

610000 PUBLIC SERVICE COMMISSION		BEGINNING BALANCE
50 2 573003 REGULATORY TRUST FUND PSC		
G-L	G-L ACCOUNT NAME	
CAT		BEGINNING BALANCE
11100	CASH ON HAND	
000000	BALANCE BROUGHT FORWARD	200.00
12100	UNRELEASED CASH IN STATE TREASURY	
000000	BALANCE BROUGHT FORWARD	5,025,549.39
14100	POOLED INVESTMENTS WITH STATE TREASURY	
000000	BALANCE BROUGHT FORWARD	0.00
15300	INTEREST AND DIVIDENDS RECEIVABLE	
000000	BALANCE BROUGHT FORWARD	0.00
000500	INTEREST	0.00
	** GL 15300 TOTAL	0.00
27600	FURNITURE AND EQUIPMENT	
000000	BALANCE BROUGHT FORWARD	5,695.00
000400	MISCELLANEOUS RECEIPTS	0.00
001800	REFUNDS	25,955.50-
040000	EXPENSES	3,942.66
060000	OPERATING CAPITAL OUTLAY	2,189,458.19
060000	CF OPERATING CAPITAL OUTLAY	19,066.48
100021	ACQUISITION/MOTOR VEHICLES	357,913.95
103823	CATEGORY NAME NOT ON TITLE FILE	7,241.00
105890	CATEGORY NAME NOT ON TITLE FILE	0.00
109910	STATE OPERATIONS-ARRA 2009	1,578.91
	** GL 27600 TOTAL	2,558,940.69
27700	ACC DEPR - FURNITURE & EQUIPMENT	
000000	BALANCE BROUGHT FORWARD	354,782.08
000400	MISCELLANEOUS RECEIPTS	0.00
001800	REFUNDS	22,781.79
040000	EXPENSES	3,942.66-
060000	OPERATING CAPITAL OUTLAY	1,660,226.29-
100021	ACQUISITION/MOTOR VEHICLES	341,713.43-
103823	CATEGORY NAME NOT ON TITLE FILE	7,241.00-
105890	CATEGORY NAME NOT ON TITLE FILE	0.00
109910	STATE OPERATIONS-ARRA 2009	1,030.66-
	** GL 27700 TOTAL	1,636,590.17-
31100	ACCOUNTS PAYABLE	
010000	SALARIES AND BENEFITS	0.00
010000	CF SALARIES AND BENEFITS	2,026.05-
030000	OTHER PERSONAL SERVICES	0.00
030000	CF OTHER PERSONAL SERVICES	1,608.00-
040000	EXPENSES	6,534.08-

610000 PUBLIC SERVICE COMMISSION

50 2 573003 REGULATORY TRUST FUND PSC

G-L	G-L ACCOUNT NAME	BEGINNING BALANCE
CAT		
040000 CF	EXPENSES	24,942.29-
100777	CONTRACTED SERVICES	0.00
100777 CF	CONTRACTED SERVICES	16,141.29-
210014	OTHER DATA PROCESSING SVCS	0.00
210014 CF	OTHER DATA PROCESSING SVCS	2,621.36-
210021	SOUTHWOOD SRC	0.00
	** GL 31100 TOTAL	53,873.07-
31120	ACCOUNTS PAYABLE OVERSTATED	
060000	OPERATING CAPITAL OUTLAY	0.00
35300	DUE TO OTHER DEPARTMENTS	
000000	BALANCE BROUGHT FORWARD	0.00
010000	SALARIES AND BENEFITS	0.00
040000	EXPENSES	6,534.08
040000 CF	EXPENSES	28,791.66-
100777	CONTRACTED SERVICES	0.00
100777 CF	CONTRACTED SERVICES	106.40-
210014	OTHER DATA PROCESSING SVCS	0.00
210021	SOUTHWOOD SRC	0.00
210021 CF	SOUTHWOOD SRC	409.14-
	** GL 35300 TOTAL	22,773.12-
35600	DUE TO GENERAL REVENUE	
000000	BALANCE BROUGHT FORWARD	0.00
310322	SERVICE CHARGE TO GEN REV	25,501.08-
	** GL 35600 TOTAL	25,501.08-
38500	INSTALLMENT PURCHASE CONTRACTS	
000000	BALANCE BROUGHT FORWARD	0.00
38600	CURRENT COMPENSATED ABSENCES LIABILITY	
000000	BALANCE BROUGHT FORWARD	809,833.74-
48500	INSTALLMENT PURCHASE CONTRACTS	
000000	BALANCE BROUGHT FORWARD	0.00
48600	COMPENSATED ABSENCES LIABILITY	
000000	BALANCE BROUGHT FORWARD	2,068,142.52-
51100	GENERAL LEDGER NAME NOT ON FILE	
000000	BALANCE BROUGHT FORWARD	947,925.09
060000	OPERATING CAPITAL OUTLAY	860,697.14-
100021	ACQUISITION/MOTOR VEHICLES	84,581.44-
109910	STATE OPERATIONS-ARRA 2009	2,646.51-
	** GL 51100 TOTAL	0.00

