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Public Service Commission

September 30, 2009

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Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Florida 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 2010-11 through Fiscal year 2014-15. This submission has been approved by Mary Bane, Executive Director.

Sincerely,

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

Mary Andrews Bane
Executive Director

MAB:RT:ss



Florida Public Service Commission

LONG-RANGE PROGRAM PLAN

FY 2010 – 2011 THROUGH FY 2014 – 2015

September 30, 2009

AGENCY MISSION

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

PUBLIC SERVICE COMMISSION
Long Range Program Plan FY 2010-11 - 2014-15
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 2010-11	FY 2011-12	FY 2012-2013	FY 2013-14	FY 2014-15
<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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<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				

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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
	6.1%	11.0%	11.0%	11.0%	11.0%	11.0%

Long Range Program Plan FY 2010-11 - 2014-15 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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
93%	86%	86%	86%	86%	86%

OUTCOME 4B: Consumer Calls: Average waiting time.

FY 2000-01 Baseline (Actual)	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
.83 min.	1.4 min.	1.4 min.	1.4 min.	1.4 min.	1.4

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 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
193 kWh	250 kWh	250 kWh	250 kWh	250 kWh	250 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, telephone, 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 all investor-owned electric utilities, gas utilities, and telecommunications companies. 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.

The regulation of energy 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. All incumbent local exchange telecommunications companies are price-cap regulated. The Commission does not have rate setting or earnings oversight authority for those companies. For telecommunications companies, the Commission has jurisdiction over company-to-company matters, quality of service issues for basic local service customers, and consumer billing complaints.

Further, the FPSC exercises rate structure 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. Proper rate structure insures that one class of customers does not subsidize another class. 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. The FPSC has electric safety, power supply planning and power plant and transmission line need determination authority over all electric utilities. Finally, the FPSC also has authority to set conservation goals for Florida's investor-owned electric utilities and two largest municipal electric utilities. These latter areas of responsibility give the Commission a significant role in ensuring that energy production is sufficient to meet both current and future demand.

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

The FPSC has quasi-legislative and judicial responsibilities, as well as some executive powers and duties. In its legislative capacity, the FPSC promulgates rules governing utility operations. In a judicial manner, the FPSC conducts evidentiary hearings on issues regarding the cost and quality of regulated services. Additionally, it hears and decides complaints and issues written orders.

Rules adopted by the FPSC to implement the above laws are contained in Chapter 25, Florida Administrative Code (F.A.C.).

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 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.

Agency Priorities

As discussed previously, the FPSC's authority extends over three major utility industries: energy, 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, and affordable electricity service to each customer. Meeting increasing customer demand in a time of rising costs and growing concerns about global climate change represents a significant challenge. During the 2008 regular session, the Legislature outlined its plan to meet these challenges in HB 7135, which is Florida's most aggressive energy legislation to date. HB 7135 stresses the importance of diversifying fuels used for electric power generation, increasing the focus on demand-side conservation and energy efficiency, and preserving existing supply-side renewable energy resources while encouraging the development of new 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 2020 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 41.75 percent in 2008. 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, Inc. (PEF) Florida 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.

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 September 9 through 11, 2009. The in-service dates of 2018 through 2020 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 8 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.

Renewable Generation

Another priority of the FPSC is to increase the use of affordable renewable energy. The Florida Legislature enacted legislation during the 2008 Regular Session requiring the FPSC to develop a Renewable Portfolio Standard (RPS) rule. The RPS would require investor-owned electric utilities to satisfy a percentage of their customers' needs with renewable energy. The statute required the FPSC to submit a draft rule to the Legislature by February 1, 2009, for ratification. Subsequent to the 2008 Session, the FPSC embarked on an accelerated rulemaking process, which included public workshops in July, August and December 2008.

In developing this RPS draft rule, the FPSC was directed to evaluate the cost and installed capacity for each renewable generation method available in Florida through 2020. To assist in accomplishing these objectives, the FPSC, in cooperation with the Florida Governor's Energy Office (GEO), and the Lawrence Berkley National Laboratory engaged Navigant Consulting to conduct a comprehensive study assessing the potential for electric energy generation from renewable resources in Florida. Navigant Consulting's final report was submitted to the FPSC in December 2008, and provided a source of information and data to validate the final percentages and time of the FPSC's draft RPS rule.

In January 2009, the FPSC submitted to the legislature a draft RPS rule featuring a market-based approach to utility compliance, with an aggressive standard of 20 percent renewable energy by 2020. The draft RPS rule also provided for ratepayer protections, including a 2 percent rate cap with close oversight by the FPSC of the costs of compliance. The FPSC's draft rule was not ratified by the Legislature during the 2009 Session.

