

2004  
*Annual Report*

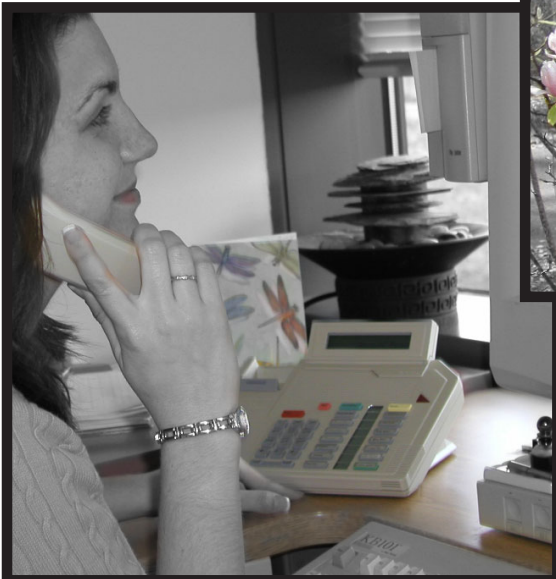
FLORIDA PUBLIC SERVICE COMMISSION



ELECTRICITY



WATER & WASTEWATER



TELECOMMUNICATIONS



NATURAL GAS

F L O R I D A   P U B L I C   S E R V I C E   C O M M I S S I O N

**2004 ANNUAL REPORT**

Reflects Calendar Year 2004



## CHAIRMAN'S MESSAGE

Undoubtedly, 2004's most dramatic events were the four hurricanes that hit the state. Hurricanes Charley, Frances, Jeanne and Ivan brought high winds and rain that substantially impacted electric and telecommunications company customers and also affected natural gas service and water and wastewater service. The Commission provided over 2,500 man-hours of staffing support to the State Emergency Operations Center before, during and after the storms. Commission staff collected and disseminated utility information on assessment of damages, customer outages, and estimated restoration times and worked with other agencies to facilitate the movement of labor and materials to restore utility services.

Commission actions in several regulatory arenas also substantially affected utility customers in Florida as we continued to pursue the goal of quality utility services provided at fair and reasonable rates. In the energy sector, the Commission ordered over \$20 million in refunds from our two largest electric utilities, Florida Power and Light Company and Progress Energy Florida, Inc.

In the telecommunications industry, the Commission approved a streamlined certification process for the Lifeline Assistance and Link-Up programs in order to get needed assistance to eligible consumers more quickly, and to increase subscribership for the State of Florida. Consumers qualifying under any one of several program-based criteria (Temporary Assistance to Needy Families (TANF), Supplemental Security Income - SSI, Food Stamps, Medicaid, Federal Public Housing Assistance - Section 8, Low-Income Home Energy Assistance Plan - LIHEAP, and the Bureau of Indian Affairs programs) will be able to sign up for Lifeline service quickly and easily. As part of our service evaluation program, BellSouth and Sprint refunded more than \$3 million to telecommunications customers who experienced out-of-service conditions in excess of 24 hours or did not have service installed within 3 days. As the competitive provision of telecommunications service expands, the Commission wants customers to continue to receive a high quality of service and is using programs such as the Service Quality Guarantee Program to compensate customers who do not receive timely responses to service requests.

The 2004 Annual Report describes the Commission's regulatory role in the areas of competitive market oversight, rate base/economic regulation, and monitoring of safety, reliability and quality of service of the state's utility services and highlights major regulatory efforts for the year. I hope you find this information useful.

Sincerely

A handwritten signature in black ink, appearing to read "Braulio Baez", written in a cursive style.

Braulio Baez, Chairman  
Florida Public Service Commission

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## I. INTRODUCTION

### *Information Directory*

The Florida Public Service Commission (PSC) is an agency whose operations directly affect the public. The PSC welcomes your requests for information on matters that may concern you. Inquiries may be made in writing to the address below or by telephone, E-mail, or toll-free fax.

Florida Public Service Commission  
2540 Shumard Oak Boulevard ♦ Tallahassee, Florida 32399-0850

Braulio L. Baez, Chairman	(850) 413-6042
J. Terry Deason, Commissioner	413-6038
Rudolph "Rudy" Bradley, Commissioner	413-6046
Charles M. Davidson, Commissioner	413-6040
Lisa Polak Edgar, Commissioner	413-6044
Executive Director	413-6068
Deputy Executive Director	413-6071
General Counsel	413-6199
Inspector General	413-6071
Office of Federal and Legislative Liaison	413-6800
Office of Public Information	413-6482
Division of the Commission Clerk and Administrative Services, Commission Clerk's Office	413-6770
Division of Regulatory Compliance and Consumer Assistance, Bureau of Complaint Resolution	413-6100
Toll-Free Number: 1-800-342-3552 (Nationwide)	
Toll-Free Fax: 1-800-511-0809 (Florida)	

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

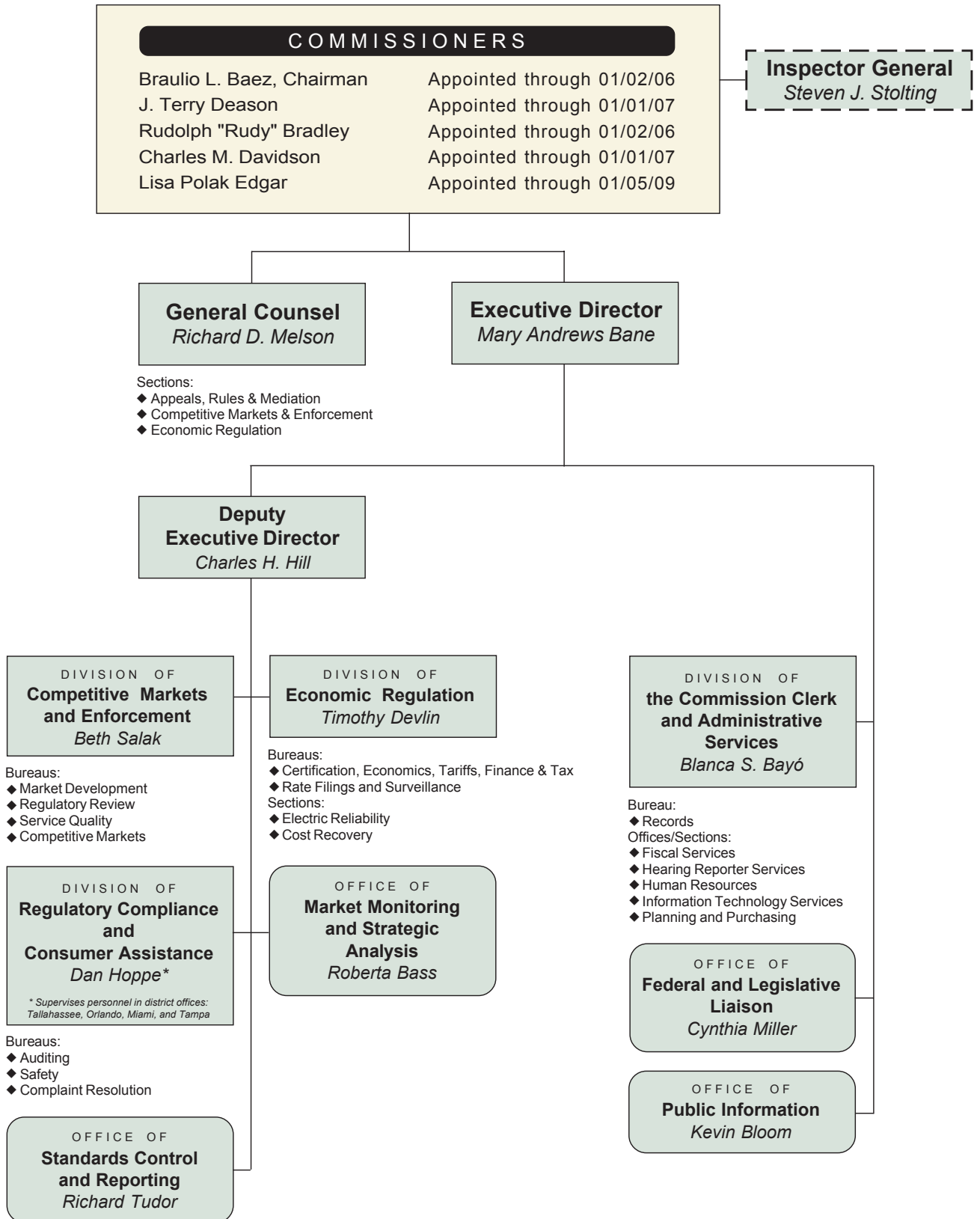
### *District Offices*

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

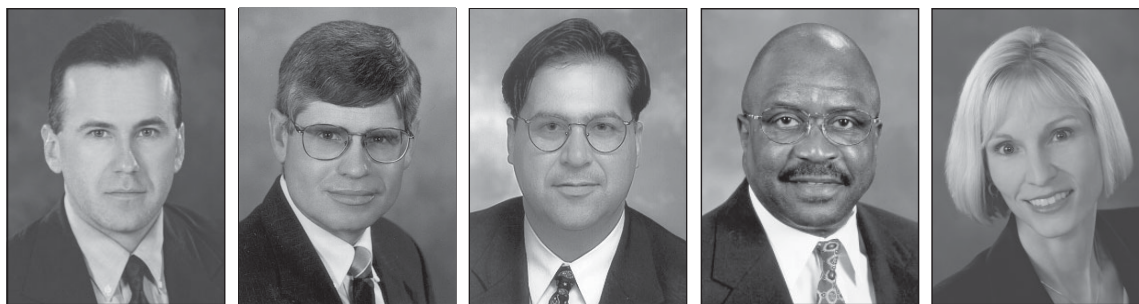
**Orlando**  
Hurston North Tower  
Suite N512  
400 W. Robinson St.  
Orlando, Florida 32801-1748  
(407) 245-0846

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

# PSC Organizational Chart



## The Commissioners



COMMISSIONER      COMMISSIONER      CHAIRMAN      COMMISSIONER      COMMISSIONER  
*Charles Davidson    J. Terry Deason    Braulio L. Baez    Rudolph Bradley    Lisa Polak Edgar*

**Braulio L. Baez** was appointed to the Florida Public Service Commission by Governor Jeb Bush on August 23, 2000, to complete a term ending January 2002. He was then reappointed by the Governor to a four-year term ending January 2006. Prior to his appointment, Chairman Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He was Executive Assistant to Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Chairman Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Chairman Baez is a member of the National Association of Regulatory Utility Commissioners Committees on Electricity and International Relations, and has served as President of the Southeastern Association of Regulatory Utility Commissioners. He was named to the State Regulatory Advisory Council to the FCC Federal Advisory Committee on Diversity in the Digital Age. He is a member of Leadership Florida Class XXII, the Florida Bar, and is a past Director of the Hispanic Bar Association, 2nd Judicial District.

**J. Terry Deason** was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and the Federal/State Joint Conference on Accounting. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he 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 consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason 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. He also received his master of accounting degree from FSU in 1989.

