

Florida Public Service Commission



TELECOMMUNICATIONS



ELECTRIC



WATER & WASTEWATER



NATURAL GAS

Long Range Program Plan

Fiscal Year
2008 - 09 through 2012 -13

SEPTEMBER 2007

**FLORIDA
PUBLIC SERVICE COMMISSION**

**LONG-RANGE PROGRAM PLAN
FY 2008-2009 THROUGH FY 2012-2013**

September 28, 2007

STATE OF FLORIDA

COMMISSIONERS:
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Public Service Commission

September 28, 2007

Mr. Jerry L. McDaniel, Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, Florida 32399-0001

The Honorable Ken Pruitt, President
The Florida Senate
312 Senate Office Building
Tallahassee, Florida 32399-1100

The Honorable Marco Rubio, Speaker
Florida House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1300

Re: Long-Range Program Plan FY 2008-09 through FY 2012-13

Dear Mr. McDaniel, President Pruitt and Speaker Rubio:

In accordance with instructions, the *Long Range Program Plan* for the Public Service Commission (PSC) has been posted to the PSC website. The website address is <http://www.floridapsc.com/publications/reports.aspx>. If you have questions or need any additional information, please contact Ms. Apryl Lynn, Division of Administrative Services Director, at 413-6330.

Sincerely,

A handwritten signature in cursive script that reads "Mary Andrews Bane".

Mary Andrews Bane
Executive Director

MAB:MS:sf

**FLORIDA PUBLIC SERVICE COMMISSION
LONG RANGE PROGRAM PLAN
FISCAL YEARS 2008-09 – 2012-2013**

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AGENCY MISSION

**Facilitate the efficient provision
of safe and reliable utility services
at fair prices.**

PUBLIC SERVICE COMMISSION
Long Range Program Plan FY 2008-09 - 2012-13
Goals and Objectives
In Priority Order

GOAL #1: Ensure that the regulatory process results in fair and reasonable rates while offering rate-base-regulated utilities an opportunity to earn a fair return on their investments.

OBJECTIVE 1A: To establish rates and charges which result in fair and equitable treatment of all customer classes and competitive providers.

OUTCOME 1A: Percentage increase in annual utility bill for average residential usage compared to inflation as measured by the Consumer Price Index plus 1%: Electric, Gas, and Water/Wastewater Industries

	FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<i>Actual CPI/Actual FL</i>	CPI 3.4%/FL 1.84%	CPI + 1	CPI + 1	CPI + 1	CPI + 1	CPI + 1

OBJECTIVE 1B: To ensure that Commission established returns on equity are commensurate with the level of risk associated with similar investments and initiate corrective proceedings when appropriate.

OUTCOME 1B: Average allowed Return on Equity (ROE) in Florida compared to average ROE in the USA.

	FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<i>USA/ Florida</i>	Electric USA 12.2 / FL 11.38; Gas USA 11.6 / FL 11.31; W/W USA 11.2 / FL 9.69	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

OBJECTIVE 1C: To monitor the earnings of all utilities to ensure that achieved returns on equity do not exceed authorized returns, and initiate corrective proceedings when appropriate.

OUTCOME 1C: Percentage of utilities achieving within range or over range of last authorized ROE.

	FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<i>Within Range/ Over Range</i>						
Electric	67% / 33%	100% / 0%	100% / 0%	100% / 0%	100% / 0%	100% / 0%
Gas	25% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%
Water & Wastewater	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%

GOAL #2: Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services.

OBJECTIVE 2: To facilitate development of competitive markets and provide the appropriate level of regulatory review and oversight.

OUTCOME 2: Percentage of state access lines served by Competitive Local Exchange Companies (CLECs).

	FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	6.1%	17.0%	17.0%	17.0%	17.0%	17.0%

Long Range Program Plan FY 2008-09 - 2012-13 Goals and Objectives

GOAL #3: Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs.

OBJECTIVE 3: To enforce Commission quality and safety standards for regulated utilities.

OUTCOME 3A: Percentage of communications service variances per inspection points examined: Local Exchange Companies, Interexchange Companies, and Pay Telephone Companies.

FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
18.77%	19%	19%	19%	19%	19%

OUTCOME 3B: Percentage of electric and gas safety variances corrected on first re-inspection.

FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
65.6%	60.1%	60.1%	60.1%	60.1%	60.1%

GOAL #4: Inform utility consumers regarding utility matters and expedite resolution of disputes between consumers and utilities.

OBJECTIVE 4: To provide timely and quality assistance to customers regarding utility complaints and inquiries.

OUTCOME 4A: Consumer Calls: Percentage of calls answered.

FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
93%	86%	86%	86%	86%	86%

OUTCOME 4B: Consumer Calls: Average waiting time.

FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
.83 min.	1.4 min.	1.4 min.	1.4 min.	1.4 min.	1.4 min.

GOAL #5: Encourage and facilitate responsible use of resources and technology in the provision and consumption of electric utility services.

OBJECTIVE 5: To reduce the rate of growth of energy consumption and weather sensitive peak demand as required by Florida Energy Efficiency and Conservation Act (FEECA).

OUTCOME 5: Per capita annual kWh energy savings through conservation programs.

FY 2000-01 Baseline (Actual)	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
193 kWh	250 kWh	260 kWh	265 kWh	270 kWh	270 kWh

TRENDS AND CONDITIONS STATEMENT

The Public Service Commission (PSC) is charged by statute with the regulation of all investor-owned electric utilities, gas utilities, and telecommunications companies in the State, and the investor-owned water and wastewater utilities in those counties that have opted to transfer jurisdiction to the PSC. The work of the PSC is a balancing act, balancing the needs of a utility and its shareholders with the needs of consumers.

During Fiscal Year 2006-2007, the PSC regulated five investor-owned electric utilities, seven investor-owned gas utilities, and 169 investor-owned water/wastewater utilities. Additionally, the PSC had regulatory authority and competitive market oversight for 10 incumbent local exchange telephone companies (ILECs), 366 competitive local exchange telephone companies (CLECs), 625 long distance (interexchange) telephone companies, 259 competitive pay telephone service providers, 30 shared tenant service providers, and 22 alternative access vendors. Further, while the PSC does not regulate the rates and services of publicly-owned municipal or rural electric cooperative utilities, it exercised limited jurisdiction over 34 municipally-owned electric systems and 18 rural electric cooperatives in Fiscal Year 2006-2007. It also ensured compliance with gas safety rules and regulations for 27 municipally-owned natural gas utilities, four special gas districts, seven investor-owned gas utilities, 16 intrastate gas pipelines, and one private master meter. Finally, the PSC has power supply planning and power plant and transmission line need determination authority over all electric utilities, and exercised this authority during Fiscal Year 2006-2007.

