

COMMISSIONERS:
ART GRAHAM, CHAIRMAN
LISA POLAK EDGAR
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JULIE I. BROWN

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

LONG RANGE PROGRAM PLAN

Public Service Commission
Tallahassee
September 26, 2011

Jerry L. McDaniel, Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, FL 32399-1300

JoAnne Leznoff, Staff Director
House Appropriations Committee
221 Capitol
Tallahassee, FL 32399-1300

Terry Rhodes, Staff Director
Senate Budget Director
201 Capitol
Tallahassee, FL 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Public Service Commission is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2012-13 through Fiscal Year 2016-17.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles H. Hill".

Charles H. Hill
Interim Executive Director

FLORIDA PUBLIC SERVICE COMMISSION



LONG-RANGE PROGRAM PLAN FY 2012-13 THROUGH FY 2016-17

September 30, 2011

AGENCY MISSION

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

PUBLIC SERVICE COMMISSION
Long Range Program Plan FY 2012-12 through 2016-17
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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
<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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
<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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
<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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
	6.1%	11.0%	11.0%	11.0%	11.0%	11.0%

Long Range Program Plan FY 2012-12 through 2016-17 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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
65.6%	87.3%	87.3%	87.3%	87.3%	87.3%

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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
93%	95%	95%	95%	95%	95%

OUTCOME 4B: Consumer Calls: Average waiting time.

FY 2000-01 Baseline (Actual)	FY 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
.83 min.	.05 min	.05 min	.05 min	.05 min	0.5 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 2012-2013	FY 2013-14	FY 2014-15	FY 2015-2016	FY 2016-17
193 kWh	393 kWh	430 kWh	468 kWh	505 kWh	543 kWh

TRENDS AND CONDITIONS STATEMENT

The Florida Public Service Commission (FPSC or Commission) is committed to making sure that Florida's consumers receive some of their most essential services — electric, natural gas, water, and wastewater — in a safe, affordable, and reliable manner. At the same time, the FPSC must balance these consumer needs with the opportunity for utilities and their stockholders to earn a fair rate of return for their capital investments. In doing so, the FPSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation, competitive market oversight, and monitoring of safety, reliability, and service.

FPSC Responsibilities

Scope of Authority

The FPSC regulates the retail rates and services provided by all investor-owned electric utilities, gas utilities, and water and waste water companies. The regulation of energy (electricity and natural gas) and water and wastewater investor-owned utilities is commonly referred to as rate base or rate-of-return regulation, which includes rate setting responsibility and earnings oversight and also extends to quality of service and consumer complaints. A characteristic unique to Florida's water and wastewater industry is that counties have the option to elect to regulate the investor-owned water and wastewater companies in their county pursuant to Chapter 367, or transfer regulation to the FPSC. Currently 35 of 67 counties have either left regulation with the FPSC or transferred regulatory authority to the FPSC. Pursuant to changes in the law made in 2011 by the legislature, the FPSC no longer has regulatory authority over the rates and services provided to end-use customers by local exchange telecommunications companies. For telecommunications companies, the Commission only has jurisdiction over company-to-company matters. The Commission continues to provide oversight for programs established under the federal Universal Service Program, such as linkup and Lifeline for low income customers, and Telephone Relay Services – for the hearing and site impaired.

The FPSC also exercises rate structure, electric safety, and territorial jurisdiction over municipally-owned electric systems and rural electric cooperatives. Proper rate structure ensures that rates charged to customers of these utilities are non-discriminatory and that one class of customers does not subsidize another class.

In order to assure an adequate and reliable supply of electricity in Florida, the FPSC has jurisdiction over the generation and transmission planning of all electric utilities in Florida. The Commission is responsible for reviewing electric utility Ten Year Site Plans and determining the need for major new power plant and transmission line additions under the Florida Power Plant and Transmission Siting Acts. Finally, the FPSC also

has authority to set conservation goals for Florida's investor-owned electric utilities and the two largest municipal electric utilities.

