00	\$15.16	\$23.21	\$31.48	\$39.61	\$47.76	\$68.14	\$86.53		
Florida Public Utilities Company	\$8.00	\$14.35	\$20.70	\$27.05	\$33.40	\$39.76	\$55.83	\$71.51		
Indiantown Gas Company	\$5.00	\$10.14	\$15.27	\$20.41	\$26.56	\$30.69	\$43.53	\$56.37		
Peoples Gas System	\$7.00	\$15.48	\$23.83	\$32.39	\$40.85	\$49.32	\$70.48	\$91.64		
Sebring Gas System, Inc.	\$7.00	\$14.68	\$22.25	\$29.86	\$37.50	\$45.13	\$64.19	\$83.25		
St. Joe Natural Gas Company	\$6.00	\$8.41	\$10.83	\$13.24	\$15.66	\$18.07	\$24.11	\$30.15		
South Florida Natural Gas Company	\$7.00	\$15.27	\$23.74	\$32.10	\$40.47	\$48.84	\$69.76	\$90.68		
Peoples Gas System Western Division	\$7.00	\$14.60	\$22.21	\$29.81	\$37.42	\$45.02	\$64.03	\$83.04		

December 1999 gas costs are included.

INVESTOR-OWNED NATURAL GAS UTILITIES

# Typical Bill Comparison - Commercial Service

December 31, 1999

UTILITY	Minimum Bill or Customer Charge	Therms Sold								
		30	40	50	60	70	80	90	100	
<b>Chesapeake Utilities Corporation</b>	\$15.00	\$34.13	\$46.89	\$59.65	\$72.40	\$85.16	\$97.92	\$110.67	\$123.43	\$136.18
<b>City Gas Company of Florida</b>	\$17.00	\$33.63	\$44.72	\$55.80	\$66.89	\$77.97	\$89.06	\$100.15	\$111.23	\$122.32
<b>Florida Public Utilities Company</b>	\$15.00	\$30.45	\$40.76	\$51.06	\$61.36	\$71.67	\$81.97	\$92.27	\$102.57	\$112.87
<b>Indiantown Gas Company</b>	\$10.00	\$25.26	\$35.44	\$45.61	\$55.79	\$65.97	\$76.14	\$86.31	\$96.49	\$106.67
<b>Peoples Gas System</b>	\$17.00	\$37.37	\$50.95	\$64.53	\$78.10	\$91.68	\$105.26	\$118.84	\$132.42	\$146.00
<b>Sebring Gas System, Inc.</b>	\$17.00	\$37.18	\$50.63	\$64.08	\$77.53	\$90.98	\$104.43	\$117.88	\$131.33	\$144.78
<b>St. Joe Natural Gas Company</b>	\$12.00	\$20.96	\$26.94	\$32.91	\$38.89	\$44.87	\$50.84	\$56.81	\$62.79	\$68.76
<b>South Florida Natural Gas Company</b>	\$12.00	\$27.16	\$37.27	\$47.38	\$57.49	\$67.59	\$77.69	\$87.81	\$97.91	\$108.02
<b>Peoples Gas System Western Division</b>	\$10.00	\$27.97	\$39.95	\$51.93	\$63.91	\$75.89	\$87.87	\$99.85	\$111.83	\$123.81

December 1999 gas costs are included.



INVESTOR-OWNED NATURAL GAS UTILITIES

Typical Bill Comparison - Industrial Service

December 31, 1999

UTILITY	Minimum Bill or Customer Charge	Therms Sold							
		400	500	500	600	700	800	900	1000
Chesapeake Utilities Corporation	\$40.00	\$238.28	\$287.79	\$337.34	\$386.90	\$436.46	\$486.01	\$535.5	
City Gas Company of Florida	\$35.00	\$241.05	\$292.56	\$344.07	\$395.58	\$447.10	\$498.61	\$550.1	
Florida Public Utilities Company	\$45.00	\$226.90	\$272.37	\$317.84	\$363.32	\$408.79	\$454.27	\$499.7	
Indiantown Gas Company	\$10.00	\$218.50	\$264.88	\$315.25	\$366.13	\$417.01	\$467.88	\$518.7	
Peoples Gas System	\$45.00	\$283.70	\$343.37	\$403.04	\$462.72	\$522.59	\$582.07	\$641.7	
Sebring Gas System, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.0	
St. Joe Natural Gas Company	\$35.00	\$76.26	\$66.32	\$95.38	\$105.45	\$115.51	\$126.58	\$136.6	
South Florida Natural Gas Company	\$12.00	\$214.17	\$264.71	\$315.25	\$366.79	\$416.94	\$466.88	\$517.4	
Peoples Gas System Western Division	\$100.00	\$293.68	\$341.98	\$390.38	\$438.77	\$487.17	\$535.56	\$583.9	

December 1999 gas costs are included.

INVESTOR-OWNED NATURAL GAS UTILITIES

Miscellaneous Charges

December 31, 1999

UTILITY	Initial Connect (1)	Normal Reconnect (2)	Violation Reconnect (3)	Collection Charge (4)
Chesapeake Utilities Corporation	\$22.00	\$22.00	\$22.00	\$9.00
City Gas Company of Florida	\$20.00	\$20.00	\$20.00	\$15.00
Florida Public Utilities Company	\$25.00	\$21.00	\$31.00	\$9.00
Indiantown Gas Company	\$4.00	\$4.00	\$5.00	\$0.00
Peoples Gas System	\$25.00	\$25.00	\$25.00	\$10.00
Sabring Gas System, Inc.	\$25.00	\$25.00	\$25.00	\$10.00
St. Joe Natural Gas Company	\$10.00	\$10.00	\$10.00	\$0.00
South Florida Natural Gas Company	\$20.00	\$20.00	\$20.00	\$10.00
Peoples Gas System Western Division	\$20.00	\$25.00	\$25.00	\$0.00

(1) Initial connection to an establishment that has not had prior service.

(2) Connection of service to an establishment having had prior service.

(3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-payment, meter tampering, bad check, etc.

(4) A collection charge made in the event a service representative visits a premises

INVESTOR-OWNED NATURAL GAS UTILITIES

Growth and Use Statistics

December 31, 1999

	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential		Retail Operating		
	Total Therms	Percent Increase	As of 12/31/99	Percent Increase	Total Revenue	Percent Increase	Total Revenue	Percent Increase	
Chesapeake Utilities Corporation	234.00	-7.14%	9,026	4.92%	\$2,678,736	7.85%	\$1,2700	\$1,7227,857	6.45%
City Gas Company of Florida	208.00	2.97%	95,045	0.24%	\$28,035,189	-23.75%	\$1,7000	\$91,045,959	1.85%
Florida Public Utilities Company	280.44	0.37%	34,636	4.94%	\$9,989,880	4.63%	\$1,0451	\$29,339,746	-2.31%
Indiantown Gas Company	259.00	0.00%	631	0.64%	\$113,431	1.97%	\$0,7000	\$3,644,792	94.90%
Peoples Gas System	235.20	-4.00%	224,542	2.81%	\$69,064,990	2.35%	\$1,1344	\$251,717,410	-0.43%
Sebring Gas System	196.70	-2.63%	606	3.77%	\$98,869	4.48%	\$1,3200	\$454,566	2.10%
St. Joe Natural Gas Company	288.00	-20.00%	3,118	0.55%	\$1,031,676	27.39%	\$1,1488	\$1,732,670	-27.06%
South Florida Natural Gas	224.00	-13.85%	4,018	3.51%	\$1,061,062	-3.69%	\$1,2100	\$2,147,766	6.18%

Note: All revenues include gas costs. All data unaudited, preliminary, and subject to change.



DIVISION DIRECTOR

*Charles H. Hill*

*The Division of Policy Analysis and Intergovernmental Liaison is responsible for providing the main interface or interaction between the Commission and other agencies, both state and federal. Acting as the Commission's liaison, personnel from this Division represent the Commission in regulatory matters at various levels of government. This Division is also responsible for providing a forward-looking focus on emerging issues affecting all utility industries, providing policy analysis on these issues and, in conjunction with industry division experts, analyzing all possible policy options.*

## Policy Analysis and Intergovernmental Liaison

In July 1999, the Division of Research and Regulatory Review was retitled the Division of Policy Analysis and Intergovernmental Liaison (PAI) and was given a larger role in the development of policy options on emerging regulatory issues. Some of the functions of the Division of Research and Regulatory Review were relocated to other divisions. At the same time, much of the intergovernmental interaction functions and some of the policy development functions of the Commission's industry divisions were consolidated into the new division.

### **Responsibilities**

The Division consists of two Bureaus. The Bureau of Policy Analysis is responsible for identifying emerging issues and areas of inquiry in the energy, telecommunications, and water and wastewater industries. This Bureau also is responsible for conducting studies on topics of regulatory interest and providing the findings to the Commissioners and the industry divisions for use in making decisions regarding regulatory policy matters. The Bureau of Intergovernmental Liaison is responsible for the Commission's federal-state liaison activities, in coordination with the technical divisions, the Office of General Counsel, and individual Commissioners.

PAI is responsible for maintaining the Commission's Resource Center, which houses resources on law and utility regulation. Resource Center services include management of the Commission's subscriptions, purchase of reference materials, staff training on network databases, and research through network databases and the Internet, as well as through various hard copy publications.

PAI responds to requests for assistance from other technical divisions, the administrative support divisions, the Executive Suite, and the Commissioners. A description of some of the Division's 1999 activities follows.

### *Policy Analysis Activities*

#### **Electric Restructuring Activities in Other States**

PAI staff is monitoring the electric restructuring activities in all 50 states and on the federal level. A document describing restructuring activities is being created and will be updated on a regular basis. The monitoring activities will include comparing how each

state addresses the major issues involved in restructuring of the electric industry and how each state compares to Florida with regard to certain utility and customer demographics.

### **Lifeline Report**

This report explores methods of increasing subscribership in the Lifeline Assistance Program among Florida's eligible population. Only 16 percent of eligible Florida households currently participate in the program. As a result of this low subscribership level, Florida local exchange telephone companies receive only \$11 million of the \$33 million that Florida telecommunications companies pay into the federal universal fund for low-income customers. The report identifies possible reasons for low participation and suggests several methods that could be employed to increase and sustain Lifeline subscribership in Florida.

### **Nine-State OSS Meetings**

Under the 1996 Telecommunications Act, a Regional Bell Operating Company can apply to enter long distance service only after it demonstrates to the state utility commission that it has opened its local network to competitors. A key element of this determination is the provision of nondiscriminatory access to its operations support systems (OSS) for the resale of its retail services and the provision of unbundled network elements (UNEs). Since BellSouth operates in all of the nine southeastern states (Alabama, Georgia, Tennessee, Kentucky, South Carolina, North Carolina, Louisiana, Mississippi, and Florida), the utility commissions in these states have agreed to meet periodically and share information about BellSouth's compliance with OSS issues in each state. To date, there have been five meetings. PAI staff and staff from the Division of Auditing and Financial Analysis' (AFA) Bureau of Regulatory Review attend these meetings and participate in the discussions.

### **Other OSS Activity**

PAI staff is working with staff from AFA's Bureau of Regulatory Review, the Division of Telecommunications (CMU), and the Division of Legal Services (LEG) on a complaint by Supra Telecommunications and Information Systems, Inc. alleging various faults were found in one of BellSouth's electronic ordering systems provided to the competitive local exchange carriers.

PAI staff is also working with staff from CMU and LEG on a complaint by WorldLink Long Distance Corporation involving various OSS issues such as BellSouth's alleged failure to conduct installations and repairs in a timely manner.

### **Reuse Legislation in Water and Wastewater**

PAI staff is working with staff from the Division of Water and Wastewater to monitor reuse activities in Florida to determine whether there is a need for future legislative changes to encourage reuse as a means of wastewater effluent disposal and water conservation. Specifically, staff is studying the need for statutory changes in order to designate reuse territory for privately owned water and wastewater utilities and to address revenue requirement/ratemaking issues. Staff meets regularly to discuss cases filed with the Commission involving reuse issues. In addition, staff will be attending regularly scheduled meetings with the various Department of Environmental Protection and Water Management District offices around the state to discuss reuse issues that have arisen in each area and how apparent obstacles to the provision of reuse service are being handled.

### **Telecommunications Group Projects**

This project consists of analyzing and summarizing sections of the Telecommunications Act of 1996 and Federal Communications Commission (FCC) reports and orders, separating the Act into the major categories of Interconnection and Local Competition, Access Charges and Universal Service. A group of three analysts was assigned to each category. Each project team has created flowcharts and a matrix that organizes the material and permits an easily accessible method of tracing current telecommunications topics to their origin. The project also identifies FPSC Orders, reports to the Legislature, FPSC Comments filed with the FCC and relevant court cases related to the major categories. The project is ongoing. An overview presentation of the resource material was given to the Commission Chairman, the Deputy Executive Director/ Technical and CMU.

### **Y2K**

PAI staff and other agency staff have worked with Florida's utilities to provide information to the public on utility status for the Year 2000. Each month, those utilities that were not 100-percent Year 2000-ready provided to the FPSC a report on their progress. That information was compiled in a table and posted on the FPSC Y2K Web page. In addition, staff followed up with those utilities that were not Y2K-ready to document what was holding them back, and attempted to match them with the resources they needed. Staff also provided information and assistance in training phone representatives from the Division of Consumer Affairs (CAF) in answering Y2K-related questions, produced documents on Y2K for the Commissioners' information, and coordinated Y2K-related activities in conjunction with the National Association of Regulatory Utility Commissioners (NARUC) Task Force on Y2K Readiness. On December 31, 1999, staff monitored the events of the Y2K rollover weekend at the state Emergency Operations Center.

### **Acquisition Adjustment Rule Proceeding**

At the March 29, 1999, Internal Affairs meeting, the Commission determined that it was appropriate to initiate rulemaking on acquisition adjustment policy for the water and wastewater industry. The Commission determined that the historical practice of granting neither a positive nor a negative acquisition adjustment absent a showing of extraordinary circumstances was the appropriate policy to pursue for rulemaking. This proceeding will continue into 2000.

### **Arbitration Agreements**

PAI staff is working with CMU and LEG on an arbitration of unsettled issues for a new interconnection agreement between ICG Telcom and BellSouth. The issues include ICG's request for volume and term discounts when multiple unbundled network elements (UNEs) are ordered, compensation for Internet service provider (ISP) calls, and offering enhanced extended loops as a UNE.

### *Federal/State Liaison Activities*

#### **Electric and Gas**

In 1999, PAI staff, in coordination with the Division of Appeals (APP), continued the Commission's court challenge of Federal Energy Regulatory Commission (FERC) Order 888 on open transmission access. The FPSC, along with other state commissions around the country, is concerned with the potential impact of the rulemaking on state jurisdiction, on the state's ability to address reliability concerns, and the impact on ratepayers. The case is now being heard in the U.S. Court of Appeals for the District of Columbia Circuit.

PAI staff, working with the Division of Electric and Gas (EAG), continued the Commission's multi-pronged attack on the U.S. Department of Energy's (DOE) failure to establish a nuclear waste repository. Both the U.S. House and the U.S. Senate continue to consider legislation to force the DOE to take action on interim storage, but the Senate bill was amended to allow the DOE to take title to the spent fuel at the utility site. The Commission, along with other state commissioners and attorneys general, has also been involved in court cases on the issue.

In Congress, there were more than a dozen bills on electric restructuring. For the first time, a bill (H.R. 2944) was marked up in the House Energy and Power Subcommittee. PAI staff, working with EAG, was active in providing input to the Florida members of that subcommittee regarding the legislation.

At the FERC, a number of dockets are starting to shape the framework for retail competition. While Florida has a wholesale competitive market, the Florida Legislature has not enacted a law to open up the retail (electricity to the end user) market to competition. PAI, AFA, and EAG staff review the FERC Daily Release and trade press publications to stay informed about developments nationally in the electric retail markets that are now open to competition.

The FERC rulemaking on regional transmission organizations has been given close scrutiny. At this stage, the FERC rules are making the formation of those transmission entities voluntary — a position that the FPSC has urged.

### **Telecommunications**

The FCC has been issuing a plethora of significant orders to implement the Telecommunications Act of 1996. PAI staff, working with CMU, LEG, and APP, has been active in providing analysis and draft comments to the Commissioners and filing final comments to the FCC. Many comments were prepared, taken to the Commissioners for review at a public forum, and sent to the FCC.

Also, Florida, via the efforts of PAI, CMU and CAF staff, was one of the major states providing information to Congress on efforts to curb slamming — the unauthorized change of a customer's preferred carrier.

In addition, the FPSC has also been attempting to preserve state jurisdiction to the maximum extent possible. The FCC is less knowledgeable about Florida customers and their particular concerns within the state. One such jurisdictional matter is whether MCI may impose a federal charge on customers' bills in Florida based on intrastate revenues. Such a charge was struck down by the court recently.

Florida has been among the most active states in providing comments to the FCC on how to establish its universal service program — affordable telephone service available to all customers. The FCC is implementing the major changes in the 1996 Telecommunications Act — the first overhaul of the Act in 60 years. PAI and CMU staff provide analyses and draft comments regarding universal service and other issues to the Commissioners and file final comments with the FCC. PAI staff are on the FCC Staff Joint Board and NARUC Telecommunications Committee providing input from Florida's perspective.

PAI staff participated in a Federal Trade Commission (FTC) round table discussion on billing issues. This included the issue of cramming — unauthorized charges appearing on customers' bills. The FPSC was the only state commission included in this FTC rulemaking forum.

PAI staff, working with CMU staff, prepared analyses and draft comments to the commission and filed final comments on FCC dockets relating to the provision of advanced telecommunications services and on area code utilization. The exhaustion of area codes has become a huge national problem as the addition of second telephone lines, fax lines, and computer lines, coupled with an inefficient federal numbering system, has led to the rapid exhaustion of area code numbers. The FPSC successfully filed a petition seeking that the FCC delegate numbering authority to Florida in order for the FPSC to be able to ease the numbering inefficiencies within the state. Also, the FPSC is participating in FCC rulemaking on numbering issues.

The court cases challenging the FCC's implementation of the historic 1996 Telecommunications Act continue. The FPSC is one of several states challenging the FCC's universal service order. That order, in part, attempts to place state commissions in the role of field agents for the federal government. States are not supposed to serve in that secondary role. State commissions are closer to the citizens in their states and may better respond to consumers concerns when they are serving in an independent capacity. On July 30, 1999, the U.S. Court of Appeals for the Fifth Circuit, in Texas Office of Public Counsel v. FCC, issued a decision that largely upheld the position of the states challenging the FCC order. PAI staff, in coordination with APP and CMU, continues this court challenge.

The FPSC intervened in a court challenge of the FCC order on reciprocal compensation for ISP calls. The FPSC position is that the initial call to the ISP is a local call, within state jurisdiction. The case is being heard in the D.C. Circuit Court of Appeals, Bell Atlantic v. FCC. PAI staff are working with CMU and APP staff on this case.

In a 5-3 ruling on the federal-state jurisdictional issue, the U.S. Supreme Court, in AT&T v. Iowa Utilities Board on January 25, 1999, rejected twenty-seven states' arguments that the FCC had exceeded its jurisdictional authority. With this ruling, PAI staff's efforts ended on this case involving the pricing of interconnection.

The Division will continue to monitor all industries for emerging issues and anticipates providing comprehensive policy options for the Commission to consider. ♦





DIVISION DIRECTOR

*Dan Hoppe*

*It is the responsibility of the Division of Water and Wastewater to enforce the statutes and Commission rules and regulations governing the operations of privately owned water and wastewater utility systems in the 36 counties subject to Public Service Commission regulation. The Division is primarily involved with economic and service territory regulation, as well as regulation of the quality of service provided.*

## Water and Wastewater

During 1999, the Division of Water and Wastewater (WAW) continued working on the steady volume of docketed and undocketed applications that were received by the Commission from the 1,275 regulated water and wastewater systems in the state. During the year, the Division processed three file and suspend rate cases, three staff-assisted rate cases, and 83 pass-through and price-index rate adjustment applications. The total number of systems decreased by 29 during the year. The number of jurisdictional counties regulated remained the same as the year before. The number of known regulated utility systems as of December 31, 1999, is 1,275. This represents 186 water companies and 145 wastewater companies.