**Rudolph "Rudy" Bradley** was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 8, 2002. Commissioner Bradley serves on the National Association of Regulatory Utility Commissioners' Committees on Consumer Affairs, Water, and International Relations. He is also a member of the Energy Market Access Partnership Board which is a joint project between the Department of Energy and the National Association of Regulatory Utility Commissioners. Prior to his appointment to the Commission, Commissioner Bradley served as a member of the Florida Legislature for seven years representing District 55 which includes Pinellas, Manatee and Hillsborough Counties. As a member of the Legislature, he served as the Vice Chairman of the Utilities and Telecommunications Committee and as the Chairman of the Select Committee on Energy Restructuring. Commissioner Bradley also served as the Chairman of the Business Development and International Trade Committee and Chairman of the Economic Development Council. As a legislator, Commissioner Bradley maintained a special interest in improving Florida's educational system and expanding business opportunities for all citizens. Commissioner Bradley earned his Bachelor of Science Degree from the University of Tampa and his Masters Degree from the University of Michigan. He served as an educator in Pinellas County for several years and he developed several private enterprises involving real estate and livestock.

*Continued*

## The Commissioners

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Following the unanimous recommendation of the PSC Nominating Council, Governor Jeb Bush appointed **Charles Davidson** to the Florida Public Service Commission for a four-year term ending January 2007. Commissioner Davidson relocated from New York to Florida in 2000 to serve in the Office of Governor Bush, as the Executive Director of Florida's Information Technology Taskforce. In that role, he was responsible for developing public policies to help ensure that Florida maintains progressive economic development processes and rational regulatory regimes. In 2001, Davidson was recruited by the Florida House of Representatives to launch the state's first Committee on Information Technology. He currently serves *ex officio* as a member of the board of directors of ITFlorida, a statewide not-for-profit organization that is focused on developing sound technology-related public policies. From 1993 to 1999, Commissioner Davidson was an attorney resident in the New York Office of Baker & McKenzie, the world's largest law firm. In 1999, he joined the New York Office of Duane Morris with other attorneys from Baker & McKenzie to form a new international dispute resolution practice group. While in private practice, Davidson was responsible for an array of regulatory, commercial, international, and technology matters in the United States and abroad. His work included multi-jurisdiction antitrust disputes, compliance proceedings before the Department of Justice and the Securities & Exchange Commission, complex commercial dispute resolution, and international technology disputes. His work also included international commercial claims against the Government of Iran before the Iran-United States Claims Tribunal and claims against the Government of Iraq before the United Nations Compensation Commission. Commissioner Davidson has handled an array of domestic and international arbitrations and mediations. While in New York, Davidson served as Special Professor of Law at Hofstra University School of Law. Commissioner Davidson speaks frequently on technology and public policy issues. Recently, Commissioner Davidson testified before Congress on the regulatory treatment that should be afforded broadband technologies. Commissioner Davidson also recently testified before the FCC on the regulatory issues impacting and impacted by Voice over Internet Protocol (VoIP). A Phi Beta Kappa graduate, Commissioner Davidson holds a Masters of Law in Trade Regulation from New York University. He also holds a Masters in International Business from Columbia University. Davidson received his baccalaureate and juris doctorate degrees from the University of Florida, where he served as a fellowship instructor at the College of Law.

**Lisa Polak Edgar** was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 2005. Commissioner Edgar served as Deputy Secretary for Planning and Management for the Florida Department of Environmental Protection (DEP) from August 1999 through January 2005. Ms. Edgar's responsibilities included oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including oil and gas drilling on the Outer Continental Shelf. Prior to serving at DEP, Commissioner Edgar served as chief analyst on Environmental Policy for the Executive Office of the Governor. There Commissioner Edgar helped develop state policy on issues regarding the environment and natural resources, energy, transportation, and economic and community development. She served as liaison with state and federal agencies, Congressional delegation and staff, Cabinet offices, and the Florida Legislature. During her career in public service, Commissioner Edgar has also served as a senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University. Commissioner Edgar served as the State of Florida representative to the Minerals Management Service Advisory Board's Outer Continental Shelf (OCS) Policy Committee from 1993-2003, serving on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. She was appointed in 2004 to represent the State of Florida on the re-established Department of the Interior Outer Continental Shelf Policy Committee. Commissioner Edgar graduated cum laude from Florida State University in 1985 with a Bachelor's degree in political science and minor in English. She studied in London during her undergraduate education and in Yugoslavia during law school. She received a juris doctorate from the Florida State University College of Law in 1988 and is a member of the Florida Bar.



## Executive Management



EXECUTIVE DIRECTOR

### **Mary Andrews Bane**

The Executive Director is, essentially, the chief of staff of the Commission, with responsibility for directing, planning, and administering the overall activities of the Commission staff, except the Office of the General Counsel. She consults with and advises the Commissioners on regulatory, internal management, and budgetary matters and acts as an interagency liaison. Reporting directly to her are the Deputy Executive Director and the directors of the Division of the Commission Clerk and Administrative Services, the Office of Federal and Legislative Liaison and the Office of Public Information.



DEPUTY EXECUTIVE DIRECTOR

### **Charles H. Hill**

The Deputy Executive Director assists the Executive Director in providing direction and leadership for the staff and is delegated full authority in her absence. He has direct line authority over the Division of Competitive Markets and Enforcement, the Division of Economic Regulation, the Division of Regulatory Compliance and Consumer Assistance, the Office of Market Monitoring and Strategic Analysis and the Office of Standards Control and Reporting.



GENERAL COUNSEL

### **Richard D. Melson**

The General Counsel is the Florida Public Service Commission's chief legal counsel. He supervises the PSC's legal personnel and is charged with the administration and delegation of responsibilities to the lead attorneys in his office. The General Counsel also is responsible for advising the PSC on the legal aspects of its regulatory responsibilities, providing legal representation in court and before federal agencies, providing legal counsel to the Office of the Executive Director, and assisting in interagency liaison activities.

## II. DEFINING THE PSC'S ROLE

*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, calls for 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. Section 364.01(4), F.S., calls for the Commission to exercise its jurisdiction to encourage and promote competition.*

The Commission has quasi-legislative and quasi-judicial responsibilities, as well as some executive powers and duties. In its quasi-legislative capacity, the PSC makes rules governing utility operations. In its quasi-judicial capacity, the PSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the 1st District Court of Appeals and the Florida Supreme Court. In its executive capacity, the PSC enforces state laws affecting the utility industries.

The Florida Public Service Commission is committed to making sure that Florida's consumers receive some of their most essential services — electric, natural gas, telephone, water, and wastewater — in a safe, affordable, and reliable manner. In doing so, the PSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation; competitive market oversight; and monitoring of safety, reliability, and service. Those areas are briefly described as follows:

- ◆ Rate base/economic regulation involves analyzing requested rate changes and conducting earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return.
- ◆ Competitive market oversight entails facilitating the development of competitive markets and issues associated with them.
- ◆ Monitoring of safety, reliability, and service involves ensuring the uninterrupted provision of utility services in a manner that presents minimal risks to the general public, and confirming that such services are provided in a reasonable and timely manner.

In each of these areas, the Commission provides consumer assistance, protection and education including responding to consumer questions and to complaints as well as presenting information to inform consumers about their use of utility services.

A more detailed description of the PSC's role in these three key areas follows.

## **Rate Base/Economic Regulation**

The PSC establishes and monitors earnings levels for regulated electric, natural gas, water, and wastewater companies. In addition, there is one remaining telephone company under rate-of-return regulation. Whenever a company believes that its earnings are below a reasonable level, it can petition the PSC for a change in rates. The PSC conducts an extensive review of the company's earnings and determines the fair levels of rates and earnings for the company. The review consists of an analysis of the company's books and records, as well as a determination of what a reasonable return is for the company. The review also includes an analysis of the actual rates charged by the company, allocates revenue requirements between classes of customers, and develops appropriate rate structures within rate classes.

In addition to reviewing a company's request for a rate increase, the PSC also monitors each company's earnings levels to reduce the likelihood that any company receives excessive earnings. Each company files an annual report, which is reviewed to determine its level of earnings for the prior year. If, based on prior year earnings, it appears that a company's earnings will be excessive in the following year, the PSC fully analyzes that company's books and records and, when appropriate, reduces its rates. During that overearnings review, the PSC may place earnings subject to refund if the review indicates the company is overearning.

### **E N E R G Y**

In addition to annual reports, the investor-owned electric and natural gas companies also file earnings information on a more frequent basis, with some companies filing quarterly, semi-annually or monthly, depending upon their size. These more frequent filings allow the PSC to take quicker action if it appears that a company may be overearning and allow consumers rates to be reset.

In addition to processing utility requests for rate changes, the PSC devotes considerable resources to various tariff, rate, and other economic issues. Reviews of fuel, capacity, conservation, and environmental costs considered in cost-recovery-clause dockets, special contracts, new tariff offerings, conservation program approvals, and revision, depreciation, amortization, and decommissioning studies are just some of the many aspects of economic regulation involving electric and natural gas utilities that are regularly pending before the PSC.

### **W A T E R and W A S T E W A T E R**

In the water and wastewater industries, the PSC processes a significant number of rate-related cases. The majority of these cases involve rate increases or limited-proceeding increases arising from increased costs of providing service. A smaller number of cases involve overearnings investigations in which the PSC determines whether it is necessary to reduce rates. The staff's role in these cases includes participating in customer meetings, prehearings and hearings, as scheduled; writing recommendations based on information gathered by staff; answering Commissioners' technical questions at PSC Agenda Conferences; and assisting with legal matters such as drafting orders memorializing the Commissioners' decisions in each case.

The Commission also processes requests related to certification. The majority of these cases involve the transfer or amendment of certificates of authorization. A smaller number of cases involve the original certification of a new utility. The staff's role in certification cases includes preparing recommendations regarding issuing certificates and setting initial rates and charges for new utilities; transferring or amending existing certificates; acknowledging abandonments and appointment of receivers; and canceling certificates for systems transferred to exempt entities. In addition, staff also answers questions at Agenda Conferences, responds to customer inquiries, and assists in representing the PSC at prehearings and hearings.

The issue of reuse (using effluent water for a beneficial purpose, such as irrigation) is a growing one for the PSC in terms of competitive market oversight. Reuse also has significant implications in the area of rate base/economic regulation. The Legislature has recognized the benefit of reuse to Florida and has enacted provisions in the governing statutes for the Florida Department of Environmental Protection (DEP), the five Water Management Districts (WMD) and wastewater utilities to employ reuse as the chosen means of effluent disposal and as a method of water conservation.

The PSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with these statewide goals, while mitigating the effect on water and wastewater rates. In meeting this charge, PSC staff participate on a Reuse Coordinating Committee along with staff from the DEP, the Water Management Districts, the Florida Department of Agriculture and Consumer Services, the Florida Department of Health, and the Florida Department of Transportation. The Reuse Coordinating Committee meets as needed and discusses reuse issues, including any relevant proposed agency rulemaking and legislation. PSC staff also participate in two different quarterly meetings with the St. Johns River Water Management District and DEP District Offices to discuss reuse, conservation, and water allocation issues within the District. Through participation in these meetings, PSC staff has developed a good working relationship with the agencies having primacy over water supply issues and has stayed abreast of emerging issues that may affect utilities under the PSC's jurisdiction.

Water conservation is another area with major economic implications. As an economic regulator, the PSC is actively involved in demand-side water conservation through rate level and rate structure review. Rates and rate structure have a direct bearing on water usage, and therefore water resource allocation. The PSC has entered into a Memorandum of Understanding with the DEP and the five WMDs in order to coordinate efforts to advance statewide water quality and to meet statewide conservation goals. Both agencies are frequently called upon to testify on water quality and conservation issues in rate cases before the PSC. Whenever feasible, the PSC allows utilities to recover expenses related to conservation programs, and establishes conservation rates to reduce water consumption. For example, in a previous rate case, the PSC worked with one of the Water Management Districts to design an innovative and aggressive conservation program for a utility with extremely high residential usage. The elements of this program included residential irrigation audits; xeriscape consulting and rebates; distribution of low-flow shower kits; installation of moisture sensors for irrigation; and low-flow toilet rebates.