The FPSC also ensures compliance with gas safety rules and regulations for municipally-owned natural gas utilities, special gas districts, investor-owned gas utilities, intrastate gas pipelines, and private master meters.

Statutory Authority

The FPSC's authority for its activity is contained in the following Florida Statutes:

- Chapter 120, Rulemaking
- Chapter 186, Planning and Development (10 Year Site Plans)
- Chapter 350, Organization, Powers and Duties
- Chapter 364, Telecommunications
- Chapter 366, Electric Utilities
- Chapter 367, Water and Wastewater Systems
- Chapter 368, Gas Transmission and Distribution Facilities
- Chapter 403, Power Plant, and Transmission Line Siting, and Intrastate Natural Gas Pipeline Siting
- Chapter 427, Special Transportation and Communications Services

Rules adopted by the FPSC to implement the above laws are contained in Chapter 25, Florida Administrative Code (F.A.C.). The FPSC also exercises quasi-judicial responsibilities to conduct evidentiary hearings regarding cost and quality of regulated services, hear complaints, and issue written orders.

To meet its statutory responsibilities, the FPSC has established the following five primary goals:

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 facilitate 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.

Agency Priorities

As discussed previously, the FPSC's authority extends over three major utility industries: energy (electricity and natural gas), telecommunications, and water and wastewater. Each industry has unique characteristics and each has significant issues that will require regulatory actions by the FPSC over the next five years. The agency's priorities are based on legislative directives and economic and environmental factors affecting provision of utility services within the state.

Energy Priorities

Florida's electric utilities are required by law to furnish adequate, reliable electricity service at a reasonable cost to each customer. Meeting customer demand in a time of rising costs and uncertain economic conditions represents a significant challenge. Recent legislative initiatives stress the importance of diversifying fuels used for electric power generation, including further development of renewable energy resources.

Other recent legislation has created financial incentives to encourage utilities to make capital investments, to expand existing and construct new nuclear power plants, and to explore clean coal technologies such as integrated gasified combined cycle (IGCC) units. To date, utilities have proposed, and the FPSC has found, an affirmative need for approximately 5,000 megawatts of additional nuclear facilities through 2023 that will help maintain Florida's fuel diversity by reducing the State's future dependence on oil and natural gas while reducing the emission of greenhouse gases.

Fuel Diversity

During the late 1990's, utilities across the nation and within Florida selected natural gas-fired generation as the predominant source of new capacity. The use of natural gas for electricity production in Florida increased significantly from 19.3 percent in 1995 to 48 percent in 2010. Given the volatility of natural gas prices, evidenced by the wide range of projected prices and availability of natural gas, the FPSC has required electric utilities to explore the feasibility of improving the State's fuel diversity. Both Florida Power and Light Company (FPL) and Progress Energy Florida, Inc. (PEF) have begun the application process for approval to construct a total of four new nuclear reactors in Florida. In August 2009, PEF received approval for site certification by the Power Plant Siting Board for its two planned nuclear units in Levy County. FPL is currently proceeding through site certification and is currently scheduled to go before the Power Plant Siting Board in November, 2011. PEF and FPL also have both submitted applications to the Nuclear Regulatory Commission (NRC) for a Combined Operating License (COL). The COL is authorization to begin construction and operation of the new nuclear power units. NRC approval is anticipated by 2013.

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Both utilities (FPL and PEF) have filed petitions pursuant to Section 366.93, F.S., which allows early cost recovery for new nuclear power plants. A hearing to address cost recovery of nuclear pre-construction expenditures for both utilities was held on August 10-26, 2011. The in-service dates of 2021 through 2023 for these nuclear units, will require the Commission to annually evaluate the cost recovery and the long-term feasibility of these projects over the next 10 to 12 years.

Fuel diversity will continue to be a critical issue for the FPSC as it monitors potential climate change legislation, fuel price variability, the changing capital cost of generating units, and the expansion and integration of renewable energy resources.