In addition, WAW continued to work on and improve in the areas of tariff filing information, intergovernmental relations, and water conservation, as well as continuing to sponsor and support the National Association of Regulatory Utility Commissioners Eastern Rate Seminar.

### *1999 Legislative Changes*

Senate Bill 1352 was enacted by the Legislature and signed by the Governor. It contained numerous changes to Chapter 367, Florida Statutes:

- 1) Prohibits the FPSC from imputing prospective future contributions in aid of construction (CIAC) against the utilities' investment in property used and useful in public service.
- 2) Requires the FPSC to consider property, including land acquired or property constructed or to be constructed within 24 months after the end of the historical base year used to set final rates, to be used and useful in the public service, if:
  - a) needed to serve current customers;
  - b) needed to serve customers five years after the end of the test year, limited to a 5-percent-per-year growth cap; and
  - c) needed to serve customers more than five years if the utility presents clear and convincing evidence to justify such consideration.
- 3) Requires the FPSC to allow recovery of the full amount of environmental compliance costs.
- 4) Expands the definition of "governmental authority" to include nonprofit corporations formed by a political subdivision to act on its behalf with respect to a water or wastewater facility.

- 5) Expands the governmental authority exemption to include water facilities operated by a private firm under a privatization contract, and includes the nonprofit corporation created by a government as detailed in #4.
- 6) Deletes the requirement for annual reports from water resellers and for meter testing requirements.
- 7) Expands the exemption for the bulk resale of water to also include the bulk resale of wastewater.
- 8) Allows a transfer of ownership to take place prior to Commission approval if the contract for sale is made contingent on Commission approval.
- 9) Deletes the automatic rate reduction requirement when rate case expense is fully recovered.
- 10) Allows interim rates for staff assisted rate cases to cover operation and maintenance expenses. Provides that interim rates will not be refunded if utility becomes exempt from regulation or jurisdiction. Provides that interim rates may be secured by bond.
- 11) Clarifies that a rate case is deemed withdrawn when a utility becomes exempt from Commission regulation (such as an ownership change to nonprofit), as opposed to a jurisdictional change (when a county takes back jurisdiction where the Commission is required to complete the case).
- 12) Adds a requirement that a utility must mail a copy of its application for new rates to the county. The county may petition to intervene in the rate case, and the FPSC is required to grant the county intervenor status if they petition to intervene.
- 13) Provides that these provisions do not apply to a rate case pending on March 11, 1999.

#### **Tariff Filing Information System**

During 1999, the Division continued to use and expand the Water and Sewer Tariff Filing Information System (WASTFIS). The program tracks all filings that will affect the tariffs of water and wastewater companies, including those filings that do not require a docket.

A summary of 1999 tariff filing follows. A comparison with the 1998 summary will show an increase in the number of filings.

#### **Interrelations With Other State Agencies**

The Commission has endorsed water conservation as a necessary goal for Florida. During 1990, the Commission began to expand its efforts in this area. At the initiation of then-Chairman Michael Wilson, WAW opened Docket No. 900181-WS to investigate water conservation rate structures.

In this docket, a workshop was held on December 14, 1990. As a result of the workshop, projects were planned to develop a memorandum of understanding between the FPSC, the water management districts, and the Florida Department of Environmental Protection (DEP) that outlines specific ways each of the agencies will participate jointly in formal and informal proceedings regarding water conservation and wastewater reuse.

During 1992, a memorandum of understanding was signed by the DEP and the FPSC. The Commission's Intergovernmental Relations Section worked many hours to obtain this goal.

In December 1993, the Commission, representatives of the DEP, the five water management districts, and Lieutenant Governor Buddy McKay met and discussed various water issues and coordination with each of the agencies involved.

We are continuing our efforts in this area. The Commission must work closely with the water management districts and the DEP in almost every case we process. During 1997, we began working with the Department of Community Affairs to develop a memorandum of understanding between that agency and the Commission concerning local comprehensive plans. We are continuing that effort.

#### **Florida Water Services, Inc.—Rate Cases**

Docket No. 920188-WS was opened during 1992 and completed in 1993, except for appellate review. This case was last remanded to the Commission in June 1997, with the First District Court of Appeal ordering that refunds could not be ordered without requiring surcharges to other customers. The commission then ordered no refunds or surcharges. The case is still open pending further appeal.

Docket No. 950495-WS was opened during 1995 and was completed in 1996, except for appellate review. This is a file and suspend rate case initiated by the utility. Service hearings were held in numerous sites across the state. The hearings have been well attended by customers. Four parties have been accepted as intervenors in the case, as well as, the Office of Public Counsel. The case was remanded to the Commission by the First District Court of Appeal for further review by the Commission. The case was completed and closed during 1999.

#### **Jurisdictional Counties**

During 1999, the number of jurisdictional counties remained the same. The Commission did not gain or lose jurisdiction of any counties. (See the map on page 82.)

#### **CIAC Gross-Up**

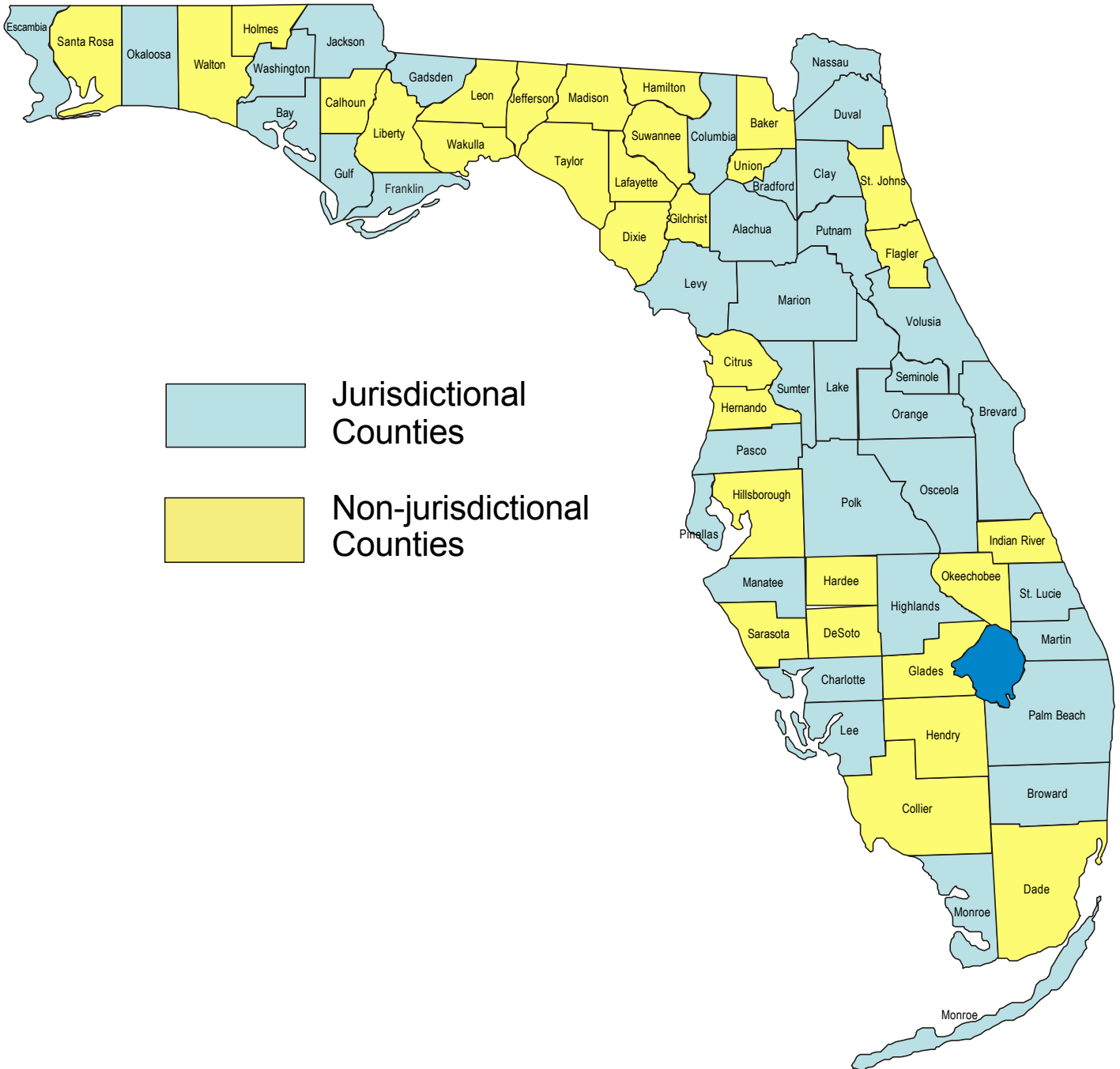
The Division is continuing to process more cases in this area. These stem from the utilities requirement that utilities refund any unused CIAC gross-up funds. The funds are used to pay the federal and state taxes on the taxable CIAC. Those amounts that are not paid to the government must be refunded to the person who paid the tax. As CIAC is no longer taxable due to a change in the U.S. Internal Revenue Code, this workload is diminishing and should be completed during 1999. We believe that most of these cases will close in early 2000. ♦

*1998 and 1999 Tariff Filings*

Tariff Filing Description	1999 Tariff Applications	1998 Tariff Applications
Cancellation of Certificate	2	11
Correction of Text	24	11
Name Change	3	4
Extension of Certificate	11	26
CIAC Gross-up	0	0
Grandfather Certificate	0	11
Price Index Rate Adjustment	59	68
Price Index & Pass-Through Rate Adjustment	18	22
Investigation	0	0
Limited Proceeding	3	8
Late Payment Charge	0	0
Miscellaneous Service Charge	3	8
New Class of Service	2	3
Original Certificate	4	4
Pass-Through Rate Adjustment	6	12
Rate Case - Interim	0	0
Rate Case - Final	3	1
Service Availability	0	4
Staff-Assisted Rate Case	3	8
Transfer of Certificate	13	18
Four-Year Rate Reduction	14	12
Transfer To Governmental Agency	8	9
<b>Total</b>	<b>176</b>	<b>240</b>

WATER AND WASTEWATER

*36 Jurisdictional Counties*





DIVISION DIRECTOR

*Steve Tribble*

*The Division of Administration has overall responsibility in all areas of internal administration, including budgeting, planning, internal accounting, information processing, personnel, and general support services for the Commission's executive offices and operating divisions. The Division coordinates and prepares the Commission's legislative budget requests, monitors the operating budget, and prepares the budget amendments as necessary. In addition, the Division oversees agency requests and provides agency-wide support in the areas of purchasing, leasing, duplicating, mail handling, Commission-owned automobiles, video teleconferencing, computer enhancements, network and micro optimizations, staff training programs, employee personnel records, insurance benefits, and other staff support needs.*

## Administration

The Division of Administration's (ADM) focus in 1999 was largely directed to preparation for the Year 2000, or Y2K, rollover, which was coordinated by the Chief of Information Processing in conjunction with the Commission's Y2K Task Force. Mission-critical applications were identified commission-wide, and remediation efforts were finalized and tested to assure the Commission's readiness and compliance with the State's mandates and objectives. Prior to the Y2K rollover, however, ADM and executive management began meeting with State project managers and consultants with SAP America as the Governor's delegated pilot agency for the testing of a new integrated financial management system (IFMS) for state agencies. This project was the counterpart to the State's Business Case Study, both having the objective of providing the 2000 Legislature with valuable information to be used in determining the course of the State's administrative management information systems.

### *Bureau of Fiscal Services*

Staff members of the Bureau of Fiscal Services have continued to support the Commission through the routine activities of collecting revenues, processing invoices for payment, reimbursing travel expenses, and preparing legislative budget requests with appropriate fiscal analyses.

#### FISCAL SERVICES' WORKLOAD STATISTICS

	FY 1995/96	FY 1996/97	FY 1997/98
Number of Invoices Processed	3,234	3,288	3,431
Travel Vouchers Processed	1,431	1,266	1,306
Class A & B	350	365	416
Class C			
Professional and Technical Service Consultant Contracts	1	0	0

## REGULATORY TRUST FUND REVENUES

	FY 1996/97	FY 1997/98	FY 1998/99
<i>Revenues</i>			
Utility Filing Fees	\$ 186,650	\$ 182,000	\$ 168,100
Utility Regulatory Assessment Fees	27,172,874	27,890,017	29,053,214
Miscellaneous Revenues*	54,546	60,318	46,585
Refunds and Cancellations	24,791	17,563	16,727
Interest Income	618,099	926,878	1,027,044
<b>TOTAL</b>	<b>\$26,346,115</b>	<b>\$28,056,960</b>	<b>\$30,311,670</b>

\*Includes Copying Fees

## REGULATORY TRUST FUND APPROPRIATIONS

Approved Budgets 1983 - 1999

Fiscal Year	APPROVED BUDGET	
	Positions	Amount
1983-84	336	14,841,894*
1984-85	346	13,788,347*
1985-86	346	14,697,776
1986-87	358	15,327,827
1987-88	364	16,355,837
1988-89	367	17,531,244
1989-90	376	19,108,275*
1990-91	379	19,685,459*
1991-92	391	22,903,274*
1992-93	391	21,852,553
1993-94	398	24,361,048
1994-95	408	25,826,011**
1995-96	389	23,635,877
1996-97	380	23,469,582*
1997-98	380	24,781,064*
1998-99	387	27,048,303*
1999-00	401	30,101,131***

\* Includes amounts distributed from statewide lump-sum appropriation for pay packages, insurance increases, etc.

\*\* This amount includes \$2,370,904 for the Commission's relocation to the Capital Circle Office Center.

\*\*\* Includes amounts distributed from statewide lump-sum appropriations for pay packages, insurance increases, etc., and a special appropriation of \$3,777,500 (which includes six positions) for the IFMS Pilot Project.

### *Bureau of General Support Services*

During 1999, the Bureau of General Support Services (GSS) continued to support the Commission through management of the Commission's purchasing, facilities, telephony, vehicle fleet, copiers, safety and security, printing, mail room, courier services, supply room, receiving, and surplus property.

It is difficult to separate the unusual or difficult projects from the steady stream of projects addressed routinely. It is necessary for this Bureau to remain flexible because of its wide variety of functions. The immediate demands skip around from function to function, and GSS is required to focus its resources in one direction today and in another direction tomorrow. This unpredictable aspect of GSS makes the work both interesting and challenging.

In terms of 1999 workload statistics, the most notable trend is the significant increase in outgoing mail. This increase is both a significant workload factor and a budget issue.

The Bureau successfully managed the conversion of the Commission's Training Room (Room 171 of the Betty Easley Conference Center) to a state-of-the-art Call Center operated by the Division of Consumer Affairs. The "go live" date of July 1, 1999, was met with only a few minor problems. During 1999, the Bureau supervised a significant in-house move as some of the Commission's divisions were reorganized. At the same time, the Bureau was involved in the IFMS project and invested a significant amount of manpower in preparing for demonstrations scheduled for February 2000. Other 1999 projects initiated and handled by the GSS staff included implementing telephone system procedures during power outages; setting up an answering service for the Division of Records and Reporting's main phone line to provide office hour information to callers before and after business hours, the relocation of surplus property to an off-site location; organization of the Commission's telephone directory listings, and the installation of made-to-order tables for the main hearing room.

#### **GENERAL SUPPORT SERVICES' WORKLOAD STATISTICS SUMMARY**

	1996	1997	1998
Invoices Verified	278	203	277
Purchase Orders Issued	1,623	1,267	1,504
Special Orders Processed	1,671	1,409	1,494
Copies Produced ( <i>Print Shop</i> )	6,646,026	4,754,069	5,823,078
Copies Produced ( <i>Convenience Copiers</i> )	4,757,192	5,764,258	4,375,432
Pieces of Outgoing Regular Mail Processed	161,346	167,287	200,593
Postage Used	\$ 81,226	\$ 89,308	\$ 93,092
Supply Requisitions Filled	402	262	277
Messenger Runs	394	456	487



*Bureau of Information Processing*  
**Hardware (Unit Replacements)**

The Bureau of Information Processing (BIP) replaced 120 desktop micros and 41 portables with new units, and upgraded 60 portables with enough memory and large enough disk drives to handle Windows 95, resulting in actual handling of 664 separate units. The replacement cycles involve getting quotes, preparing requisitions, configuring and installing all the appropriate software on the new units, and finally transferring the user's special software and files from the old units to the new units. This cycle of transactions relating to the transfer portion of the transaction may be repeated as many as four times to complete the subsequent reallocation of micro resources in each division. This year the process was a crucial part of Y2K remediation, and the Commission's hardware platform is now completely Y2K-compliant.

**Hardware (New Server/Systems)**

An important enhancement to the Commission's Local Area Network (LAN) was the replacement of the boards in the Cabletron hubs to provide 100 megabits per second (Mbps) of throughput to and from the desktop, rather than 10 Mbps, while increasing the speed of the network backbone from 100 Mbps to 1000 Mbps (1 gigabit per second). This platform upgrade should provide the bandwidth needs of the Commission for at least the next five years even if additional video loads are encountered during that time. This enhancement also reduced the Commission's recurring maintenance costs by a significant amount. BIP also implemented an ACE Authentication server and a Shiva Access Switch, which changed the way dial-in security is handled and speeds up connection times. As BIP visited the field offices to do the portable replacements and upgrades mentioned in the preceding paragraph, the Bureau was able to implement the new version of the security software used by the Shiva/ACE system. An additional benefit of this configuration is that it no longer requires that the user have a separate physical device in hand to log in when dialing in.

BIP also installed a dual set of NT servers, one of which serves as backup to the primary NT server and as a Microsoft Exchange Mail server; a Connect2 server that allows old FoxPro for DOS applications to communicate with Microsoft Exchange mail; and an Infinite Technologies Interchange server that connects Microsoft Exchange mail to the Internet. BIP also replaced its old method of connecting users to the Internet with a new hardware/software combination; Novell's Border Manager Server was implemented, and the TCP/IP protocol was manually installed on every micro in the Commission — over 500 units. Now, if the network is down, a user still can connect to the Internet.

BIP was also successful in getting the Spectrum network management server closer to complete functionality so that the Bureau can prepare to start diagnosing throughput problems when they occur. BIP attempted to implement another new system, the Vinca Standby server, which, if it had operated properly, would have reduced the amount of down time in the case of a server failure. BIP still hopes to use the Vinca server to perform "live" network backups and to retrieve files without affecting system performance. However, even without it, BIP was able to reduce network failure down time from about four hours per incident to less than one hour with the implementation of a recent release of Novell Netware Network Operating System software and by restructuring the network server hard drive to a larger buffer size.

The SAP project, which has affected ADM significantly this year, primarily affected BIP in three areas: setting up connections from the LAN to the SAP project network; setting up multiple micros for the SAP personnel and getting them connected and working on the Commission's LAN and the SAP network; and setting up the FPSC staff micros so that they can access the SAP project network successfully.

### **Software and Hardware Projects (Training and Preparation)**

Research and training was completed to replace the Commission's e-mail system. A Windows NT server platform was required for Microsoft Outlook; a limited-use copy was purchased for testing, the server was set up, and configuration and testing was begun. BIP was held up several times waiting for required pieces of software such as a version of the end-user network client; this meant that the Bureau just managed to have the new system in operation before the Y2K deadline. Training of all Commission staff took place in December 1999, and the cutover took place just prior to the Year 2000 rollover. BIP also replaced the Commission's spreadsheet software this year, again just in time for use in Y2K. A panel of "expert users" was convened to test the new version and give input to BIP so the Bureau could prepare information sheets for all end users prior to implementation.

Another major project kicked off this year was the search for a replacement for the Commission's current online faxing capabilities. BIP has purchased the hardware and software required but has not had time to implement it yet. There are three fax servers, and BIP hopes to do one of them in January 2000. If all goes well, the remaining two will be fairly easy for BIP to handle, but end-user training may be required so it will probably not be completed until the end of the first quarter. BIP also purchased an upgrade to the word processing software, but its implementation was delayed due to Y2K preparations, so it also will be implemented in 2000. It may necessitate additional training for selected Commission staff as well.

### **New Capabilities**

Microsoft Outlook E-Mail: The project that had the most impact on staff in 1999 was the implementation of the new e-mail system, and BIP is still early in the process so that workload will be spilling well over into the new year. The classes provided to staff were minimal in nature in order to reduce the impact on Commission employees' work schedules and to reduce the amount of new material to be covered in one session. As BIP ascertains the optimal settings for using the product for scheduling meetings and managing task lists, the Bureau will generate documentation to that effect and that can become the base for additional FPSC staff training.