RESPONSIBILITY AND JURISDICTION

- The PSC is a regulatory agency created by the State Legislature under its constitutional power to pass laws for the correction of abuses and to prevent unjust discrimination and excessive charges by persons and corporations engaged in performing services of a public nature.
- The PSC has quasi-legislative and judicial responsibilities, as well as some executive powers and duties. In its legislative capacity, the PSC makes rules governing utility operations. In a judicial manner, the PSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the 1st District Court of Appeal and the Florida Supreme Court. In its executive role, the PSC enforces state laws affecting the utility industries.
- Specifically, the PSC regulates the rates and quality of service of investor-owned electric and natural gas utilities in the state. The Commission also regulates the rates and quality of service of investor-owned water and wastewater utilities located in counties which have by resolution turned over jurisdiction. The PSC also has jurisdiction over rate structure, accounting procedures, territorial disputes, safety, Ten Year Site Plans, power plant siting, and transmission line siting. Further, the PSC provides regulatory

oversight to facilitate development of competition in providing local telephone service and to assist consumers with their concerns.

- The PSC's authority for its activity is contained in the following Florida Statutes: Chapter 120, Rulemaking; Chapter 350, Organization, Powers and Duties; Chapter 364, Telecommunications; Chapter 366, Public Utilities (generally), Ratemaking; Chapter 367, Water and Wastewater Systems; Chapter 368, Gas Transmission and Distribution Facilities; Chapter 403, Power Plant and Transmission Line Siting; and Chapter 427, Special Transportation and Communications Services.
- Rules adopted by the PSC to implement the above laws are contained in Chapter 25, Florida Administrative Code (F.A.C.).
- The PSC is also governed by other statutes and rules which apply to agencies of state government generally, in matters such as personnel, finance, and accounting.

To meet its statutory responsibilities, the PSC has established five primary goals as follows:

1. Utilize a regulatory process that results in fair and reasonable rates for consumers while offering rate-base-regulated utilities an opportunity to earn a fair return on their investments.
2. Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in the provision of telecommunications services.
3. Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs.
4. Inform utility consumers regarding utility matters and expedite resolution of disputes between consumers and utilities.
5. Encourage and facilitate responsible use of resources and technology in the provision and consumption of electric utility services.

Traditionally, the PSC's responsibilities centered on ensuring fair and equitable rates and safe and reliable service for consumers through rate of return regulation of the utilities providing those services. Goals 1 and 3 address these responsibilities. The PSC achieves these goals by regulating the rates and profits of utilities and placing an affirmative obligation on utilities to provide service to all who request it.

To meet Goals 1 and 3, the PSC establishes rates and monitors earnings levels for regulated electric, natural gas, water, and wastewater companies. In addition to ratesetting, the PSC must take action to make sure that adequate reserves of electricity

are available at reasonable prices, which is especially critical in this state where energy needs are of such paramount importance. The PSC also regulates the quality of service of the investor-owned electric companies and of the investor-owned water and wastewater companies in counties which have turned over jurisdiction to the PSC.

Goal 2 addresses the PSC's responsibility with respect to regulatory oversight in the telecommunications industry. The PSC's primary responsibility in this industry is to promote competition through flexible regulatory treatment and encouragement of innovation and investment in telecommunications markets, while ensuring that consumers have the information they need to make informed decisions.

Goal 4 addresses the PSC's efforts to assist customers with needed information and to help resolve their complaints and concerns with utilities. Increased competition in the telecommunications industry has led to increasing complexity of that industry and a multitude of new (and often confusing) choices being offered to consumers, dramatically expanding the PSC's role in making customers aware of their rights in this new market. Further, the PSC has a consumer call center dedicated to speaking with customers about their complaints with utilities and working to help resolve those complaints.

Goal 5 addresses the PSC's responsibility to encourage efficient use of energy resources. The oil crises of the 1970s led to the enactment of the Florida Energy Efficiency and Conservation Act of 1980 (Sections 366.80-366.85 and 403.519, F.S.) giving the PSC responsibility for developing conservation goals and approving conservation programs of public utilities. The PSC also uses rate structure to send proper pricing signals to consumers and to encourage efficient use of electricity and water.

Electric Issues

There are a number of critical issues facing the electric industry in the state over the next three to five years, issues which must be addressed in order for consumers to continue to receive electricity in a reliable manner at reasonable rates. Further, legislation passed during the 2006 and 2007 sessions will result in significant additional workload for the agency in the areas of renewable energy and new nuclear and Integrated Gasification Combined Cycle (IGCC) power plants.

The PSC is proactively addressing these issues in a number of areas which are described below.

Electric Utility Distribution Reliability

The PSC requires each investor-owned electric utility (IOU) to file an Annual Distribution Service Reliability Report. The purpose of this document is to review trends in key reliability indices established by the PSC. Areas under review include the number, frequency, and duration of interruptions to electric service provided to end-use customers. Outages are analyzed to identify areas where electric utilities should

implement improvements to their operation and maintenance practices. As a result of PSC scrutiny, the reliability indices reported by the IOUs have improved, specifically in the area of vegetation management. This will be an ongoing focus of the agency.

Infrastructure Hardening

In response to the widespread hurricane damage in 2004 and 2005, the PSC is pursuing comprehensive efforts to minimize future storm damage to electric infrastructure and to reduce the resulting outages experienced by customers. In response to 2006 legislative changes which expanded PSC authority to require higher standards of utility construction, the PSC has promulgated rules which mandate more frequent utility pole inspections, increase the standards for electric infrastructure to withstand wind damage, and address other areas which will reduce the damage to utility infrastructure during hurricanes.

More specifically, the PSC has required all utilities to implement an eight year pole inspection program with specific testing methodologies, and required the utilities to file annual reports on that inspection. The PSC also is addressing storm hardening and underground conversion: the costs and reliability of installing, or converting to, underground distribution facilities; strengthening the construction standards for utility distribution construction, including a systematic inspection of pole attachments to make sure that third party attachers (such as cable and telecommunication providers) are not overloading the poles and increasing the likelihood of pole failure; and encouraging the location of facilities in easily accessible locations to facilitate repair and maintenance.

Fuel Diversity

Over the past several years, utilities across the nation and within Florida have selected natural gas-fired generation as the predominant source of new capacity. The use of natural gas for electricity production in Florida has increased significantly over the past eleven years from 19.3% in 1995 to 38% in 2006.

Given the volatility of natural gas prices, evidenced by the wide range of projected prices and availability of natural gas, the PSC is requiring the electric utilities to explore the feasibility of adding solid fuel generation and additional renewable power as part of future capacity additions. As part of the need determination process, the PSC must also determine that the proposed plant is the most cost-effective alternative for meeting the projected need for power. During 2006, the PSC denied the need for two coal fired power plants proposed by Florida Power and Light because the utility failed to demonstrate that the proposed plants were the most cost effective alternative available.

Both Florida Power and Light and Progress Energy Florida have announced plans to construct additional nuclear generating capacity with projected in-service dates of 2016, 2018, and 2020. In addition, Tampa Electric Company is proposing to build an Integrated Gasification Combined Cycle (IGCC) plant. The legislature has directed the PSC to allow early recovery of costs associated with new nuclear and IGCC plants.

Expanding the diversity of fuels used by utilities to generate electricity will be one of the major efforts of the Commission over the next five years to continue to meet growing needs for electricity at reasonable prices.