Energy Conservation

During the 2008 legislative session, the Legislature amended the Florida Energy Efficiency and Conservation Act (FEECA) to place greater emphasis on the pursuit, through utility sponsored incentives, of all cost-effective customer conservation and energy efficiency measures including demand-side renewable energy systems. Under FEECA, the FPSC must establish numeric conservation goals for each FEECA utility, at least every five years. FEECA goals were last set in 2009 to reflect the provisions of the revised FEECA statutes. Hearings to establish new conservation and energy efficiency goals were held on August 10 through 13, 2009. Interveners in the hearing included the Florida Industrial Power Users Group, the Florida Solar Coalition, the National Resources Defense Council, and the Southern Alliance for Clean Energy. On December 30, 2009, the PSC established aggressive new goals for the FEECA utilities that were more robust than those proposed by the utilities. These new goals were based on an Enhanced Total Resource Cost (E-TRC) test that includes total system costs and benefits and estimates of the potential impact of environmental regulations to control green-house gas emissions. In addition, the Commission increased the goals to include estimates of the effect of certain measures that have a payback period of two years or less to the participating customer. In order to implement the new goals, each FEECA utility was required to file plans and programs designed to meet the goals. The Commission approved plans submitted by Gulf Power, TECO, FPUC, JEA, and OUC in early 2010. On July 26, 2011 the Commission modified plans filed by FPL and PEF due to concerns over the rate impact of the plans filed by the utilities.

Renewable Generation

Another priority of the FPSC is to increase the use of affordable renewable energy. Currently there are approximately 1,227 MW of renewable generation resources in Florida from non-utility and utility owned renewable generating facilities. The majority,

approximately 842 MW, are municipal solid waste (MSW) or biomass facilities. Over the next ten years, the utilities project an increase of approximately 809 MW of new renewable facilities, again primarily from MSW and biomass facilities.

The Florida Legislature, in 2008, placed emphasis on customer-owned renewable energy as well as supply-side or grid-tied renewables. All electric utilities were directed to offer customers standard interconnection agreements and net metering for renewable energy generation. This policy ensures a simplified, expedited process for interconnecting a renewable system to the utility. Net metering is a billing function that allows customers to receive credit for renewable energy generated in excess of the customer's requirements. As of December 31, 2010, 2,833 customers owned renewable energy systems with an electric capacity of 20.4 MW, up from 537 systems with a capacity of 2.8 MW in 2008. Small customer-owned renewable facilities are primarily solar photovoltaic (PV) installations. Between 2008 and 2010, the number of these small solar installations increased approximately 427%.

To further encourage development of solar energy in Florida, the FPSC approved solar energy pilot programs to be offered by IOUs. The pilot programs provide customer rebates to offset a portion of the installation cost for solar photovoltaic and solar hot water heating systems, and also provide solar energy equipment to low-income customers and to schools. As the cost of these pilot programs, including rebates, are paid for by all IOU customers, the FPSC established an annual expenditure cap to limit the rate impact.

Over the next five years, the FPSC will continue to enforce existing renewable policies, and explore additional policies to benefit Florida's consumers. In addition, the FPSC will monitor the utilities' efforts to interconnect and net meter customer-owned renewables under the FPSC's rule. The FPSC will also review and approve investor-owned utilities' standardized contracts to purchase renewable capacity and energy. Finally, the FPSC will monitor the impact of evolving federal and state energy policies on the development of renewables in Florida, and on the state's ratepayers and provide technical information to assist legislators in the formulation of renewable energy policy.