Over the next five years, the FPSC will continue to enforce existing renewable policies, and explore additional policies, if needed, to benefit Florida's consumers. The FPSC is currently exploring whether goals should be set for customer-owned renewable resources, as required by the 2008 revisions to the Florida Energy Efficiency and Conservation Act. Hearings were held on August 10-13, 2009 and the FPSC is scheduled to establish new goals on October 27, 2009. There will be annual reporting to assess progress and these goals will be revised no less often than every five years. 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. Draft legislation in both the U.S. House and Senate would require a federal renewable portfolio standard with a role for state PSC's to implement and enforce the standard.

Energy Conservation

During 2008, 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 by the FPSC in 2004 and must be reset in 2009. In order to implement the enhanced requirements of the FEECA statutes, the utilities have contracted with ITRON and KEMA, two nationally recognized consulting firms, to conduct a technical potential study. The purpose of this study was to establish baseline consumption data, identify potential measures, develop corresponding demand and energy savings for each measure, and ultimately estimate the total technical potential savings if all measures were adopted. The utilities then screened the measures identified in the technical potential study using various cost-effectiveness tests, including the Total Resource Cost test, and proposed overall energy (kilowatt-hours) and demand (kilowatt) savings goals based on their assessment of economic and achievable potential. The FPSC and its staff have actively monitored the utility analysis process, including the holding of public workshops with input from interested parties. The FPSC was also authorized by the Legislature and retained technical consulting and expert witness services by GDS Associates, Inc. to independently analyze and critique the proposed utility goals and provide alternative policy options. 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. The FPSC is scheduled to reset conservation goals based on the record developed in the hearing at the October 27, 2009 Agenda Conference.

Once new goals are established, utilities are required to file programs designed to meet the goals for Commission approval within 90 days. The FPSC by rule must review and approve the plans and programs to be offered to customers that are designed to meet the goals. Going forward, the FPSC will annually review the utilities' efforts to meet the new goals. The revisions to FEECA also authorized the FPSC to provide penalties and incentives to utilities based on their performance in meeting goals. The FPSC will review the need for penalties or incentives according to utilities' progress in meeting the newly established goals. The FPSC will also monitor the impact of potential federal legislation on Florida's utilities and consumers, in particular, a proposed energy efficiency and renewable

portfolio standard, energy efficiency goals, and carbon cap and trade policy. Finally, the FPSC will continue its educational efforts to provide Florida's energy consumers with the tools needed to make informed energy choices.

Rate Cases

The FPSC is currently reviewing requests for base rate increases by FPL and PEF. In March 2009, FPL filed a petition for a permanent increase in base rates of \$1.044 billion for 2010 and a subsequent increase of \$247.4 million in 2011. FPL has requested a return on equity of 12.5%. FPL has also requested the Commission continue a Generation Base Rate Adjustment (GBRA) clause that was included as part of the stipulation between parties in its last rate case. This would allow FPL to recover \$181.9 million for the construction of its new West County 3 facility effective June 2011 through the generation base rate adjustment mechanism.

FPL stated in its petition that the base rate increase would support investments in fuel efficiency, clean energy, and system reliability. In June 2009, the FPSC conducted nine customer service hearings in FPL's service territory. The FPSC conducted a hearing on FPL's rate request beginning on August 24, 2009, and is scheduled to render a decision on the matter on December 21, 2009.

PEF also filed a petition for a permanent increase in base rates in March 2009 of \$499 million dollars for 2010. Part of the requested rate increase is tied to a requested return on equity of 12.5%. PEF seeks to recover expenses associated with storm hardening, repowering its Bartow generating unit, and deferral of pension expenses. In July 2009, the FPSC held eight service hearings in PEF's service territory. The FPSC will conduct a hearing on PEF's petition for rate increase beginning on September 21, 2009, and is scheduled to vote on the request on November 19, 2009.

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.

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 is scheduled for January 27, 2010 to address the effectiveness of the Commission's existing acquisition policy.

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 June 2009, Governor Crist signed a bill into law, which made reforms to the existing regulatory framework for telecommunications. The bill redefined basic service to include only single-line, flat-rate residential service. The addition of non-basic or unregulated services, either priced individually or as part of a combination of services (including unregulated services), are reclassified as non-basic. Affected consumers will not have the same degree of price or service quality protection that was previously available for basic service. All customers who subscribe to single-line business service are also redefined as non-basic. In addition, the bill expanded the income eligibility criterion for Lifeline services for the 3 largest ILECs from 135 percent to 150 percent of the federal poverty guidelines.

In the coming year the FPSC will work to ensure that all statutory changes are implemented including any rule changes that may be necessary. The FPSC will

continue to remove obstacles to competitive markets, resolve consumer complaints, facilitate company-to-company interconnection, and monitor evolving telecommunications technology.

Lifeline 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. To facilitate the access to affordable telecommunications service for all consumers, the FPSC and Department of Children and Families (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.