### **Y2K Preparations and Rollover**

There were many sub-projects associated with the Y2K problem, some of which required drastic measures such as replacing hardware or replacing an e-mail system. Others required very minor actions such as issuing warnings to end users about problems they will see when trying to sort data chronologically. Still others fell in between those extremes in terms of cost and effort, such as having to make minor modifications to in-house applications software and upgrading to the latest releases of some of our purchased software. BIP set up a separate network and tested its major purchased and in-house applications on it to isolate and correct the most severe problems. The Commission is left with many instances of Y2K anomalies in which the software

will work but may deliver data out of order or require that the user be careful to enter four digits where it is possible to enter two. In order to reduce the number of situations where this could occur, BIP started a major effort to rewrite all applications in the most current version of the database management system's programming language, Visual FoxPro 6.0. BIP was not able to get all of the applications converted, but was able to review the code of the remaining applications to retrofit date-critical operations to be Y2K-compliant. BIP will continue to pursue the rewrite effort, as the vendor long ago abandoned support for the version of FoxPro that BIP wrote most of its applications with — FoxPro for DOS. (This includes a core Commission application, the Case Management System.)

Every desktop micro and portable in use in the Commission was tested for hardware compliance; all their software, and the software that resides on the network, was inventoried. Where required, hardware was replaced; also, the vendors of all the major software packages used by the Commission were contacted and Y2K compliance statements collected. As expected, even some of those products that were certified to be Y2K-compliant have exhibited small problems, but so far the vendors BIP has contacted are responding to the complaints and are working on fixes. By the same token, some of the products that were not certified by their vendor to be Y2K-compliant did test out with only very minor problems, so replacement of those products was delayed until more time to deal with them was available. BIP may still be finding small problems with some of the software over the next three to four months as staff perform operations that they normally only do once in a while, but they can be dealt with as they arise and should probably be gone before the end of the second quarter of 2000.

Some of the time spent on the Y2K project this year was administrative; meetings were held internally and externally to cover how all of the state's various functions that might be affected, including systems used between state agencies and systems used between state agencies and the public. This exercise has tightened up communications between state agencies as far as their data processing issues are concerned. There was also a requirement to create a plan for handling various contingencies that could occur; this planning also provides a good base for any emergency situation the state and/or the FPSC could face, so the task force that put it together will be refining it for future use.

### **Internet**

The primary effort relating to the FPSC Web site has had to do with relocation from the Florida State University Supercomputer Computations Research Center to a private provider, ElectroNet, with links to the audio services being moved to the Department of Management Services (similar to the setup of the Commission's video link at WFSU-TV). All is ready for the actual cutover except for some last-minute adjustments to the audio function, but this should be complete by the end of January 2000. Responsibility for the design and maintenance of the site is now being handled by the Division of Consumer Affairs (CAF), which did a redesign of the look and feel of the site this year. CAF has additional enhancements to make pending the relocation. BIP remains responsible for the data uploading — all docket-related information and several of the other data areas on the Web site. The automatic updating process was revamped this year to make it faster and more secure.

As mentioned in an earlier paragraph, BIP has completely modified the method with which the Commission's end users access the Internet, and done so in such a way that it is always accessible, even if the network itself is down. BIP also upgraded the Internet browser and the audio and video services for Commission users.

#### **System Security/Reliability**

Due to the implementation of the Novell Netware 4.X network, stability has improved and recovery times are much shorter when an actual problem does occur. This was a big year for heavy virus attacks throughout the industry, so BIP has kept its virus protection current and has implemented a new version of the software that provides even greater protection. However, the Commission must continue to be vigilant for two reasons. One is that when a new virus appears, it tends to spread very rapidly so BIP has to make constant checks with the virus protection provider to make sure we are current; the other is that the Commission is now far more vulnerable to virus attack than in the past because it is using Microsoft Exchange (Outlook) e-mail software. The vast majority of viruses rely upon Microsoft Exchange to spread, and in the past the Commission has avoided many attacks by simply not being Exchange users.

#### **PSC Applications**

The application that had the most attention during 1999 was the Consumer Assistance Tracking System (CATS). It was completely rewritten to reflect desired changes in the definition and handling of consumer contact data. Because all the previously existing consumer contacts that have not been closed are not compatible with the new system definitions, BIP also has to maintain the old CATS program and database, which is still being updated by CAF staff. Reports from the two systems have to be generated separately and the data analyzed with this fact in mind; after the new system has been in place for a few years, the need to maintain the old system should decrease.

*The following applications were rewritten (100-percent converted)  
from FoxPro for DOS to either FoxPro for Windows 2.6 or Visual FoxPro 6.0:*

- ◆ Regulatory Assessment Fee (RAF)
- ◆ Commission Calendar System (CCS)
- ◆ Consumer Activity Tracking System (CATS)
- ◆ Purchase Order Tracking System - Fiscal Component (POTS)
- ◆ Automated Inventory Management System (AIMS)
- ◆ Personnel Information (PIN)
- ◆ Flextime System (FLEX)
- ◆ Tariff Filing System (TIFS)
- ◆ WAW Tariff Filing System (WASTIFS)
- ◆ Media Tracking, Informal Conference
- ◆ COMSTORE
- ◆ Records Storage System (RECSTORE)
- ◆ Exempted Counties (EXEMPT)
- ◆ Application Status (APPSTAT)
- ◆ Network Printer Selection

- ◆ Security File Document Tracking (SFDT)
- ◆ Library Catalog System (LCS)
- ◆ External Contacts Tracking System (ECTS)
- ◆ Fleet Management System (FMS)
- ◆ Tallahassee Audits Tracking System (TATS)

*The following are 90-percent converted:*

- ◆ Master Commission Directory (MCD)
- ◆ Service Evaluation (SERVAL)

*The following are 50-percent converted:*

- ◆ Personnel Database System (PDS)
- ◆ Electric Safety (ESAFE)
- ◆ Electric and Gas Filing System (FIL)

### *Bureau of Personnel* **Training**

It is the goal of the Commission to maintain a training program that identifies the training needs of staff and provides this training in the most effective and efficient manner possible. It is important for staff to acquire up-to-date knowledge regarding new developments in technology and to enhance their skills and abilities on a continual basis. Commission staff are trained through a variety of sources, including in-house programs, state agencies, private vendors, satellite broadcasts, video conferences, and professional associations.

The Commission has also updated its e-mail system to Outlook 2000. Before the new e-mail system went online Commission-wide, all staff attended training provided by BIP's staff and Productivity Point. Personnel's staff are looking into the possibilities of training via the Internet and will preview computer-based training on Microsoft Office 2000 that includes Outlook, Word, Excel, and Access.

### **TimeDIRECT System**

Personnel has been working with Department of Management Services officials and consultants with Brandt Information Services in the development of a computerized Time Accountability System (TAS, now known as TimeDIRECT). In addition to the beginning TAS training classes provided in-house, Personnel's staff also provided additional training to supervisors and employees on TimeDIRECT usage on a one-on-one basis as needed.

### **Recruitment**

During 1999, Personnel advertised 91 vacancies in all Job and Benefits Centers in the State through Job Opportunity Announcements, COPES, and the Internet. Of these vacancies, 76 were professional and 15 were support staff positions. As a convenience for applicants, the Commission has the ability to accept state employment applications online. Furthermore, staff members from the Bureau of Personnel and the Bureau of Consumer Information and Conservation Education participated in Florida A&M University's and Florida State University's

Career Expos for the purpose of informing graduating seniors of potential employment opportunities with the Commission. Personnel also assisted the coordinator of the Commission's Trainee Program with recruiting students for part-time employment in various technical and administrative divisions.

**Administrative Workload**

A number of the Commission's internal administrative procedures (APMs) pertaining to personnel rules/guidelines were reviewed and updated and several new APMs were drafted. These included APMs for the Telecommuting Program, Volunteer Services, and the 4½ Workday Option. Responses to surveys/requests on various personnel-related matters were completed for the media, legislative committees, federal and state agencies, and other state utility commissions

<b>PERSONNEL'S WORKLOAD STATISTICS</b>			
	<b>1997</b>	<b>1998</b>	<b>1999</b>
New Employees	33	64	41
Terminations	35	43	38
Retirements	4	4	3
Promotions	35	59	51
Pay Adjustments, Merit and Discretionary Increases	418	818	470
Classification Actions	69	58	54
Up-to-Date Position Descriptions	133	58	170
Change Orders Processed	1,346	1,696	1,545
Reassignments	21	10	59
Others*	709	468	291
<b>TOTAL</b>	<b>2,803</b>	<b>3,278</b>	<b>2,722</b>

\*Includes demotions, status changes, leave with/without pay, etc.

**Benefits/Employee Assistance**

The Personnel Information News (PIN) application on the Commission's microcomputer network continued to be a resource for updated personnel information on topics including special events, current FPSC job opportunities, new and departing employees, building-related news, Equal Employment Opportunity/Affirmative Action news, salary, insurance and other benefits, training, Year 2000, official holidays, lost and found, employment verification, etc. In addition, personnel news has been communicated to employees via e-mail, the electronic bulletin boards, and the Commission's monthly internal newsletter (*Staff Reporter*).

The Division of State Group Insurance conducted its annual statewide open enrollment for flexible benefit plans, health, life and various supplement insurance plans. During this period, the State announced it had improved its Group Term Life and Accidental Death and Dismem-

berment Insurance Plan, providing enhanced benefits at a lower cost to the employee. However, as a result of these changes, all employees were required to re-enroll in the life plan, or their coverage would be canceled. Additionally, a new supplemental dental plan was added to the State's program and introduced to employees during open enrollment. Many procedural changes were initiated during open enrollment as well, greatly affecting the workload of the Bureau of Personnel.

The Commission's Employee Assistance Program continued to be a beneficial service for employees and their immediate family members. Personnel's staff coordinated the 1999 Florida State Employees' Charitable Campaign and several blood drives for the Commission. ♦



DIVISION DIRECTOR

*Bev DeMello*

*The Division of Consumer Affairs has the primary responsibility for handling complaints, preparing statistical summaries on consumer complaint activity, and participating in docketed cases on consumer matters. The Division also compiles and relays information about the Commission's regulatory decisions to customers, consumer groups, media representatives, and local, state, and federal government agencies. In addition, the Division is responsible for the agency's Conservation Education Program, which provides information on energy and water conservation to customers.*

## Consumer Affairs

### *Bureau of Complaint Resolution*

On July 1, 1999, the FPSC enhanced its Consumer Activity Tracking System (CATS), which specifically tracks consumer contacts. There are now three categories in lieu of the previous classification system. Consumer contacts are complaints, information requests or docketed correspondence. A "complaint" is a substantial unresolved objection regarding a regulated utility as it relates to charges, facility operations, or the quality of the services rendered, the disposal of which requires an investigation and/or analysis by FPSC staff. An "information request" is an inquiry that does not involve investigation or analysis by FPSC staff. "Docketed correspondence" is consumer input regarding a docketed item that does not require investigation or analysis by FPSC staff; however, these submissions are added to the correspondence section of the docket file and made available for review by all interested parties.

The Bureau of Complaint Resolution (BCR), which has 22 full-time employees, is directly responsible for handling consumer complaints, preparing statistical summaries and testimony on consumer complaint activity, and participating in docketed cases on utility matters related to consumers. In 1999, BCR handled 69,082 consumer contacts. This number represents a 22-percent increase in consumer contacts compared with 1998's 54,154 contacts. Of the 1999 calendar year contacts, 10,194 were logged as complaints against regulated utility companies and investigated, while 25,443 were handled as information requests, to which personnel in the Division of Consumer Affairs (CAF) responded with information regarding Commission activities and regulations. CAF also received 167 letters and protest forms regarding the 941 area code exhaustion relief.

The telephone industry accounted for 81 percent of all logged complaints received by the FPSC in 1999, totaling 8,822. Of this number, 5,713 were logged against long distance companies. During 1999, the FPSC closed 729 cases as apparent slamming infractions against long distance companies and eight apparent slamming infractions against local companies for a total of 737 apparent infractions. This represents 53 percent of the total cases resolved as apparent infractions in 1999. (In 1998, the FPSC resolved 2,993 cases as apparent slamming infractions.)

As a result of the FPSC's actions to resolve complaints, savings to consumers totaled \$1,917,607 for the year, a 29-percent



increase over 1998's total refunds of \$1,484,720.20. Since 1986, more than \$11 million in total refunds and credits have been issued to consumers as a result of cases handled by the FPSC. The 1999 savings included \$1,831,588 for telephone customers, \$60,698 for electric customers, \$9,545 for natural gas customers, and \$15,776 for water and wastewater customers.

In 1999, the FPSC investigated and resolved 10,947 complaints. Of the resolved complaints, 1,393 were marked with an apparent infraction (an apparent rule or tariff violation or company policy violation).

The following is a breakdown of the 1,393 cases resolved as apparent rule infractions: long distance companies, 85 percent; local telephone companies, 11 percent; alternative local exchange companies, 4 percent; water and wastewater companies, 2 percent; and electric, natural gas and pay phone companies combined, less than 1 percent.

During 1999, CAF received 35 requests for informal conferences from consumers who were not satisfied with the Division's proposed resolution. Of these 35 requests, there were 20 settlements, including seven withdrawals and two cases referred to the Commission's Division of Legal Services. There were two docketed with Proposed Agency Action orders issued and a remainder of 15 cases pending at this time.

ANNUAL STATISTICAL SUMMARY OF  
**Complaint Activity for Calendar Year 1999**

**Overall Complaint Activity (1999)**

Total Complaints Received	10,194
Total Information Requests Received	25,443
Total Docketed Correspondence Received	170
Total Calls Answered Minus Calls Entered as Cases	33,275
Total Consumer Contacts	69,082
Total Complaints Resolved	11,863
Total Complaints Resolved as Apparent Rule Infractions	1,393
Percentage of Complaints Resolved as Apparent Rule Infractions	14%

**Telephone Industry Complaint Activity (1999)**

<b>Total Telephone Industry Complaints Received</b>	<b>8,822</b>
Percentage of Telephone Industry Complaints Compared to Total Complaints Received	81%
<b>Total Long Distance Industry Complaints Received</b>	<b>5,713</b>
Percentage of Long Distance Industry Complaints Compared to Total Complaints Received	52%
Total Long Distance Industry Apparent Rule Infractions Resolved	1,142
Percentage of Long Distance Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	82%
<b>Total Local Exchange Industry Complaints Received</b>	<b>2,529</b>
Percentage of Local Exchange Industry Complaints Compared to Total Complaints Received	23%
Total Local Exchange Industry Apparent Rule Infractions Resolved	157

*Continued*

1999 ANNUAL REPORT

Percentage of Local Exchange Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	11%
Total Alternative Local Exchange Industry Complaints Received	522
Percentage of Alternative Local Exchange Industry Complaints Compared to Total Complaints Received	5%
Total Alternative Local Exchange Industry Apparent Rule Infractions Resolved	58
Percentage of Alternative Local Exchange Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	4%
Total Pay Phone Industry Complaints Received	58
Percentage of Pay Phone Industry Complaints Compared to Total Complaints Received	0.5%
Total Pay Phone Industry Apparent Rule Infractions Resolved	10
Percentage of Pay Phone Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	0.7%
Total Telephone Industry Apparent Slamming Infractions Resolved	737
Percentage of Telephone Industry Apparent Slamming Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	53%
Total Telephone Industry Apparent Slamming Infractions Compared to Total Complaints Resolved	6%

**Electric & Natural Gas Industry Complaint Activity (1999)**

Total Electric Industry Complaints Received	853
Percentage of Electric Industry Complaints Compared to Total Complaints Received	8%
Total Electric Industry Apparent Rule Infractions Resolved	9
Percentage of Electric Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	0.7%
Total Natural Gas Industry Complaints Received	96
Percentage of Natural Gas Industry Complaints Compared to Total Complaints Received	0.9%
Total Natural Gas Industry Apparent Rule Infractions Resolved	8
Percentage of Natural Gas Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	0.6%

**Water & Wastewater Industry Complaint Activity (1999)**

Total Water & Wastewater Industry Complaints Received	182
Percentage of Water & Wastewater Industry Complaints Compared to Total Complaints Received	2%
Total Water & Wastewater Industry Apparent Rule Infractions Resolved	9
Percentage of Water & Wastewater Industry Apparent Rule Infractions Compared to Total Complaints Resolved as Apparent Rule Infractions	0.6%

**Refunds/Savings/Credits to Consumers**

Telephone Industry	\$1,831,588
Electric Industry	\$ 60,698
Natural Gas Industry	\$ 9,545
Water & Wastewater Industry	\$ 15,776

**Total Savings** **\$1,917,607**

**NOTES :**

**Complaint** - A substantial unresolved objection regarding a regulated utility, as it relates to charges, facility operations, or the quality of the services rendered, the disposal of which requires an investigation and/or analysis by FPSC staff.

**Information Request** - An inquiry that does not involve investigation or analysis by FPSC staff.

**Docketed Correspondence** - Consumer input regarding a docketed item which does not require investigation or analysis by FPSC staff. However, these submissions are added to the correspondence section of the docket file and made available for review by all interested parties.

*Bureau of Consumer Information and Conservation Education*

With six full-time employees, the Bureau of Consumer Information and Conservation Education (BCI) has several key duties within the Commission. First, it is responsible for helping Florida's consumers understand how they can make wise decisions in an increasingly complex utility marketplace. Second, BCI works to inform consumers of the importance of energy and water conservation as a way of saving money and preserving precious natural resources.

In disseminating information about Commission decisions, conservation issues and other utility matters, BCI produces and relays information to a wide variety of constituents. These include utility customers, consumer groups, utility industry officials, members of the news media, and government officials at the local, state and federal levels.

In working to inform the public on utility and conservation issues, BCI employs a variety of methods for distributing such information. It is difficult to separate the unusual or difficult projects from the steady stream of projects addressed routinely within BCI. However, the following list attempts to offer as comprehensive a summary as possible of the many challenging duties within the Bureau:

- ◆ BCI was assigned the responsibility of redesigning and maintaining the Commission's Internet home page in 1999. During the year, a more intuitive domain name, <http://www.floridapsc.com>, was given to the home page to make it easier for consumers to locate the page on the Internet. The home page was extensively expanded and redesigned to meet several criteria, including making as much Commission-related information as possible available to consumers online; making it more attractive and user-friendly; and ensuring that it is easy to navigate for consumers with visual constraints or disabilities. In addition, links were added to the home page that allow utility customers throughout Florida to file complaints online, and to listen in on most Commission hearings using their home computer. BCI staff documented work on 263 separate projects, representing nearly 1,500 hours of labor, devoted to home page redesign, maintenance and new submissions in 1999.
- ◆ Nine videotaped interviews with individual Commissioners were conducted on a variety of FPSC and other utility-related topics in 1999. These 8- to 12-minute videos, produced at WFSU-TV in Tallahassee, hold potential as a method for delivering in-depth information to consumers on such issues as the Lifeline Assistance Program, nuclear waste storage and disposal, and why area codes change. Another video, titled "Meet the PSC," was created to give an overview of the Commission, its history, and the way it goes about regulating utilities. All of the videos will be available for use on the Florida Network during Agenda Conference intermissions, and have also been shown at public hearings held around the state. Additional distribution methods are being pursued.
- ◆ A particularly effective method of reaching a large audience is through the use of 30-second public service announcements, or PSAs. In 1999, BCI produced 19 television PSAs — 13 in English and six in Spanish — on such topics as slamming, pay phone regulations and Lifeline, and made arrangements to have them shown on cable television systems throughout Florida.

- ◆ The production of educational pamphlets, brochures and booklets remains a key method of informing consumers about utility and conservation issues. During 1999, BCI personnel analyzed all of the brochures the Bureau produces to ensure that they were still timely and accurate, and revised them as necessary. The Bureau also worked to determine which utility issues consumers were seeking more information on and began producing new brochures covering those topics. (In this manner, new brochures such as “Fight Back Against Cramming” and “Fight Back Against Slamming” were added to BCI’s list of available materials.) Brochures were made available through a “Brochure Line” connected to the Commission’s toll-free phone number; they were also distributed at public hearings throughout the state, and were displayed in various locations throughout the Commission’s headquarters. BCI also worked with other Commission staff to translate as many brochures as possible into Spanish in order to assist Florida’s growing Hispanic population. Finally, BCI placed many of its most-requested brochures on the Commission’s home page, and is continuing to add more brochures as they are created or updated. Using all of these methods, BCI distributed nearly 219,000 brochures to Florida consumers in 1999.
  