610000 PUBLIC SERVICE COMMISSION		
50 2 573003 REGULATORY TRUST FUND PSC		
G-L	G-L ACCOUNT NAME	
CAT		BEGINNING BALANCE
53600	INVESTED IN CAPITAL ASSETS NET OF RELA	
000000	BALANCE BROUGHT FORWARD	922,350.52-
53900	NET ASSETS UNRESTRICTED	
000000	BALANCE BROUGHT FORWARD	2,045,625.86-
94100	ENCUMBRANCES	
040000	CF EXPENSES	8,604.33
98100	BUDGETARY FND BAL RESERVED/ENCUMBRANCE	
040000	CF EXPENSES	8,604.33-
	*** FUND TOTAL	0.00

Florida Public Service Commission



Schedule I Series

SCHEDULE I – REQUIRED NARRATIVES

Budget Period: 2015-16

Agency: Florida Public Service Commission (PSC)
Trust Fund: Regulatory Trust Fund
Fund No.: 2573

5% Trust Fund Reserve:

The PSC’s Regulatory Trust Fund receives no revenues that are excluded in the General Policy Guidelines section of the Legislative Budget Instructions. There is no negative impact of establishing the reserve in this LBR. Revenues are collected primarily only twice per year, but the majority of expenditures are paid out monthly (salaries/benefits make up the largest single amount, plus other routine costs of doing business) or quarterly (rent to DMS). Therefore, the trust fund balance must be sufficient to allow for this uneven cash flow.

FY 14-15 total revenue	\$25,475,155
Less 8% Service Charge to GR	(2,038,012)
Less Risk Management Casualty Insurance	(62,065)
Less Operating Transfer to DMS STW Contract	<u>(97,826)</u>
Total Revenue Subject to 5% Reserve Calculation	<u>\$23,277,252</u>
Multiplied by 5%	<u>.05</u>
Total 5% Reserve for Regulatory Trust Fund	<u>\$ 1,163,863</u>

Section III Adjustments:

Adjustments are included for FY 2013-14 as listed on the “Reconciliation of Schedule 1C to Agency Trial Balance” form.

Revenue Estimating Methodology:

The trust fund’s primary revenues are from the regulatory assessment fees (RAFs) charged to the utilities regulated by the PSC. Maximum allowable rates are established in Florida Statutes, and actual assessable rates, up to the statutory cap, are established by PSC rule in the Florida Administrative Code. RAFs are computed on the utility companies’ gross operating revenues derived from intrastate business, which must be estimated for the current year (Column A02) and the request year (Column A03). The PSC’s revenue forecast is based on near-term company

Schedule 1 Required Narratives

projections, when available, and past year growth rates when projections are not available. The projections also take into account relevant developments in the various industries that will affect the utilities' revenue.