Renewable Generation

Another key effort of the PSC is to increase the use of renewable generation. This effort is driven by the need to diversify Florida's electric generation given continued growth in power requirements, fuel price variability, and concern over climate change. The PSC's renewable energy initiatives include exploration of a renewable portfolio standard (RPS). A RPS typically requires utilities to provide a portion of their energy requirements from renewable energy sources.

The PSC is currently revising its rules on net metering and expedited interconnection of small solar photovoltaic systems with utility distribution facilities in order to facilitate the development of larger photovoltaic and other customer-owned renewable generation. Net metering allows customers to offset all or a portion of their load, and to be compensated for excess power delivered to the utility system.

In order to increase the number of renewable generators, the PSC has required the investor-owned utilities to implement a Fossil Fuel Unit Type Portfolio approach to standard offer contract pricing for renewable generators. The Portfolio approach will encourage the development of renewable energy resources because renewable generators can choose from a menu of contracts based on various generating technologies, with different pricing, timing, and operating characteristics.

Telecommunications Issues

The PSC has numerous responsibilities related to the telecommunications industry, including facilitating the development of competition in the local telephone market by arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. The PSC also is active in monitoring and assessing the status of local competition, processing negotiated agreements, interpreting agreements and tariffs, and providing input on legislative and Federal Communications Commission (FCC) initiatives. Reviews of industry practices are conducted to determine whether entities are engaging in anti-competitive practices that could dampen the development of competition. The PSC also provides oversight of numbering resources and processes area code relief cases as necessary. Several areas where actions by the PSC are expected to continue over the next five years are discussed below.

Technology/Infrastructure Issues

The PSC continues to monitor both existing and emerging Internet access technology and backbone infrastructure. The PSC recognizes the blurring distinction between the traditional telephone network and data transmission networks. The PSC continues its efforts 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 to make sure consumers continue to receive basic telephone service at reasonable rates.

As communications networks, including the traditional public switched networks, transition to multifunction Internet protocol-based networks, providing voice, data and video services, the role of regulatory bodies becomes less clear. However, the FCC and state regulatory agencies will have a continuing role in ensuring that all providers of telecommunications service help cover the cost of essential infrastructure and emergency services such as 911.

Link-Up Florida and Lifeline Assistance Programs

The PSC remains committed to increasing public awareness about the availability of the Link-Up Florida and Lifeline Assistance Programs that help low income families cover the cost of telephone service. Promotional activities continue to focus on “grass roots” efforts with increased attention to streamlining the application process. These efforts emphasize putting 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.

In keeping with its commitment to promote Lifeline Assistance, the PSC, in April 2007, created a Lifeline automatic enrollment program whereby consumers who are approved for assistance through a Department of Children and Families program, and have indicated that they would like to receive a discount on their local phone service, are automatically enrolled in the Lifeline Assistance Program. Since implementation of automatic enrollment, over 55,000 customers have taken advantage of this signup process. This will be an ongoing effort of the PSC to increase subscribership in the Lifeline program.

Natural Gas Issues

In the coming two years, the gas industry will be focused on securing natural gas supplies, modifying rate designs, proposing decoupling mechanisms, and securing natural gas storage.

Natural Gas Supply

As a result of Florida’s continued growth, there is considerable pressure to obtain natural gas supply for use by residential, commercial, and industrial customers, as well as for electric generation. Electric utilities and natural gas utilities will be focusing on securing natural gas supply and pipeline capacity to transport the natural gas. One Florida pipeline has announced its interest in expanding its pipeline capacity. The pipeline company plans to seek input from potential customers to determine whether there is enough interest to begin the regulatory approval process.

To ensure Florida has sufficient gas supply to fuel its electric generation plants and provide natural gas for end-use customers, utilities will be examining their gas supply and pipeline transportation requirements. Any contracts entered into by the utilities will be reviewed by the PSC to ensure prudence and cost effectiveness.

Rate Design and Decoupling

Many natural gas utilities throughout the country are proposing rate structure changes that assign fixed costs to a fixed customer fee. While there are many variations of these proposals all are designed to decouple the recovery of fixed costs from variable sales volumes. The PSC will be required to evaluate and make decisions regarding decoupling proposals in future natural gas filings.

Natural Gas Storage

Natural gas storage will be a critical issue to be addressed by the energy industry and the PSC. Storage has become a major focus of the energy industry as a result of natural gas supply uncertainty during natural disasters. When the Gulf of Mexico natural gas wells are shut down due to pending storms, the volume of natural gas supply can be impacted significantly. Natural gas storage opportunities are being evaluated by the electric and gas utilities to determine whether it is prudent and cost effective to secure natural gas storage. The PSC will evaluate any storage contracts to ensure Florida's citizens are protected.

Water and Wastewater Issues

The water and wastewater industry presents the PSC with growing challenges in the areas of increasing costs, reuse, and rate relief requests. We expect a continued heavy workload in this industry over the next two to three years.

Increasing Costs

The water and wastewater industry, although not subject to competitive pressures, faces unique challenges of its own. Water and wastewater is an increasing cost industry. Rapid population growth exerts upward pressure on water rates as demand continually increases for this finite resource. Compared to other utility industries, the water and wastewater utilities generally have much smaller customer bases over which to spread the increasing costs. Therefore, the impacts of increased costs may be greater for the individual customer of a water or wastewater utility than for customers of other utility services. Increases in the cost of gasoline, insurance, labor, chemicals, property taxes, and sludge removal are causing a negative impact on the financial position of water and wastewater utilities.

Compliance with the standards in the federal Safe Drinking Water Act and the Clean Water Act has also increased the cost of providing water and wastewater services to the public, in some instances dramatically. Water drinking standards have become more stringent with respect to the maximum contaminant levels allowed for

trihalomethanes. The tightening of standards often requires utilities to expend monies to make modifications to their plants or processes to gain compliance with the more stringent standards.

Reuse

The issue of reuse (using effluent water for a beneficial purpose, such as irrigation) is a growing one for the PSC and has significant implications in the area of rate base/economic regulation. The Legislature has recognized the benefits 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 and wastewater utilities to employ reuse as the chosen means for effluent disposal and as a method of water conservation. The PSC has clearly been given direction from the Legislature that reuse should be considered a public good and should be implemented by utilities wherever feasible. The PSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with the statewide goals, while mitigating the effect on water and wastewater rates.

The PSC has made great strides in promoting reuse by its pricing policies. Consumers' acceptance of reuse has grown to such an extent in some areas of the state that there is insufficient reuse available to satisfy the demands of the public. The PSC continues to work cooperatively with the DEP and Water Management Districts to find ways to price reuse to recognize it as a valuable resource.