Rate Cases

During 2010, the Commission dealt with matters related to requests for rate increases from three of the four major investor-owned electric utilities in the state. Tampa Electric Company (TECO) was approved for a total annual base rate revenue increase of \$113.6 million based in part upon a return on equity (ROE) of 11.25 percent. In addition to this increase in base rates effective May 2009, the Commission also approved a step increase in base rates in the amount of \$33.5 million effective January 2010. The interveners in TECO's rate case proceeding, the Office of Public Counsel (OPC), the Office of Attorney General (OAG), the Florida Industrial Power Users Group (FIPUG), and the Florida Retail Federation (FRF), jointly filed a Motion for Reconsideration contesting the Commission's decision to grant the step increase. On July 20, 2010, a

Joint Motion for Approval of Stipulation and Settlement Agreement (TECO stipulation) was filed by TECO, OPC, OAG, FIPUG, and FRF. The TECO Stipulation approved by the Commission on September 16, 2010 granted a one-time refund of \$24.0 million to TECO's customers, a rate reduction of \$1.28 million for TECO's Interruptible Service customer class, a reduction in the total amount of the step increase to \$24.4 million, and the dismissal with prejudice of the interveners' appeal of Order Nos. 09-0283 and 09-0571 currently pending before the Supreme Court of Florida regarding TECO's rate case. The Supreme Court of Florida dismissed the interveners' appeal with prejudice on November 16, 2010.

The Commission issued a Final Order on March 5, 2010, denying Progress Energy Florida's (PEF) request for an annual base rate revenue increase above the \$126 million rate granted for PEF's Bartow Repowering Project (Bartow) in June 2009. The ROE authorized for PEF was 10.50 percent. On March 28, 2010, PEF filed its Motion for Reconsideration of the Final Order asserting certain mathematical errors were made in the calculation of PEF's revenue requirements. On March 29, 2010, OPC filed its Cross Motion for Reconsideration of the Final order challenging the increase granted for Bartow. A Joint Motion for Approval of Stipulation and Settlement Agreement (PEF Stipulation) was filed on May 10, 2010 by PEF, OPC, OAG, FIPUG, FRF, PCS Phosphate, and the Navy. The PEF Stipulation was approved by the Commission on June 18, 2010. The PEF Stipulation provides for the following: a base rate freeze through December 2012 unless the ROE falls below 9.50 percent; the discretion to record a depreciation expense credit of up to \$150 million in 2010, up to \$250 million in 2011, and up to any remaining balance of the depreciation reserve surplus in 2012; the discretion to accelerate the amortization of certain regulatory assets; and the specified recovery of storm damage costs and storm damage reserve replenishment. In addition, the PEF Stipulation also provides for any party to petition the Commission for a review of PEF's base rates if the Company's reported ROE exceeds 11.50 percent. Absent a major storm that results in significant damage to PEF's service territory or the Company earning an ROE above 11.50 percent or below 9.50 percent, PEF should not be appearing before the Commission for rate relief to be effective before January 1, 2013.

The Commission issued a Final order on March 17, 2010, granting Florida Power & Light (FPL) an annual base rate revenue increase of \$75.5 million based in part upon an ROE of 10.00 percent. On April 1, 2010, both FPL and FIPUG filed Motions for Reconsideration of the Final Order. An agreed Motion for Approval of Settlement Agreement (FPL Stipulation) to resolve all of the outstanding matters in the rate case. The signatories to the FPL Stipulation are FPL, OPC, OAG, FIPUG, FRF, South Florida Hospital and Healthcare Association, Federal Executive Agencies, and Associated Industries of Florida. The FPL Stipulation was approved by the Commission on February 1, 2011. The FPL Stipulation provides for the following: a base rate freeze through December 2012 unless the ROW falls below 9.00 percent; the discretion to record a depreciation expense credit up to \$267 million each calendar year in 2010, 2011, and 2012, not to exceed a total of \$776 million; specified recovery of storm damage costs and storm damage reserve replenishment, and recovery of the West County Unit 3 non-fuel revenue requirements equal to the projected fuel savings

associated with the operation of the unit until the next rate proceeding. In addition, the FPL Stipulation also provides for any party to petition the Commission for a review of FPL's base rates if the Company's reported ROE exceeds 11.00 percent. Absent a major storm that results in significant damage to FPL's service territory or the Company earning an ROE above 11.00 percent or below 9.00 percent, FPL should not be appearing before the Commission for rate relief to be effective before January 2013.