## Competitive Market Oversight

The PSC is addressing competitive market structure and regulatory issues in industries that were traditionally considered monopolies, but are now transitioning into competitive markets. New technologies and customer choice are two of the catalysts for the change to competition. The advent of new technologies allows new market entrants and new opportunities for established regulated companies. In addition, customers may benefit with increased competition by having more options as to whose services they use. As we transition from monopoly to competitive provision of utility services, the PSC must ensure that regulatory barriers are removed and that customers continue to receive quality service.

### TELECOMMUNICATIONS

In the telecommunications industry, a key focus of the PSC has been facilitating the development of competition in the local telephone market. This has included arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. The PSC is also active in monitoring and assessing the status of local competition, processing negotiated agreements, interpreting agreements and tariffs, providing input on legislative and Federal Communications Commission (FCC) initiatives, and conducting generic proceedings to implement approved initiatives and to address recurring issues.

The PSC has numerous other responsibilities related to competitive market oversight in the telecommunications industry. Reviews of industry practices are regularly conducted to determine whether entities are engaging in practices that could dampen the development of competition. Another major area involves the processing of area code relief cases and providing oversight of numbering resources.

The PSC has been reviewing both existing and emerging Internet access technology and backbone infrastructure. In doing so, the PSC recognizes the blurring distinction between the traditional telephone network and the data transmission networks. The PSC has worked to identify the different technologies involved, assess the direction of those technologies, analyze pricing differences between voice and data networks, and determine what, if any, policy actions the PSC should consider.

Also, the PSC is responsible for reviewing and maintaining the retail tariffs or price lists filed by the telecommunications companies. The PSC is responsible for setting certain wholesale prices such as for ILEC unbundled network elements used by CLECs to provide service. The PSC also establishes reciprocal compensation policies to guide the compensation to companies which terminate local traffic from other companies.

Another critical aspect of competitive market oversight in the telecommunications industry is the certification process. Most telecommunications companies doing business in Florida are required to be certificated by the PSC. However, certain changes made to Chapter 364, Florida Statutes in 2003, eliminated the requirement for intrastate interexchange companies (IXCs) to obtain certification from the Commission. IXCs are, nevertheless, still required to register with the Commission, file tariffs, provide a point of contact for the company, and pay regulatory assessment fees.

## **NATURAL GAS**

All nonresidential natural gas customers who take service from an investor-owned natural gas utility regulated by the PSC have the option to purchase their gas from the competitive market. Transportation and distribution of the gas would be provided by the monopoly investor-owned utility. The PSC also reviews special contracts and proposed tariff changes of natural gas utilities to ensure that the provisions are reasonable and nondiscriminatory.

## **Safety, Reliability and Service Issues**

Through performance and operations investigations, the PSC obtains information on reliability, service quality, and service availability for review and enforcement.

## **ENERGY**

In the electric industry, the PSC reviews regulated utilities' ten-year site plans to assess the utilities' abilities to meet Florida's energy needs over a ten-year planning horizon. The PSC also considers petitions for determination of need for electric power plants and transmission lines as a way of ensuring that the state's power needs are being met.

The PSC also participates in formal and informal proceedings relating to long-range electric-utility bulk power supply operations and planning; power plant and transmission line siting; electric and natural gas safety and service quality, including complaints; electric utility conservation goals and programs; and emergencies due to operational events or weather.

In the area of electric safety, the PSC verifies that electric utilities construct transmission and distribution systems in accordance with the National Electrical Safety Code. This is accomplished through a sampling process and quarterly utility compliance reports.

The PSC annually evaluates natural gas systems for safety compliance in the areas of corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualifications, maintenance and operations, and new construction.

## **TELECOMMUNICATIONS**

In the telecommunications industry, the PSC monitors telephone safety through inspection of the local telephone companies' central offices and outside facilities for compliance with the National Electrical Safety Code and the National Electric Code. This is done to ensure the safety of the companies' workers as well as customers. Network reliability is monitored through service outage reports from the local telephone companies and call completion tests. Service quality is monitored through inspections of the local telephone companies' installation and repair records, billing accuracy tests, and pay telephone inspections. During pay telephone evaluations, access to 911 and the accuracy of the pay telephone address are verified.

## **WATER and WASTEWATER**

In the water and wastewater industries, the PSC oversees quality-of-service issues such as water pressure and capacity. When a consumer complaint regarding water and/or wastewater quality of service is received, a staff engineer is assigned to work with the consumer and utility personnel to determine the cause of the consumer's utility-related problem.

Service quality issues are also addressed when a utility files an application for a rate change. The PSC conducts customer hearings as a part of the rate case process. Consumers' comments at rate case hearings typically include service quality issues. Staff is assigned to review consumer concerns and work with the utility to resolve service issues. In some cases, a complaint may result from possible violations of public health rules of the Department of Environmental Protection (DEP); in those cases, PSC staff works with the DEP to resolve the issue.

## **Consumer Assistance, Protection and Education**

The PSC handles customer complaints and inquiries related to such issues as service reliability, billing accuracy, service requests, and compliance with safety standards. The PSC is committed to providing effective consumer assistance, protection, and education. The PSC continues to implement a consumer information program that addresses important consumer issues and educates the public about the changing regulatory environment.

The PSC participates in a variety of outreach events such as consumer forums, community meetings, customer meetings and hearings, and develops applicable publications and presentations. The PSC continues to improve its outreach methods to provide access to information, such as electronic access, in order to help ensure that consumers have, or have ready access to, accurate and understandable information necessary to make informed decisions about utility services.

The telecommunications industry continues to change at a rapid pace. Innovative technologies, changes in market structures, and changes in demand have all contributed to the industry transformation. All of these factors have caused an increase in the number of telecommunications companies offering services, and the number and types of service offerings in local markets. Where consumers once had to deal with just a local telephone company and a long distance carrier, they now have to deal with such entities as competitive local exchange companies, operator service providers, billing agents, equipment vendors, and private owners of pay telephones.

With the emergence of competition in the telecommunications industry, the PSC has come to serve an important role in resolving service quality issues while implementing policies that promote competition, maintain universal service, and facilitate technological advancement. Given the rapidly expanding base of services and service providers in the telecommunications industry, many Florida consumers need additional information to protect their own interests and to make informed decisions regarding their options for purchasing telephone service.

The statutes governing the PSC's electric and natural gas responsibilities have not materially changed in recent years. Even so, there is an increasing focus on specific consumer concerns as these industries try to address the volatility of fuel costs and the effect of the damage from hurricanes.

In regulating the electric and natural gas industries, the PSC has a statutory obligation to protect the consumer by ensuring safety compliance. The PSC is also responsible for providing assistance in addressing consumers' service quality concerns.

A final aspect of consumer assistance relates to customer issues such as billing. The PSC assists consumers with analyzing their utility bills and verifying the accuracy of charges.

It is the PSC's intent that disputes between regulated companies and their customers be resolved in a quick, effective, fair, and efficient manner. One way the PSC accomplishes this objective is by utilizing the Transfer Connect system to resolve a portion of the consumer complaints it receives. When a consumer calls the PSC's toll-free telephone number (1-800-342-3552) with a question or a complaint regarding utility services, a PSC staff member, with the customer's approval, will transfer the call directly to the utility for its handling. Once the consumer's call is transferred, the utility pays for the call until completion. Each company that subscribes to Transfer Connect must provide live customer service personnel to handle the transferred calls. Consumers benefit when they can have all of their needs met with a single toll-free call. The Transfer Connect option also enables PSC staff to consult with a utility representative and relay the caller's information without the caller needing to repeat it.

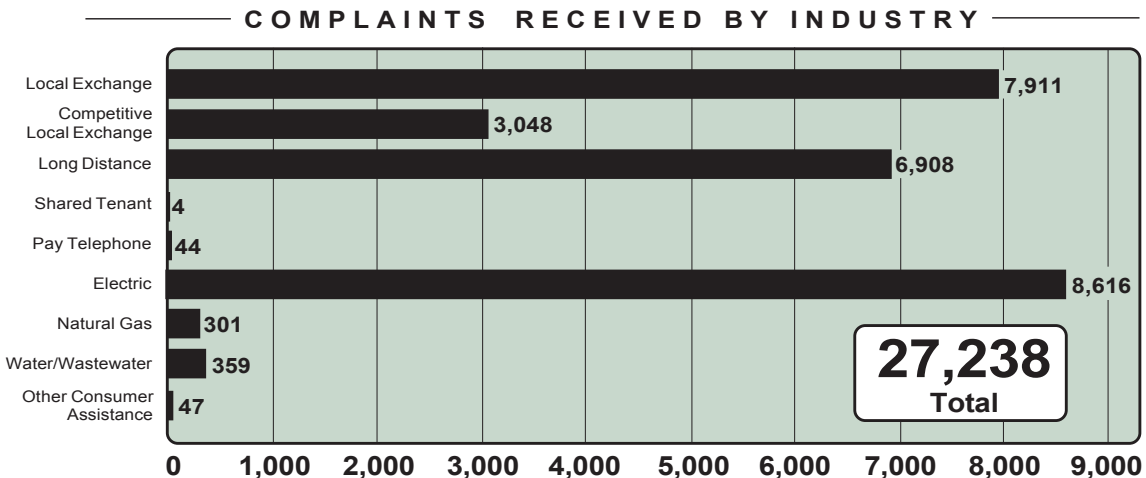
### COMPLAINT ACTIVITY

Consumer complaints are resolved by investigating the facts and circumstances of the case with the customer and the company. In addition, service provision issues, along with applicable statutes, rules, and tariffs, are reviewed for compliance.

There are a variety of ways consumers may contact the PSC to file complaints or inquire about any regulated utility company:

- ◆ Calling toll-free at 1-800-342-3552;
- ◆ Faxing toll-free at 1-800-511-0809;
- ◆ Mailing inquiries to the Florida Public Service Commission, Division of Regulatory Compliance and Consumer Assistance, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850;
- ◆ E-mailing [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us); or
- ◆ Visiting the PSC's Web site at [www.floridapsc.com](http://www.floridapsc.com) and completing an on-line complaint form.

During 2004, there were 27,238 complaints logged with the PSC against utility companies. The following chart identifies those complaints received by industry.