Water Conservation

Water conservation is another area with major economic implications. As a result of water shortages, especially in South Florida, the DEP issued a report entitled "Recommendations for a Drought Resistant Florida" in July 2007. That report recommended statewide implementation of conservation rate structures, such as inclining block rates, and the possible implementation of a special drought rate structure in extreme conditions to further increase customer awareness of water shortages. The report also recommended more informative billing so customers can better track their water usage over time. As the state faces the need to develop alternative water sources or implement more expensive treatment processes, the proper pricing of water to encourage conservation is essential. Through a Memorandum of Understanding with the Water Management Districts across the state, the PSC is actively involved in approving conservation rates. Additionally, if drought rates are required by the DEP, the PSC would assess the impact of drought rate pricing on revenue requirements and rates of return.

Rate Relief Requests

With 169 water and wastewater utilities under the jurisdiction of the PSC, many facing increasing costs, the PSC will continue to receive a significant number of rate relief requests. During 2007, the PSC has been working on one of its largest water and wastewater rate case filings, incorporating 82 separate systems.

In addition to requests for rate relief, the PSC continues to process requests for index and pass through increases. On average, the PSC processes 70 index and pass through filings each year. Chapter 367, F.S., which governs the regulation of privately-owned water and wastewater utilities, contains a provision called indexing, which permits utilities to recognize inflationary increases in major categories of operating expenses such as chemicals, fuel, materials and supplies, rent and insurance. A pass through is a mechanism that allows increases in expenses beyond the control of the utility such as purchased water and/or wastewater, purchased electric, ad valorem taxes, required testing, and regulatory fees to be passed through to the customer.

As the water and wastewater industry continues to experience increases in operating costs, the trend will continue for utilities to submit rate relief filings.

CONCLUSION

In conclusion, the work of the PSC is a balancing act. The PSC's primary responsibility is to ensure that customers of regulated utility companies receive safe and reliable service at fair and reasonable rates. At the same time, the PSC is required by law to ensure that the rate-base-regulated companies are afforded an opportunity to earn a fair return on their investments in property dedicated to providing utility service.

Safe and reliable utility services are critical to promoting a positive business and social environment for Florida's residents. Measures of our success focus on customer protection and assistance, conservation, safety oversight, service evaluations, competitive market oversight, and ratemaking.

At this time, the PSC is proposing a continuation budget. The expanded responsibilities resulting from the 2006 legislative session are being implemented with existing resources. The PSC does not have any task forces at this time.

LRPP Exhibit II - Performance Measures and Standards

Department: Florida Public Service Commission **Department No.:** 61000000
Program: Utilities Regulation/ Consumer Assistance **Code:** 1205.00.00.00
Service/Budget Entity: Consumer Safety/ Protection **Code:** 61010000

	Approved Performance Measures for FY 2007-08 (Words)	Approved Prior Year Standard FY 2006-07 (Numbers)	Prior Year Actual FY 2006-07 (Numbers)	Approved Standards for FY 2007-08 (Numbers)	Requested FY 2008-09 Standard (Numbers)
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite	42%	8.74%	CPI+1	CPI+1
2	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite	10.6%	11.7%	USA +/- 1	USA +/- 1
3	Percent of utilities achieving within range and over range of last authorized ROE: Electric	100%/0%	60%/0%	100%/0%	100%/0%
4	Percent of utilities achieving within range and over range of last authorized ROE: Gas	29%/0%	71%/0%	29%/0%	29%/0%
5	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater	10%/5%	2%/3%	10%/5%	10%/5%
6	Percent of communications service variances per inspection points examined	19.0%	23.9%	19.0%	19.0%
7	Percent of electric and gas safety variances corrected on first reinspection	60.1%	79.0%	60.1%	60.1%
8	Consumer Calls: Percent of calls answered	86%	94%	86%	86%
9	Consumer Calls: Average waiting time (in minutes)	1.4	0.32	1.4	1.4
10	Conservation Programs Reviewed and Conservation Proceedings Undertaken	87	86	87	87
11	Per capita annual kWh energy savings through conservation programs (in kWh)	250	268.6	250	250
12	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric	19	30	19	19

	Approved Performance Measures for FY 2007-08 (Words)	Approved Prior Year Standard FY 2006-07 (Numbers)	Prior Year Actual FY 2006-07 (Numbers)	Approved Standards for FY 2007-08 (Numbers)	Requested FY 2008-09 Standard (Numbers)
13	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas	7	7	7	7
14	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater	170	169	170	160
15	Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues	1600	1342	1600	1200
16	Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies	175	124	175	110
17	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric	3	3	3	3
18	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas	1	2	1	1
19	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater	75	63	75	60
20	Number of proceedings relating to wholesale competition or electric reliability	33	47	33	33
21	Utility Consumer Inquiries, Complaints, and Information Requests Handled	50,000	41,149	50,000	N/A
21	Amended Measure - Utility Consumer Complaints and Information Requests Closed	N/A	41,149	N/A	38,000
22	Safety Inspections Performed (Electric and Gas)	3,000	3,016	3,000	3,000
23	Communications Service Evaluations Performed	7,000	7,762	7,000	7,000
24	Requesting Establishment of Standard for Existing Measure - Number Average Customer Satisfaction Rating of the Complaint Handling Function	N/A	6	N/A	4

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 1: Percentage of Annual Increases for Average Residential Usage Compared to Inflation as Measured by the Consumer Price Index

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
CPI+1 (4.20%)	8.74%	4.54%	108.1%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The significant increase in the average residential bill is driven by the large increase in fuel costs experienced by the electric utilities and gas utilities which still provide gas direct to their customers. The average electric bill increased 14.5% on a fuel increase of 39.5%. The average gas bill increased 7.34%. The much larger customer base for the electrics, coupled with the large percentage increase, resulted in the 8.74% increase over all industries.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

None.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 2: Average Allowed Return on Equity (ROE) in Florida Compared to Average ROE in the USA: Composite

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
USA +/- 1 (10.6%)	11.7%	1.1%	0.1%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

In 2005, the Commission approved Stipulations and Settlements (Stipulations) offered by Florida Power & Light (FPL) and Progress Energy Florida (PEF), respectively, and certain parties to their respective rate proceedings that set the companies' authorized ROE at 11.75%. So while the national average return continued to fall with the decline in long-term capital costs, the average returns in Florida have not changed since 2005. By 2007, this trend resulted in the current situation where the average authorized ROE in Florida exceeds the national average authorized return by 110 basis points.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

None.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 3: Percentage of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Electric

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100% / 0%	60% / 0%	(40%) / -	(40%) / -

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Two of the five rate regulated electric utilities earned below the ROE range. Underearning utilities are responsible for petitions for a rate increase to correct underearnings. The Commission does not initiate rate increases.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

None.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 5: Percentage of Utilities Achieving Within Range or Over Range of Last Authorized ROE: Water & Wastewater

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10% / 5%	2% / 3%	(8%) / -	(80%) / -

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Only three of the rate regulated water and wastewater utilities earned within the ROE range. Underearning utilities are responsible for petitions for a rate increase to correct underearnings. The Commission does not initiate rate increases.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

None.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 6: Percentage of Communications Service Variances per Inspection Points Examined