Water & Wastewater Priorities

The water and wastewater industry, although not subject to competitive pressures, faces unique challenges of its own in the areas of aging infrastructure, rate relief requests, affordability, and reuse.

The major workload for the PSC in this industry is ratemaking to ensure utilities remain financially viable so that customers continue to receive their water at reasonable rates. A key consideration in setting water rates is sending proper price signals to customers to encourage efficient use of this critical resource.

Rapid population growth exerts upward pressure on water rates as demand continually increases for this finite resource. Compared to other utility industries, 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 negatively impacting the financial position of water and wastewater utilities. The FPSC processed 14 rate cases during the fiscal year 2010/2011, eight file and suspend cases, five staff assisted cases, and one limited proceeding. The FPSC expects rate case activity for the water and wastewater industry to increase in the coming year.

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. Drinking water standards have become more stringent with respect to the maximum levels allowed for certain contaminants. The tightening of standards often requires utilities to expend monies to make modifications to their plants or processes in order to gain compliance with the more stringent standards.

A significant issue for the water and wastewater industry is the challenge of regulatory compliance for small systems. Encouraging acquisitions of small systems by larger more financially sound water and wastewater companies may be one way to address the problems of small systems. A Commission workshop was held on January 27, 2010 to address the effectiveness of the Commission's existing acquisition policy. The Commission issued an amended rule regarding its acquisition policy November 22, 2010.

Telecommunications Priorities

In 1995, the Florida Legislature recognized the potential benefits of introducing competition for telecommunications services and enacted legislation to open local telecommunications markets to service providers other than the incumbent local exchange companies (ILECS). The following year, Congress enacted the Telecommunications Act of 1996 making local competition a national objective. The emergence of unregulated technologies such as wireless and VoIP have created an increasingly competitive market for telecommunications services.

In 2011, the Florida Legislature amended the existing regulatory framework for telecommunications. The law effective July 1, 2011 repealed consumer protection and assistance duties of the FPSC, including handling customer complaints.

The FPSC will continue promoting competitive markets by resolving disputes between companies, facilitating company-to-company interconnection (arbitrations, contract interpretations, complaints, etc.), and monitoring evolving telecommunications technology. The FPSC will continue to address lifeline and Telephone Relay Service matters and monitor related federal matters that may impact Florida carriers and consumers.

The Lifeline program provides a credit of up to \$13.50 per month to subscriber's bills to make telephone service affordable to eligible low-income customers. Lifeline is a program funded by the Federal Universal Service Fund. All customers contribute to the Universal Service Fund through a line item on their monthly bill. Wireless carriers designated as ETCs in Florida have been extremely successful in increasing Lifeline enrollment in Florida, thereby increasing Universal Service Fund benefits to our state.

To facilitate the access to affordable telecommunications service for all consumers, the FPSC and DCF implemented a Lifeline automatic enrollment process. The FPSC and DCF are continuing to work together to make enrolling in the Lifeline program easier for applicants. In recent years, the FPSC has expanded efforts and resources on outreach and to simplify application procedures for Lifeline services. This effort ensures that all Florida consumers have access to telecommunications services at affordable rates.

Pursuant to the Telecommunications Access Services Act of 1991 (TASA), the FPSC is responsible for establishing, implementing, promoting, and overseeing the administration of a statewide telecommunications access system to provide access to telecommunications relay services by people who are hearing or speech impaired and those who communicate with them. As part of its TASA responsibility, the FPSC oversees Florida Telecommunications Relay, Inc. a not-for-profit corporation that fulfills certain TASA requirements by providing for the distribution of specialized equipment required for telecommunications services to the hearing, speech, and dual sensory impaired and for outreach in the most cost-effective manner.

Conclusion

Safe, reliable and affordable 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.

The FPSC'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 FPSC is required by law to ensure that rate base regulated companies are afforded an opportunity to earn a fair return on their investment in property dedicated to providing utility service. With Florida's dynamic energy climate, the targets are ever changing, and this task is more complex than ever before.