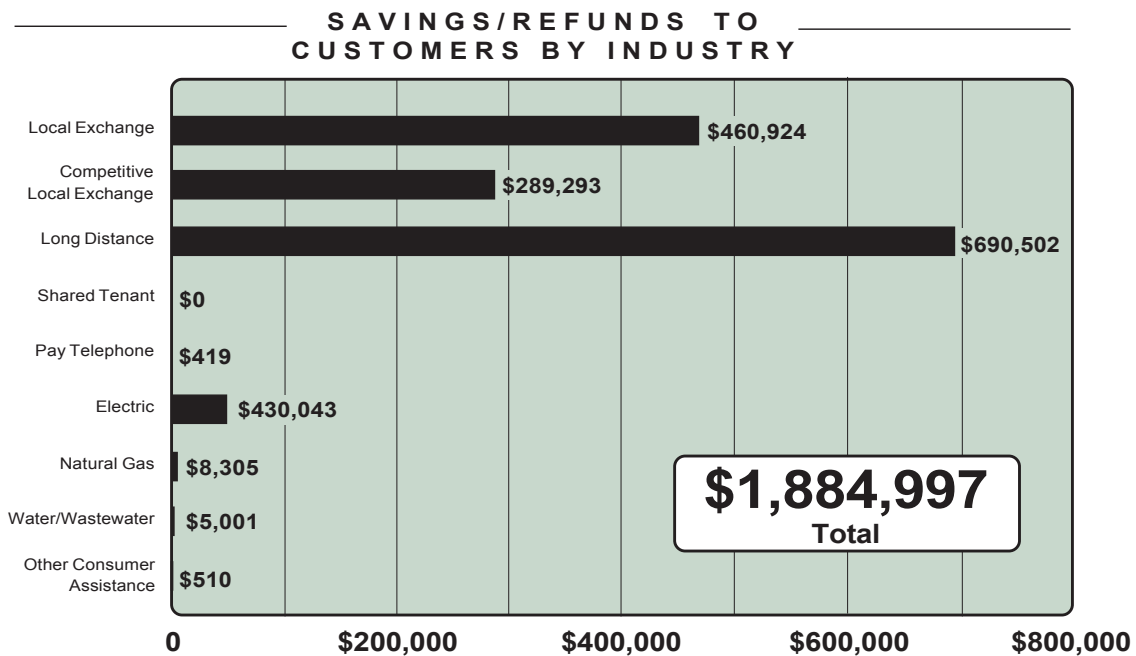


*Note: Includes non-certificated complaints logged, complaints transferred via the telephone transfer-connect or e-transfer process, and complaints logged and resolved under the three-day rule.*



Slamming and Cramming continued to generate complaints to the PSC during 2004. Slamming occurs when there is an unauthorized telephone service provider change without the consumers' knowledge or consent. Cramming occurs when charges for telephone services are added, or "crammed", onto local telephone bills without the consumers' knowledge or consent. There were 2,138 slamming and 381 cramming complaints logged during 2004.

Refunds, savings and credits to consumers resulting from Commission action totaled \$1,884,997 for the year. The chart below identifies the savings and refunds to consumers by industry.



### CONSUMER EDUCATION

The Public Service Commission is aware of the importance of public involvement in decisions that affect utility companies and their consumers and has implemented several measures to include public input in its proceedings. Public involvement may include consumers' receipt of notices about PSC activities, appearances at public meetings, and formal participation in utility rate cases. Consumers are an important focus of all aspects of the regulatory and competitive process. Consequently, the PSC places a great deal of importance on consumer awareness and education.

The PSC's consumer education program has several operational goals:

- ◆ disseminating information about regulatory matters to consumers;
- ◆ establishing the PSC's presence and increasing its visibility as a consumer education agent; and
- ◆ maintaining an outreach plan for consumers attending PSC meetings, hearings, community meetings, and workshops held across the state.

The Commission utilizes the World Wide Web to inform and educate Florida's consumers. The PSC's home page, located at [www.floridapsc.com](http://www.floridapsc.com), is continually being improved to make the site more consumer friendly and easier to navigate. Consumers visiting the home page will find a wealth of information about the industries the Commission regulates and about the specific issues before the PSC. Press releases and electronic versions of many publications are among the items available on-line. In addition, consumers are able to file online complaints and inquiries about their utility services via the Web site.

Commission events, such as Internal Affairs meetings, Agenda conferences, workshops, and hearings are frequently accessible on-line as live video and/or audio broadcasts. (To access an event, a consumer must have a computer equipped with a soundboard and speakers. The necessary helper application software may be downloaded from the PSC's Web site.)

PSC Commissioners and/or staff also attend customer hearings and/or meetings held in conjunction with cases. For each hearing or meeting, a PSC Special Report is prepared to give to consumers. Other PSC publications such as Save Money on Your Local Phone Service, Lifeline Assistance Program & Link-Up Florida, and How to Prevent Slamming are also available for consumers to read at each hearing or meeting. At such events, PSC employees are available to provide additional information and to answer questions from consumers.

The PSC has produced a number of brochures and flyers designed to help consumers become more knowledgeable about their rights and options as users of utility services. Brochures are available, upon request, to consumers who contact the PSC. Brochures are also available on the agency's Web site.

#### **LIFELINE ASSISTANCE and LINK-UP FLORIDA**

In May 2003, the Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 became law. The 2003 Act requires that each state agency that provides benefits to persons eligible for the Lifeline Assistance Program (Lifeline) shall, in cooperation with the Department of Children and Families (DCF), the PSC, and telecommunications companies providing Lifeline service, develop procedures to promote participation in Lifeline. In July 2003, the PSC initiated a joint Lifeline project with other state and federal agencies, organizations, and ILECs to implement the new statutory requirements.

During 2004, the PSC continued to work with the project participants to develop and implement procedures to increase awareness of Lifeline and Link-Up. The promotional activities of 2004 focused on "grass roots" efforts. Efforts for 2004 have largely been to put Lifeline educational materials in the hands of local organizations that are involved in the community and have regular one-on-one contact with eligible individuals. These organizations include entities such as area agencies on aging, area community action agencies, housing authorities, legal aid centers, senior centers, churches, and Urban Leagues. Promotional highlights of 2004 include the Connect Florida Campaign, educational presentations at community events and local organizations, development of a Braille Lifeline brochure, and development of Lifeline applications that can be provided to eligible individuals by the local organizations. The project participants include the AARP, Agency for Health

Care Administration, Agency for Workforce Innovation, Department of Children and Families, Florida Department of Community Affairs, Florida Department of Elder Affairs, Florida Office of the Public Counsel, Federal Social Security Administration - Tallahassee District, Workforce Florida, Inc., and a number of Florida's ILECs. A complete list of project participants and additional information about the project is available in the PSC's report entitled "Number of Customers Subscribing to Lifeline Service and the Effectiveness of Any Procedures to Promote Participation." A printed copy of the report may be accessed on the PSC's Web site at [http://www.floridapsc.com/general/publications/report/2004\\_Lifeline\\_Report.pdf](http://www.floridapsc.com/general/publications/report/2004_Lifeline_Report.pdf).

### III. HIGHLIGHTS OF THE PSC'S REGULATORY EFFORTS *For Calendar Year 2004*

*In 2004, the PSC regulated five investor-owned electric companies, seven investor-owned natural gas utilities, and more than 184 investor-owned water and/or wastewater utilities. The FPSC also has regulatory authority over one rate-base-regulated telephone company and competitive market oversight for more than 1,720 telecommunications companies in the state of Florida.*

*The number of certificated telecommunications companies or registered interexchange companies as of December 2004, was as follows:*

- ◆ 10 incumbent local exchange companies (ILECs);
- ◆ 428 competitive local exchange companies (CLECs);
- ◆ 720 interexchange companies (IXCs);
- ◆ 494 pay telephone service companies (PATs);
- ◆ 44 alternative access vendors (AAVs); and
- ◆ 32 shared tenant service providers (STS)

*While the PSC does not fully regulate publicly owned, municipal or cooperative utilities, it does have jurisdiction, with regard to rate structure, territorial boundaries, bulk power supply operations and planning, over 33 municipally owned electric systems and 18 rural electric cooperatives. The PSC also has jurisdiction, with regard to territorial boundaries and safety, over 27 municipally owned natural gas utilities, and exercises safety authority over all electric and natural gas systems operating in the state. During 2004, a number of issues presented significant challenges for the Commission. What follows is a summary of how the Commission dealt with those issues.*

## Energy

### ELECTRIC UTILITY REFUNDS

During February 2004, the Commission held a hearing on Florida Public Utilities Company's (FPUC) petition for an increase in base energy rates for its two electric divisions. In April 2004, the Commission approved a settlement which granted FPUC a permanent increase in base rates of \$1,820,373. The Commission, in this case, also approved the consolidation of the base rates and charges of FPUC's two electric divisions into a single set of rates that apply to all of FPUC's customers.

In 2001, the PSC required Florida Power and Light Company (FPL) to file the necessary information for a complete review of its rates and earnings. As a result of the review, rates were reduced by \$250 million annually, and the revenue sharing plan was extended to December 31, 2005. During 2004, FPL refunded \$3.1 million for sharing related to 2003.

In 2001, the PSC required Progress Energy Florida, Inc. (PEF) to file the necessary information for a complete review of its rates and earnings. The review was finalized in 2002 and resulted in a refund of \$35 million, a rate reduction of \$125 million annually, and a revenue sharing plan through December 31, 2005. During 2004, the PSC ordered PEF to refund \$18.4 million for revenue sharing related to 2003.

### **POWER PLANT NEED DETERMINATIONS**

Throughout most of 2002, PSC staff solicited comments, held workshops, and conducted a formal hearing to propose revisions to Rule 25-22.082, Selection of Generating Capacity. This rule requires utilities to issue a Request For Proposals (RFP) before filing for a determination of need for a major generating facility. The Commission approved revisions to the rule on January 3, 2003. Pursuant to the new rules, FPL released a Request for Proposals for alternatives to the proposed Turkey Point Combined Cycle Unit. Responses were received on October 24, 2003, and final approval was granted in June 2004. On October 7, 2003, PEF released a Request for Proposals for alternatives to the proposed Hines Combined Cycle Unit 4. Responses were received in 2003, and final approval was granted in December 2004.

### **ELECTRIC RELIABILITY**

Rule 25-6.0455, F.A.C., which was extensively revised in 2002, requires investor-owned electric utilities to submit distribution reliability data to the PSC. During 2003, the Commission audited the data of all investor-owned electric utilities to insure compliance with the revised rules and to respond to increased public interest in distribution reliability. During 2004, the Commission audited the data filed by Progress Energy Florida, Tampa Electric Company, and Gulf Power Company. The audits focused on the quality and accuracy of the underlying data supporting the distribution reliability indices included in the utilities' annual distribution reliability reports. Based upon the results of the 2004 audit, the investor-owned electric utilities appear to be in general compliance with the rule. However, areas for improvement regarding the quality of the data were noted for each audited utility. Staff is working with the utilities on each area of improvement noted in the audits. In addition, the Commission initiated a management audit of electric service quality in 2004 for each of the investor-owned electric utilities. The purpose of the audit is to update data gathered in the 1997 and 2000 management audits for the investor-owned electric utilities and to document the programs and activities the utilities have pursued to improve distribution service reliability from 1999 through 2004. The audit is scheduled for completion in 2005.

### **WATERBORNE COAL TRANSPORTATION**

In 2003, the Commission discontinued Progress Energy Florida's (PEF) market price proxy method for determining cost recovery of waterborne coal transportation service for 2004 and beyond. The market price proxy was the pricing formula approved by the Commission in 1993 that was used to set the price PEF pays its affiliate, Progress Fuels Corporation, for transporting coal from mines adjacent to the Ohio River to its Crystal River Station. In 2004, the Commission approved a settlement between parties (including PEF, the Office of Public Counsel, and the Florida Industrial Power Users Group) which set the amount that PEF may recover for waterborne coal transportation services in 2004. The settlement also established the manner in which PEF will obtain waterborne coal transportation service in 2005 and beyond. In addition, the Commission conducted a proceeding in 2004 addressing Tampa Electric Company's (TECO) cost recovery of waterborne coal transportation service provided under a contract with its affiliate, TECO transport, beginning in January 2004. The Commission ultimately found that TECO's 2003 request for proposal used for procuring coal transportation service was insufficient for determining market price and disallowed certain costs under the resulting affiliate contract. In addition, the Commission eliminated the benchmark method for reviewing affiliate coal transportation transactions. The Commission extended the opportunity for TECO to rebid the contract under alternative regulatory

treatment based on the results of the bid. In 2005, the Commission will consider motions filed by TECO and CSX Transportation, a rail carrier, for reconsideration and/or clarification of the Commission's order issued on these matters.