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
19%	23.9%	4.9%	25.7%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Personnel Factors
<input type="checkbox"/> Competing Priorities
<input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Staff Capacity
<input type="checkbox"/> Level of Training
<input type="checkbox"/> Other (Identify) |
|---|--|

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable
<input type="checkbox"/> Legal/Legislative Change
<input type="checkbox"/> Target Population Change
<input type="checkbox"/> This Program/Service Cannot Fix The Problem
<input type="checkbox"/> Current Laws Are Working Against The Agency Mission | <input type="checkbox"/> Technological Problems
<input type="checkbox"/> Natural Disaster
<input checked="" type="checkbox"/> Other (Identify) |
|--|--|

Explanation:

There are two distinct reasons why the variances per inspection points examined was higher than the standard for this period. (1) The increase is driven by the incumbent local exchange evaluations. In the evaluation of multiple inspection points for a major company, an increased number of points failed due to a change in company software that caused variances in the inspections points. (2) The other driver of the increased variances was due to evaluating a company regulated under a Service Guarantee Plan (SGP). The company operating under the SGP is allowed to use quality standards lower than the otherwise prescribed PSC rules, but most pay the consumer refunds if the SGP standards are not met. The evaluation measures used are the PSC prescribed rules so that there is comparability among companies and over time. As a result, more variances may occur and that provides valuable information for monitoring purposes, but the data must be evaluated in context.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Training
<input type="checkbox"/> Personnel | <input type="checkbox"/> Technology
<input type="checkbox"/> Other (Identify) |
|---|--|

Recommendations:

None.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 10: Conservation Programs Reviewed and Conservation Proceedings Undertaken

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
87	86	(1)	(1.2%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The Commission has no control over the number of petitions it receives from electric and gas utilities initiating a review of conservation programs.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

None.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 14: Utility Companies for which Rates of Earnings were Reviewed/Adjusted: Water & Wastewater

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
170	169	(1)	(0.6%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input checked="" type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The projection of the number of water and wastewater utilities under the PSC's regulation 2006-2007 was high due, in part, to Columbia County's taking back jurisdiction from the Commission. The number of water and wastewater companies regulated by the PSC has been declining and is expected to continue to decline, due to utility sales to governmental authorities and counties taking back regulatory jurisdiction.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

For the reasons stated above, lower the standard from 170 to 160.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 15: Proceedings to Evaluate or Resolve Retail and Wholesale Competitive Issues

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,600	1,342	(258)	(16.1%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Competition in the telecommunications industry is evolving in some cases from companies that are not under the PSC's jurisdiction resulting in fewer tariff filings, fewer certificate applications, and other intercarrier petitions. Also, the market has seen an increased number of mergers resulting in fewer carriers.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

For the reasons stated above, lower the standard from 1600 to 1200.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 16: Number of Proceedings Granting Certificates to Operate as a Telecommunications Company and Registering Intrastate Interexchange Telecommunications Companies (IXCs)

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
175	124	(51)	(29.1%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

Competition for traditional wireline companies is coming from new technologies and companies that do not need certificates from the PSC. The payphone industry is dwindling with fewer certificates being requested. The industry has experienced mergers resulting in fewer certificates being issued.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

For the reasons stated above, lower the standard from 175 to 110. Having fewer certificates is not a negative if competition is increasing, so this needs to be monitored along with what happens to the competitive market as a whole.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 19: Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or Approving Territorial Agreements: Water & Wastewater

Action:

- | | |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75	63	(12)	(16.0%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The number of water and wastewater companies regulated by the PSC has been declining and is expected to continue to decline, due to utility sales to governmental authorities and counties taking back regulatory jurisdiction. The Commission has no control over the number of petitions it receives from water and wastewater companies initiating a review of territory.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

For the reasons stated above, lower the standard from 75 to 60.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 21: Utility Consumer Inquiries, Complaints, and Information Requests Handled

Action:

- Performance Assessment of Outcome Measure Revision of Measure
 Performance Assessment of Output Measure Deletion of Measure
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
50,000	41,149	(8,851)	(17.7%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem | |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission | |

Explanation:

The PSC has no control over who contacts the agency to lodge a complaint or seek information. Additionally, because of PSC outreach efforts to educate consumers, they are more knowledgeable as to areas and issues within the PSC's jurisdiction and when to contact the PSC.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

The current standard (Utility Consumer Inquires, Complaints and Information Requests Handled) is being requested to be changed to "Utility Consumer Complaints and Information Requests Closed" (refer to Exhibit IV for this measure). This amendment will reflect a more valid and reliable measure of the process.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service/Budget Entity: Consumer Safety/Protection

Measure 7: Percent of Electric & Gas Safety Variances Corrected on First Reinspection

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure. This Exhibit IV is being submitted as the result of the current Operational Audit of the Commission by staff of the Auditor General, during which they proposed that the electric inspection sampling methodology used to calculate the measure be more clearly described. The actual data sources and methodology have not changed.

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." The Commission has adopted rules relating to safety standards of the electric utilities which require, among other things, compliance with the National Electric Safety Code (NESC). The Commission conducts routine inspections based on a sample of work orders submitted for new electric utility construction. The Commission has also adopted rules relating to safety standards for gas utilities which require compliance with the U. S. Department of Transportation's Federal Code of Regulations for Gas Pipelines. The Commission conducts annual inspections of all gas distribution systems operating in the state.

This measure attempts to evaluate the Commission's performance in promoting safety in the provision of electric and gas utility service by reflecting the percentage of safety variances found to have been corrected on the first reinspection following the initial citing. Data for this measure is extracted from safety inspection reports prepared by Commission inspectors and is reported by fiscal year. Each year all gas utilities are inspected, along with a 3-4% sample of new construction work orders for electric utilities. For variances found from established standards in these inspections, the Commission reinspects all gas safety variances and a 10% sample of the much larger population of electric safety variances identified during the fiscal year. The total number of variances found to be corrected on first reinspection is divided by the total variances initially identified to produce the measure percentage.

Validity:

The percent of safety variances found by the Commission's ongoing safety inspection program that the regulated utilities have corrected upon first reinspection is a clear indicator of the Commission's success in ensuring utilities' compliance with safety requirements. The sampling methodology ensures that the reinspection data validly represents the population of variances found during the fiscal year.

Reliability:

The data for this measure is maintained and reported by the Commission's Division of Regulatory Compliance and Consumer Assistance for safety inspections conducted during the course of the fiscal year. Standard operating procedures have been developed to ensure the consistency and accuracy of this data. Inspection results are recorded on paper forms and input into automated systems which maintain variance and reinspection data, permitting replication of measure results for any period selected.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service: Consumer Safety/Protection
Measure 12-14: Utility Companies for which Rates or Earnings were Reviewed/Adjusted

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure. This Exhibit IV is being submitted as backup for the proposed change to the performance standard for Measure 14.