At this time, the FPSC is proposing a continuation budget. The FPSC does not have any task forces.

**FLORIDA PUBLIC SERVICE
COMMISSION**

**PERFORMANCE MEASURES AND
STANDARDS**

LRPP EXHIBIT II

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: Utility Regulation **Code:** 61030100

	Approved Performance Measure FY 2010-11	Approved Prior Year Standard FY 2010-11	Prior Year Actual FY 2010-11	Approved Standards for FY 2011-12	Requested FY 2012-13
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite	CPI +1	4.56 (CPI +1)	CPI +1	CPI +1
2	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite	USA +/- 1	10.6% / 2%	USA +/- 1	USA +/- 1
3	Percent of utilities achieving within range and over range of last authorized ROE: Electric	100% / 0%	80% / 0%	100% / 0%	100% / 0%
4	Percent of utilities achieving within range and over range of last authorized ROE: Gas	29% / 0%	29% / 0%	29% / 0%	29% / 0%
5	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater	10% / 5%	11% / 2%	10% / 5%	10% / 5%
6	Percent of communications service variances per inspection points examined	19.0%	10.80%	0.0%	0.0%
7	Percent of electric and gas safety variances corrected on first reinspection	60.1%	85.20%	60.1%	60.1%
8	Consumer Calls: Percent of calls answered	86%	87.60%	86%	86%
9	Consumer Calls: Average waiting time (in minutes)	1.4	0.45	1.4	1.4
10	Conservation Programs Reviewed and Conservation Proceedings Undertaken	87	101	87	87
11	Per capita annual kWh energy savings through conservation programs (in kWh)	250	250	250	347
12	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric	19	24	19	19

	Approved Performance Measure FY 2010-11	Approved Prior Year Standard FY 2010-11	Prior Year Actual FY 2010-11	Approved Standards for FY 2011-12	Requested FY 2012-13
13	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas	6	6	6	6
14	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater	155	148	155	145
15	Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues	600	554	600	300
16	Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies	70	38	70	20
17	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric	3	4	3	3
18	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas	1	1	1	1
19	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater	55	47	55	45
20	Number of proceedings relating to wholesale competition or electric reliability	33	33	33	33
21	Utility Consumer Complaints and Information Requests Closed	43,000	61,072	43,000	43,000
22	Safety Inspections Performed (Electric and Gas)	3,000	3,214	3,000	3,000
23	Communications Service Evaluations Performed	4,000	3,466	4,000	0
24	Number Average Customer Satisfaction Rating of the Complaint Handling Function				

**FLORIDA PUBLIC SERVICE
COMMISSION**

**ASSESSMENT OF PERFORMANCE FOR
APPROVED MEASURES**

LRPP EXHIBIT III

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 & 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	80%/0%	(20%)	(20%)

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:

One of the five rate regulated electric utilities earned below the ROE range. Underearning utilities are responsible for filing petitions for rate increases to correct underearnings. The Commission does not initiate rate increases. The one utility that was underearning filed a petition for rate relief on 7/8/2011.

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 Water and Wastewater Utility Companies for which Rates or Earnings were Reviewed/Adjusted

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
155	148	(7)	(4.5%)

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 approved standard represents the total water and wastewater utilities under the Commission’s jurisdiction. The number of water and wastewater utilities that fall under the Commission’s jurisdiction increases as new companies are formed and decreases as existing companies are transferred to governmental entities. Since the time the standard was established at 155 entities, the Commission has experienced a net loss in jurisdictional entities. As of 12/31/2010, there were 148 jurisdictional water and wastewater utilities and as for 8/15/2011, there were 145 jurisdictional water and wastewater utilities. A request to change the standard is being filed to reflect the appropriate number of regulated water and wastewater utilities.