#### **NUCLEAR WASTE ISSUES**

The waste product from the generation of electricity by nuclear reactors is called spent nuclear fuel. Florida's nuclear plants currently store spent nuclear fuel on site in spent fuel pools. These spent fuel pools are nearing full storage capacity. Since plant sites were not designed for long-term storage of spent nuclear fuel, the plants could ultimately be required to shut down if the spent fuel is not removed. The federal Nuclear Waste Policy Act (NWP) requires each plant to enter into a contract with the Department of Energy (DOE) for the removal of its spent nuclear fuel. Under the terms of those contracts, the DOE was to begin removal of the spent fuel from nuclear plant sites across the U.S. in January 1998; however, the DOE failed to meet this removal date. Florida ratepayers have paid over \$622 million (\$1 billion with interest) into the Nuclear Waste Fund, so that the DOE can administer a nuclear waste disposal program as outlined in the NWP. Despite this substantial investment by Florida ratepayers, the waste remains at plant sites in Florida, and across the U.S.

Consequently, the PSC is actively involved in efforts to require the DOE to fulfill its statutory obligation. These efforts include litigation, correspondence and meetings with members of Congress regarding the Nuclear Waste Disposal Program. The PSC is also a member of the Nuclear Waste Strategy Coalition, an organization comprised of state regulators, state attorneys general, nuclear electric utilities and associate members, who are working together to hold the federal government accountable for the removal of spent nuclear fuel from power plants across the nation.

In 2002, Yucca Mountain, Nevada was designated by President Bush as suitable for development as a repository for spent nuclear fuel and other high-level nuclear waste. DOE must still secure adequate funding from Congress and obtain the necessary permits from the Nuclear Regulatory Commission to move forward with the program. If DOE receives the necessary permits from the Nuclear Regulatory Commission to construct the facility at Yucca Mountain, it is possible that DOE could begin to receive spent nuclear fuel at the site by 2010. The PSC continues its efforts in support of the removal of spent nuclear fuel from Florida reactor sites and permanent disposal in a geologic repository as envisioned by the NWP.

#### **REGIONAL TRANSMISSION ORGANIZATION (RTO)**

In June 2001, FPL, FPC (now known as Progress Energy Florida, Inc.), and Tampa Electric Company (TECO) filed petitions asking the Florida Public Service Commission to determine the prudence of the formation of, and their participation in, GridFlorida. Hearings were held in October 2001, and the Commission issued its Order in December 2001. The Commission found that the GridFlorida companies were prudent in proactively forming GridFlorida. However, the Commission stated its belief that certain aspects of GridFlorida were not in the best interests of Florida's retail ratepayers at this time, most particularly the transfer of ownership of transmission assets. In addition, it was found that GridFlorida should be structured as an independent system operator (ISO). The GridFlorida Companies were ordered to modify the GridFlorida proposal consistent with the terms of the Order and file the modified proposal with the Commission within 90 days. The GridFlorida Companies filed a modified proposal in March 2002.

In September 2002, the Commission specifically approved the structure and governance aspects, the planning and operations aspects, and certain aspects of the rate design and pricing protocols of the GridFlorida ISO. The Commission was scheduled to conduct an evidentiary hearing in late October 2002 to evaluate the merits of a market design proposal. However, the Office of Public Counsel (OPC) filed a notice of administrative appeal of the Commission's September 2002 Order to the Florida Supreme Court. As a result of this appeal, the Commission abated further proceedings regarding GridFlorida pending the Supreme Court's decision on OPC's appeal.

The Supreme Court dismissed OPC's appeal, without prejudice, in June 2003. In September 2003, the Commission and the Federal Energy Regulatory Commission conducted a joint technical conference in Tallahassee on the wholesale market platform and issues related to the proposed Florida-specific RTO. In November 2003, a meeting was held with the GridFlorida companies and stakeholders to discuss future activities addressing the resolution of outstanding issues related to the development of GridFlorida. At this meeting, it was decided that a series of collaborative workshops would be held during 2004 to identify and to attempt to resolve the remaining outstanding issues.

During early 2004, two collaborative workshops were held with the GridFlorida companies and stakeholders to identify and discuss the remaining outstanding issues. After the first workshop, the GridFlorida companies contracted with ICF Consulting to perform a study to assess the costs and benefits to peninsular Florida consumers of implementing the GridFlorida ISO. On June 30, 2004, a Commission workshop was held to gather information on the ICF cost-benefit study project description and the underlying assumptions of the proposed study. The results of the ICF cost-benefit study will be presented to the Commission at a workshop on February 25, 2005.

#### **EMERGENCY OPERATIONS CENTER**

The Commission is designated as the "Key Response Agency" ("lead agency") for the Department of Community Affairs' (DCA) Emergency Operations Center (EOC) for Emergency Support Function – 12 Energy (ESF-12). In this capacity, the PSC provides 7 day/24 hour staffing of the State Emergency Operations Center during state emergencies. The primary purpose of ESF-12 is coordinating responses to electric and natural gas energy emergencies and providing information and assistance to a variety of federal and state agencies at the EOC. The Commission is also responsible for maintaining contact with electric and natural gas utilities serving the affected areas in order to assess damage and service restoration efforts. The data collected and maintained from these coordination efforts includes such information as the areas affected, number of customers without electrical power or natural gas, transportation of fuel, and the estimated restoration time for normal service. This information is used by the EOC to determine the most efficient allocation of resources in response to the regional recovery efforts. As lead agency for ESF-12, with the assistance of the DCA, the Commission is responsible for coordinating transportation fuel shortages and disruptions in areas affected by the emergency.

Florida experienced four major hurricanes during August and September of 2004. The PSC provided over 2,500 man-hours of staffing support to the State Emergency Operations Center. The PSC collected and disseminated utility information on the assessment of

damage, customer outages and estimates of restoration time. The PSC also worked with other State and Federal agencies to facilitate the movement of labor and materials to rebuild and restore power systems.

#### **CONSERVATION ACTIVITIES FOR ELECTRIC and NATURAL GAS UTILITIES**

In 1980, the PSC required Florida's larger electric utilities and natural gas utilities to adopt cost-effective conservation, or demand-side management programs, to meet the requirements of the Florida Energy Efficiency and Conservation Act. Since that time, Florida's utilities have implemented a wide array of programs, primarily targeted at reducing the growth rate of peak demand and the state's dependence on oil as a generator fuel.

Most utility consumers pay for the costs of conservation programs because all consumers benefit from cost-effective utility conservation programs. The PSC evaluates the cost-effectiveness of all utility-proposed programs to ensure that the savings in avoided power plants, fuel for existing plants, and any wholesale power purchases, exceed the cost of the conservation program. The policy is that electric rates should be lower than what they otherwise would have been, absent the conservation program.

Major electric utilities offer some form of energy conservation education, and free audits, which are mandated by Florida law. Educational programs and announcements provide consumers with basic information on conserving energy and the various energy programs available through the utility. Energy audits provide the cornerstone of energy conservation by helping consumers determine which utility-sponsored conservation programs may be appropriate for their needs. Free audits are available to all classes of consumers - commercial, industrial, and residential. Many utilities will provide more comprehensive audits, for a fee, upon request. Some of the major utilities also educate the construction industry on the Florida Energy Efficiency Code for Building Construction.

A variety of programs are offered by the utilities. Programs for repairs or improvements, including low-cost fix-up, weatherization, heating/air conditioning tune-up, and duct-leak testing are offered, with the utility paying a portion of the costs for repairs or improvements. Investor-owned electric utilities are permitted to recover prudent and reasonable expenses for PSC-approved conservation and demand-side management programs. Actual conservation expenditures over a 12-month period may be recovered through the Energy Conservation Cost Recovery Clause. Since the enactment of the Florida Energy Efficiency and Conservation Act, Florida's investor-owned electric utilities have spent more than \$3 billion on programs designed to help consumers save on their electricity bills.

#### **ELECTRIC SAFETY**

The PSC is statutorily responsible for electric safety and, by rule, has adopted the National Electrical Safety Code as the applicable safety standard for transmission and distribution facilities subject to the PSC's safety jurisdiction. In addition, the rule sets requirements for the reporting of accidents, quarterly utility compliance reports, and random PSC inspections of facilities. Electric safety engineers inspect utility electric transmission and distribution construction sites that are randomly selected from utility work orders. Any variances from the National Electrical Safety Code that are found are inspected again to verify that code variances are corrected.



### **NATURAL GAS UTILITY RATE CASE FILINGS**

During 2004, Florida Public Utilities Company, Sebring Gas System, Inc. and Indiantown Gas Company all filed for base rate increases. All three utilities requested that the filings be processed using the proposed agency action procedure pursuant to Chapter 366.06(4), Florida Statutes.

Florida Public Utilities Company filed a petition and minimum filing requirements requesting additional base revenues of \$8,186,989 or a 36.3% increase in annual base revenue. The Commission granted an increase of \$5,865,903 which is a 25.9% increase in annual base revenue.

Sebring Gas System, Inc. filed a petition and minimum filing requirements requesting additional base revenues of \$234,641 or an 81.8% increase in annual base revenue. The Commission granted an increase of \$163,262 which is a 56.9% increase in annual base revenue.

Indiantown Gas Company filed a petition and minimum filing requirements requesting additional base revenues of \$306,751 or an 89.4% increase in annual base revenue. The Commission granted an increase of \$127,211 which is a 37.1% increase in annual base revenue.

### **NATURAL GAS PIPELINE SAFETY**

All natural gas systems receive annual safety compliance evaluations for corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualification, maintenance and operation, and new construction. PSC staff supports and assists the state's Emergency Operation Center in energy related matters, such as energy security, natural gas explosions, natural disasters, or when any utility related threat is detected that threatens life and property. Regularly this assistance involves supplying expert advice during the emergency and coordinating activities of the gas and electric utilities along with fire, police departments, and other public and private agencies.

The commission's gas safety staff evaluates natural gas systems, covering thousands of miles of pipeline and customer service lines. These evaluations generally result in the issuance of written notifications of gas safety violations, ranging from failure to repair gas leaks, to failure to odorize natural gas, to not using qualified welders. All violations must be corrected or scheduled for corrective action pursuant to the Commission's enforcement procedures.

## **Telecommunications**

### **COLLOCATION**

Section 251(c)(6) of the federal Telecommunications Act of 1996 requires an incumbent LEC to provide collocation at its premises to enable the CLEC to interconnect or access unbundled network elements (UNEs). There are two basic forms of collocation, physical and virtual. With physical collocation, a CLEC has a dedicated space to install and maintain its own equipment. With virtual collocation, a CLEC's equipment is located with the equipment of the ILEC and other CLECs, with the ILEC being responsible for installation and maintenance.

In 1999, the PSC adopted a set of procedures and guidelines for collocation, focused largely on those situations in which an incumbent LEC believes there is no space for physical collocation. During 2000 and 2003, the PSC addressed operational issues beyond those previously covered in the collocation guidelines.