Data Sources and Methodology:

Florida Statutes require the Florida Public Service Commission to ensure that the regulatory process results in fair and reasonable rates while offering rate base regulated utilities an opportunity to earn a fair return on their investments. The Commission continues to have rate setting authority over privately held electric, gas, and water and wastewater utilities. When a utility wishes to change its rates, it must petition the Commission which in turn conducts a docketed rate proceeding to determine if the proposed rates should be approved. In other instances, periodic reviews of rates are conducted in order to reset rates, especially for purposes of cost recovery of certain highly volatile costs, such as fuel costs for electric and gas utilities.

The Commission staff also monitor utility rates through various surveillance activities. If they see evidence that a utility may be over earning, a review is initiated and audits conducted. Other audits and reviews are conducted in cost recovery and limited scope proceedings. This measure reflects the level of Commission activity directed toward the setting of reasonable rates and earning levels by quantifying the number of utility companies that had rates or earnings reviewed or adjusted during the reporting period. The source of data for this measure is extracted from the Commission's Case Management System. Data for this measure is compiled on a fiscal year basis.

Validity:

This measure reports the actual number of companies having rate or earning reviews or adjustments and is a valid indicator of the level of Commission workload in its ratemaking activity. Factors such as economic trends, weather, technological change, political environment, and others directly affect rates and expenditures, and therefore the amount of Commission activity in these areas. As an output measure, however, it is a reliable indicator of the amount of activity being undertaken by the Commission in this area of responsibility and will be most meaningful when viewed as a trend over time.

Reliability:

Standard operating procedures are in place to ensure that data is recorded correctly and consistently. External factors cited above will affect the quantities reported under this measure, but the measure and data provide a reliable basis for assessing the volume of workload involved in this activity.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 15: Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure. This Exhibit IV is being submitted as backup for the proposed change to the performance standard for Measure 15.

Data Sources and Methodology:

One of the Commission's goals is to "Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services." Changes in the telecommunications industry, beginning with the opening of the long distance telephone market to competition in the 1980s and the local telephone market in 1995, have required the FPSC to expand beyond its traditional "ratemaking" regulatory role for this industry. The PSC's primary responsibility with regard to this industry is now to facilitate entry of new firms into the local telecommunications market, while at the same time ensuring that neither the new entrants nor the incumbents are unfairly advantaged or disadvantaged. New entrants into the local exchange telephone market (Competitive Local Exchange Companies), with the exception of some of the cable companies, do not have the infrastructure necessary to deliver telephone service directly to a subscriber's home or business and must enter into agreements with the existing local exchange telephone providers to lease their lines and equipment in providing local telephone service. These agreements must be reviewed and approved by the Commission.

Expanding technology and the impact on the telecommunications infrastructure has also raised new issues and increased the frequency of some such as the establishment of new area codes as existing ones become fully populated. This measure captures these and other proceedings relating to competition in the telecommunications industry, including the review of tariffs filed by telecommunications companies. These proceedings are routinely recorded in the Commission's Case Management System (CMS) and in the workload control system in the Commission's Division of Competitive Markets & Enforcement. The data for this measure will be extracted from these record systems and reported on a fiscal year basis.

Validity:

This measure reports the actual number of "competitive market" proceedings conducted by the Commission as recorded in CMS and should therefore be a valid indicator of the level of Commission workload in its *Competitive Market Oversight* activity. However, external factors such as economic trends and technological change will also affect the number of proceedings conducted under this activity.

Reliability:

This measure and the data reported from the Commission's automated systems under it should provide a reliable basis for assessing the volume of workload involved in this activity.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 16: Number of Proceedings Granting Certificates to Operate as a Telecommunications Company and Registering Intrastate Interexchange Telecommunications Companies (IXCs)

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure
- Backup for performance measure. This Exhibit IV is being submitted as backup for the proposed change to the performance standard for Measure 16.

Data Sources and Methodology:

One of the Commission's goals is to "Provide appropriate regulatory oversight to protect consumers and facilitate the development of fair and effective competition in provision of telecommunications services." The interexchange (long distance) and pay telephone markets have been open to competition since the 1980s. The Telecommunications Act of 1995 opened the local telephone market to competition. With the exception of intrastate interexchange telecommunications companies (IXCs), new entrants into these markets must submit an application for a certificate to operate as a telecommunications company to the Commission for approval. IXCs must provide contact information to and file tariffs with the PSC. For tracking purposes, the PSC assigns a registration number to each IXC.

The applications for certificates and registrations are docketed and recorded in the Commission's Case Management System. The data for this measure is reported on a fiscal year basis.

Validity:

This measure validly represents one area of Commission activity relating to the entry of competition into the telecommunications industry. The number of certification and registration proceedings conducted by the Commission is clearly a valid indicator of such activity. However, other factors such as economic trends and technological change will also affect the number of certificate applications submitted by providers of telecommunications services and the number of registrations to operate as IXCs.

Reliability:

Data for this measure is taken from the Commission's Case Management System. Standard operating procedures are in place to ensure that data is recorded in this system correctly and consistently. External factors as cited above will affect the quantities reported under this measure. As an output measure, however, it will be a reliable indicator of the amount of Commission activity under this responsibility.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service: Consumer Safety/Protection
Measure 17-19: Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or Approving Territorial Agreements

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure. This Exhibit IV is being submitted as backup for the proposed change to the performance standard for Measure 19.

Data Sources and Methodology:

One of the Florida Public Service Commission's primary goals is to "Facilitate the provision of safe utility services at levels of quality and reliability that satisfy customer needs." Applications for certificates of authorization to provide utility service are required of all privately-owned water and wastewater utilities providing service in those counties subject to Commission jurisdiction. Electric and gas utilities are not required to obtain formal certificates but must bring territorial agreements, amendments to agreements, or disputes with other gas or electric utilities to the Commission for approval or resolution. The number of certificates granted allowing additional service providers to enter the market or modify their territory and the number of territorial agreements approved and disputes resolved are indicators of workload activity related to this outcome. All electric, gas, and water & wastewater territorial service area proceedings are docketed and recorded in the Case Management System (CMS). Hence, an exact count of territorial service area proceedings are compiled from CMS on a fiscal year basis.

Validity:

This measure reports the actual number of electric and gas territorial dockets and water and wastewater service area certification dockets conducted by the Commission annually and is a valid indicator of the level of Commission workload in assigning territorial service areas.

Reliability:

The data for this measure is recorded in the Commission's CMS. Standard operating procedures are in place to ensure that this data is recorded correctly and consistently. This measure and the data reported under it provide a reliable basis for assessing the volume of workload involved in this activity.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 21: Utility Consumer Complaints and Information Requests Closed

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure. This Exhibit IV is being submitted as backup for the request to amend the wording, methodology, and standard for Measure 21.

Data Sources and Methodology:

This request represents a change to the existing approved measure # 21, "Utility consumer inquiries, complaints, and information requests handled." The term "inquiries" is being deleted from this measure because that is no longer a workload category in the Commission's performance measurement system. Additionally, this measure is being revised to count complaints and information requests at closure rather than when opened. Closure is considered to be a more valid measure of output, reflecting the work activities carried out by Commission staff assigned to this function.