Recommendations: None

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
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
600	554	(46)	(7.67%)

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:

As wireline companies merge and the telecommunications market develops, the dockets filed at the PSC should decrease due to fewer wireline companies and competitors not being under the PSC's jurisdiction. As the competitive market grows and matures, many issues have been resolved. New cases involve new market players or are a result of violations of rules and orders or based upon consumer complaints. The number of payphones continue to drop due to cost considerations and the growth in wireless also resulting in fewer cases.

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:

This measure's results are impacted by many of the competitors in the telecommunications market not being regulated by the PSC and the merger with reduction of the number of wireline companies. Also, the number of dockets should decline as the competitive market grows and the rules are defined. Due to recent statutory changes, the results will in all likelihood drop further.

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

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
55	47	(8)	(14.5%)

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 checked="" 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 approved standard is based on a percentage of the total water and wastewater utilities under the Commission's jurisdiction. Requests for certificate amendments, new certificates, and cancellations fall under this category. The number of water and wastewater utilities that fall under the Commission's jurisdiction increases as new companies are formed and decreases as existing companies are transferred to governmental entities. Since the time the standard was established at 155 entities, the Commission has experienced a net loss in jurisdictional entities. As of 12/31/2010, there were 148 jurisdictional water and wastewater utilities and as for 8/15/2011, there were 145 jurisdictional water and wastewater utilities. A request to change the standard is being filed to incorporate the reduced number of regulated water and wastewater utilities.

Recommendations: None

**FLORIDA PUBLIC SERVICE
COMMISSION**

**PERFORMANCE MEASURE VALIDITY
AND RELIABILITY**

LRPP EXHIBIT IV

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utility Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: #6 Percent of Communications Service Variances
Per Inspection Points Examined

Action (check one):

- Requesting revision to approved performance measure. (Delete Measure)
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

The Regulatory Reform Act of 2011 eliminated certain telecommunications' service standards contained in Chapter 364. This resulted in the elimination of local exchange company and hotel/motel call aggregator service evaluations. The measured task will no longer be performed. We are requesting this measure be deleted.

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utility Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure #11 Per Capita kWh Energy Savings through Conservation Programs (in kWh)

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

This request is to change the standard for the existing approved Outcome #11, "Per Capita kWh Energy Savings through Conservation Programs (in kWh)," for the next 6 years. The increasingly higher standards recognize the reality that the amount of savings per capita will continue to increase as they have each year since the 2000/2001 report. The higher standards each year will not require budgetary adjustment. We are requesting the Standard be changed from 250 to 368.

Data for this measure is derived from the savings reported in the annual FEECA (Florida Energy Efficiency and Conservation Act) reports submitted by the seven utilities subject to FEECA. In addition, state population data is obtained from the Florida Demographics Estimating Conference, Bureau of Economic and Business Research, Warrington College of Business Administration, University of Florida. The total current year savings, in gigawatt hours (GWh, 1 million kilowatt hours), reported by the FEECA utilities is added to the prior year savings back to 1995. Since the FEECA utilities provide 85.53 percent of the state-wide savings, the savings total is divided by 0.8553. The GWh result is divided by the current year state population, which is divided by 1 million to produce the resulting savings per capita in kWh. When the resulting total is greater than the established standard, the standard was exceeded.

The revised standard is derived by calculating the 10-year average percentage increase of reported actual results, then increasing actual number reported this year by that percentage to arrive at the standard for next year. Following years' standards are derived by increasing the standard by that percentage.

Validity:

The energy efficiency savings reported by the FEECA utilities is a meaningful measure of the reduction in energy consumption directed by Section 366.82(2), Florida Statutes.

Reliability:

The annual FEECA reports submitted by the utilities are carefully reviewed to ensure compliance with reporting requirements specified by Rule 25-17.0021(5), Florida Administrative Code. The population data is from a source widely considered as authoritative in demographics. The measuring procedure yields the same results on repeated trials, and data are complete and sufficiently error free for the intended purpose.

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: #14 Utility Companies for which Rates or Earnings were Reviewed/Adjusted – Water & Wastewater

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

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. Because of this decline in regulated companies our data source is shrinking, we are requesting a new Official Standard of 145 instead of 155.