The 2014 and 2015 investor-owned electric RAF revenues are based on actual revenues and projected revenue growth. The projected 2014 RAF revenue is a combination of the investor-owned electric utilities actual RAF revenues for the first half of the year and company projections for the second half of the year. Significant revenue growth during the first half of the year, relative to the revenue of the first half of 2013, is projected to continue throughout the remainder of the year. For 2015, RAF revenues are based on company projections.

The RAF revenue projections are consistent with company sales growth estimates for the four largest investor-owned electric utilities as well as the 2013 and 2014 increases in base rates approved for all five investor-owned electric utilities by the Commission. The state's largest investor-owned electric utility implemented base rate increases in 2013 and 2014. The four other investor-owned electric utilities have or will implement one or more base rate increases during the period of 2013 to 2015.

For municipal and rural electrics, 2014 and 2015 RAF revenues are forecasted based on the projected gigawatt hours sales growth rate of the investor-owned utilities.

Except for two small gas utilities, the 2014 and 2015 RAF revenue estimates of the investor-owned gas utilities are based on actual revenues and projected revenue growth. The projected 2014 RAF revenues of the five larger investor-owned gas utilities are based on the actual RAF revenues for the first half of the year and company projections for the second half of the year. The projected 2015 RAF revenues for the five larger utilities are based on company projections. The PSC projects the RAF revenues for the two small gas utilities based on a five year average.

With respect to the municipal gas and gas districts (gas safety entities), the growth rate in 2014 and 2015 RAF revenue are projected to be equal to the growth rate of the gas utilities during those years. The two revenue data series have a history of following a similar trend with a relatively high positive correlation in annual revenue between the gas utilities and municipal and gas districts. We anticipate that trend to continue.

The Commission has two gas pipelines under its jurisdiction. The projected 2014 RAF revenue of the gas pipelines is based on the actual RAF revenues for the first half of the year and company projections for the second half of the year. The projected RAF revenue for 2015 is based on company revenue projections for the two pipelines.

Telecommunications companies' revenues have been decreasing mainly due to a loss of access lines to wireless and other non-regulated companies that do not pay RAFs. The 2014-2015 RAFs are expected to decline based on the actual historical decline in RAF revenues and a

review of the actual Revenues for the first half of 2014. This same negative growth is expected to continue in 2015.

Despite the inclusion of nominal projected growth, the water and wastewater industry revenue forecast for 2014-2015 shows a decline. The decline is the result of the majority of water and wastewater systems of the state's largest regulated water and wastewater utility being sold to governmental entities. The remaining systems are predicted to grow at a slightly slower rate for 2014 (1.5 percent) than in prior years. The 2015 projection includes a slightly lower growth rate (1.0 percent) than for 2014 for existing companies and the RAF amount is adjusted as well for the transfer of an additional system to a governmental entity.

The revenue estimates are the latest we have available, but we will be monitoring and looking at the revenues again after our January 2015 collections. We will notify OPB of any significant changes in revenue estimates that occur prior to the Governor's Budget Recommendations.

Computing Distribution of Cost for General Management and Administrative Services:

Indirect costs for purposes of the Schedule 1A are derived from the People First time accounting component based on work hour "charge objects."

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 61 Public Service Commission **Budget Period: 2015-16**
Program: Commissioners & Admin. Services and Utility Regulation & Consumer Assistance
Fund: 2573 Regulatory Trust Fund
Specific Authority: Sections 350.113, 364.336, 366.14, 367.145, 368.109, 403 and 427 F.S.
Purpose of Fees Collected: To fund the cost of regulating Telecommunications Companies, Electric and Gas Utilities, and Water & Wastewater Companies as required by Chapters 350, 364, 366, 367, 368, 403, 427 Florida Statutes.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input checked="" type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

<u>SECTION I - FEE COLLECTION</u>	<u>ACTUAL FY 2013 - 14</u>	<u>ESTIMATED FY 2014 - 15</u>	<u>REQUEST FY 2015 - 16</u>
Receipts:			
Regulatory Assessment Fees	\$24,432,072	\$25,380,155	\$25,450,963
Filing / Recording Fees	42,967	75,000	75,000
Total Fee Collection to Line (A) - Section III	\$24,475,039	\$25,455,155	\$25,525,963