The remaining issues related to the costs, appropriate definitions, and associated terms and conditions to provide certain collocation elements. The hearing on these issues took place on January 28 and 29, 2004. The PSC issued its decision on September 14, 2004 (Order No. PSC-04-0895-FOF-TP).

#### **I L E C   W H O L E S A L E   P E R F O R M A N C E   M E A S U R E S**

Through Docket No. 000121-TP, the Commission developed wholesale performance measurement plans for the ongoing evaluation of operations support systems (OSS) provided for competitive local exchange carriers' (CLECs) use by incumbent local exchange carriers (ILECs). The performance measurement plans provide a standard against which CLECs and the Commission can measure performance over time to detect and correct any degradation of service provided to CLECs. The Commission adopted performance measurements for BellSouth (Subdocket No. 000121A-TP) in August 2001, for Sprint (Subdocket No. 000121B-TP) in January 2003, and for Verizon (Subdocket No. 000121C-TP) in June 2003. Commission staff captures the performance measurement data monthly from each ILEC and applies trending analysis to determine if performance is reasonable. Each ILEC's performance measurement plan is reviewed by staff at recurring intervals to address needed revisions.

For BellSouth, the Commission established 90 wholesale performance measurements as well as a system of remedy payments called the Self-Effectuating Enforcement Mechanism (SEEM) plan. Remedy payments were implemented in 2002 and are applied if BellSouth fails to meet performance standards for key measurements as set by the Commission. Year-to-date through August 2004, BellSouth has paid \$19.9 million in SEEM remedies to CLECs and the state of Florida. In August 2004, staff initiated its second review of BellSouth's performance measures to address proposed revisions.

For Sprint, the Commission established 38 wholesale performance measurements in 2003. Sprint began reporting monthly performance results in 2003, but it has not yet been ordered by the Commission to implement a remedy plan for noncompliant service. Sprint also performs a root cause analysis of any measurement not meeting established standards for three consecutive months. These reports are provided monthly to the Commission.

For Verizon, the Commission approved a stipulation of wholesale performance measurements in 2003. The stipulation contains 44 performance measures and supporting administrative provisions to promote uniformity and stability in the provision of wholesale service to CLECs operating within Verizon's Florida territory. Verizon began reporting monthly performance results in 2003, but it has not yet been ordered by the Commission to implement a remedy plan for noncompliant service.

## **PRICING OF UNBUNDLED NETWORK ELEMENTS**

Under the Telecommunications Act of 1996, incumbent local exchange companies (ILECs) were required to make parts of their networks available to competitive local exchange companies (CLECs) for use in providing local telephone service. The separate components of the existing local phone network were called “unbundled network elements” (UNEs).

Since pricing of UNEs is integral to the economic viability of CLECs and is a recurring issue in arbitration requests, the PSC established a generic proceeding (Docket No. 990649-TP) to set UNE rates for Florida’s three major ILECs: BellSouth Telecommunications, Inc., Sprint-Florida, Inc., and Verizon (formerly GTE Florida, Inc.). A hearing on BellSouth’s rates was held in late 2000, and at the April 18, 2001 Special Agenda, the PSC set rates for more than 1,400 BellSouth network elements. A number of issues, however, were evaluated further, including (1) hybrid copper fiber xDSL- capable loops; (2) network reliability and security concerns; (3) revisions in the cost study for network interface devices (NIDs); and (4) cable placements and associated structures. On September 6, 2002, the Commission rendered its follow-up decision which included lower rates for loops and usage files used by CLECs.

Hearings on Verizon’s and Sprint’s rates were held April 29-30, 2002. The Commission rendered its initial generic decisions for these two companies on October 14, 2002 and December 2, 2002.

On December 13, 2002, Verizon filed a Notice of Appeal of the Commission’s Verizon UNE order to the state Supreme Court. On December 16, 2002, Verizon filed with the PSC a Motion for Mandatory Stay Pending Judicial Review. At the April, 9, 2003 agenda conference Verizon’s Motion for Stay was granted.

On September 5, 2003, Florida Digital Network (FDN) filed a Complaint for Declaratory and Equitable Relief with the U.S. District Court for the Northern District of Florida, contesting the Commission’s Sprint UNE order. On September 8, 2003, KMC Telecom, III, LLC appealed the PSC’s Sprint order to the state Supreme Court; on September 16, 2003, FDN filed a Notice of Joinder of KMC’s appeal.

The PSC filed comments with the FCC on UNE rules on December 1, 2004. First, the PSC recommended that the FCC adopt a transition plan for UNE-P that would provide transitional access to UNE-P through approximately the end of 2005. Second, the PSC stated that ILECs should be required to demonstrate to their state commission that they have adequate hot cut processes in place to meet anticipated demand efficiently, quickly, and in a cost-effective manner, by the conclusion of the UNE-P transition period. If an ILEC fails to make such a demonstration by the end of the transition period in a given state, the FCC should consider whether or not the transition plan should be extended. Third, the PSC suggested that the FCC clarify the relationships between interconnection and unbundling requirements in Sections 251/252 and Section 271 in the remand proceeding. Fourth, if the FCC desires to revisit the elimination of line sharing as a Section 251(c)(3) UNE, the PSC encouraged the FCC to act by year end, in order to eliminate market uncertainties.

The PSC based its comments on the following three guiding principles:

- ◆ To avoid a patchwork of potentially conflicting or inconsistent state policies, a national policy framework is critical.
- ◆ Promoting facilities-based competition should be the focus of the FCC's rules.
- ◆ Clarity in a timely manner is critical.

#### **RECIPROCAL COMPENSATION**

Reciprocal compensation refers to the payment mechanism, mandated by the Federal Communications Commission (FCC), by which phone companies are to be compensated for terminating local telephone traffic that originates on the network of another company. The issue of the appropriate application of reciprocal compensation continues to be a hot topic at both the state and federal levels. As a result, the PSC opened a generic docket in January 2000 to investigate the appropriate methods to compensate telecommunications carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996.

On August 20, 2002, after a hearing, the Commission rendered its decision wherein it declined to establish a default compensation mechanism. However, the Commission elected to establish a default local calling area (the originating carrier's retail local calling scope) for reciprocal compensation purposes, if carriers to a negotiation cannot reach a mutually agreeable definition.

On February 7, 2003, Verizon, ALLTEL, Northeast Telephone, TDS Telecom, Smart City Telecom, Sprint, Indiantown, Frontier and GT COM appealed the Commission's decision to the state Supreme Court. On September 15, 2004, the Court affirmed the Commission's decision regarding compensation at the tandem interconnection rate, but remanded the case for further proceedings with respect to whether the default local calling area is the most competitively neutral option. Upon revisiting this issue, (Docket No. 000075-TP, Order No. PSC-05-0092-FOF-TP dated January 24, 2005), the Commission found, based upon the existing record, that there was insufficient record evidence to support any default. The Commission also noted that concerns that the issue of a local calling area would continue to arise in arbitration cases have proven to be unfounded.

#### **QUALITY OF SERVICE**

Monitoring of the Service Quality Guarantee Program continued in 2004 as BellSouth credited more than \$2,000,000 to customers who experienced out-of-service conditions in excess of 24 hours. BellSouth also credited more than \$360,000 to customers whose service was not installed within 3 days.

In 2004, Sprint credited more than \$560,000 to customers who experienced out-of-service conditions in excess of 24 hours and approximately \$650,000 to customers whose service was not installed within 3 days. In addition, Sprint contributed more than \$60,000 to the Community Service Fund for failing to meet the average speed of answer time. No credits were provided during September due to the various hurricanes that impacted service as Sprint invoked the Force Majeure provision of its program.

The Florida Relay Service allows people who are hearing or speech impaired to communicate by telephone. This service is provided by Sprint pursuant to a contract with the Commission. The Commission staff continued to make test calls to the service in 2004 to confirm Sprint Relay's compliance with the contract. Overall, Sprint Relay met the answer time requirement as well as the feedback and blockage requirements.

## SERVICE EVALUATION PROGRAM

The PSC conducts field evaluations of telecommunications services provided by local exchange, interexchange (long distance), and pay telephone companies. This program helps ensure that consumers continue to receive an acceptable level of service and that any service deficiencies are corrected in a timely manner. Electronic test equipment, known as ARONTS, is used during the evaluations. ARONTS is an electronic unit that can be programmed to originate test calls and automatically record the number called, the time of day and call duration. Staff uses the information to verify the accuracy of companies' timing and billing for measured calls. During 2004, Commission staff conducted service evaluations in the territories of BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, GTC, Inc. d/b/a GT Com and Northeast Florida Telephone Company d/b/a NEFCOM.

**Local Exchange Companies** - The objectives for evaluating the local exchange companies are to (1) examine each company's performance in meeting the PSC's service standards; (2) review the company's control systems to ensure the accuracy of service quality data provided in periodic reports to the PSC; and (3) determine if previously identified service deficiencies were corrected.

Test calls are made to measure each company's performance against the service quality standards. PSC staff initiate test calls from central offices of the companies being evaluated, and business office and repair records are reviewed. In addition, subscriber loops are checked for transmission levels, noise, proper grounding and safety. PSC staff also performs evaluations on repair reports to ensure service is restored within 24 hours, and that customer rebates are issued when service is not restored within the required time frame. Further, installation orders are audited to ensure that new service is installed within three days. Using special equipment available to the hearing and speech impaired, test calls are made to telephone company services and to 911 emergency systems to ensure that access is available to hearing and speech impaired persons.

While most deficiencies discovered are resolved during the evaluation, companies failing to meet the PSC's standards are asked to specify what corrective action will be taken to comply with the applicable standards. Each company's response is then reviewed to ensure proper corrective action has been taken. In addition, the PSC regularly reviews monthly service quality reports from each local exchange company to ensure that service quality standards are being met. The results are posted on the PSC's Web site.

**Long Distance Companies** - Long distance test calls are made to determine (1) compliance with rules and tariffs with respect to toll timing and billing accuracy; and (2) whether the calls were rated and billed correctly.

Test calls are made of "1+" direct-dialed calls and "0+" calling card interLATA (LATA is an acronym for "Local Access and Transport Area") calls. Reports of the results are furnished to each provider evaluated. Where standards are not achieved, or where the results are unsatisfactory, the company is asked to confirm the appropriate corrective action to be taken.

**Pay Telephone Companies** - Evaluations are performed on pay telephones to determine (1) compliance with the PSC's rate cap on "0+" calls; (2) accessibility to the physically handicapped; (3) access to the caller's preferred long distance company; (4) local directory

availability; (5) posting of required information notices; and (6) compliance with other applicable rule requirements.

Test calls to 911 systems, in various counties, are made to ensure that emergency calls are completed to the correct emergency response agency and that pay telephone address information is correct in the 911 system database. Providers are notified of violations and asked to confirm that corrective action will be taken. In addition, test calls are made to test the answer time of county 911 emergency systems. These results are provided to the respective county 911 coordinator and to the Florida Department of Management Services' Division of Communications for follow-up of identified problems.

#### **TELECOMMUNICATIONS ACCESS SYSTEM**

The Telecommunications Access System Act (TASA) of 1991 requires the PSC to establish and administer a statewide telecommunications system for hearing and speech impaired persons. The TASA program was developed in response to two needs. The first was the need for permanent funding for the distribution of specialized telecommunications equipment to people who are hearing and/or speech impaired (telecommunication devices for the deaf, volume control telephones, etc.). The second was the need for a telecommunications relay system whereby the cost for access to basic telecommunications services for persons with hearing or speech impairments would be no greater than the amount paid by other telecommunications customers.