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: Consumer Safety/ Protection **Code:** 61010000

	Approved Performance Measure for FY 2008-09 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite	3.80 CPI+1	6.32%	CPI+1	CPI + 1
2	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Composite	USA +/- 1 10.7%	10.7+1.0	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%	14%/14%	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%	14%	19.0%	19.0%
7	Percent of electric and gas safety variances corrected on first reinspection	60.1%	68.0%	60.1%	60.1%
8	Consumer Calls: Percent of calls answered	86%	93%	86%	86%
9	Consumer Calls: Average waiting time (in minutes)	1.4	0.3	1.4	1.4
10	Conservation Programs Reviewed and Conservation Proceedings Undertaken	87	104	87	94
11	Per capita annual kWh energy savings through conservation programs (in kWh)	250	301	250	250
12	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Electric	19	37	19	19

	Approved Performance Measure for FY 2008-09 (Words)	Approved Prior Year Standard FY 2008-09 (Numbers)	Prior Year Actual FY 2008-09 (Numbers)	Approved Standards for FY 2009-10 (Numbers)	Requested FY 2010-11 Standard (Numbers)
13	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Gas	7	7	7	6
14	Utility Companies for which Rates or Earnings were Reviewed/Adjusted: Water & Wastewater	160	160	160	155
15	Proceedings to Evaluate or Resolve Retail and Wholesale Telecommunications Competitive Issues	1,200	823	1,200	600
16	Number of proceedings granting certificates to operate as a telecommunications company and registering intrastate interexchange telecommunications companies	110	73	110	70
17	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Electric	3	1	3	2
18	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Gas	1	5	1	1
19	Number of proceedings granting service authority, resolving territorial disputes, or approving territorial agreements: Water & Wastewater	60	65	60	55
20	Number of proceedings relating to wholesale competition or electric reliability	33	44	33	33
21	Utility Consumer Complaints and Information Requests Closed	38,000	75,834	38,000	38,000
22	Safety Inspections Performed (Electric and Gas)	3,000	4,693	3,000	3,000
23	Communications Service Evaluations Performed	7,000	3,875	4,000	4,000
24	Number Average Customer Satisfaction Rating of the Complaint Handling Function	4	6	4	4



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 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 (4.80%)	6.32%	1.52%	24.0%

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 significant increase in the average residential bill is driven by increase in fuel costs experienced by the electric utilities as well as base rate increases. The average electric bill increased 9.5%. Water and wastewater has experienced an average bill increase of 9.04% due to approval of rate increases. Both electric, water and wastewater have experienced a reduction in usage due to economic conditions which has driven the need to seek rate relief. The average telephone bill has increased by 6.32%. The Commission has no statutory authority to set telephone rates.

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:

- | | |
|--|--|
| <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
100% / 0%	80% / 0%	(20%) / 0%	(20%) / 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:

One of the five rate regulated electric utilities earned below the ROE range. Under-earning utilities are responsible for petitions for a rate increase to correct under-earnings. 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 4: Percentage of Utilities Achieving Within Range and Over Range of Last Authorized ROE – Gas.

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
29% / 0%	14% / 14%	(14%) / (14%)	(14%) / (14%)

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 seven rate regulated gas utilities earned below the ROE range. Under-earning utilities are responsible for petitions for a rate increase to correct under-earnings. The Commission does not initiate rate increases. One of the seven rate regulated gas utilities earned above the ROE range. Over-earning utilities are brought in possibly reduce rates. The Commission has initiated a review of the company's earnings.

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 and Over Range of Last Authorized ROE – Water & Wastewater.

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
10% / 5%	2% / 3%	(8%) / -	(8%) / -

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:

Three of the rate regulated water and wastewater utilities earned within the ROE range. Under-earning utilities are responsible for petitions for a rate increase to correct under-earnings. 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 15: Proceedings to Evaluate or Resolve Retail and Wholesale Competitive Issues.

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
1200	823	(377)	(31.42%)

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 16: Number of Proceedings Granting Certificates to Operate as a Telecommunications Company and Registering Intrastate Interexchange Tele-communications 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
110	73	(37)	(33.64%)

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:

Certification or registration is required for telecommunications and IXC companies under the PSC jurisdiction. Many of the competitors are not regulated by the PSC. Many of the companies under the PSC's jurisdiction have merged or have chosen to go out of business. This results in fewer certifications and registrations 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:

This measure's results are reflective of the nature of the telecommunications market. The wireline competitors have been merging and competitive pressures are from not only wireline companies but also cable, wireless, and internet protocol companies not within the PSC's jurisdiction. There is no recommendation.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 17: Number of Proceedings Granting Service Authority, Resolving Territorial Disputes, or Approving Territorial Agreements – 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
3	1	(2)	(66%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors Staff Capacity
- Competing Priorities Level of Training
- Previous Estimate Incorrect Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable Technological Problems
- Legal/Legislative Change Natural Disaster
- Target Population Change Other (Identify)
- This Program/Service Cannot Fix The Problem
- Current Laws Are Working Against The Agency Mission

Explanation:

The Commission has no control over the number of petitions received initiating a review of territorial disputes.