<u>SECTION II - FULL COSTS</u>			
Direct Costs:			
Salaries and Benefits	\$14,941,616	\$15,743,161	\$15,674,774
Other Personal Services	60,105	153,630	153,630
Expenses	2,454,734	2,681,365	2,630,840
Operating Capital Outlay	178,502	203,883	203,883
Motor Vehicles	-	38,707	-
Administrative Hearings	5,346	-	-
Contracted Services	290,851	385,098	385,098
Risk Management	46,063	47,536	47,536
Transfer to DMS for HR Outsourcing	75,690	74,925	74,398
Data Processing Services	31,159	35,001	35,001
Southwood SRC	4,873	6,476	6,476
Refunds to utilities for overpayments	2,925	30,000	30,000
General Revenue Service Charge (8%)	1,958,092	2,038,012	2,043,677
Indirect Costs Charged to Trust Fund	5,594,984	5,920,441	5,872,103
Total Full Costs to Line (B) - Section III	\$25,644,939	\$27,358,233	\$27,157,414

Basis Used: People First Time Accounting System

<u>SECTION III - SUMMARY</u>				
TOTAL SECTION I	(A)	\$24,475,039	\$25,455,155	\$25,525,963
TOTAL SECTION II	(B)	\$25,644,939	\$27,358,233	\$27,157,414
TOTAL - Surplus/Deficit	(C)	(\$1,169,900)	(\$1,903,078)	(\$1,631,451)

EXPLANATION of LINE C:

Over the past year, the PSC has been working to develop and create efficiencies. These efforts should generate reversions of roughly \$800,000 for the current FY 2014-2015 with recurring savings in FY 2015-2016. Through internal controls, which include the previously mentioned anticipated reversions, management of vacancies, closely monitoring discretionary expenditures, and using a small amount of the cash balance, the PSC can manage both the projected negative balances in FY 2014-2015 and FY 2015-2016. Trust fund sweeps will jeopardize our continued ability to meet our fiscal obligations.

Schedule IA - Part I: Examination of Regulatory Fees

Department: Florida Public Service Commission (PSC)

Regulatory Service to or Oversight of Businesses or Professions Program: Utility Regulation and Consumer Assistance

- 1. What recent operational efficiencies have been achieved to either decrease costs or improve services? If costs have been reduced, how much money has been saved during the fiscal year?**

During FY 2013-2014, the PSC reduced its physical footprint in the Tallahassee office and negotiated a new lease with the Department of Management Services for the Tampa field office. That effort resulted in a reduction of roughly \$190,000 in our FY 2014-2015 operating budget.

- 2. What additional operational efficiencies are planned? What are the estimated savings associated with these efficiencies during the next fiscal year?**

The PSC continues to evaluate its operations to identify any additional possible innovations and improvements that can be made to achieve further efficiencies, and will take appropriate action to implement any identified measures.

- 3. Is the regulatory activity an appropriate function that the agency should continue at its current level?**

Yes.

- 4. Are the fees charged for the regulatory service or oversight to businesses or professions based on revenue projections that are prepared using generally accepted governmental accounting procedures or official estimates by the Revenue Estimating Conference, if applicable?**

Yes, the PSC's revenue projections are based on sound econometric forecasting techniques, using historical growth rates with adjustments for known developments in the utility industries. The PSC's primary revenues are from regulatory assessment fees (RAFs) charged to the utilities regulated by the PSC. Maximum allowable rates are established in Florida Statutes, and actual assessable rates, up to the statutory cap, are established by the PSC by rule. RAFs are based on the utility companies' gross operating revenues derived from intrastate business, which must be estimated for the current year and the budget request year. The Commission adjusts/updates the projections during the year as factors affecting utility revenues change.

5. Are the fees charged for the regulatory service or oversight to businesses or professions adequate to cover both direct and indirect costs of providing the regulatory service or oversight?

Yes. The PSC continuously monitors revenues throughout the year. It is the PSC's practice to thoroughly review and evaluate RAF rates and revenues after the January collection.