On September 21, 2004, the Commission released a Request for Proposals (RFP) for a provider of relay services for the period beginning June 1, 2005. A bidders' conference was held on October 1, 2004 and on January 4, 2005, the Commission selected Sprint Communications LLC to provide relay service in Florida for a three year period beginning June 1, 2004. The contract also provides for the option of four one-year extensions with the mutual agreement of both parties to the contract.

#### **LIFELINE ASSISTANCE and LINK-UP**

On April 29, 2004, the FCC released its Report and Order (Order), and Further Notice of Proposed Rulemaking regarding Lifeline and Link-Up. To improve the Lifeline and Link-Up programs and to increase subscribership, the FCC's Order, in part: 1) added the Temporary Assistance to Needy Families (TANF) and the National School Lunch's free lunch program (NSL) to the program-based eligibility criteria; and, 2) added an income-based eligibility criterion of 135% of the Federal Poverty Guidelines (FPG).

In light of the FCC's Order adopting the additional program criteria and the 135% FPG eligibility criterion, the PSC found that it was beneficial for Florida to also adopt the new criteria. In Order No. PSC-04-0781-PAA-TL, issued August 10, 2004, the PSC added the NSL program and the 135% income-based eligibility criteria. The PSC approved TANF as an additional eligibility criterion in 1998.

The PSC also determined that a streamlined certification process would ease the burden on consumers, get needed assistance to consumers quicker, and result in increased subscribership for Florida. To accomplish this, the PSC adopted an optional self-certification process for consumers enrolled in any one of the eight program-based criteria (TANF, Supplemental Security Income (SSI), Food Stamps, Medicaid, Federal Public Housing

Assistance (Section 8), Low-Income Home Energy Assistance Plan (LIHEAP), National School Lunch's free lunch program (NSL), and the Bureau of Indian Affairs programs).

Petitions requesting a hearing in protest of Order No. PSC-04-0781-PAA-TL were filed by ALLTEL Florida Inc., BellSouth Telecommunications, Inc., GT COM, Office of Public Counsel, Quincy Telephone Company d/b/a TDS Telecom, Sprint-Florida, Inc., and Verizon Florida, Inc.

## **Water and Wastewater**

### **GOVERNOR'S DROUGHT ACTION PLAN/ WATER CONSERVATION INITIATIVE**

In May 2001, a statewide Water Conservation Initiative (WCI) was launched by the Department of Environmental Protection (DEP) and the Water Management Districts in response to the Governor's Drought Action Plan. The overall goal of the WCI is to provide specific recommendations for improving water use efficiency that are significant, permanent, and cost effective. The PSC co-chaired the Water Pricing Work Group with the DEP, and participated on the Reuse Work Group. The final report was issued in April 2002, and was developed with the input of more than 300 participants from government, private sector, interested citizens, and many private associations. In August 2002, the DEP initiated Phase II of the project and formed new work groups to develop strategies for implementing the recommendations.

During 2003, the PSC continued to work with the DEP and other participants to implement the Water Pricing and Reuse recommendations. The Water Pricing Work Group has developed a plan for a Statewide Comprehensive Water Conservation Program (Program) that will encourage implementation of WCI recommendations, but will allow utilities the flexibility to tailor conservation programs to reflect their individual circumstances. The Program addresses implementation of conservation rate structures, drought rates, informative billing, and measurement of water use. The goals and objectives of the Program have been formalized in the "Joint Statement of Commitment for the Development and Implementation of a Statewide Comprehensive Water Conservation Program for Public Water Supply (JSOC)." In November 2003, the DEP endorsed the JSOC and encouraged endorsement by the other participants. In December 2003, the Commission approved and signed the JSOC. Other participants include all five of Florida's Water Management Districts, the Utility Council of the American Water Works Association - Florida Section, the Utility Council of the Florida Water Environment Association, and the Florida Rural Water Association.

Implementation of the WCI's Reuse recommendations is addressed in a joint report prepared by the Reuse Coordinating Committee and WCI Water Reuse Work Group. The report entitled Water Reuse for Florida: Strategies for Effective Use of Reclaimed Water was issued in June 2003 and is available on the DEP's Web site at [http://www.dep.state.fl.us/water/reuse/docs/valued\\_resource\\_Final%20Report.pdf](http://www.dep.state.fl.us/water/reuse/docs/valued_resource_Final%20Report.pdf). The report presents background information on water reuse, provides a summary of Florida's Water Reuse Program, traces the development of water reuse in Florida, and details 16 major, interrelated strategies for ensuring efficient and effective use of reclaimed water. The report also identifies legislative

concepts, rulemaking efforts, and research activities that support and implement the water reuse strategies. During 2004, the PSC continued to work with the DEP and other participants to implement the Water Pricing and Reuse recommendations, as well as monitor any proposed water conservation legislation during the legislative session.

A formal Work Plan to implement the JSOC is expected to be presented for approval to the participating agencies in early 2005. It will include details on the development and costs for creating a Conservation Clearinghouse to provide information to utilities on development of cost effective conservation programs, pilot programs to develop quantitative data and establishing standardized definitions and measurement criteria for evaluating conservation programs.

#### **WATER and WASTEWATER RATE CASES**

During 2004, the Commission processed file and suspend rate cases filed by Labrador Utilities, Inc., Bayside Utilities, Inc., Utilities, Inc. of Eagle Ridge, Mid County Utilities, Inc., Indiantown Company, Inc., Water Management Services, Inc., and Ranch Mobile WWTP, Inc. All seven utilities requested that the filings be processed using the proposed agency action procedure pursuant to Chapter 367.081(8), Florida Statutes. Bayside Utilities, Inc. was the only rate case decision that was protested.

The Commission also processed three requests for Staff Assisted Rate Cases pursuant to Chapter 367.0814, Florida Statutes. These Class "C" utilities included Tymber Creek Utilities, Inc., Keen Sales and Rental, and Holiday Utility Company, Inc.

#### **WATER and WASTEWATER CERTIFICATION CASES**

Original certificates were processed for St. James Island, Farmton, Crooked Creek, Oak Springs, B&C Water Resources, Lazy S, and Hidden Valley companies in 2004. The Farmton case was appealed by the City of Titusville and Brevard County. Transfers of ownership were processed for Virginia City, Dixie Groves, Plantation Utilities, Springside, Columbia Properties, Brendenwood, Suwannee Valley, Woodlands, Hacienda, Creola, Hunter Creek, Chateau, Sports Shinko, Hideaway, Keen, and Florida Water companies. The Florida Water transfer to Aqua America involves approximately 60 water and wastewater systems. Transfers to exempt entities were processed for Little Sumter, Forest Hills, Nocatee, Quail Meadow, Broadview Park, Morningside, and Florida Water. Approximately 10 of Florida Water's largest systems were transferred to exempt entities.



## IV. AGENCY ORGANIZATION

*The 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 a Commissioner from nominees selected by the Public Service Commission Nominating Council. Commissioners must also be confirmed by the Florida Senate. Prior to 1979, three Commissioners were elected in a statewide election. The 1978 Legislature adopted a bill changing the Commission to a five-member appointed board.*

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 on the Commission the responsibility of regulating telephone and telegraph companies, and in 1929, jurisdiction was given over motor carrier transportation. The Commission began regulating investor-owned electric companies in 1951, and then in 1952, jurisdiction was extended to the regulation of gas utilities. In 1959, the Commission began regulating privately owned water and wastewater systems.

The following is a description of each of the Commission's Divisions/Offices. Following those descriptions is a history of people who have served as Florida Public Service Commissioners since the creation of the agency.



*Blanca Bayó*

### **Division of the Commission Clerk and Administrative Services**

The Division of the Commission Clerk and Administrative Services (CCA) oversees all financial transactions, including the approval and processing of all expenditures, the collection and deposit of all revenues, and the maintenance of accounting records. These responsibilities are handled primarily in CCA's Fiscal Services Section.

The Division's Planning and Purchasing Section (CCA-PPS) is responsible for coordinating and preparing the Commission's Legislative Budget Requests and Long Range Program Plans, monitoring the operating budget, and preparing budget amendments as necessary. CCA-PPS is also responsible for processing all agency purchasing. CCA is also responsible for the coordination and maintenance of the performance measures and outcome/output standards, updates to the commission-wide administrative procedures manual, forms inventory and tracking system, as well as security related issues.

The CCA Bureau of Records manages the Commission computerized document and case management information system; issues reports and assists in the coordination of case management activities; prepares agendas for the Commission's regular conferences; and prepares and maintains the official minutes of all Commission meetings. Additionally, the Bureau maintains the master directory of utilities, as well as mailing lists of parties to and persons interested in proceedings before the Commission; issues all orders and notices of the Commission; and, upon request and the payment of appropriate fees, provides copies of public records. The Bureau of Records also maintains the PSC's official docket files. It receives, records, distributes, and maintains the official files of all documents filed in proceedings before the PSC. It issues all orders and notices of the PSC and coordinates the PSC's records management program.

CCA's Office of Information Technology Services is responsible for monitoring and evaluating the information processing needs of the PSC, proposing enhancements to information processing resources to management, and providing technical support services for the PSC. This Office also provides administrative support services in the areas of purchasing, leasing, duplicating, mail handling, and fleet management.

The CCA Human Resources Section is responsible for the administration of all agency human resources programs which include recruitment, selection, classification and pay, attendance and leave, performance evaluations, training and staff development, variable work week schedules, employee relations, payroll, insurance, and other employee benefit programs.

The hearing reporters in CCA's Office of Hearing Reporter Services attend all PSC hearings, both in Tallahassee and throughout the state, transcribe the proceedings, and prepare transcripts for placement in the official record and for dissemination to participants.



*Beth Salak*

### **Division of Competitive Markets and Enforcement**

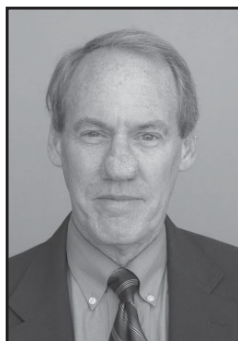
The Division of Competitive Markets and Enforcement monitors and facilitates the development of competitive markets in the telecommunications and natural gas industries.

The Division's Bureau of Market Development sets prices and requirements for wholesale offerings (i.e., unbundled network elements and resale), whether in the context of an arbitration or a generic proceeding. In addition, the Bureau resolves operational issues between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) that cannot be resolved by the parties and must be arbitrated. The Bureau must also resolve complaints of an interpretive nature that pertain to existing contracts. The Division monitors and analyzes wholesale service quality performance measures that quantify the adequacy of operating systems support provided by BellSouth, Verizon and Sprint to CLECs. The Bureau also processes ILEC, CLEC, and IXC tariff and price list filings, and negotiated agreements.

The Bureau of Regulatory Review reviews utility performance and operations, investigates and documents current processes and results, and identifies areas for improvement. These reviews may be limited to one company or done on a comparative basis between several companies. Areas for investigation include competitive performance analysis, electric reliability, service quality, service availability, systems analysis, and consumer protection. Also, special investigations are conducted relating to systemic utility fraud such as slamming and cramming.