- ◆ BCI staff traveled to 11 public hearings around the state, answering questions and otherwise assisting consumers and members of the news media. They also attended nine public workshops on various utility issues. In conjunction with those hearings and workshops, BCI staff produced *Special Reports* that summarized the issue before the Commissioners at each hearing; mailed *Legislative Bulletins* to state legislators in the affected areas, and worked before the hearings to notify city, county and state officials and members of the news media of the hearing schedules.
  
- ◆ One hundred fifty billboards directing consumers with utility problems to call the Commission’s toll-free consumer hotline were posted throughout the state in 1999.
  
- ◆ BCI continued its production of several informative publications in 1999. A bimonthly consumer newsletter, *From the PSC Agenda*, provided information on key Commission decisions and other news. The newsletter was mailed to subscribers and made available on the PSC Internet home page. An in-house publication, *Staff Reporter*, was produced monthly (and made available electronically on the Commission’s Internal Bookmarks Page) to keep Commission employees informed of personnel and other issues affecting them. The *Executive Suite Update* was published periodically for Commissioners, Division Directors and the Executive Suite as a way of providing Senior Management with important information that can’t be distributed easily otherwise.
  
- ◆ For several years, BCI has played an informal role in maintaining the working order of all audio and visual systems within the Commission’s hearing rooms. That support role became official in early 1999 with the creation of a new position, Radio/Television Engineering Technologist, with responsibilities for maintaining, repairing and upgrading equipment in the hearing rooms and throughout the Commission. The Radio/Television Engineering Technologist documented work on 58 separate projects, representing nearly 750 hours of labor, in 1999, as well as hundreds of hours supporting the functions of the PSC’s Internet home page.

- ◆ BCI staff provided art services for a variety of consumer outreach efforts within the Bureau in 1999, including the production of brochures, slides, signage, etc. In addition, BCI's art-services staff provides support for the entire Commission, routinely producing such work as PowerPoint presentations and posters as well as maintaining much of the artwork in public areas of the Commission's buildings. In 1999, the Art Services staff documented work on 150 separate projects, representing nearly 1,300 hours of labor.
- ◆ With the assistance of all divisions of the Commission, BCI compiles and produces two reports, the Florida Public Service Commission Annual Report and the Consumer Assistance & Protection Report, both of which are made available to the Legislature and the public each year. The Annual Report offers a comprehensive summation of the Commission's activities over the previous year, while the Consumer Assistance & Protection Report documents the Commission's efforts to safeguard the rights of Florida's utility customers.

Analysis of surveys and other related information shows that the Commission's consumer outreach and education programs, comprising 334 separate projects and nearly 3,000 hours of work, have significantly contributed to increased awareness of utility issues among Florida consumers.

Overall, BCI staff documented work on 805 projects in 1999, representing 6,274.75 hours of total labor. These projects included all aspects of our role, ranging from consumer outreach to administrative functions, audio/visual work, Internet maintenance, art services, and other miscellaneous responsibilities.

Although it is difficult to document many of the more unique projects addressed routinely within BCI, the table below offers as comprehensive a summary as possible of the many regular duties within the Bureau.

<b>Bureau of Consumer Information and Conservation Education - 1999</b>	
(Partial Listing of Year's Activities)	
<b>Consumer Outreach Projects</b>	<b>334</b>
Legislative Bulletins	7
Special Reports	16
Media Calls*	188*
Information Requests Handled	819
From The Agendas Published	5
Staff Reporters Published	12
Brochure Distribution	218,920**
Commissioners' Columns Produced	8
Customer Hearings Attended	11
Public Workshops Attended	9
TV PSAs Produced	19
Informational Videos Produced	10
Informational Letters for Mass Distribution	24

\* Media Calls reflect only January and February of 1999.

\*\* Includes Lifeline Assistance Program/Link-Up Florida brochures.

### **The Office of Public Information**

The Office of Public Information is the Commission's primary contact for media representatives seeking information on regulatory matters. Effective media relations are essential to achieving the Commission's goal of providing responsible, helpful consumer education.

Among the Office's accomplishments over the past year are the following:

- ◆ The Office responded to approximately 1,400 media calls from hundreds of media outlets throughout the state and nation in 1999.
  
- ◆ The Office monitored 23 Agenda Conferences and issued 45 news releases throughout the year to inform the news media of key decisions and other information involving the Commission.
  
- ◆ Working with the Chairman's Office, the Office of Public Information coordinated 16 visits to newspaper editorial boards throughout Florida as a way of increasing the news media's understanding of utility issues and the role of the Commission. ◆

# Long Distance Companies

DIVISION OF CONSUMER AFFAIRS COMPLAINT ACTIVITY-1999

	Complaints Logged			Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total		Apparent Noninfractions	Total	
1010 123 AMERICATEL	0	0	0		1	0	0%
AT&T (A.C.C. DBA)	315	777	1092	Slamming	836	93	10%
ACC LONG DISTANCE	0	1	1		0	0	0%
ACCESS LONG DISTANCE OF FLORIDA, INC.	1	0	1	Failure To Respond	0	1	100%
ACCESS ONE COMMUNICATIONS	28	7	35	Slamming	49	7	15%
ACCESS POINT, INC.	0	1	1		1	0	0%
ACCUTEL COMMUNICATIONS, INC.	7	8	15	Slamming	26	4	13%
ADELPHIA TELECOMMUNICATIONS OF FLORIDA	2	1	3		3	0	0%
ADVANCED TELECOMMUNICATION NETWORK, INC.	2	1	3		4	2	33%
ADVANTAGE PLUS TELECOMMUNICATIONS, INC.	5	1	6	Slamming	1	1	50%
ALL AMERICAN TELEPHONE, INC.	1	0	1	Failure To Respond	11	72	87%
ALLIANCE GROUP SERVICES, INC.	3	0	3		1	0	0%
ALLTEL COMMUNICATIONS, INC.	1	5	6		5	0	0%
ALLTEL/360	2	3	5		6	0	0%
ALTERNATEL	1	0	1		1	0	0%
AMER-HNET SERVICES CORP.	2	0	2	Slamming	11	35	46%
AMERICA'S TELE-NETWORK CORP.	94	29	123	Slamming	76	38	114%
AMERICA ONE COMMUNICATIONS, INC.	1	6	7		4	0	0%
AMERICAN NORTEL COMMUNICATIONS, INC.	79	17	96	Slamming	55	117	173%
AMERICAN PHONE SERVICES CORP.	4	3	7	Slamming	1	1	2%
AMERICAN TEL GROUP, INC.	1	0	1	Improper Rates Applied	3	1	4%
AMERICAN TELECOM	1	0	1		2	0	0%
AMERICAN TELECOMMUNICATIONS SYSTEMS, INC.	2	0	2	Slamming	2	1	33%
AMERICAN TELESOURCE INTERNATIONAL, INC.	0	1	1		0	0	0%
AMERICAN TELETRONICS LONG DISTANCE, INC.	0	0	0	Failure To Respond	0	2	100%

# Long Distance Companies

CONTINUED

Service	Complaints Logged		Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Billing	Total		Apparent Infractions	Total	
AMERICOM COMMUNICATIONS, LLC	0	1		0	1	0%
AMERITECH COMMUNICATIONS INTERNATIONAL	0	1		0	1	0%
AMERIVISION COMMUNICATIONS, INC.	2	7	Failure To Respond	5	11	27%
AMIKEX (AMERICAN NETWORK EXCHANGE, INC.)	0	0		0	0	0%
ATLANTIC TELECOMMUNICATION SYSTEMS, INC.	0	1		0	3	0%
ATLANTIC TELEPHONE COMPANY, INC.	2	24	Slamming	2	22	91%
ATLAS COMMUNICATION CONSULTANTS, INC.	0	1		0	1	0%
ATLAS COMMUNICATIONS LTD.	0	1		0	2	0%
ATN COMMUNICATIONS INCORPORATED	6	18		18	0	0%
ATX TELECOMMUNICATIONS SERVICES	0	1		1	0	0%
BCI CORP.	1	14	Failure To Respond	26	23	47%
BELL ATLANTIC COMMUNICATIONS, INC.	0	0		1	0	0%
BELL ATLANTIC LONG DISTANCE	1	2	Failure To Respond	5	1	17%
BELLSOUTH LONG DISTANCE, INC.	0	1		0	0	0%
BELLSOUTH PUBLIC COMMUNICATIONS, INC.	2	5		8	0	0%
BIZ-TEL	0	1		0	0	0%
BIZ TEL CORPORATION	33	55		63	3	5%
BNI TELECOMMUNICATIONS, INC.	0	2	Failure To Respond	1	2	50%
BTI	4	7	Inproper Backbilling	12	13	8%
BUDGET CALL LONG DISTANCE, INC.	0	1		1	0	0%
BUSINESS DISCOUNT PLAN, INC.	0	2		2	1	33%
BUSINESS OPTIONS, INC.	0	0	Slamming	0	1	100%
BUYERS UNITED INTERNATIONAL, INC.	0	2	Failure To Respond	3	1	25%
CABLE & WIRELESS, INC.	4	21	Slamming	41	3	7%
CALL-4-LESS	1	6		4	0	0%



# Long Distance Companies

CONTINUED

Service	Complaints Logged		Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Billing	Total		Apparent Infractions	Total	
CALL PLUS, INC.	1	0	Failure To Respond	0	1	100%
CAPITAL SERVICES OF SOUTH FLORIDA, INC.	1	0		1	0	0%
CARETELE, INC.	1	2		1	0	0%
CATHOLIC TELECOM INC.	0	0		1	0	0%
CCC LIMITED PARTNERSHIP (CAPITOL COMML)	0	0		2	0	0%
CINCINNATI BELL LONG DISTANCE, INC.	1	0		0	0	0%
CLEARTEL COMMUNICATIONS, INC.	2	3	Slamming	4	2	33%
COAST INTERNATIONAL, INC.	1	0	Slamming	3	1	25%
COASTAL TELEPHONE COMPANY	2	6	Slamming	8	1	11%
COLORADO RIVER COMMUNICATIONS CORP.	0	1	Improper Rates Applied	5	1	17%
COMDATA TELECOMMUNICATIONS SERVICES	0	0		1	0	0%
COMHREX, L.L.C.	0	0		2	0	0%
COMINEX	1	0	Failure To Respond	2	4	67%
COMINEX	1	0		1	0	0%
COMTEL NETWORK LLC	2	0		1	0	0%
CONQUEST OPERATOR SERVICES CORP.	0	0		1	0	0%
CONSUMER ACCESS	0	3		6	0	0%
CORPORATE SERVICES TELCOM, INC.	8	2	Slamming	61	14	19%
CORRECTIONAL BILLING SERVICES (EVEREOM)	0	8	Failure To Respond	4	5	20%
CSI CORP.	1	1	Failure To Respond	4	1	20%
CTS TELCOM, INC.	2	1	Failure To Respond	1	1	50%
DIAL & SAVE	2	13		14	2	13%
DISCOUNT NETWORK SERVICES, INC.	0	1	Slamming	5	1	17%
EASTON TELECOM SERVICES INC.	1	0		1	0	0%
ECL COMMUNICATIONS, INC.	1	0	Failure To Respond	0	1	100%

# Long Distance Companies

CONTINUED

Service	Complaints Logged		Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Billing	Total		Apparent Infractions	Total	
ECLIPSE TELECOMMUNICATIONS, INC.	5	11		9	2	18%
EFFICY GROUP, INC.	1	2		3	0	0%
EMPIRE TELECOM, INC.	0	0		1	0	0%
ENHANCED SERVICES BILLING, INC.	8	9		12	0	0%
EQUINET CORPORATION	1	5	Steaming	6	3	33%
ETH-TELECOMMUNICATIONS, INC.	0	1	Failure To Respond	2	1	33%
EXCEL TELECOMMUNICATIONS, INC.	86	224	Steaming	177	75	30%
EXELSTONE INFORMATION SYSTEMS, INC.	0	0		1	0	0%
ESPIRE COMMUNICATIONS, INC.	2	4		0	3	100%
FEDERAL TRAKSTEL, INC.	56	76	Steaming	70	3	4%
FLEAT RATE LONG DISTANCE, INC. (CONNECTREE)	5	16	Steaming	14	4	22%
FLORIDA DIGITAL NETWORKS, INC.	1	4	Steaming	1	2	50%
FOXTEL, INC.	0	0		1	0	0%
FREE PLUS CALLING, INC.	0	0		1	0	0%
FRONTIER COMMUNICATIONS INTERNATIONAL	1	6		6	2	25%
FRONTIER COMMUNICATIONS SERVICES	9	33	Steaming	38	1	3%
GAF TELECOMMUNICATIONS	0	1		1	0	0%
GLOBAL TELEPHONE INTERNATIONAL, INC.	0	0		3	0	0%
GLOBAL TEL-LINK CORPORATION	6	10		6	0	0%
GREAT NORTH AMERICAN COMMUNICATIONS	1	1		1	0	0%
GROUP ADVANTAGE PROVIDERS, LLC	0	0	Failure To Respond	0	1	100%
GROUP LONG DISTANCE, INC.	2	6		9	2	18%
GT COM LONG DISTANCE (ST. JOE COMM.)	1	1		2	0	0%
GTE COMMUNICATIONS CORPORATION	72	214	Steaming	177	135	43%
GTE TELECOMMUNICATION SERVICES INC.	1	3		4	0	0%

# Long Distance Companies

CONTINUED

Company	Complaints Logged			Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total		Apparent Infractions	Resolved Apparent Infractions	
GTI TELECOM, INC.	1	0	1	Failure To Respond	0	1	100%
GULF LONG DISTANCE, INC.	3	7	10	Improper Rates Applied	8	3	27%
HALE AND FATHER, INC.	3	5	8		13	0	0%
HEERON COMMUNICATIONS CORPORATION	0	0	0		2	0	0%
HILLO CARD INC.	5	1	6		5	2	29%
HOLD BILLING SERVICES LTD.	12	12	24		25	0	0%
HOME OWNERS LONG DISTANCE INCORPORATED	3	2	5	Skimming	8	4	33%
LINK COMMUNICATIONS, INC.	1	3	4	Billing Wrong Customer	3	1	25%
LOG TELECOM GROUP, INC.	0	2	2		4	0	0%
CI COMMUNICATIONS CORPORATION	0	1	1		1	0	0%
DEADIAL CORPORATION	1	0	1		1	2	67%
DS LONG DISTANCE, INC.	3	3	6	Skimming	7	1	13%
DT AMERICA CORP.	2	3	5		1	0	0%
DT CORPORATION	1	0	1		2	0	0%
LD	14	18	32	Skimming	22	1	4%
LD, INC.	1	0	1		2	0	0%
NCOMNET COMMUNICATIONS CORPORATION	1	0	1		2	0	0%
NET INTERACTIVE NETWORK SYSTEMS, INC.	0	0	0		1	0	0%
INTEGRATED TELESERVICES, INC.	1	1	2		2	0	0%
INTEGRETEL, INC.	15	60	75	Failure To Respond	83	5	6%
INTELNET INTERNATIONAL CORP.	3	1	4		4	0	0%
INTERMEDIA COMMUNICATIONS, INC.	13	18	31	Failure To Respond	30	6	17%
INTERNATIONAL FILMS (MCS COMM., INC.)	3	13	21	Improper Rates Applied	30	5	14%
INTERNATIONAL TELMEDIA ASSOCIATES, INC.	0	0	0	Failure To Respond	3	2	40%
NETTECH, L.C.	2	0	2		3	0	0%

# Long Distance Companies

CONTINUED

	Complaints Logged			Major Apparent		Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total	Infraction Type	Noninfractions	Apparent Infractions	Total	
INVISION TELECOM, INC.	0	1	1		1	0	1	0%
ITC/BELTACOM	3	0	3		3	0	3	0%
ITELSA (USA), INC.	1	0	1		1	0	1	0%
ITS BILLING (WATS)800, INC. (S/B/A)	0	0	0	Steaming	2	1	3	33%
IXC COMMUNICATIONS SERVICES, INC.	1	1	2		4	0	4	0%
KNOLLOGY OF FLORIDA, INC.	1	0	1		1	0	1	0%
LBC CONSULTANTS	0	1	1		1	0	1	0%
LDC TELECOMMUNICATIONS, INC.	4	1	5	Failure To Respond	2	3	5	60%
LDIS WORLDCOM	2	1	3	Improper Rates Applied	9	1	10	10%
LEAST COST ROUTING, INC.	7	1	8	Steaming	10	7	17	41%
LOGTEL	0	1	1		0	0	0	0%
LOGIX COMMUNICATIONS CORPORATION	1	1	2		2	0	2	0%
LONG DISTANCE BILLING	3	1	4		3	0	3	0%
LONG DISTANCE CHARGES	83	4	27	Steaming	56	59	95	41%
LONG DISTANCE DIRECT, INC.	2	1	3	Steaming	9	2	11	18%
LONG DISTANCE INTERNATIONAL, INC.	9	24	32		32	8	40	20%
LONG DISTANCE SAVINGS	20	5	25	Steaming	51	13	64	20%
LONG DISTANCE SERVICES, INC.	5	3	8	Failure To Respond	21	1	22	5%
LONG DISTANCE WHOLESALE CLUB	1	6	7	Improper Rates Applied	5	1	6	17%
L.D.S. TELECOMMUNICATIONS, INC.	17	2	19	Steaming	31	9	40	23%
MAJATHON COMMUNICATIONS CORPORATION	3	1	4	Failure To Respond	13	1	14	7%
MATRIX TELECOM, INC.	2	3	5		6	0	6	0%
MAXIS COMMUNICATIONS, INC.	0	3	3		2	0	2	0%
MAY SYSTEMS, INC.	1	0	1		1	0	1	0%
MCI WORLDCOM	668	796	1464	Steaming	1191	121	1312	8%

# Long Distance Companies

CONTINUED

Service	Complaints Logged			Complaints Resolved			% of Complaints Resolved as Apparent Infractions
	Billing	Total	Major Infracton Type	Apparent Noninfractons	Apparent Infractons	Total	
MINIMUM RATE PRICING, INC.	36	13	49	Slamming	115	14	11%
MONEY TRAVEL SERVICES OF FLORIDA, INC.	5	0	3		4	0	0%
MULTIMEDIA TELEPHONE SERVICE, INC.	1	0	1	Failure To Respond	1	6	85%
NATIONAL ACCOUNTS, INC.	0	0	0	Slamming	0	1	100%
NATIONAL OPERATOR SERVICES, INC.	0	0	0		1	0	0%
NATIONAL PHONE CORPORATION	2	0	2	Failure To Respond	0	0	0%
NATIONALTEL	4	2	6		8	1	1%
NATIONWIDE COMMUNICATIONS OF MICHIGAN	0	0	0		1	0	0%
NET-TEL CORPORATION	3	2	5	Billing Wrong Customer	5	1	17%
NETWORK ACCESS INC.	0	0	0	Failure To Respond	0	1	100%
NETWORK INTERNATIONAL OF THE SOUTH, LC	1	2	3		2	0	0%
NETWORK ONE	0	3	1		1	0	0%
NETWORK SERVICE CENTER, INC.	1	0	1		1	0	0%
NETWORK SERVICES LONG DISTANCE	2	5	5		4	0	0%
NETWORK UTILIZATION SERVICES	5	0	5	Slamming	4	2	33%
NEW MEDIA TELECOMMUNICATIONS, INC.	1	0	1		0	0	0%
NEW MILLENNIUM CONQUEST SERVICE CORP.	1	0	1		1	0	0%
NEXSTAR COMMUNICATIONS, INC.	2	0	2		2	0	0%
NEXTEL LONG DISTANCE (NXL COMPANY D/B/A)	1	0	1		2	0	0%
NEXTELINK FLORIDA, INC.	1	0	1		0	0	0%
NORCOM, INC.	0	0	0		1	0	0%
NORTH AMERICAN INTELECOM, INC.	0	0	0		1	0	0%
NORTH AMERICAN TELEPHONE/TPA, INC.	2	0	2		0	0	0%
NORTH AMERICAN TELEPHONE NETWORK, LLC	6	2	8		16	0	0%
OCI OPERATOR COMM. INC. (D/B/A ONCOR)	0	0	0		1	0	0%