6. Are the fees charged for the regulatory service or oversight to businesses or professions reasonable and do they take into account differences between the types of professions or businesses that are regulated? For example, do fees reflect the amount of time required to conduct inspections by using a sliding scale for annual fees based on the size of the regulated business; or do fees provide a financial incentive for regulated entities to maintain compliance with state standards by assessing a re-inspection fee if violations are found at initial inspection?

Yes, the fees take into account the different utility industries that are regulated (see *Regulatory Fees Form – Part II* for details of the various regulated industries' statutory fee caps and current assessable fees). The PSC evaluates the reasonableness of RAF rates throughout the year, and re-evaluates the rates each year after the January collection.

7. If the fees charged for the regulatory services or oversight to businesses or professions are not adequate to cover direct and indirect program costs provide either:

- a) information regarding alternatives for realigning revenues or costs to make the regulatory service or program totally self-sufficient, including any statutory changes that are necessary to implement the alternative; or
- b) demonstrate that the service or program provides substantial benefits to the public which justify a partial subsidy from other state funds, specifically describing the benefits to the general public (statements such as 'providing consumer benefits' or 'promoting health, safety and welfare' are not sufficient justification). For example, the program produces a range of benefits to the general public, including pollution reduction, wildlife preservation, and improved drinking water supply. Alternatively, the agency can demonstrate that requiring self-sufficiency would put the regulated entity at an unfair advantage. For example, raising fees sufficiently to cover program costs would require so high an assessment as to damage its competitive position with similar entities in other states.

N/A. The fees are adequate to cover both the direct and indirect costs of regulation and oversight by the PSC for the current fiscal year.

8. If the regulatory program is not self-sufficient and provides a public benefit using state subsidization, please provide a plan for reducing the state subsidy.

N/A. The PSC's Utility Regulation/Consumer Assistance regulatory program is self-sufficient and receives no state subsidization.

Schedule IA - Part II: Examination of Regulatory Fees

Department: **Florida Public Service Commission (PSC)**

Regulatory Service to or Oversight of Business or Profession Program: **Utility Regulation/Consumer Assistance**

Does Florida Statutes require the regulatory program to be financially self-sufficient? (Yes or No and F.S.): **Yes; s.350.113, F.S.**

What percent of the regulatory cost is currently subsidized? (0 to 100%) **0%**

If the program is subsidized from other state funds, what is the source(s)? **N/A**

What is the current annual amount of the subsidy? **\$0.00**

Service / Product Regulated	Specific Fee Title	Statutory Authority for Fee	Maximum Fee Authorized (cap)	Year of Last Statutory Revision to Fee	Is Fee Set by Rule? (Yes or No)	Current Fee Assessed	Fund Fee Deposited in (indicate General Revenue or Specific Trust Fund)
Investor-owned Electric Utility Companies	Regulatory Assessment Fee	366.14(1), F.S.	0.125% of Gross Operating Revenues Derived from Intrastate Business	New 1989; No change	Yes	0.072% of Gross Operating Revenue Derived from Intrastate Business	PSC Regulatory Trust Fund
Municipal Electric Utilities and Rural Electric Cooperatives	Regulatory Assessment Fee	366.14(4), F.S.	0.015625% of Gross Operating Revenues Derived from Intrastate Business	New 1989; No change	Yes	0.015625% of Gross Operating Revenue Derived from Intrastate Business	PSC Regulatory Trust Fund
Investor-owned Gas Utility Companies	Regulatory Assessment Fee	366.14(2), F.S.	0.5% of Gross Operating Revenues Derived from Intrastate Business	New 1989; No change	Yes	0.5% of Gross Operating Revenue Derived from Intrastate Business	PSC Regulatory Trust Fund
Municipal Gas Utilities and Gas Districts	Regulatory Assessment Fee	366.14(3), F.S.	0.25% of Gross Operating Revenues Derived from Intrastate Business	New 1989; No change	Yes	0.1919% of Gross Operating Revenue Derived from Intrastate Business	PSC Regulatory Trust Fund
Telecommunications Companies	Regulatory Assessment Fee	364.336, F.S.	0.25% of Gross Operating Revenues Derived from Intrastate Business	New 1990; No change	Yes	0.16% of Gross Operating Revenues Derived from Intrastate Business	PSC Regulatory Trust Fund
Water and Wastewater Systems	Regulatory Assessment Fee	367.145(1), F.S.	4.5% of Gross Operating Revenues Derived from Intrastate Business	New 1989; No change	Yes	4.5% of Gross Operating Revenues Derived from Intrastate Business	PSC Regulatory Trust Fund