The Bureau of Service Quality evaluates the quality of service provided by telecommunications companies and conducts periodic on-site inspections of telecommunications facilities. During field evaluations, tests are done to ensure network reliability and to evaluate the billing accuracy of long distance companies. Pay telephones and call aggregators (hotels/motels) are also inspected. The Division monitors the quality of service provided by the telecommunications relay system to persons who are hearing or speech impaired. The Bureau processes all certification/registration filings for incumbent local exchange companies (ILECs), competitive local exchange companies (CLECs), interexchange companies (IXCs), pay telephone service (PATs) providers, alternative access vendor (AAVs), and shared tenant service (STS) providers, including new certificates/registrations, name changes, transfers, and cancellations.

The Bureau of Competitive Markets processes cases involving area code relief, number conservation plans, reclaiming numbering resources from carriers that have failed to activate central office codes, and numbering code denials. In both the telecommunications and natural gas industries, the Bureau provides input on legislative and federal initiatives. For regulated natural gas utility companies, the Bureau reviews conservation programs and cost recovery filings, reviews purchased gas filings, processes tariff filings, determines natural gas capacity requirements for electric need determination cases, resolves territorial disputes, develops recommendations to promote competition in the natural gas industry, and processes cases that involve alleged barriers to entry.



*Jim Devlin*

### **Division of Economic Regulation**

The Division of Economic Regulation investigates the earnings of rate base regulated companies and also works to resolve consumer complaints concerning service quality and billing issues in the electric, natural gas, water and wastewater industries, as well as making recommendations concerning electric utility plant siting and cost recovery clauses. The Division also reviews the earnings of the one remaining rate base regulated local telecommunications company. The Division's responsibilities are further detailed under its component Bureaus and Sections.

The Bureau of Rate Filings and Surveillance is responsible for reviewing the revenue requirements of rate base regulated utilities. It processes rate cases and monitors earnings for these industries. Processing earnings cases includes analyzing filings and expert testimony and exhibits, developing cross examination questions, presenting staff testimony, holding customer meetings, and preparing and presenting recommendations to the Commission. The Bureau also is responsible for the annual report process including all mailings, extensions, filings, delinquency notices, penalty letters and show causes. This Bureau also reviews the regulatory assessment fee (RAF) returns of utilities. In addition, the Bureau produces reports such as the Annual Comparative Rate Statistics and the Quarterly Rate Increase and Decrease Report.

The Bureau of Certification, Economics, Tariffs, Finance and Tax is responsible for certification filings and tariff filings for water and wastewater companies. In proceedings such as rate cases or electric plant need determination cases, the Bureau's primary responsibilities focus on analyzing any economic or demographic forecast issues or financial, tax or rate of return assumptions, development of rates and rate structure by customer class and estimation of any repression effects on customer demand resulting from higher rates. Outside of rate case activity, the Bureau analyzes rate structure for municipal electric utilities and rural electric cooperatives. The Bureau is also involved in rate and rate structure issues such as billing practices, master metering, reconnect policies, cost recovery clauses and merger effects on rates. Other responsibilities include processing security applications for investor owned natural gas and electric utilities, evaluating requests for corporate undertaking from water and wastewater utilities, and calculating the interest on refunds.

The Electric Reliability Section processes and makes recommendations to the PSC on proposed power plants with a steam cycle greater than 75 megawatts, including nonutility-owned power plants and certain 230 kilovolt or higher electric transmission lines. The Section also analyzes utility ten-year site plans required by Florida Statutes. Responsibilities also include making recommendations on utility conservation plans and administering the conservation cost recovery clause.

The Cost Recovery Section makes recommendations to the Commission on fuel, purchased power, capacity, and environmental cost recovery petitions, and also administers a power plant efficiency incentive factor as part of the fuel clause. The Section also makes recommendations on territorial agreements and disputes, reviews annual distribution reliability reports, and resolves technical consumer complaints relating to distribution reliability.



*Dan Hoppe*

### **Division of Regulatory Compliance and Consumer Assistance**

The Division of Regulatory Compliance and Consumer Assistance is responsible for electric and gas safety, audits and reviews in all industries, the consumer complaint process, and consumer outreach. For auditing and safety purposes the Division operates out of four district offices: Tallahassee, Orlando, Miami, and Tampa.

The Division's Bureau of Auditing performs audits and reviews that include financial, compliance, billing, and verification reviews. The auditors conduct examinations of utility-related financial and operating records and provide the PSC with an independent verification of the supporting documentation for any statements of filings made by the regulated companies.

The Bureau of Safety functions involve safety evaluations of natural gas pipeline operations and new electric construction in the state of Florida. The Bureau is also the lead contact for the Commission's participation in the State's Emergency Operations Center activities.

The Bureau of Complaint Resolution receives, processes, and resolves complaints and facilitates resolution of informal disputes between consumers and utilities. This may result in preparation of testimony for rate cases on complaint activity, and participation in or initiating other dockets on consumer matters.

The consumer outreach staff compiles and relays information about the Commission's regulatory decisions to utility customers and consumer groups. Outreach duties include informing utility customers of their rights, available assistance, and of how they can participate in customer service hearings and other forums to have their views heard by Commissioners.



*Cindy Miller*

### **Office of Federal and Legislative Liaison**

The Office of Federal and Legislative Liaison serves as the Commission's liaison to the Legislature and to federal agencies. This Office provides the primary technical interface with federal agencies and the Legislature on regulatory matters, in coordination with the assistance from the technical divisions, the Office of the General Counsel, and the Office of the Chairman. This Office facilitates collaborative working relationships with the federal agencies, such as the Federal Energy Regulatory Commission and the Federal Communications Commission, whose regulatory actions can affect Florida citizens and state regulation. This Office also responds to requests for information from federal agencies and Congress.

The Office of Federal and Legislative Liaison, under the oversight of the Office of Executive Director, is responsible for maintaining official liaison with the Legislature on all matters affecting the Public Service Commission. The intent is to avoid uncoordinated representation before the Legislature on matters affecting the Commission's program areas. The Office reviews relevant bills, provides analysis, and monitors committee meetings. When members of the Legislature or legislative staff request information from a Commission employee, or when contact between the Legislature and an employee is made, FLL facilitates the information being provided.



*Richard Melson*

### **Office of the General Counsel**

The Office of the General Counsel provides legal counsel to the Commission on all matters under the Commission's jurisdiction. This Office also supervises the procedural and legal aspects of all cases before the Commission.

The Office of General Counsel's Appeals, Rules and Mediation Section is responsible for defending Commission orders on appeal, for defending Commission rules challenged before the Division of Administrative Hearings, and for representing the Commission before state and federal courts. This Section supports the Office of Federal and Legislative Liaison in making filings with, or presentations to, other federal, state or local agencies. The Section advises in the promulgation of rules, and attends or conducts rulemaking hearings at the direction of the Commission. This Section also reviews procurement contracts and provides counsel to the Commission on personnel, contractual, public records, and other administrative legal matters. It also offers mediation services to parties to Commission proceedings.

In cases involving evidentiary hearings before the Commission or an Administrative Law Judge, the Economic Regulation Section (for the electric, natural gas, water and wastewater industries) and the Competitive Markets and Enforcement Section (for the telecommunications industry) are responsible for conducting discovery, presenting staff positions, presenting any staff testimony, and cross-examining other parties' witnesses. In conjunction with the appropriate technical staff, this Office prepares recommendations to the Commission and prepares written orders memorializing Commission decisions.



*Steven Stolting*

### **Office of Inspector General**

The Office of Inspector General is established by law to provide a central point for coordination of activities that promote accountability, integrity and efficiency in government. Reporting directly to the Chairman, major responsibilities of the Office include conducting audits and internal investigations, assessing the validity and reliability of data and information produced by the Commission and monitoring corrective actions undertaken to address identified deficiencies. The Office routinely reviews Commission programs to identify priorities for audit based on risk of fraud or nonperformance. Results of these audits are submitted to agency management to provide an objective basis for improving the efficiency and effectiveness of Commission operations to help ensure that the Commission can achieve its mission and goals.

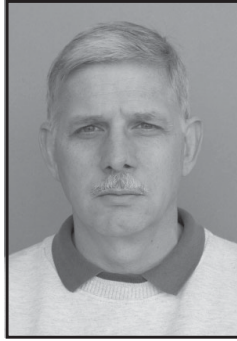


*Roberta Bass*

### **Office of Market Monitoring and Strategic Analysis**

The Office of Market Monitoring and Strategic Analysis is responsible for monitoring and evaluating the impact of Commission decisions on market development in the energy, telecommunications, and water and wastewater industries. The Office is also responsible for identifying and analyzing issues, strategies, and new technologies that will assist and enhance competitive market development. The Office will routinely review and assess market activity in the affected industries and periodically report their findings to the Commissioners. Recommendations and testimony will be developed, as needed, to advise the Divisions and the Commissioners regarding actions that may be taken to further the development of competitive markets. Annual reports on the status of the development of competition in the industries, including preparation of any legislatively mandated reports, are prepared by this Office.





*Kevin Bloom*

### **Office of Public Information**

The Office of Public Information functions as the Commission's liaison with the media and the public. The Office monitors the daily reporting activities of dozens of state, regional, and national media outlets to ensure that timely, accurate information regarding Commission decisions is disseminated to consumers. In this capacity, the Office maintains familiarity with a broad array of dockets and related activities affecting ratepayers, or issues which have currency with the media.



*Richard Tudor*

### **Office of Standards Control and Reporting**

The Office of Standards Control and Reporting (SCR) drafts and edits operating procedures and ensures that procedures are implemented consistently across all Commission Divisions and Offices. SCR also oversees production of PSC reports to ensure consistency with agency position and to eliminate duplication among reports. The Office maintains a listing of Commission reports and other publications, as well as electronic or paper copies of many of those documents.

SCR provides graphic design services and in whole or part is involved in the production of many of the Commission's reports. Agency brochures and other consumer education materials are produced by SCR. SCR also coordinates responses to the multiple surveys concerning utility regulation which are received from outside the Commission such as from other state or federal agencies, as well as various research groups. Another role of the Office is to oversee the PSC Web site, ensuring that the Web site is useful, current, accurate and easy to use.

# Florida Public Service Commissioner History

Commissioner	Years Served	Replaced By	Appointed By
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		
<b>The Commission was abolished by Legislature in 1891, recreated 1897</b>			
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. Blicht	
Newton A. Blicht	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**
<b>The Commission became appointive January 1, 1979</b>			
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. Laredo	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 - 01/01/07		PSC Nominating Council
			Chiles/Bush
Susan F. Clark ***	08/15/91 - 07/31/00	Michael A. Palecki	Chiles/Bush
Luis J. Laredo	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 - 06/30/00	Braulio L. Baez	Chiles
E. Leon Jacobs, Jr.***	01/06/98 - 01/07/02	Rudolph K. "Rudy" Bradley	Chiles
Lila A. Jaber ***	02/29/00 - 12/02/04	Lisa Polak Edgar	Bush
Braulio L. Baez ***	09/01/00 - 01/02/06		Bush
Michael A. Palecki	12/19/00 - 01/06/03	Charles Davidson	Bush
Rudolph K. "Rudy" Bradley	01/08/02 - 01/02/06		Bush
Charles M. Davidson	01/07/03 - 01/01/07		Bush
Lisa Polak Edgar	01/04/05 - 01/05/09		Bush

\* - 2 year initial term

\*\* - 3 year initial term

\*\*\* - Served as Chairman