# Long Distance Companies

CONTINUED

	Complaints Logged			Complaints Resolved			% of Complaints Resolved as Apparent Infractions	
	Service	Billing	Total	Major Apparent Infraction Type	Apparent Noninfractions	Apparent Infractions		Total
OFFICE DEPOT COMM. (PHOENIX NETWORK, INC.)	0	0	0		2	0	2	0%
OLS, INC.	56	21	77	Slamming	41	9	50	18%
ONE STEP BILLING, INC.	2	0	2	Slamming	4	2	6	33%
ONESTAR LONG DISTANCE, INC.	1	0	1		0	0	0	0%
OPERATOR ASSISTANCE NETWORK	9	6	15	Slamming	35	2	37	5%
OPEX COMMUNICATIONS, INC. (XCI)	19	11	30	Slamming	9	1	10	10%
OPTICOM, A DIVISION OF ONE CALL COMM., INC.	4	7	11		12	0	12	0%
PAETEC COMMUNICATIONS, INC.	1	0	1		0	0	0	0%
PANTEL COMMUNICATIONS, INC.	1	0	1	Failure To Respond	3	0	3	0%
PHONE CALLS, INC.	0	0	0		0	1	1	100%
PHONE ONE, INC.	1	0	1		1	0	1	0%
PHONES FOR ALL	3	0	3	Failure To Respond	4	2	6	33%
PNG TELECOMMUNICATIONS, INC.	0	0	0		1	0	1	0%
POINTECOM, INCORPORATED	1	0	1		0	0	0	0%
PREFERRED BILLING	3	0	3	Slamming	15	3	18	17%
PREMIERE COMMUNICATIONS, INC.	2	1	3	Failure To Respond	2	1	3	33%
PREMIUS TELECOMMUNICATIONS, INC.	1	2	3		3	0	3	0%
PROCOM	0	0	0		1	0	1	0%
PT-1 COMMUNICATIONS	3	0	3		1	0	1	0%
PTT TELEKOM, INC.	1	0	1		1	0	1	0%
PUBLIC PHONE	0	1	1		0	0	0	0%
QUANTUMLINK COMM. (AFFINITY NETWORK)	6	41	49	Failure To Respond	38	3	41	7%
QUEST COMMUNICATIONS CORP. OF KANSAS	0	0	0		1	0	1	0%
QUEST TELECOMMUNICATIONS, INC.	2	2	4		6	0	6	0%
QUINTECO, INC.	0	3	3		2	0	2	0%

# Long Distance Companies

CONTINUED

Service	Complaints Logged			Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Billing	Total	Total		Apparent	Apparent	
QWEST COMMUNICATIONS CORPORATION	99	46	145	Slamming	103	27	21%
QWEST COMMUNICATIONS SERVICES	41	33	77	Slamming	86	22	26%
RADIANT TELECOM, INC.	1	0	1		0	0	0%
RIM CARD SERVICES, INC.	1	1	2		1	0	0%
RSL COM PRIMECALL, INC.	1	0	1		1	0	0%
RSL COM U.S.A., INC.	0	1	1		0	0	0%
SATURN TELECOMMUNICATION SERVICES, INC.	1	3	4		3	0	0%
SCI LONG DISTANCE TELEPHONE	1	0	1	Slamming	1	1	100%
SECURITY TELECOM CORPORATION	0	0	0		1	0	0%
SETEL, LLC	1	0	1		1	0	0%
SHARED COMMUNICATIONS SERVICES, INC.	0	0	0		3	0	0%
SOPHISTICATED COMMUNICATIONS, INC.	1	0	1	Failure To Respond	0	1	100%
SOUTHERN STATES TELEPHONE, INC.	5	0	3		2	0	0%
SPRINT	176	148	324	Slamming	357	23	6%
STA TELECOMMUNICATIONS CORP.	0	0	0		1	0	0%
STAR TELECOMMUNICATIONS, INC.	1	0	1		1	0	0%
STARLINK COMMUNICATIONS, LLC	1	1	2		2	0	0%
STATE PHONE COMPANY	0	1	1		1	0	0%
STERLING TIME COMPANY	0	1	1		0	0	0%
STORMTEL, INC.	0	1	1		3	0	0%
SUNTEL NETWORK, INC.	1	0	1	Failure To Respond	0	1	100%
SUPRA	1	4	5		2	0	0%
SWITCHED SERVICES COMMUNICATIONS, L.L.C.	3	0	3	Failure To Respond	2	1	33%
TELINK OF FLORIDA, L.L.C.	0	1	1	Failure To Respond	4	1	20%
TEI COM PLUS	1	0	1		1	0	0%

# Long Distance Companies

CONTINUED

Company	Complaints Logged				Complaints Resolved				% of Complaints Resolved as Apparent Infractions	
	Service		Major Apparent		Apparent		Apparent			Total
	Billing	Total	Infraction Type	Type	Noninfractions	Infractions	Infractions			
TELE3	2	3	Failure To Respond	3	3	3	3	37	82%	
TELECOM BILLING, INC.	9	19	28	34	3	3	3	37	8%	
TELECOM DEVELOPMENT GROUP, INC.	5	6	11	10	1	1	1	11	9%	
TELECOM PARTNERS, INC.	0	1	1	1	0	0	0	1	0%	
TELECOMINET, INC.	0	1	1	1	0	0	0	1	0%	
TELECOM PLUS	1	3	4	8	0	0	0	8	0%	
TELECOM PLUS, LTD.	1	0	1	1	0	0	0	1	0%	
TELECOMMUNICATIONS RESOURCES, INC.	0	0	0	1	0	0	0	1	0%	
TELECOMMUNICATIONS SERVICE CENTER, INC.	0	2	2	4	0	0	0	4	0%	
TELECOM*USA OR TELECONNECT	6	34	40	50	3	3	3	53	6%	
TELEC, INC.	2	0	2	8	1	1	1	8	11%	
TELEDRIFT, INCORPORATED	1	0	1	1	0	0	0	1	0%	
TELEFYNE INCORPORATED	1	0	1	1	0	0	0	1	0%	
TELEGROUP OF IOWA, INC.	1	1	2	4	0	0	0	4	0%	
TELEHUB NETWORK SERVICES CORPORATION	1	0	1	2	0	0	0	2	0%	
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.	1	2	3	17	0	0	0	17	0%	
TELENET, INC.	1	0	1	1	0	0	0	1	0%	
TELEX/SPRINT COMMUNICATIONS, L.L.C.	1	0	1	0	0	0	0	0	0%	
THE FIRST GROUP, INC.	4	1	5	8	0	0	0	8	0%	
THE PHONE COMPANY	62	33	95	102	13	13	13	115	11%	
TMC COMMUNICATIONS	1	0	1	0	0	0	0	0	0%	
TNS	1	0	1	0	0	0	0	0	0%	
TOTALTEL, INC.	1	0	1	1	0	0	0	1	0%	
TOUCH 1 COMMUNICATIONS, INC.	1	2	3	3	1	1	1	4	25%	
TOUCH 1 LONG DISTANCE, INC.	8	3	11	10	1	1	1	11	5%	



# Long Distance Companies

CONTINUED

Company	Complaints Logged			Complaints Resolved			% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total	Major Apparent Infractions	Apparent Noninfractions	Total	
TOUCH TONE AMERICA, INC.	1	0	1	0	0	3	100%
TRANS NATIONAL COMM. INTERNATIONAL, INC.	1	0	1	1	0	1	0%
TRANSCOMMUNICATIONS, INCORPORATED	0	1	1	0	0	0	0%
TRANSTEL COMM. OF NORTHERN FLORIDA, INC.	0	0	0	1	0	1	0%
TRESCOM USA, INC.	1	1	2	4	2	6	33%
TTI NATIONAL, INC.	2	3	5	5	0	5	0%
TWIC, INC. (TW COMMUNICATIONS, INC. DB/A)	0	0	0	1	0	1	0%
U S F & C CORPORATION	4	24	28	26	0	26	0%
UCM, INC.	1	2	3	0	2	2	100%
UNITEL COMMUNICATIONS GROUP, INC.	6	2	8	2	1	3	33%
UNIDIAL COMMUNICATIONS, INC.	2	7	9	8	1	9	11%
UNIDIAL TELECOMMUNICATIONS LLC	0	1	1	2	0	2	0%
UNIVERSALCOMM, INC.	1	0	1	1	0	1	0%
USA TELE CORP.	5	3	8	10	5	15	33%
USP COMM., INC.	1	2	3	1	0	1	0%
USTEL, INC.	0	1	1	2	0	2	0%
U.S. BILLING	24	26	50	55	2	57	4%
U.S. DIGITAL NETWORK LIMITED PARTNERSHIP	1	0	1	0	1	1	100%
U.S. LONG DISTANCE, INC.	5	2	7	29	3	32	9%
U.S. REPUBLIC COMMUNICATIONS, INC.	29	75	104	104	13	123	11%
VARTEC TELECOM AND CLEAR CHOICE	4	26	30	30	4	34	12%
VISION TELECOMMUNICATION, INC.	0	0	0	1	0	1	0%
VISTA GROUP INTERNATIONAL, INC.	13	2	15	19	5	24	21%
VISTA INTERNATIONAL COMMUNICATIONS, INC.	0	0	0	1	0	1	0%
V.I.P. TELEPHONE NETWORK, INC.	0	3	3	2	0	2	0%

# Long Distance Companies

CONTINUED

	Complaints Logged			Major Apparent			Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total	Infraction Type	Non-Infractions	Apparent Infractions	Total	Apparent Infractions	
WATS INTERNATIONAL CORPORATION	0	0	0		1	0	1	0%	
WATTEL, INC.	0	2	2		2	0	2	0%	
WESTINGHOUSE COMMUNICATIONS	1	0	1		1	0	1	0%	
WESTSTAR COMMUNICATIONS, INC.	1	0	1		0	0	0	0%	
WINSTAR GATEWAY NETWORK, INC.	0	0	0		1	0	1	0%	
WINSTAR WIRELESS, INC.	3	0	3		4	0	4	0%	
WORKING ASSETS LONG DISTANCE	2	0	2		2	0	2	0%	
WORLDCOM NETWORK SERVICES, INC.	38	16	56	Failure To Respond	102	5	107	5%	
WORLDCOM TECHNOLOGIES, INC.	25	31	56	Failure To Respond	54	3	57	5%	
WORLDBANK LONG DISTANCE CORP.	1	0	1		0	0	0	0%	
Z-TEL COMMUNICATIONS, INC.	2	5	7	Billing Wrong Customer	4	1	5	20%	
ZERO FULS DIALING, INC.	8	19	27	Slamming	12	1	13	3%	
<b>TOTALS</b>	<b>2761</b>	<b>2952</b>	<b>5713</b>		<b>5716</b>	<b>1142</b>	<b>6458</b>	<b>17%</b>	

## Local Telephone Companies

DIVISION OF CONSUMER AFFAIRS COMPLAINT ACTIVITY-1999

Service	Complaints Logged			Major Apparent Infraction Type			Complaints Resolved		
	Billing	Total	Improper Rates Applied	Delay in Connecting Service	Delay in Connecting Service	Delay in Connecting Service	Apparent Noninfractions	Apparent Infractions	Total
ALLTEL	18	7	25	22	1	23			
BELLSOUTH	1033	325	1358	1203	81	1284			
FRONTIER	3	2	5	6	0	6			
GT COM	15	4	19	17	1	18			
GTE	273	123	396	404	39	443			
ITS TELECOM.	0	1	1	1	0	1			
NE FLORIDA TELEPHONE	0	2	2	2	0	2			
SPRINT-FLORIDA	541	180	721	597	35	632			
TDS TELECOM/QUINCY	0	1	1	2	0	2			
VISTA-UNITED	1	0	1	1	0	1			
<b>INDUSTRY TOTAL</b>	<b>1884</b>	<b>645</b>	<b>2529</b>	<b>2255</b>	<b>157</b>	<b>2412</b>	<b>0</b>		

# Local Telephone Companies

## DIVISION OF CONSUMER AFFAIRS 1999 APPARENT INFRACTION INFORMATION

	Numbers of Access lines*	Apparent Infractions	% of Complaints Resolved as Apparent Infractions	1999	
				Apparent Infractions Per 1,000 Access lines**	Apparent Infractions Index
ALLTEL	82,719	1	4%	0.0121	0.85
BELLSOUTH	6,481,986	81	6%	0.0125	0.88
FRONTIER	4,266	0	0%	0.0000	0.00
GT COM	46,415	1	6%	0.0215	1.52
GTE	2,368,938	39	9%	0.0165	1.16
ITS TELECOM.	3,537	0	0%	0.0000	0.00
NE FLORIDA TELEPHONE	8,592	0	0%	0.0000	0.00
SPRINT-FLORIDA	2,048,042	35	6%	2.6375	186.02
TDS TELECOM/QUINCY	13,270	0	0%	0.0000	0.00
VISTA-UNITED	15,236	0	0%	0.0000	0.00
<b>INDUSTRY TOTAL</b>	<b>11,073,001</b>	<b>157</b>	<b>7%</b>	<b>0.0142</b>	

\* Source - Florida Public Service Commission Division of Telecommunications, February 1999.

\*\* Note - Apparent Infractions per 1,000 access lines is defined as follows:

Each company total is based on the company's total apparent infractions divided by its total number of access lines.  
The industry total is based on total year-to-date apparent infractions for the industry divided by the total number of access lines for the industry.

# Alternative Local Telephone Companies

DIVISION OF CONSUMER AFFAIRS COMPLAINT ACTIVITY -1999

	Complaints Logged			Major Apparent Infraction Type	Apparent Noninfractions	Complaints Resolved Apparent Infractions	Total Apparent Infractions	% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total					
F-BD-RECONEX, INC.	3	1	4		4	0	4	0%
ACCESS ONE COMMUNICATIONS	38	23	61	Improper or Delinq. Notice	76	5	91	6%
ACCESS POINT, INC.	0	1	1		1	0	1	0%
ADVANCED CELLULAR CORPORATION	1	0	1		1	0	1	0%
ALLTEL COMMUNICATIONS, INC.	3	1	4	Improper Disconnect	4	1	5	20%
ALTERNATIVE TELECOMMUNICATIONS	1	1	2		1	0	1	0%
AMERICA'S TELENETWORK CORP.	2	0	2		1	0	1	0%
ATLANTIC TELECOMMUNICATION SYSTEMS	1	0	1		2	0	2	0%
AT&T	22	7	29		11	4	15	27%
AXSYS, INC./TEL PTNS.	1	0	1		1	0	1	0%
BELLSOUTH BSE, INC.	1	1	2		3	0	3	0%
BELLSOUTH TELECOMMUNICATIONS, INC.	0	0	0		2	0	2	0%
BIZ-TEL CORPORATION	2	0	2		2	0	2	0%
BTI	2	1	3		5	0	5	0%
CABLE & WIRELESS, INC.	1	0	1		2	0	2	0%
COVAD COMMUNICATIONS COMPANY	1	0	1		1	0	1	0%
C.L.O., INC.	1	0	1		0	0	0	0%
DIAL TONE OF ALABAMA, INC.	1	0	1		1	0	1	0%
EAST FLORIDA COMMUNICATIONS, INC.	1	0	1		1	0	1	0%
EASY TEL, INC.	5	1	6		3	0	3	0%

# Alternative Local Telephone Companies

CONTINUED

	Complaints Logged		Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing Total	Apparent Noninfractions	Apparent Infractions	
EXCEL TELECOMMUNICATIONS, INC.	1	0	1	0	0%
EXCELINK COMMUNICATIONS, INC.	1	0	1	0	0%
ESPIRE COMMUNICATIONS, INC.	7	12	14	2	13%
FIRST TOUCH, INC.	3	0	0	1	100%
FLORIDA COMM SOUTH	3	0	2	0	0%
FLORIDA DIGITAL NETWORK, INC.	15	0	8	2	20%
FLORIDA TELEPHONE CO. (RATEL, INC. D/B/A)	1	0	3	0	0%
FLORIDA TELEPHONE SERVICES, LLC	1	1	2	0	0%
FRONTIER LOCAL SERVICES INC.	4	0	3	0	0%
GT COM (GTC, INC. D/B/A)	0	2	2	1	33%
GTE COMMUNICATIONS CORPORATION	47	42	89	8	12%
GULF COAST COMMUNICATIONS, INC.	3	0	0	0	0%
HALE AND FATHER, INC.	4	1	3	0	0%
HART COMMUNICATIONS	2	0	2	0	0%
IDS LONG DISTANCE, INC.	5	2	7	0	0%
ILD	2	0	2	0	0%
ENTER-TEL NETWORKS, INC.	1	0	0	0	0%
INTERMEDIA COMMUNICATIONS, INC.	15	9	24	4	14%
INTERNATIONAL PLUS	0	1	1	0	0%
INTETECH, L.C.	1	0	1	0	0%

# Alternative Local Telephone Companies

CONTINUED

	Complaints Logged		Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing Total	Noninfractions	Apparent Infractions	
ITC/DELTA/COM	1	0	1	0	0%
ITS TELECOMMUNICATIONS SYSTEMS, INC.	1	0	1	0	0%
JETCOM, INC.	1	0	0	2	100%
KMC TELECOM INC.	3	3	2	0	0%
KMC TELECOM II, INC.	4	1	3	0	0%
LCI INTERNATIONAL TELECOM CORP.	0	1	2	0	0%
LOCAL LINE AMERICA, INC.	1	0	1	0	0%
MCI TELECOMMUNICATIONS CORPORATION	0	0	1	0	0%
MCI WORLDCOM	19	3	9	1	0%
MEDIAONE FIBER TECHNOLOGIES, INC.	2	0	2	1	33%
MEDIAONE FLORIDA TELECOMMUNICATIONS	16	0	12	1	8%
MET COMMUNICATIONS, INC.	0	0	1	0	0%
MGC COMMUNICATIONS, INC.	2	0	1	1	50%
NATIONAL PHONE CORPORATION	7	1	1	1	50%
NATIONALTEL	4	1	8	1	1%
NETWORK TELEPHONE, INCORPORATED	2	0	2	0	0%
NEWPHONE	2	0	1	0	0%
OPTEL	0	0	1	0	0%
ORLANDO TELEPHONE COMPANY	1	1	2	0	0%
PHONELINK, INC.	1	0	0	0	0%

# Alternative Local Telephone Companies

CONTINUED

	Complaints Logged			Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total	Apparent Infractions	Total	
PHONES FOR ALL	B	1	1	0	1	0%
PRE-CELL SOLUTIONS, INC.	16	5	21	0	17	0%
QWEST COMMUNICATIONS CORPORATION	2	0	2	1	1	50%
RECONEX	2	0	2	5	5	0%
SMOKE SIGNAL COMMUNICATIONS	6	5	11	8	1	0%
SOUTHERN STATES TELEPHONE, INC.	2	1	3	2	3	33%
SPRINT	1	0	1	0	0	0%
STATE PHONE COMPANY	1	0	1	0	1	0%
SUPRA	2	18	20	7	13	61%
TCG SOUTH FLORIDA	6	1	7	4	4	0%
TELJUNK, L.L.C.	6	1	7	17	17	0%
TELCOM PLUS	6	6	12	27	30	10%
TELECONEX	3	1	4	4	4	0%
TELEPHONE COMPANY OF CENTRAL FLORIDA	0	3	3	11	11	0%
TELENET, INC.	1	0	1	1	1	2%
TELTRUST COMMUNICATIONS SERVICES, INC.	0	0	0	0	0	0%
THE PHONE COMPANY	3	1	4	4	4	0%
TIME WARNER TELECOM OF FLORIDA, I.P.	1	0	1	0	0	0%
TOUCH 1 COMMUNICATIONS, INC.	1	0	1	1	1	0%
TWC CABLE PARTNERS	1	0	1	1	1	0%