Validity:

Reliability:

Office of Policy and Budget – July 2011

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure #15 Proceedings to Evaluate or Resolve and Wholesale 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.

Data Sources and Methodology:

Due to statutory changes, the Commission will no longer resolve retail telecommunications issues, so the measure should be amended to reflect only wholesale competitive proceedings. The data source will be the Commission's Case Management system (CMS.) This is the same source previously used, with the deletion of the retail cases. We are requesting the standard be changed from 600 to 300.

Validity:

The CMS numbers will reflect the proceedings to evaluate or resolve competitive market issues.

Reliability:

The CMS is designed to pull accurate information on the type of proceedings at the Commission through a coding process.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure #16 Number of Proceedings Granting Certificates to Operate as a Telecommunications Company

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

The number of proceedings granting certificates is extracted from the Commission's Case Management System (CMS.) The Intrastate Interexchange Companies (IXCs) have been deregulated, therefore they no longer will be registered by the Commission. This number will now only reflect certifications of telecommunications companies since we will have no more registrations by IXCs. Due to the above we are requesting the Standard be changed from 70 to 20.

Validity:

The number should be valid to reflect the new local exchange companies in Florida. All dockets are coded to determine the purpose of the docket.

Reliability:

Since all certifications are docketed, it is reliable to pull the number of proceedings to grant certificates from CMS.

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: #19 Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or approving Territorial Agreements - Water & Wastewater

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

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 assuming regulatory jurisdiction. This decline in the population of regulated companies will result in fewer proceedings, and therefore we are requesting a reduction in the approved standard from 55 to 45.

Validity:

Reliability:

Office of Policy and Budget – July 2011

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission
Program: Utility Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: #23 Communication Services Evaluation Performed

Action (check one):

- Requesting revision to approved performance measure. (Delete Measure)
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

The Regulatory Reform Act of 2011 eliminated certain telecommunications' service standards contained in Chapter 364. This resulted in the elimination of local exchange company and hotel/motel call aggregator service evaluations. The measured task will no longer be performed. We are requesting this measure be deleted.

Validity:

Reliability:

**FLORIDA PUBLIC SERVICE
COMMISSION**

**ASSOCIATED ACTIVITIES
CONTRIBUTING TO PERFORMANCE
MEASURES
LRPP EXHIBIT V**

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for FY 2011-12	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 2011-12	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 Complaints and Information Requests Closed	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

FLORIDA PUBLIC SERVICE COMMISSION

AGENCY-LEVEL UNIT COST SUMMARY

LRPP EXHIBIT VI

ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5)
AND SHOULD NOT:

*** NO ACTIVITIES FOUND ***

THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:
(NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION
TECHNOLOGY)

*** NO OPERATING CATEGORIES FOUND ***

THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN
SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL
GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED
IN SECTION II.)

*** NO ACTIVITIES FOUND ***

TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 61	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	27,983,411	
TOTAL BUDGET FOR AGENCY (SECTION III):	27,983,409	
DIFFERENCE:	2	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

FLORIDA PUBLIC SERVICE COMMISSION

GLOSSARY OF TERMS AND ACRONYMS

Glossary of Terms and Acronyms

NOTE: This Glossary includes terms and acronyms required in the ***Long Range Program Plan Instructions*** dated July 2011 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.

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.

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

E-TRC -- Enhanced Total Resource Cost

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

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.

FEECA -- Florida Energy Efficiency and Conservation Act

FFMIS -- Florida Financial Management Information System

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

FPUC -- Florida Public Utility Companies

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."

IOE -- Itemization of Expenditure

IOU -- Investor-Owned Utility

IT -- Information Technology

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.

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.

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.

Program -- A set of services and activities undertaken in accordance with a plan of action organized to realize identifiable goals and objectives 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.

PEF -- Progress Energy Florida

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

TECO -- Talquin Electric Company

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 Gain Economic Stability (Agency for Workforce Innovation)