The Consumer Activity Tracking System (CATS) is a database system that tracks complaints and information requests completed with the Commission. It provides comprehensive reporting for all cases completed, and provides managers with detailed case handling performance evaluation. These statistics allow managers to monitor the number of cases closed. A complaint is an inquiry that involves a substantial unresolved objection regarding a regulated utility, as it relates to charges, facility operations, or the quality of services rendered, the disposal of which requires investigation and/or analysis by PSC staff. An information request is an inquiry that involves providing facts, reference material or other data, but does not involve a substantial unresolved objection by a consumer regarding a regulated utility.

Monthly and annual reports are compiled using data captured by CATS. The Total by Industry reports list the number of cases closed by Consumer Complaint staff and grouped by industry, including both "transfer-connect" cases (cases received by Consumer Complaint analysts that were actually transferred to utilities for handling), and cases handled by Bureau of Complaint Resolution staff. If the actual figures are greater than the established standard, the standard was exceeded.

Consumer complaints and requests are received at the Commission via toll-free lines to its consumer Call Center or by mail, fax, or Internet E-mail. Some require research, investigation, and multiple communications with the consumer and utility. Records of consumer complaints and information requests entered are maintained in CATS and are reported on a fiscal year basis by industry.

Validity:

The number of consumer complaints and information requests closed by the Commission is clearly a valid indicator of one area of the Commission's activity directed toward ensuring that quality, reliable, and safe utility services are provided to the consumers, and in assisting the consumer in dealing with many emerging issues.

Reliability:

CATS provides real-time monitoring and comprehensive historical reporting, and provides managers with detailed case handling performance evaluation. These statistics allow managers to monitor the number of complaints and information requests closed.

By consistently using the same method, the data is gathered and analyzed daily and monthly by managers. The data is also provided monthly to Commission Executive Management and is extremely reliable. The measuring procedure yields the same results on repeated trials, and data are complete and sufficiently error free for the intended purposes.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utilities Regulation/Consumer Assistance

Service: Consumer Safety/Protection

Measure 24: Average Customer Satisfaction Rating of the Complaint Handling Function

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure. This Exhibit IV is being submitted as backup to the request to establish a standard for the approved measure 24. When the measure was approved, the standard was "to be determined" and we are now requesting a standard of 4.

Data Sources and Methodology:

Consumer complaints are received at the Commission via toll-free lines to its consumer Call Center or by mail, fax, or Internet e-mail. The Consumer Activity Tracking System (CATS) provides a data base for completed complaints. A customer satisfaction survey is sent to a statistically valid sample of these complainants. There is a specific question rating the consumer complaint service provided by the FPSC. Customers are asked to rate the service from one to seven with seven being excellent. The responses to this question are averaged to determine overall satisfaction. An average response of four or better would be considered satisfactory.

Validity:

The Florida Customer Service Standards Act of 2001 requires development of customer satisfaction measures as part of the performance measures system. A statistically valid survey is a recognized method of obtaining customer feedback to assess satisfaction with the Commission's complaint handling function. However, legal and jurisdictional limitations on the Commission's authority to address and resolve all consumer complaints and overall levels of consumer dissatisfaction with regulated utilities can affect the validity of the survey measure to assess customer satisfaction specific to the effectiveness of Commission activities.

Reliability:

The CATS database system tracks complaints filed with the FPSC. It provides objective and comprehensive reporting for all cases completed. Monthly, the system will select a statistically valid sample of complainants for survey purposes. The sample will provide a confidence level indicating that the responses represent the population. Survey responses will be entered into the CATS system for calculation of the average response value. The average of these responses will then represent the populations satisfaction level with the customer services provided by the FPSC. CATS will maintain the historic results of the survey.

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for FY 2007-08	Associated Activities Title
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite	Ratemaking
2	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite	Ratemaking
3	Percent of utilities achieving within range and over range of last authorized ROE: Electric	Ratemaking
4	Percent of utilities achieving within range and over range of last authorized ROE: Gas	Ratemaking
5	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater	Ratemaking
6	Percent of communications service variances per inspection points examined	Service Evaluations
7	Percent of electric and gas safety variances corrected on first reinspection	Safety Oversight
8	Consumer Calls: Percent of calls answered	Consumer Protection And Assistance
9	Consumer Calls: Average waiting time (in minutes)	Consumer Protection And Assistance
10	Conservation Programs Reviewed and Conservation Proceedings Undertaken	Conservation
11	Per capita annual kWh energy savings through conservation programs (in kWh)	Conservation
12	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric	Ratemaking

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for FY 2007-08	Associated Activities Title
13	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas	Ratemaking
14	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater	Ratemaking
15	Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues	Competitive Market Oversight
16	Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies	Certificates And Territorial Disputes
17	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric	Certificates And Territorial Disputes
18	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas	Certificates And Territorial Disputes
19	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater	Certificates And Territorial Disputes
20	Number of proceedings relating to wholesale competition or electric reliability	Electric Reliability
21	Utility Consumer Inquiries, Complaints, and Information Requests Handled	Consumer Protection And Assistance
22	Safety Inspections Performed (Electric and Gas)	Safety Oversight
23	Communications Service Evaluations Performed	Service Evaluations
24	Number Average Customer Satisfaction Rating of the Complaint Handling Function	Consumer Protection And Assistance

Exhibit VI: AGENCY LEVEL UNIT COST SUMMARY

PUBLIC SERVICE COMMISSION		FISCAL YEAR 2006-07				FIXED CAPITAL OUTLAY	
SECTION I: BUDGET		OPERATING					
		FTE	Number of Units	(1) Unit Cost	Expenditures	(2) Expenditures (Allocated)	(3) FCO
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT							
					27,138,376		0
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)							
					879,692		0
FINAL BUDGET FOR AGENCY							
					28,018,068		0
SECTION II: ACTIVITIES * MEASURES							
<i>Executive Direction, Administrative Support and Information Technology (2)</i>							
	Ratemaking * Utility companies for which rates or earnings were reviewed/adjusted	36.00	196	42,941.70	2,753,580	8,416,573	0
	Competitive Market Oversight * Proceedings to evaluate or resolve retail and wholesale competitive issues	77.00	1,600	4,097.73	5,861,207	6,556,373	
	Consumer Protection And Assistance * Utility consumer inquiries, complaints, and information requests handled	62.50	50,000	106.27	4,749,165	5,313,423	
	Certificates And Territorial Disputes * Proceedings granting service authority, approving territorial agreements or resolving disputes	13.00	254	4,320.96	980,158	1,097,524	
	Service Evaluation * Service evaluations performed	7.50	7,000	90.78	567,782	635,493	
	Electric Reliability * Proceedings relating to wholesale competition or electric reliability/review of site plans	22.50	33	57,963.88	1,709,675	1,912,808	
	Safety Oversight * Safety inspections performed	18.50	3,000	522.75	1,401,228	1,568,248	
	Conservation * Conservation programs reviewed and conservation proceedings undertaken	5.00	87	4,921.79	383,055	428,196	
	TOTAL	341.00			25,928,638	25,928,638	
SECTION III: RECONCILIATION TO BUDGET							
PASS THROUGHS							
TRANSFER - STATE AGENCIES							
AID TO LOCAL GOVERNMENTS							
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS							
OTHER							
REVERSIONS							
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)							
					2,089,430		
					28,018,068		

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

Glossary of Terms and Acronyms

NOTE: This Glossary includes terms and acronyms required in the ***Long Range Program Plan Instructions*** dated July 2007, as well as terms and acronyms unique to and used by the FPSC.