# Alternative Local Telephone Companies

CONTINUED

	Complaints Logged			Complaints Resolved			% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total	Apparent Noninfractions	Apparent Infractions	Total	
UNITED STATES TELECOMMUNICATIONS, INC.	4	0	4	2	1	3	75%
UNIVERSAL TELECOM, INC.	1	0	1	1	0	1	0%
US SOUTH COMMUNICATIONS, INC.	1	0	1	0	0	0	0%
USA TELE CORP.	1	0	1	1	0	1	0%
USA TELECOM	7	3	10	17	0	17	0%
U.S. LONG DISTANCE, INC.	0	0	0	1	0	1	0%
U.S. TELCO, INC.	0	0	0	0	4	4	100%
VARTEC TELECOM, INC. AND CLEAR CHOICE	0	1	1	1	0	1	0%
WINSTAR WIRELESS OF FLORIDA, INC.	1	0	1	0	1	1	100%
WINSTAR WIRELESS, INC.	0	1	1	1	0	1	0%
WORLDCOM TECHNOLOGIES, INC.	2	1	3	3	0	3	0%
WORLDLINK LONG DISTANCE CORP.	1	0	1	0	0	0	0%
Z-TEL COMMUNICATIONS, INC.	1	0	1	1	0	1	0%
<b>TOTALS</b>	<b>355</b>	<b>167</b>	<b>522</b>	<b>449</b>	<b>58</b>	<b>507</b>	<b>11%</b>

# Pay Telephone Companies

DIVISION OF CONSUMER AFFAIRS COMPLAINT ACTIVITY-1999

	Complaints Logged			Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total		Apparent Infractions	Total	
2001 TELECOMMUNICATIONS, INC.	2	0	2		2	0	0%
ADVANCED PAY PHONE, INC.	C	0	0	Lack Of Proper Signage	1	1	50%
AMERICA TELEFONOS, INC.	I	0	1		0	0	0%
AMERITEL PAY PHONES, INC.	C	0	0		0	0	0%
AT&T COMM. OF THE SOUTHERN STATES, INC.	C	1	1		0	0	0%
BEACH ONE TELECOM, INC.	I	0	1		0	0	0%
BELLSOUTH PUBLIC COMMUNICATIONS, INC.	7	4	11		13	0	0%
CENTRAL TELECOMMUNICATIONS CORP.	C	0	0		0	0	0%
COIN-TEL INTERNATIONAL, INC.	C	1	1		1	0	0%
COIN-TEL, INC.	I	1	2		1	1	50%
COMMERCIAL PAY PHONES, INC.	C	1	1		0	0	0%
COMMUNICATIONS MANAGEMENT SERVICES, INC.	C	0	0		0	0	0%
ENCORE COMMUNICATIONS, INC.	I	0	1		0	0	0%
ETS PAYPHONES OF FLORIDA, INC.	C	1	1		2	0	0%
FCI	I	0	1		1	0	0%
FIRST AMERICAN TELECOMMUNICATIONS CORP.	I	0	1		1	0	0%
FLORIDA PAY PHONE SYSTEMS, INC.	I	0	1		0	0	0%
GLOBAL TEL*LINK CORPORATION	C	0	0		1	0	0%
GPE SOUTHEAST, INC.	C	1	1		1	0	0%
GTE FLORIDA, INCORPORATED	C	0	0		1	0	0%
I. P. S. OF ORLANDO, INC.	I	0	1		1	0	0%
LEASORTE ENTERPRISES, INC.	C	0	0		1	0	0%
NATIONWIDE COMM. OF MICHIGAN, INC.	C	3	3		4	0	0%
PAY TEL COMM., INC. OF THE SOUTHEAST	I	0	1		1	0	0%
PAYPHONES PLUS, INC.	I	0	1		1	0	0%

# Pay Telephone Companies

CONTINUED

Service	Complaints Logged		Major Apparent Infraction Type	Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Billing	Total		Apparent Infractions	Total	
PAYPHONES UNLIMITED, INC.	0	0		1	1	0%
PAYPHONES U.S.A., INC.	1	2		2	2	50%
PEOPLES TELEPHONE COMPANY, INC.	3	4	Lack Of Proper Signage	3	5	0%
PHOENIX PAYPHONES, LLC	1	1		1	1	0%
PHONE PLUS, INC.	0	0		1	1	0%
PIONETEL TECHNOLOGIES, INC.	1	1	No Cash Return	1	2	50%
PRO TELESYSTEMS, COMPANY	2	2	Lack Of Proper Signage	1	2	50%
PUBLIC COMMUNICATIONS SERVICES, INC.	0	0		1	1	0%
ROSANN MULLER	0	0		1	1	0%
SEQUOIA (TMG INCORPORATED) D/N/A	0	0		1	1	0%
SOUTHWEST PAY TELEPHONE CORPORATION	1	1	Number Of Directories	0	1	100%
SUN CITY VENDING OF SOUTH FLORIDA, INC.	1	1		1	1	0%
SUN TEL NORTH AMERICA, INC.	0	1		0	0	0%
TALTON INVISION, INC.	0	0		1	1	0%
TALTON TELECOMMUNICATIONS CORPORATION	0	1		2	2	0%
TELELEASING ENTERPRISES, INC.	4	4	Repair or Lack of Signage	2	4	50%
TELE COM, CORP.	0	0		1	1	0%
THE OTLER PHONE COMPANY, INC.	5	5	Slamming	3	4	25%
V & B COMMUNICATIONS, INC.	2	2		1	1	0%
VISION COMM. OF DELAWARE, INC. (VISIONCOMM)	0	0		1	1	0%
VITAL TELECOMMUNICATIONS OF FLORIDA	1	1		1	1	0%
<b>TOTALS</b>	<b>41</b>	<b>17</b>	<b>0</b>	<b>66</b>	<b>76</b>	<b>13%</b>

## Electric Companies

DIVISION OF CONSUMER AFFAIRS COMPLAINT ACTIVITY

	Complaints Logged		Major Apparent		Complaints Resolved		Total
	Service Billing	Total	Infraction Type	Not Posted	Apparent Noninfractions	Apparent Infractions	
FLORIDA POWER CORP.	107	71	178		172	4	176
FPL	325	285	610	Payment Not Posted	597	5	602
FPLUC	2	2	4		4	0	4
GULF POWER	6	10	16		18	0	18
TAMPA ELECTRIC	20	25	45		43	0	43
<b>INDUSTRY TOTAL</b>	<b>460</b>	<b>393</b>	<b>853</b>		<b>834</b>	<b>9</b>	<b>843</b>

# Electric Companies

## DIVISION OF CONSUMER AFFAIRS 1999 APPARENT INFRACTION INFORMATION

	Total Customer Base*	Apparent Infractions	% of Complaints Resolved as Apparent Infractions	Apparent Infractions Per 1,000 Customers**	1999 Apparent Infractions Index
FLORIDA POWER CORP.	1,349,000	4	2%	0.0030	1.97
FPL	3,712,700	5	1%	0.0013	0.89
FLIC	24,200	0	0%	0.0000	0.00
GULF POWER	354,000	0	0%	0.0000	0.00
TAMPA ELECTRIC	537,100	0	0%	0.0000	0.00
<b>INDUSTRY TOTAL</b>	<b>5,977,000</b>	<b>9</b>	<b>1%</b>	<b>0.0015</b>	

\* Source - Florida Public Service Commission 1998 Annual Report.

\*\* Note - Apparent Infractions per 1,000 customers is defined as follows:

Each company total is based on the company's total apparent infractions divided by its customer base.  
The industry total is based on total year-to-date apparent infractions for the industry divided by the total industry customer base.

# Gas Companies

DIVISION OF CONSUMER AFFAIRS COMPLAINT ACTIVITY-1999

	Complaints Logged			Complaints Resolved			Total
	Service	Billing	Total	Major Apparent Infraction Type	Apparent NonInfractions	Apparent Infractions	
CHESAPEAKE	0	0	0		0	0	0
CITY GAS	8	25	33	Not Disconnected On Request	35	5	40
FPLUC	0	8	8	Improper Definq. Date on Bills	8	1	9
INDIANTOWN	0	0	0		0	0	0
PEOPLES	20	33	53		49	2	51
ST. JOE	0	1	1		1	0	1
SEBRING	0	0	0		0	0	0
SOUTH FLORIDA	1	0	1		1	0	1
<b>INDUSTRY TOTAL</b>	<b>29</b>	<b>67</b>	<b>96</b>		<b>94</b>	<b>8</b>	<b>102</b>

# Gas Companies

## DIVISION OF CONSUMER AFFAIRS 1999 APPARENT INFRACTION INFORMATION

	Total Customer Base*	Apparent Infractions	% of Complaints Resolved as		Apparent Infractions Per 1,000 Customers **	1999 Apparent Infraction Index
			Apparent Infractions	Apparent Infractions		
CHESAPEAKE	9,654	0		0%	0.000	0.00
CITY GAS	99,574	5		13%	0.050	2.53
FPLC	37,416	1		11%	0.027	1.35
INDIANTOWN	657	0		0%	0.000	0.00
PEOPLES	246,998	2		4%	0.008	0.41
ST. JOE	3,419	0		0%	0.000	0.00
SEBRING	700	0		0%	0.000	0.00
SOUTH FLORIDA	4,270	0		0%	0.000	0.00
<b>INDUSTRY TOTAL</b>	<b>402,688</b>	<b>8</b>		<b>8%</b>	<b>0.020</b>	<b>1.00</b>

\* Source - Florida Public Service Commission Bureau of Natural Gas Regulation, January 1999.

\*\* Note - Apparent Infractions per 1,000 customers is defined as follows:

Each company total is based on the company's total apparent infractions divided by its customer base.

The industry total is based on total year-to-date apparent infractions for the industry divided by the total industry customer base.

# Water and Wastewater Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY-1999

	Complaints Logged			Major Apparent Infraction Type		Complaints Resolved		% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total	Noninfractions	Apparent Infractions	Noninfractions	Apparent Infractions	
ABCA, INC.	0	4	4	0	0	0	0	0%
ALAFAYA UTILITIES, INC.	3	0	3	2	0	0	2	0%
ALPHA UTILITIES, INC.	4	11	15	14	0	0	14	0%
AQUASOURCE UTILITY, INC.	1	0	1	0	0	0	0	0%
BAYSIDE UTILITIES, INC.	0	0	0	1	0	0	1	0%
BOHITA SPRINGS UTILITIES	0	0	0	1	0	0	1	0%
BREEZE HILL UTILITIES	1	0	1	1	0	0	1	0%
BRENDENWOOD WATER SYSTEM	1	0	1	0	0	0	0	0%
BROADVIEW PARK WATER COMPANY	0	1	1	3	0	0	3	0%
CONSOLIDATED WATER WORKS, INC.	0	1	1	4	0	0	4	0%
COUNTYWIDE UTILITY COMPANY	0	0	0	3	0	0	3	0%
CRETRIDGE UTILITY CORPORATION	0	1	1	1	0	0	1	0%
CRYSTAL RIVER UTILITIES, INC.	0	1	1	0	0	0	0	0%
C. S. WATER COMPANY, INC.	0	0	0	1	0	0	1	0%
DEBARY ASSOCIATES, INC.	0	1	1	0	0	1	1	100%
DECCA UTILITIES, A DIVISION OF DECCA	0	0	0	1	0	0	1	0%
DIXIE GROVES ESTATES, INC.	0	3	3	1	0	0	1	0%
FERRICREST UTILITIES, INC.	0	2	2	2	0	0	2	0%
FLORALINO PROPERTIES, INC.	2	1	3	2	0	0	2	0%
FLORIDA CITIES WATER COMPANY - LEE CO. DIV.	0	1	1	2	0	0	2	0%
FLORIDA WATER SERVICES CORPORATION	15	38	53	61	3	3	64	5%
FOREST HILLS UTILITIES, INC.	0	2	2	2	0	0	2	0%
GEM ESTATES UTILITIES, INC.	0	0	0	0	0	1	1	100%
HOLIDAY UTILITY COMPANY, INC.	2	0	2	2	0	1	3	33%
HOUNES CREEK WATER UTILITIES	1	0	1	1	0	0	1	0%



# Water and Wastewater Companies

CONTINUED

	Complaints Logged			Complaints Resolved			% of Complaints Resolved as Apparent Infractions	
	Service	Billing	Total	Major Apparent Infraction Type	Apparent Noninfractions	Apparent Infractions		Total
HUDSON UTILITIES, INC.	1	0	1		1	0	1	0%
HYDRATECH UTILITIES, INC.	0	0	0		2	0	2	0%
JASMINE LAKES UTILITIES CORPORATION	1	1	2		3	0	3	0%
K W RESORT UTILITIES CORP.	0	1	1		0	0	0	0%
KEEN SALES, RENTALS AND UTILITIES, INC.	1	1	2	Imposter / No Delinq. Notice	1	1	2	50%
LAKE UTILITY COMPANY	0	1	1		1	0	1	0%
LAKE UTILITY SERVICES, INC.	0	1	1		1	0	1	0%
LINDRICK SERVICE CORPORATION	1	7	8		5	0	5	0%
LITTLE SUMMIT UTILITY COMPANY	1	0	1		1	0	1	0%
MAD HATTER UTILITY, INC.	1	1	2		1	0	1	0%
MARION UTILITIES, INC.	1	0	1		1	0	1	0%
MEADOWS UTILITY COMPANY, INC.	1	0	1		0	0	0	0%
MILES GRANT WATER & SEWER CO.	1	0	1		1	0	1	0%
ORCHID SPRINGS DEVELOPMENT CORPORATION	0	1	1		0	0	0	0%
PALM CAY UTILITIES, INC.	0	1	1		1	0	1	0%
PALM COAST UTILITY CORPORATION	1	0	1		0	0	0	0%
PEOPLES WATER SERVICE COMPANY OF FLORIDA	1	9	10		10	0	10	0%
PRECREST RANCHES, INC.	0	1	1		1	0	1	0%
PLACID LAKES UTILITIES, INC.	0	0	0		1	0	1	0%
PLANTATION BAY UTILITY CO.	0	1	1		0	0	0	0%
PLANTATION UTILITIES	0	2	2		1	0	1	0%
PONCIANA UTILITIES INC.	1	1	2		2	0	2	0%
PORT OF THE ISLANDS - SOUTH	0	0	0		1	0	1	0%
REGENCY UTILITIES, INC.	0	0	0	Inaccurate Meter Reading	0	1	1	100%
ROLLING OAKS UTILITIES, INC.	1	0	1		1	0	1	0%

# Water and Wastewater Companies

CONTINUED

	Complaints Logged			Major Apparent Infraction Type	Complaints Resolved		Total	% of Complaints Resolved as Apparent Infractions
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions		
ROTONDA WEST UTILITY CORPORATION	0	2	2		2	0	2	0%
SARDY CREEK UTILITIES, INC.	1	1	2		0	0	0	0%
SANLANDO UTILITIES CORPORATION	1	0	1		1	0	1	0%
SEBRING RIDGE UTILITIES, INC.	0	0	0		1	0	1	0%
SERVICE MANAGEMENT SYSTEMS, INC.	0	0	0		1	0	1	0%
SHANGRI-LA BY THE LAKE UTILITIES, INC.	1	0	1		1	0	1	0%
SUNRISE WATER COMPANY, INC.	0	0	0		1	0	1	0%
TRADEWINDS UTILITIES, INC.	0	1	1		1	0	1	0%
UNITED WATER FLORIDA, INC.	6	17	23	Improper Service Disconnect	24	1	25	4%
UNIVERSITY OAKS WATER SYSTEM	0	0	0		2	0	2	0%
UT UTILITIES, INC. OF EAGLE RIDGE	0	0	0		1	0	1	0%
UT UTILITIES, INC. OF FLORIDA	6	3	9		7	0	7	0%
UT UTILITIES, INC. OF LONGWOOD	2	1	3		2	0	2	0%
VILLAGE WATER, LTD.	0	0	0		1	0	1	0%
WATER MANAGEMENT SERVICES, INC.	0	0	0		1	0	1	0%
W.P. UTILITIES, INC.	0	1	1		2	0	2	0%

TOTALS	40	122	182		188	9	198	5%
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DIVISION DIRECTOR

*Blanca Bayo*

*The Division of Records and Reporting maintains the official records of the Commission and, in that capacity, receives, records, and distributes all filings received for new and pending proceedings. Additionally, the Division is charged with the responsibility of ensuring that cases proceed on scheduled timetables, scheduling all official appearances and hearings for the Public Service Commissioners, producing and distributing reports and statistics regarding docketed cases, maintaining the Master Commission Directory of Utility Data (MCD), reporting and producing transcripts of Commission hearings, and performing various other related duties.*

## Records & Reporting

### Documents and Dockets

The Division of Records and Reporting (RAR) received and processed 16,055 numbered documents in 1999, which was an increase of 1,324 documents over the 1998 total of 14,731. It opened 2,041 dockets, and in so doing set an all-time record for the second year in a row for dockets opened in one year. The Division reopened 27 dockets and closed 2,827. The number of dockets opened in 1999 increased by 15, and the number closed by 1,174. At the close of business on December 30, 1999, there were 848 dockets remaining open.

During the year, a total of 455 regulated companies were added to the list in the Master Commission Directory of Utility Data (MCD). Of those, 189 were pay telephone service providers, 137 were interexchange telecommunications service providers, three were alternative access vendors, 126 were alternative local exchange service providers, and eleven were water and/or wastewater service providers. Two hundred sixty-nine companies were removed from the MCD. Two were alternative access vendors, 190 were pay telephone service providers, 39 were interexchange telecommunications service providers, one was a shared tenant service provider, twelve were alternative local exchange service providers, one was a gas service provider, and 24 were water and/or wastewater service providers. On December 30, 1999, 2,326 regulated companies were listed in the MCD.

### Agendas, Notices, and Transcripts

In 1999, the Division prepared agendas for, attended, and produced vote sheets and minutes of 23 regular Commission conferences and one special conference.

RAR issued 151 notices of hearings and other meetings and 2,555 orders in 1999. This was an increase of 26 notices and 791 orders over the number issued in 1998. The significant increase in orders was due in part to the Commission's decision to reinstate the practice of issuing consummating orders. The decision was based on a finding by the First District Court of Appeal that it is appropriate to enter a second order announcing that a proposed agency action (PAA) has become final where no hearing has been requested. This decision affected PAA and tariff orders.

Five hundred seven orders were issued as proposed agency action — 199 prior to the court's finding and 308 after. Of the 507, 483 became final — 97 prior to the reinstatement of consummating orders and 286 by consummation.

Twenty-four protests were filed. Of those, four were subsequently withdrawn, one was dismissed on the Commission's own motion, five were stipulated or settled, two were disposed of by granting the companies' requests for voluntary certificate cancellation, and one went to hearing in 1999. Nine of the remaining eleven are scheduled for action in 2000 — three at agenda, and six for hearing. Two of the protested cases are yet to be scheduled, and the protest period on 15 PAA orders was still pending when the year ended.

With reinstatement of the practice of issuing consummating orders, RAR, in coordination with the Bureau of Information Processing and the Division of Legal Services (LEG), developed a Consummating Orders Due report to identify the industry in which the orders were issued, staff assigned, consummating order event type, due date, order number to be consummated, and docket number.

Twelve orders were appealed in 1999, an increase by seven over the five appealed in 1998. Four were in electric or gas dockets, resulting in six new cases in the Florida Supreme Court and one in the First District Court of Appeal, with one case in the Supreme Court dismissed. Seven were in telecommunications dockets, which resulted in five new Supreme Court cases, and five were in U.S. District Court, Northern District of Florida, with one case in U.S. District Court dismissed. One water and wastewater order was appealed, resulting in the opening of one case in the First District Court.

The Bureau of Reporting produced 15,409 pages of transcripts in reporting 37 depositions and 107 Commission hearings and other meetings in 1999.

In 1999, RAR, in coordination with the Division of Telecommunications (CMU) and the Bureau of Information Processing, developed a report to extract information from the Case Management System, Master Commission Directory, and Regulatory Assessment Fee databases, to assist CMU in researching records and opening dockets to cancel telecommunications certificates of companies who failed to pay regulatory assessment fees. The development of this report resulted in a time savings for CMU in determining the need to open FPSC cancellation dockets and allowed RAR to attain one of its long-standing goals of providing more efficient tools for use by Commission staff by integrating existing systems with common data.

As in previous years, RAR continued to identify and add additional program module designations for use in classifying and tracking types of dockets.