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

- Training Technology
- Personnel Other (Identify)

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: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Consumer Safety/Protection
Measure 10: Conservation Programs and Conservation Proceedings Undertaken.

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 measure #10, "Conservation Programs Reviewed and Conservation Proceedings Undertaken," from 87 to 94. The higher standard is based on anticipation of seven electric utilities filing new Demand-side Management (DSM) program portfolios, each containing multiple programs, in early 2010. The higher standard will not require budgetary adjustment.

Data for this measure is derived from the Case Management System (CMS). CMS provides a listing of dockets the Commission opens each year for electric and gas utilities. The docket listing is manually reviewed to identify those which deal with conservation. The number of those dockets is added to the number of DSM programs monitored and conservation-related reports required by the Florida Legislature. When the resulting total is greater than the established standard, the standard was exceeded.

Validity:

The number of activities Commission Staff has undertaken in monitoring and reporting energy conservation efforts by the electric utilities is a meaningful measure of the Commission's workload in regulating utilities.

Reliability:

Docketed matters, utilities' conservation programs, and required reports on conservation each are carefully and consistently documented in accordance with Commission's procedures manual. 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 13: Utility Companies for which Rates or Earnings were Reviewed/Adjusted – Gas.

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:

Florida Public Utilities Company and Chesapeake Utilities Corporation, two regulated gas companies, have merged into one company. This reduces the number of investor owned gas companies regulated by the Commission to six. Because of this merger, we are requesting a new Official Standard of 6 instead of 7.

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/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 155 instead of 160.

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/Budget Entity: Consumer Safety/Protection
Measure 15: Proceedings to Evaluate or Resolve Retail 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. This Exhibit IV is being submitted as backup to the request to change the standard for the approved 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 Commission to expand beyond its traditional "ratemaking" regulatory role for this industry. The Commission'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. Entrants into the local exchange telephone market must enter into agreements with the existing local exchange telephone providers for interconnection, pricing, and other operating support. Many of these agreements must be reviewed and approved by the Commission. If the parties cannot agree on terms, they may bring the issues to the Commission.

Expanding technology and the impact on the telecommunications infrastructure has also created new types of market entrants with new and unique issues. This measure captures these and other proceedings relating to competition in the telecommunications industry, including the review of rate schedules of the 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 Regulatory Compliance. The data for this measure will be extracted from these record systems and reported on a fiscal year basis.

As a result of legislative changes giving telecommunications companies the option of filing schedules (f/n/a tariffs), fewer companies will file schedules with the Commission. In addition, some new entrants to the communications market do not have to be certified or registered with the Commission. Both of these items will drive the number of docketed telephone proceedings at the Commission down.

We are requesting a new Official Standard of 600 to replace the current standard of 1200.

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.

Reliability:

External factors such as economic trends, technological changes, and legislative changes will affect the number of proceedings conducted under this activity. This measure and the data reported 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/Budget Entity: Consumer Safety/Protection
Measure 16: Number of Proceedings Granting Certificates to Operate as a Telecommunications Company and Registering Intrastate Interexchange Tele-communications 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 to the request to change the standard for the approved 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.

Due to technological, legislative, and other changes, fewer communications market entrants need to be certified or registered with the Commission. In addition, the number of wireline companies that must be certified/registered with the Commission have declined as a result of financial conditions, competition, and some federal decisions.

We are requesting a new Official Standard of 70 to replace the current standard of 110.

Validity:

This measure simply attempts to demonstrate one area of Commission activity relating to the entry of wireline competition into the telecommunications industry. The number of certification and registration proceedings conducted by the Commission is clearly a valid indicator of such activity. Factors such as economic trends and technological change will 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/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 taking back regulatory jurisdiction. Because of this decline in regulated companies our data source is shrinking, we are requesting a new Official Standard of 55 instead of 60.

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.

Office of Policy and Budget – July 2009



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 2009-10	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 2009-10	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 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

IUCSSP03 LAS/PBS SYSTEM
BUDGET PERIOD: 2000-2011
STATE OF FLORIDA

SP 09/22/2009 15:20
SCHED XI: AGENCY-LEVEL UNIT COST SUMMARY
AUDIT REPORT PUBLIC SERVICE COMMISSION

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:



*** NO DISCREPANCIES FOUND ***

Glossary of Terms and Acronyms

NOTE: This Glossary includes terms and acronyms required in the ***Long Range Program Plan Instructions*** dated July 2009, 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.

FEECA – Florida Energy Efficiency and Conservation Act

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

GEO – Governor's Energy Office

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 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

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)