Activity: A unit of work which has identifiable starting and ending points, consumes resources, and produces outputs. Unit cost information is determined using the outputs of activities.

Actual Expenditures: Includes prior year actual disbursements, payables and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year. They may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not shown in the year the funds are disbursed.

Appropriation Category: The lowest level line item of funding in the General Appropriations Act which represents a major expenditure classification of the budget entity. Within budget entities, these categories may include: salaries and benefits, other personal services (OPS), expenses, operating capital outlay (OCO), data processing services, fixed capital outlay, etc. These categories are defined within this glossary under individual listings. For a complete listing of all appropriation categories, please refer to the ACTR section in the LAS/PBS User's Manual for instructions on ordering a report.

Baseline Data: Indicators of a state agency's current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees.

Budget Entity: A unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. "Budget entity" and "service" have the same meaning.

CIO - Chief Information Officer

CIP - Capital Improvements Program Plan

CLEC - Competitive Local Exchange Carrier

Competitive Local Exchange Carrier (CLEC): Any telecommunications company certificated by the Public Service Commission to provide local exchange telecommunications services in Florida on or after July 1, 1995.

D3-A: A legislative budget request (LBR) exhibit which presents a narrative explanation and justification for each issue for the requested years.

Demand: The number of output units which are eligible to benefit from a service or activity.

DEP - Department of Environmental Protection

EOG - Executive Office of the Governor

Estimated Expenditures: Includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills.

FAC - Florida Administrative Code

FCC - Federal Communications Commission

FCO - Fixed Capital Outlay

*****Federal Communications Commission (FCC):** The federal agency empowered by law to regulate all interstate and foreign radio and wire communication services originating in the United States, including radio, television, facsimile, telegraph, and telephone systems. The agency was established under the Communications Act of 1934.

FFMIS - Florida Financial Management Information System

Fixed Capital Outlay (FCO): Real property (land, buildings including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

FLAIR - Florida Accounting Information Resource Subsystem

Florida Public Service Commission (FPSC or PSC): An agency of the State of Florida that regulates the state's investor-owned electric and natural gas companies, local and long distance telephone companies, and certain water and wastewater companies. The PSC's primary responsibility is to ensure that customers of regulated utility companies receive safe and reliable service at fair and reasonable rates.

FPL - Florida Power and Light

FPSC - Florida Public Service Commission

F.S. - Florida Statutes

GAA - General Appropriations Act

GR - General Revenue Fund

IGCC - Integrated Gasification Combined Cycle

ILEC - Incumbent Local Exchange Carrier

Incumbent Local Exchange Carrier (ILEC): A term coined from the Telecommunications Act of 1996 to describe the incumbent local telephone company providing local transmission and switching services.

Indexing: Permits utilities to recognize inflationary increases in major categories of operating expenses, such as chemicals, fuel, materials and supplies, rent and insurance.

Indicator: A single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word "measure."

Information Technology Resources: Includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training.

Input: See Performance Measure.

IOE - Itemization of Expenditure

IOU - Investor-Owned Utility

IT - Information Technology

Judicial Branch: All officers, employees, and offices of the Supreme Court, district courts of appeal, circuit courts, county courts, and the Judicial Qualifications Commission.

kWh - Kilowatt-Hour

LAN - Local Area Network

LAS/PBS - Legislative Appropriations System/Planning and Budgeting Subsystem. The statewide appropriations and budgeting system owned and maintained by the Executive Office of the Governor.

LBC - Legislative Budget Commission

LBR - Legislative Budget Request

Legislative Budget Commission (LBC): A standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature.

Legislative Budget Request (LBR): A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

L.O.F. - Laws of Florida

LRPP - Long-Range Program Plan

Long-Range Program Plan (LRPP): A plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

MAN - Metropolitan Area Network (Information Technology)

NASBO - National Association of State Budget Officers

Narrative: Justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed.

Nonrecurring: Expenditure or revenue which is not expected to be needed or available after the current fiscal year.

OPB - Office of Policy and Budget, Executive Office of the Governor

Outcome: See Performance Measure.

Output: See Performance Measure.

Outsourcing: Means the process of contracting with a vendor(s) to provide a service or an activity and there is a transfer of management responsibility for the delivery of resources and the performance of those resources. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission.

PBPB/PB2 - Performance-Based Program Budgeting

Pass Through: (1) Funds the state distributes directly to other entities, e.g., local governments, without being managed by the agency distributing the funds. These funds flow through the agency's budget; however, the agency has no discretion regarding how the funds are spent, and the activities (outputs) associated with the expenditure of funds are not measured at the state level. **NOTE: This definition of "pass through" applies ONLY for the purposes of long-range program planning;** (2) A mechanism that allows increases in expenses beyond the control of the utility such as purchased water and/or wastewater, purchased electric, ad valorem taxes, required testing, and regulatory fees to be passed through to the customer.

Performance Ledger: The official compilation of information about state agency performance-based programs and measures, including approved programs, approved outputs and outcomes, baseline data, approved standards for each performance measure and any approved adjustments thereto, as well as actual agency performance for each measure.

Performance Measure: A quantitative or qualitative indicator used to assess state agency performance.

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services.
- Outcome means an indicator of the actual impact or public benefit of a service.
- Output means the actual service or product delivered by a state agency.

Policy Area: A grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code.

Primary Service Outcome Measure: The service outcome measure which is approved as the performance measure which best reflects and measures the intended outcome of a service. Generally, there is only one primary service outcome measure for each agency service.

Privatization: Occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service.

Program: A set of services and activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word "Program." In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. "Service" is a "budget entity" for purposes of the LRPP.

Program Component: An aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting.

Program Purpose Statement: A brief description of approved program responsibility and policy goals. The purpose statement relates directly to the agency mission and reflects essential services of the program needed to accomplish the agency's mission.

PSC - Public Service Commission

Reliability: The extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use.

RPS - Renewable Portfolio Standard

Reuse: Using effluent water for a beneficial purpose, such as irrigation.

Service: See Budget Entity.

Standard: The level of performance of an outcome or output.

STO - State Technology Office

SWOT - Strengths, Weaknesses, Opportunities and Threats

TCS - Trends and Conditions Statement

TF - Trust Fund

TRW - Technology Review Workgroup

Unit Cost: The average total cost of producing a single unit of output – goods and services for a specific agency activity.

Validity: The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

WAGES - Work and Gain Economic Stability (Agency for Workforce Innovation)

WAN - Wide Area Network (Information Technology)