The Division coordinated with LEG and the technical divisions in responding to 39 public records requests in accordance with SOP 1626, with approximately 30,000 pages of material produced in response to the requests.

The Records Section Supervisor undertook a review of the agency's retention schedules during 1999. Her review included a comparison of current FPSC schedules with those in the Department of State's General Records Schedule for State and Local Government Agencies (Schedule GS1) and elimination of duplication where possible; a comparison of the language in FPSC schedules in use to the language that was initially approved by the Florida Department

of State to eliminate any possible errors; a review of the schedules generally to ensure titles, descriptions, and retention periods were accurate and still plausible; and coordination with records coordinators in all other divisions and offices to verify that all records were accounted for and had up-to-date retention periods. Once the review was complete, records coordinators received copies of the updated schedules for use in record keeping throughout the Commission.

In a continuing effort to provide excellent customer service, RAR — in coordination with staff from the Division of Administration — added an after-hours voice message to its main telephone line in late summer. Because calls are received from all time zones, the phone does not stop ringing at 5 p.m., though the Commission's normal workday is over at that time. The after-hours message was added to inform callers that they have reached RAR and that normal work hours are 8 to 5; it also provides instructions on requesting copies or making a filing. While callers cannot leave a message, they will receive information — rather than hearing the unanswered ringing of a telephone — and will know they have reached the right (or wrong) number.

RAR in 1999 received approval to add language to 11.03 G. of the Administrative Procedures Manual concerning transmission of online documents via electronic mail. With approval of the procedure, a WordPerfect document that is online in the Case Management System can now be attached and sent by e-mail to persons requesting copies of the document. While there is no charge for copies sent electronically — thus making turn-around time nearly instantaneous — the online document is not always formatted like the paper version of the document and is not always complete. Requestors are advised of these limitations and are also given the opportunity to order a paper version (with pre-receipt of any applicable payment) that is a copy of the original, official document. This change in procedure is viewed as a precursor to receiving filings electronically, a capability that parties to dockets and others have expressed an interest in having.

Following implementation of the revised procedure concerning e-mailing of online documents, RAR began keeping a record of requests received for copies, and the number of requests which were responded to by e-mail. In a four-month period, RAR received 612 faxed requests for copies of material, or an average of 153 requests in a month. In each month in the four-month period, 18 of those requests were responded to via e-mail. The largest document sent by e-mail consisted of 946 pages, and the greatest number of files sent with one e-mail was 26. Examples of documents sent by e-mail included transcripts, MCD reports, docket index listings, SOPs, orders, pleadings, staff recommendations, and notices. It is expected that the number of requests for copies responded to by e-mail will increase as more users log on to the Internet, and as the word gets out that documents can be sent by e-mail.

As the result of a survey conducted by personnel in the Records Section during August 1999, and subsequent creation of a list of "frequently asked questions," RAR, in conjunction with the Division of Consumer Affairs, added the list of questions — with answers — to the Commission's Web site. Visitors to the site can learn more about how to make a filing; how to request and pay for copies and how to make a public records request; how to locate, write, fax, e-mail, or call the Commission; and how to find out the status of a docket. Definitions of such commonly used acronyms as "CMS" and "CASRs" are also provided. A brochure of these questions and answers is also being prepared for dissemination at the Division's filings counter.

There were several personnel changes in RAR in 1999. Effective December 31, 1999, the Bureau Chief of Reporting resigned and a new Chief was hired, as well as a Certified Court Reporter to fill a long-standing vacancy in the Bureau of Reporting. In the last quarter of the year, the incumbent Records Technician in the Document Control Section resigned and a new Technician was hired in October. At that time, the Records Technician and Commission Deputy Clerk I positions were switched and certain duties reassigned to provide for a more efficient operation within the section.

**Future Endeavors**

In 2000, RAR will continue its pursuit of a more integrated relationship between the Case Management System and the MCD. In early 2000, we anticipate the release of a new version of the MCD that will be much more user-friendly than the old version and will provide easier searching and retrieval of information. We also intend to begin working on the concept of allowing for electronic submission of Case Assignment and Scheduling Record forms by staff.

As always, RAR will continue its efforts to provide excellent customer service, disseminate documents and information in a timely and responsible manner, and maintain our high standards by continuing to provide on-the-job training and formal classroom instruction for the staff. ♦

<i>Case Activity</i>	1997	1998	1999
Documents Received and Processed	13,380	14,731	16,055
Notices Issued	141	125	151
Orders Issued	1,687	1,764	2,555
Dockets Opened *	1,679	2,026	2,041
Dockets Reopened	20	22	27
Dockets Closed *	1,775	1,653	2,827
End of Year Active Dockets	613	1,007	848
Commission Conferences	23	21	23
Special Conferences	10	3	1
Notices of Appeal	13	5	12
PAA Orders Issued	576	504	473
PAA Orders Protested	26	22	22
Hearings Reported	114	137	100
Depositions Reported	65	104	37
Transcript Pages Produced	24,984	32,774	15,409

\* Includes docket used by RAR to record filings received in undocketed matters.

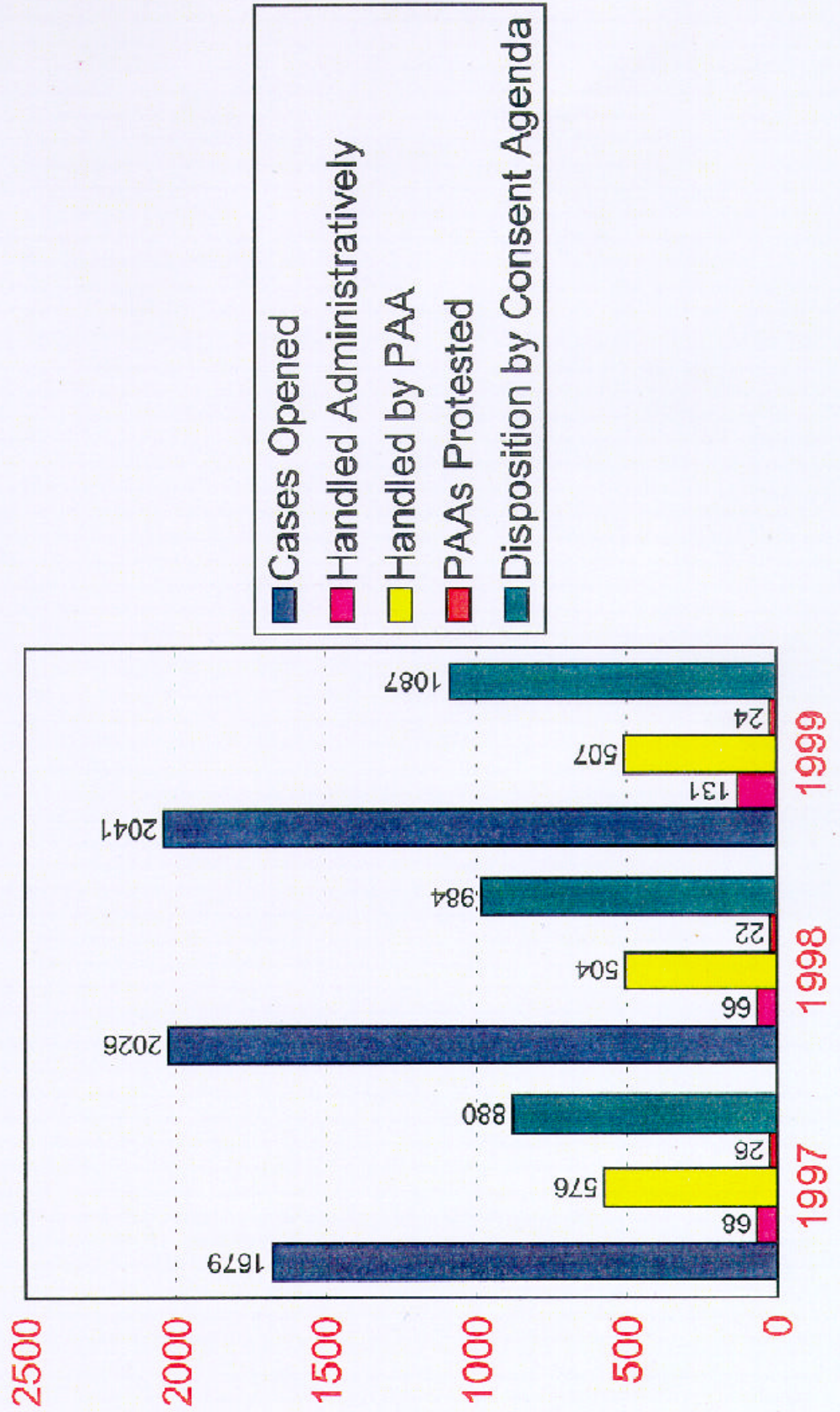
# Case Activity Statistics

January 1999 through December 1999

END-OF----->	JAN 1999	FEB 1999	MAR 1999	APR 1999	MAY 1999	JUN 1999	JUL 1999	AUG 1999	SEP 1999	OCT 1999	NOV 1999	DEC 1999
All Cases Beginning Period	1007	936	825	758	650	626	665	645	734	819	858	835
New Cases	109	114	192	124	157	171	133	270	215	174	129	253
Restored Cases	3	1	3	3	2	3	5	1	2	0	3	1
Closed Cases (Subtract)	183	226	262	235	183	135	158	182	132	135	155	241
<b>All Cases Ending Period</b>	<b>936</b>	<b>825</b>	<b>758</b>	<b>650</b>	<b>626</b>	<b>665</b>	<b>645</b>	<b>734</b>	<b>819</b>	<b>858</b>	<b>835</b>	<b>848</b>
Active	883	767	695	580	555	592	579	663	741	789	767	773
Monitor	33	38	41	48	50	50	43	47	54	46	43	51
Litigation	20	20	22	22	21	23	23	24	24	23	25	24
<b>Total All</b>	<b>936</b>	<b>825</b>	<b>758</b>	<b>650</b>	<b>626</b>	<b>665</b>	<b>645</b>	<b>734</b>	<b>819</b>	<b>858</b>	<b>835</b>	<b>848</b>
< 6 months	749	633	553	438	400	441	430	505	602	667	643	651
6 months - 1 year	59	82	75	69	82	79	72	73	66	59	61	54
1 year - 2 years	41	37	35	41	42	43	44	48	46	41	42	44
2 years - 3 years	12	13	9	7	7	6	10	14	16	9	8	11
3 years - 4 years	7	8	7	7	7	6	7	7	7	7	7	7
4 years - 5 years	3	2	4	4	3	3	3	3	2	2	2	2
5 years - 6 years	2	1	1	3	3	3	2	1	2	1	1	1
6 years - 7 years	3	3	3	3	3	3	3	4	1	2	2	2
7 years - 18 years	3	4	2	2	2	2	2	2	1	1	1	1
> 8 years	4	4	6	6	6	6	6	6	0	0	0	0
<b>Total Active Cases</b>	<b>883</b>	<b>767</b>	<b>695</b>	<b>580</b>	<b>555</b>	<b>592</b>	<b>579</b>	<b>663</b>	<b>741</b>	<b>789</b>	<b>767</b>	<b>773</b>
Active	34	35	32	32	31	29	33	37	29	22	21	24
Monitor	11	10	11	10	11	10	9	9	11	9	11	12
Litigation	14	14	15	14	13	16	16	16	15	11	13	13
<b>Total Cases &gt; Two Years Old</b>	<b>59</b>	<b>59</b>	<b>58</b>	<b>56</b>	<b>55</b>	<b>55</b>	<b>58</b>	<b>62</b>	<b>55</b>	<b>42</b>	<b>45</b>	<b>49</b>

# FPSC Case Activity

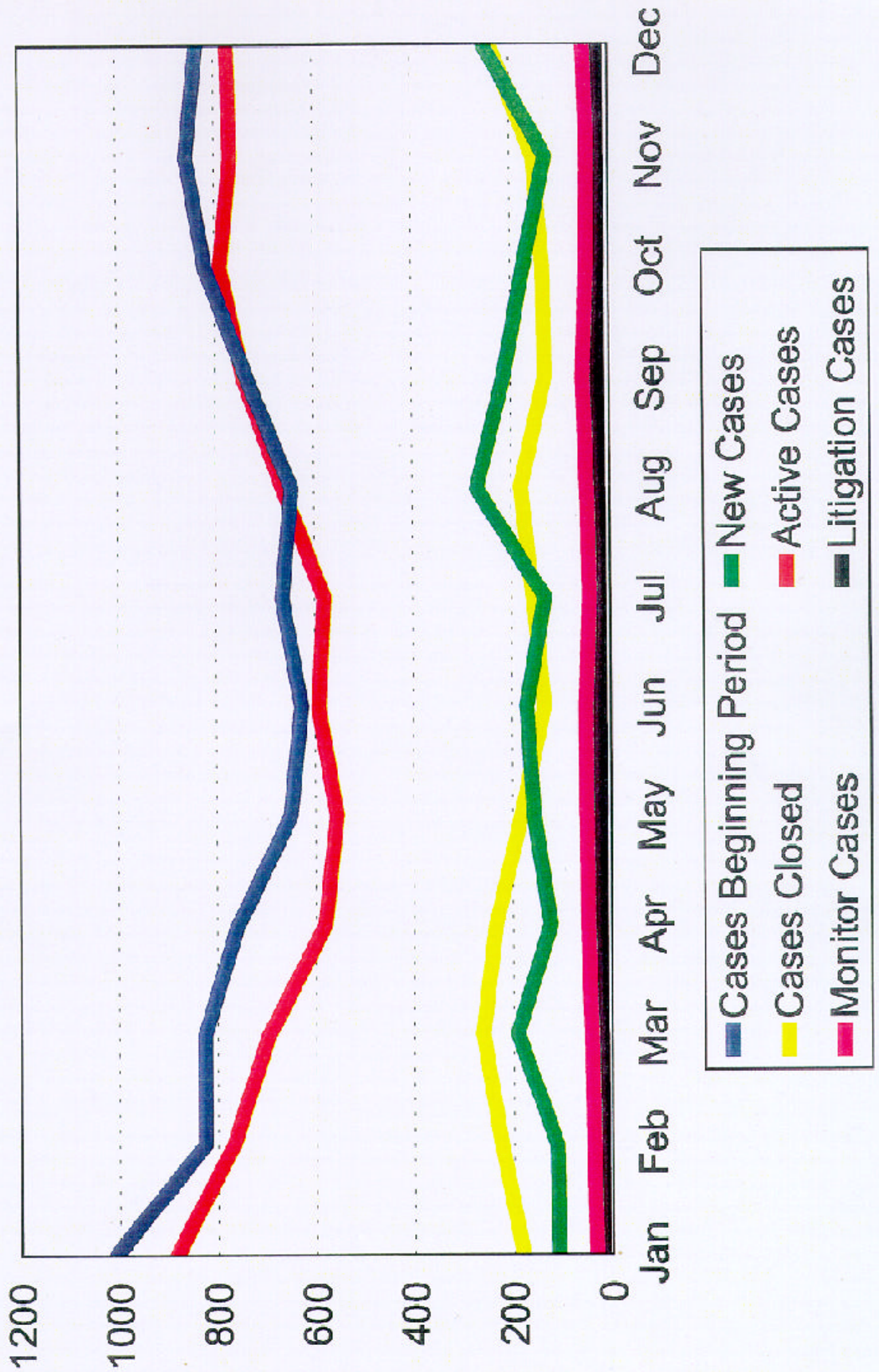
1997 through 1999





# Case Activity Statistics

January 1999 through December 1999





GENERAL COUNSEL

*Catherine Bedell*

The General Counsel is the Florida Public Service Commission's chief legal counsel. She supervises the Commission's legal personnel and is charged with the administration and the delegation of responsibilities to the Division of Legal Services and Division of Appeals. The General Counsel is responsible for advising the Commission on its regulatory responsibilities, representing the Commission before federal agencies, providing counsel to the Office of the Executive Director and assisting in interagency liaison.

## Appeals



DIVISION DIRECTOR

*David Smith*

*The General Counsel's Division of Appeals has responsibility for providing legal services and advice to the Commissioners. It prepares notices, recommendations, and orders; attends hearings; represents the Commission before state and federal courts; promulgates rules; conducts rule hearings as requested by the Commission, and defends rule challenges before the Division of Administrative Hearings. The Division also provides legal services and advice to the Division of Administration on personnel, contractual, and other administrative matters.*

The Commission's orders relating to telecommunications and electric and gas matters are appealable directly to the Florida Supreme Court. Orders relating to water and wastewater are reviewable in the First District Court of Appeal. In addition, under the provisions of the Telecommunications Act of 1996 set out at 47 U. S. C. §252 (e)(6), Commission actions approving or rejecting interconnection agreements between competing telephone companies are reviewable in U.S. District Court.

During 1999, fourteen notices of appeal were filed in state appellate courts, while four new complaints were filed in the U.S. District Court for the Northern District of Florida seeking review of Commission decisions arising under the Telecommunications Act of 1996. At the end of 1999, eighteen appeals remained pending before the Florida Supreme Court and First District Court of Appeal, with eleven pending in the U.S. District Court for the Northern District of Florida. In addition, the Commission remained active as an intervenor or amicus in three other cases in federal circuit courts of appeal.

The Florida Supreme Court issued no opinions in telecommunications cases in 1999, but did deny the Commission's request for a writ of prohibition in Case No. 95-653, Florida Public Service Commission v. Hutchinson, et al. The case concerned a question of the Palm Beach County Circuit Court's jurisdiction to resolve a dispute arising under a contract for telecommunications services. The Court issued the denial without opinion. In the electric arena, the Court issued one opinion in the case of Gulf Coast Electric Cooperative v. Johnson, 727 So. 2d. 259 (Fla. 1999). The Court affirmed the Commission's order in which it declined to impose a territorial boundary between Gulf Coast and Gulf Power Company. The Court noted that "the Commission is not required as a matter of law to establish territorial boundaries in order to resolve a territorial dispute that does not involve service to current or future customers" (id. at 264). The Court also agreed with the Commission that it was free as a policy matter to resolve disputes arising between Gulf Coast and Gulf Power on a case-by-case basis and was not bound by the doctrine of "decisional finality" to impose a boundary based on prior orders.

The First District Court of Appeal issued opinions in three cases during 1999. In Aloha Utilities, Inc. v. Florida Public Service Commission, 723 So. 2d 919 (Fla. 1st DCA 1999), the Court upheld the order of an administrative law judge who had gener-

ally sided with the Commission in a rule challenge brought against the agency's audit procedures. The company had claimed that the Commission's audit practices were invalid as unpromulgated rules. The Court agreed with the administrative law judge that the audit procedures were not improper under the Administrative Procedure Act and went on to further reverse the judge to the extent that he had found that certain audit exit procedures were invalid rules. The Court granted the Commission's cross appeal on the latter point, and, as a result, remanded the case to the administrative law judge for reconsideration of the Commission's claim for attorney's fees under section 120.569 (2)(c).

In another case arising from a rule challenge, Florida Public Service Commission v. Florida Waterworks Association, 731 So. 2d 836 (Fla. 1st DCA 1999), the Court reversed an administrative law judge's order that had declared the Commission's proposed rule dealing with water and wastewater companies' required "margin reserve" and imputation of contributions-in-aid-of-construction (CIAC). The Court reversed the judge on every ground stated for the rule's invalidity, finding in sum that the Commission had authority for the rule; that it was based on competent substantial evidence; that the Statement of Estimated Regulatory Costs was adequate; that the rule established reasonable criteria and did not confer "unbridled discretion" on the agency, and that the judge had erroneously found the rule invalid on grounds extraneous to its purpose.