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2015 - 2016
Trust Fund Title:	Public Service Commission
Budget Entity:	Regulatory Trust Fund
LAS/PBS Fund Number:	61 - Public Service Commission
	2573

	Balance as of 6/30/2014		SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	\$5,025,549	(A)		\$5,025,549
ADD: Other Cash (See Instructions)	200	(B)		200
ADD: Investments		(C)		
ADD: Outstanding Accounts Receivable		(D)		
ADD: _____		(E)		
Total Cash plus Accounts Receivable	\$5,025,749	(F)		\$5,025,749
LESS Allowances for Uncollectibles		(G)		
LESS Approved "A" Carry Forwards	(76,646)	(H)		(76,646)
Approved "B" Carry Forwards	(8,604)	(H)		(8,604)
Approved "FCO" Carry Forwards		(H)		
LESS: Other Accounts Payable (Nonoperating)	(25,501)	(I)		(25,501)
LESS: _____		(J)		
Unreserved Fund Balance, 07/01/14	\$4,914,998	(K)		\$4,914,998

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2015 - 2016

Department Title: Public Service Commission
Trust Fund Title: Regulatory Trust Fund
LAS/PBS Fund Number: 2573

BEGINNING TRIAL BALANCE:

Total Fund Balance Per FLAIR Trial Balance, 07/01/14

Total all GLC's 5XXXX for governmental funds; 2,045,626 (A)
GLC 539XX for proprietary and fiduciary funds

Subtract Nonspendable Fund Balance (GLC 56XXX) (B)

Add/Subtract Statewide Financial Statement (SWFS) Adjustments :

SWFS Adjustment # and Description (C)

SWFS Adjustment # and Description (C)

Add/Subtract Other Adjustment(s):

Approved "B" Carry Forward (Encumbrances) per LAS/PBS (8,604) (D)

Approved "C" Carry Forward Total (FCO) per LAS/PBS (D)

A/P not C/F-Operating Categories (D)

Compensated Absences Liability 2,877,976 (D)

(D)

(D)

ADJUSTED BEGINNING TRIAL BALANCE: 4,914,998 (E)

UNRESERVED FUND BALANCE, SCHEDULE IC (Line I) 4,914,998 (F)

DIFFERENCE: 0 (G)*

***SHOULD EQUAL ZERO.**

**PSC Regulatory TF
Reconciliation of Sch I-C to Agency Trial Balance**

Description	Amt per TB	Amt per I-C	Reconciling Amt
GL 11100	200	200	0
GL 12100	5,025,549	5,025,549	(0)
GL 27600	2,558,941	0	(2,558,941)
GL 27700	(1,636,590)	0	1,636,590
GL 31100	(53,873)	(53,873)	0
GL 35300	(22,773)	(22,773)	0
GL 35600	(25,501)	(25,501)	0
GL 38600	(809,834)	0	809,834
GL 48600	(2,068,143)	0	2,068,143
GL 53600	(922,351)	0	922,351
Encumbrances	0	(8,604)	(8,604)
TOTAL	2,045,626	4,914,998	2,869,372
Unreserved Fund Balance per TB (GL 53900)			2,045,626
Reconciled Amount			<u>4,914,998</u>

Schedule 1 Adjustment

Current Compensated Absences Balance	809,834
Depreciation adjustment	<u>3,309</u>
Schedule 1 Adjustment total	<u>813,143</u>