In Palm Coast Utility Corp. v. Florida Public Service Commission, 742 So. 2d 482 (Fla. 1st DCA 1999), the Court reversed the Commission on several points relating to the calculation of the utility's used-and-useful plant in rate base. The Court found that the use of a "lot count" methodology for determining the used and useful portion of lines was an improper departure from prior treatment and reached a similar conclusion regarding the Commission's elimination of fire flows for wells. Relying on earlier decisions on the issue, the Court again found that the Commission erred in using an annual average daily flow, rather than a three-month average daily flow measurement, when it calculated used and useful plant for the utility's wastewater treatment plant. The Court concluded that the Commission's action was not supported by the record and thus was an impermissible departure from prior practice. The Court upheld the Commission's treatment of margin reserve for water treatment plant and transmission lines but reversed on the issue of an eighteen-month margin for wastewater treatment plant for lack of competent evidence. Finally, the Court told the Commission it should have taken notice of its own order approving service availability charges and should have used the actual, rather than the proposed, charges in imputing CIAC. The Court remanded for further proceedings on the reversed findings and affirmed the Commission's order in other respects. In an order on a procedural issue, the Court concluded that the Commission's practice of allowing proposed agency action orders to become final without the issuance of a second order demarking the expiration of the protest period could not be squared with the requirement of the Florida Rules of Appellate Procedure (United Water Florida, Inc. v. Florida Public Service Commission, 728 So. 2d 1250 [Fla. 1st DCA 1999]). The Court pointed to Rule 9.020 (h) which defines "rendition" of the order evoking appellate time periods as the entry of signed final written order with the clerk of the lower tribunal and found that the Commission's practice did not satisfy this requirement. The Court relinquished jurisdiction to the Commission to enter a final order in the United Water case. As a result, the Commission has also reinstated its practice of issuing a consummating order when proposed agency action orders become final by operation of law without a hearing.

At the federal level, the Northern District granted summary judgment for the Commission in Time Warner AxS of Florida, L.P. v. Florida Public Service Commission, Case No. 4:98CV62-RH (N.D. Fla. April 1, 1999). Time Warner purported to bring the case under the review provisions of the Telecommunications Act of 1996, 47 U.S.C. §252(e)(6) and general federal question jurisdiction provisions of 28 U.S.C. §1331. At issue was the Commission's denial of intervention to Time Warner and others in arbitration proceedings under the Act involving BellSouth Telecommunications, Inc. and MCI Telecommunications Corp. and AT&T Communications of the Southern States, Inc. Both Time Warner and plaintiff-intervenor American Communication Services, Inc. (ACSI) claimed their interconnection agreements would be affected by the Commission and that they, therefore, had a right to participate even though the Commission was not setting charges directly for them. The Court agreed with the Commission that the Act established no right of review in federal court for such challenges to state commission action and held further that any due process claims advanced by Time Warner and ACSI were without merit. The case was dismissed with prejudice.

In addition to the foregoing, six appellate cases were voluntarily dismissed from the Supreme Court and the First District, as were three from the Northern District of Florida.

### **Rulemaking**

1999 was again a busy year for the Division of Appeals (APP) and the Commission in the rulemaking arena. In response to the Legislature's modifications to Chapter 120, the Commission was once again required to review its rules for adequate statutory authority and report to the Administrative Procedures Committee any rules exceeding that authority. In addition, 1999 was the year to complete the Commission's biennial review of its rules to eliminate unnecessary, redundant or obsolete rules. As a result of its ongoing efforts to comply with the letter and spirit of Chapter 120, the Commission in 1999 repealed fifty-one rules. A total of thirty-two new or amended rules were filed for adoption during the same period. At the end of the year, some twenty rule projects remained pending.

Rules repealed included a number of rules relating to Commission organization and procedure that had been superseded by the Uniform Rules of Procedure required by Chapter 120. In that context, the Commission also adopted Chapter 25-40, Florida Administrative Code, containing its exceptions to the Uniform Rules. In telecommunications, the Commission extensively modified its requirements for pay telephone service; adopted rules relating to the transfer of certificates of telecommunications companies; established requirements for alternative local exchange companies, and modified regulatory assessment fee requirements for telecommunications companies. In water and wastewater, the Commission adopted a rule on margin reserve and imputation of CIAC consistent with changes to Chapter 367, streamlined reporting requirements for some water and wastewater companies, and adopted updated price-index procedures. In the electric and gas arena, the Commission modified its accounting rules relating to uniform retirement units for electric utilities; changed conservation cost recovery reporting requirements; provided for distribution to customers of electric generation fuel information; established reporting requirements and procedures for long-term emergencies in the electric

sector; adopted new standards for gas safety based on modifications to the national standards of the U.S. Department of Transportation, and relaxed deposit guarantor requirements for electric and gas customers.

Three rule challenges were filed in 1999. The first, filed by Florida Power & Light Company, sought to invalidate Commission Rule 25-22.036(3), F.A.C. The administrative law judge summarily dismissed the petition on the Commission's motion (DOAH Case No. 99-464RX, Order issued November 3, 1999). FPL's appeal of the judge's decision is pending. The other challenges, filed by BellSouth Telecommunications, Inc. and GTE Florida, Inc., seek to invalidate the Commission's proposed Rules 25-4.300-.302, F.A.C., the so-called "fresh look" rules that would allow some customers to opt out of existing telecommunications contracts (DOAH Cases Nos. 99-5368RP and 99-5369RP). The consolidated cases remained pending at the end of 1999. As noted above, the Florida Waterworks Association's successful rule challenge was negated by the First District Court of Appeal in Florida Public Service Commission v. Florida Waterworks Association.

#### **Declaratory Statements**

The Division of Appeals processed seven petitions for declaratory statements during 1999. Six were completed and one remained pending at the end of 1999. Four were granted: Docket No. 99157-TL, Petition by GTE Florida Inc. for Declaratory Statement That Its IntraLATA Customer Contact Protocol Complies with Order PSC-95-0203-FOF-TP; Docket No. 990710-GU, Joint Petition for Declaratory Statement with Respect to Applicability and Effect of a Portion of 366.02(1), Florida Statutes, by Chesapeake Utilities Corporation and Citrusuco North America, Inc.; Docket No. 982002-WS, Petition of St. Johns Service Company for Declaratory Statement on Applicability and Effect of 367.171(7), F.S.; and Docket No. 991226-TL, Petition by GTE Florida Inc. for Declaratory Statement that the Commission's Set-Use Fee Rules Do Not Prohibit GTE from Compensating Pay Telephone Service Providers for 0- Local Calls under the FCC's Per-Call Compensation Scheme, or, in the Alternative, Petition for Variance from Rules 25-516 (3) and 25-24.630 (2), F.A.C.

Two other requests were denied: Docket No. 990316-TL, Petition for Declaratory Statement by GTC, Inc., d.b.a. GT Com, Regarding Section 364.051, F.S., and Docket No. 991414-TP, Petition by GTE Florida Inc. for Declaratory Ruling Concerning Order PSC-99-1477-FOF-TP. One petition remained pending at the end of 1999: 991746-WU, Petition for Declaratory Statement by Destin Water Users, Inc.

In addition to the foregoing, APP continued its traditional activities of providing legal advice and assistance in a variety of areas including personnel matters, Commission contracts, conservation loan defaults, confidentiality, and internal legal opinions to Commissioners and staff. ♦



DIVISION DIRECTOR

*Noreen Davis*

*The Division of Legal Services provides direct legal services and represents the staff in proceedings before the Commission, and the Commission itself, in proceedings before the Division of Administrative Hearings, state or federal courts. Its staff prepares notices, conducts discovery and cross-examination, reviews recommendations, and prepares Commission orders. During 1999, the Division wrote over 2,500 orders.*

## Legal Services

### *Bureau of Communications*

In 1999, the Division of Legal Services' Bureau of Communications was as busy as ever. Yet another year was devoted largely to implementation of the federal Telecommunications Act of 1996 (the Act) and the development of competition in Florida's telecommunications markets.

At the beginning of the year, much of the Bureau's time was devoted to handling a petition filed by the Florida Competitive Carriers Association (FCCA) seeking Commission action to support competition in BellSouth's local exchange territory. As a result of the FCCA's petition, the Commission established a docket to address the pricing of unbundled network elements and another docket to deal with third-party testing of BellSouth's operational support systems (OSS). Work on these cases will carry over well into 2000.

As the year progressed, the Bureau participated in a number of workshops on OSS testing involving BellSouth and many of the alternative local exchange providers (ALECs). The Bureau also participated in working out a contract with the company that the Commission has hired to be the test manager, KPMG. As a result of these activities, a test plan has been established, including a set of performance metrics, that will be used over the coming year to evaluate BellSouth's provision of OSS to competing carriers in accordance with the Act.

The Bureau also participated in the processing of several petitions by BellSouth for waiver of the physical collocation requirements set forth in the Act. Ultimately, these petitions were resolved between BellSouth and the parties. Thereafter, the Commission established a proceeding to set guidelines for collocation. The Bureau has been very active in processing this case, and even drafted a preliminary set of guidelines that are currently in place. A hearing in January 2000 will result in a more expansive set of guidelines addressing collocation issues.

The Bureau also has been heavily involved in the Commission's continued oversight of the implementation of permanent local number portability (LNP). LNP will enable customers to choose a new carrier as their local exchange service provider and at the same time maintain their existing telephone number.

The Bureau is also assisting the Division of Telecommunications in the development of conservation measures to aid in area

code relief plans. Staff is continuing to work on this utilizing a task force method rather than a formal hearing process.

In the meantime, the Bureau worked on the numerous area code cases that developed. At the end of the year, four dockets remained open to address area codes that the Numbering Administrator has declared are in jeopardy. The area codes at issue are 904, 561, 954, 305, and 786.

Other area code issues handled by the Bureau included a request to waive the implementation requirement in the 407 area code to allow for recoding of ADT alarm systems for approximately 3,000 customers. The request was approved by the Commission.

The Bureau also assisted in the processing of a number of arbitrations and complaint proceedings involving a variety of complex issues resulting from implementation of the Act. Among the companies involved in those proceedings were ITC^Delta Com, MediaOne, ICG, and BellSouth. Possibly the most debated issue in any of the arbitration and complaint proceedings was how traffic from a local exchange customer to an Internet service provider should be characterized and whether reciprocal compensation must be paid for this type of traffic. This issue is pending at the Federal Communications Commission (FCC), but the FCC has indicated that the state commissions may make interim decisions on this issue pending the FCC's final decision.

The Bureau also participated in a number of show cause proceedings to enforce Commission rules on certification and service quality, as well as show cause proceedings for unauthorized carrier switches (slamming) and unauthorized charges on bills (cramming). One particularly interesting development in the cramming arena was the increase in cramming of Internet service charges on local customers' bills. The Commission accepted a settlement from U.S. Republic regarding charges of this nature. We expect that this is a problem we will see on the rise in the coming year.

In addition to the above activities, the Bureau also handled 121 ALEC applications and 190 payphone applications for certification. This represents an increase over last year for ALEC certifications and a decrease for the same period for payphone certifications.

### *Bureau of Water and Wastewater*

Many of the water and wastewater matters addressed by the Commission in 1999 involved certificate-related issues. Eight transfers involved the sale of regulated utilities to governmentally owned or operated utilities. Also, a number of transfer applications to AquaSource Utilities, Inc., a Texas-based company that has begun branching into Florida, were approved. The more litigious issues in transfer cases generally were competition over territory, potential duplication of service, and the Commission's jurisdiction to rule upon certificate applications when a utility proposes to transverse county boundaries.

Cases in point are the competing applications for certificates filed by Lake Suzy Utilities, Inc. and



Florida Water Services Corporation for territory in Charlotte County. Lake Suzy also proposes to cross county boundaries in order to provide water and wastewater service in DeSoto County, a non-jurisdictional county, wherein Florida Water Services Corporation has obtained a county franchise to provide service. The two cases were consolidated in order for the Commission to rule upon the applications and to determine which entity is best suitable to serve the territories at issue. The cases are still pending.

Another case is Nocatee Utility Corporation's application for original certificates to provide water and wastewater service in Duval and St. Johns counties. This case was protested by Intercoastal Utilities, Inc., which is located in St. Johns County, a non-jurisdictional county. St. Johns County has denied Intercoastal's application to provide service to the portion of territory included in Nocatee's application that is located in St. Johns County. Intercoastal recently filed its own application with the Commission to include the entire territory requested in Nocatee's application, and now also proposes to cross county boundaries. The matter is pending.

Moreover, the Commission issued, as final agency action, its decision on the transfer of Buccaneer Estates utility to North Fort Myers Utility. This was a highly contested and procedurally complicated case, involving three *pro se* customers and the Office of Public Counsel (OPC). The hearing in October in North Fort Myers resulted in an impressive turnout of residents both in favor of and in opposition to the transfer. Ultimately, the Commission approved an offer of settlement proposed by the utility and the OPC. The Commission is expected to render its decision on the three customers' motions for reconsideration in February 2000.

The transfer application of Cypress Lakes Associates, Ltd. to Cypress Lakes Utilities, Inc. in Polk County became final in 1999. Still pending is the issue of whether the Commission should approve the rate base inclusion of a negative acquisition adjustment. This issue is the recurrent subject of protests by the OPC, and is currently the topic of rulemaking proceedings at the Commission.

The Bureau processed various rate cases and limited proceedings with important legal implications. During a rate increase proceeding involving Florida Cities Water Company, the Commission determined on remand from the First District Court of Appeal that annual average daily flows should be used in the numerator of the used and useful equation when the wastewater treatment plant is permitted by the Florida Department of Environmental Protection on the basis of annual average daily flows. The decision is pending on appeal.

The Commission disposed of the remand by the First District Court of Appeal of the Final Order issued in Docket No. 950495-WS, involving Florida Water Services Corporation's request for a rate increase. The Commission approved the utility's settlement offer to, among other things, prospectively increase its rates by \$966,167, approximately one-half of the amount remaining at issue, for a 1.7-percent average rate increase. Further, the Commission determined that there would be no surcharges to customers, with surcharges to be booked as a regulatory asset in the amount of \$8.5 million.

In a limited proceeding involving Lindrick Service Corporation, the utility sought to increase its wastewater rates to cover the increased costs of taking its wastewater treatment plant off-line and connecting to the system of Port Richey. The Commission initially approved an emergency wastewater rate increase of 59.89 percent, subject to refund. Subsequently, the Commission proposed to grant a final rate increase of more than 91 percent over the original rates. The order was protested and is pending final hearing.

The Bureau aggressively pursued the enforcement and collection of past-due regulatory assessment fees and annual reports, as well as other show cause issues. Notably, the Commission approved a settlement negotiated by the Bureau with A.P. Utilities, Inc. which exceeded \$120,000 in regulatory assessment fees, penalties and interest, and annual report penalties. This was a big, initial step toward removing a repeat offender from the utility business. The Commission also assessed a penalty in the amount of \$7,986 upon Wellaqua Utility Company for failure to file annual reports for 1995 through 1998. Moreover, the Commission ordered North Fort Myers Utility, Inc. to show cause why it should not be fined for implementing improper price indexes in apparent violation of Section 367.081(4)(a), Florida Statutes, and to refund excessive contributions-in-aid-of-construction gross-up funds for the years 1994 and 1995. A hearing is pending.

### *Bureau of Electric and Gas*

In 1999, the Bureau assisted the Commission in resolving issues in wide range of regulatory areas.

#### **Rate and Earnings Matters**

In October, the Commission issued, as proposed agency action, its decisions on the final amounts of Tampa Electric Company's (TECO) 1997 and 1998 earnings. TECO is subject to an earnings cap and sharing, based on stipulations between TECO, the OPC, and the Florida Industrial Power Users Group (FIPUG) approved by the Commission in 1996. FIPUG and TECO filed protests to the Commission's decisions. A hearing on the protests is scheduled for August 2000.

During 1998, representatives of the staff, Florida Power & Light Company (FPL), and other interested persons met on numerous occasions to consider issues related to FPL's earnings, including its equity ratio and authorized return on equity. These discussions culminated in a proposal by FPL to reduce its authorized return on equity, cap its equity ratio, and record additional expenses pursuant to the plan previously approved by the Commission in Docket No. 970410-EI. The Commission approved FPL's proposal in December of 1998. Several interested persons protested the proposal. While these protests were pending, the OPC filed a petition to initiate a full revenue requirements rate proceeding. In March 1999, the Commission approved a settlement to both cases which, among other things, reduced rates by \$350 million annually and capped FPL's base rates at their current level for a four-year period.

In May 1999, the Commission proposed a three-year regulatory incentive plan for Gulf Power

Company (Gulf or the Company). The plan provided for customer credits of approximately \$7 million annually and addressed, among other things, Gulf's regulatory assets and authorized return on equity. The order approving the plan was protested by the Coalition for Equitable Rates (the Coalition) on June 14, 1999. On July 22, 1999, OPC filed a Petition for a Full Revenue Requirements Rate Case for Gulf Power Company. In October, the OPC, Gulf, FIPUG, and the Coalition filed a Stipulation and Settlement (Stipulation) that resolved the issues raised in both cases. The settlement provides a \$10 million annual rate reduction, as well as the potential for further customer credits. The Stipulation was approved by the Commission.

In October 1999, the Commission concluded its consideration of Florida Public Utilities Company's (FPUC) Fernandina Beach Division's 1998 earnings. The Commission determined that FPUC had excess earnings of approximately \$139,228, which included applicable interest. The Commission ordered the utility to apply the 1998 excess earnings to its storm damage reserve.

**Fuel, Capacity, Purchased Power, Conservation, Purchased Gas,  
and Environmental Cost Recovery Clauses**

The Commission held cost recovery issues in February and November 1999 to complete the transition to annual factors for all the recovery clauses. Beginning January 1, 2000, all factors for all utilities in all cost recovery dockets are set on a calendar year basis. This change is expected to eliminate the administrative expense associated with holding multiple cost recovery proceedings and provide more certainty for customers in budgeting their annual energy expenditures. A number of issues were raised at the November cost recovery hearing that will be the subject of further proceedings in the coming year. These include consideration of incentives for wholesale purchase power sales; the appropriate treatment of certain fuel costs associated with nuclear generation; the appropriate terms and conditions for electric service provided under non-firm rate schedules; the appropriate treatment of certain costs incurred incident to the resolution of disputes involving purchased power agreements; and a review of transactions between utilities and their non-regulated affiliates. The Commission has scheduled a workshop for March 2000 to consider how distributed resources may be utilized to meet Florida's growing energy needs.

In August 1999, the Commission approved Florida Power Corporation's (FPC) petition for approval of an agreement to restructure its negotiated purchase power contracts with Orange Cogeneration Limited Partnership, and Polk Power Partners, L.P. The contracts were acquired by El Paso Power Services Company (El Paso). Capacity payments will be discounted for the term of each contract resulting in savings in excess of \$100 million, net present value. Energy payment savings associated with the agreement are forecasted to be approximately \$15 million, net present value. There is no up front payment associated with this agreement. In return, El Paso is granted the right to sell the energy associated with these capacity contracts when it is not needed to serve FPC's customers.

### **Adequacy and Reliability of Electric Supply**

In December 1998, a five-day hearing was held regarding the Joint Petition for Determination of Need by Duke Energy New Smyrna, L.P. and the City of New Smyrna Beach. This proposed 500-megawatt generating plant, fueled by natural gas, would supply 30 megawatts to the City of New Smyrna Beach. The balance of the plant's output would be available to be sold on the wholesale market. In March 1999, the Commission approved the Joint Petition. This is the first "merchant plant" sited in Florida. FPC, FPL, and TECO have appealed the Commission's decision. This appeal is pending before the Florida Supreme Court.

In January 1999, the City of Lakeland filed a petition to determine the need for the proposed addition of a 120 MW steam turbine to its present McIntosh Unit 5, a 249 MW simple cycle combustion turbine currently under construction. This unit is located at Lakeland's existing C.D. McIntosh Power Plant in Polk County, Florida. The simple cycle combustion turbine is scheduled for commercial operation by July 10, 1999. The Commission approved the City of Lakeland's petition in April 1999.

A proposal to build a second "merchant plant" filed by Okeechobee Generating Company, L.P. is set for hearing in 2000.

The Bureau assisted in the Commission's consideration of the annual Ten Year Site Plan filings by Florida's electric utilities. As part of the review of the 1998 filings, the Commission ordered a docket to be opened to consider the adequacy of planned reserves for peninsular Florida. At the hearing held in November 1999, the Commission approved a proposal by FPL, FPC, and TECO to increase each utility's planned reserves to 20 percent from the current 15 percent planning level by the summer of 2004.

### **Miscellaneous Matters**

The Bureau handled a number of customer complaints against utilities in 1999. Currently, one case is set for hearing before the Division of Administrative Hearings.

A significant increase in the number and scope of public records requests processed by the Bureau was seen in 1999. One request required in excess of 10,000 copies.

In May 1999, the Commission approved tariffs filed by FPL, FPC, Gulf, and TECO that established a uniform tariff for providing medically essential electric service. ♦