

FLORIDA PUBLIC SERVICE COMMISSION
NOTICE OF RULE DEVELOPMENT WORKSHOP

TO

ALL INTERESTED PERSONS

DOCKET NO. 20180143-EI

PETITION TO INITIATE RULEMAKING TO REVISE AND AMEND PORTIONS OF RULE 25-6.0426, F.A.C., RECOVERY OF ECONOMIC DEVELOPMENT EXPENSES, BY FLORIDA POWER & LIGHT COMPANY, GULF POWER COMPANY, AND TAMPA ELECTRIC COMPANY.

ISSUED: January 2, 2019

NOTICE is hereby given that a Commission staff rule development workshop to obtain stakeholder comment on potential amendments to Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, will be held at the following time and place:

Wednesday, January 16, 2019, 9:30 a.m.
Room 148, Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, FL 32399-0850

The agenda, the draft rule included in the Petition to Initiate Rulemaking, and discussion questions for the workshop are attached.

One or more Commissioners may be in attendance and participate in the workshop. The person to be contacted regarding this workshop is: Samantha Cibula, Office of the General Counsel, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, (850) 413-6202, scibula@psc.state.fl.us.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this workshop should contact the Office of Commission Clerk no later than five days prior to the workshop at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 or 850-413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD). Assisted Listening Devices are available upon request from the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

If a named storm or other disaster requires cancellation of the proceedings, Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation will also be

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provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

By DIRECTION of the Florida Public Service Commission this 2nd day of January,
2019.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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Agenda

Rule Development Workshop

Docket No. 20180143-EI – Petition to Initiate Rulemaking to Revise and Amend Portions of Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, by Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company.

January 16, 2019

9:30 a.m. – Betty Easley Conference Center, Room 148

1. Welcome – Staff.
2. Presentation of Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses – Staff.
3. Overview of utility proposed rule amendments and the rule amendment alternatives (Attachment C) – Staff.
4. Utility comments addressing: (1) the requested rule amendments included in the Petition to Initiate Rulemaking (Attachment A); (2) Commission staff's questions (Attachment B); and (3) the rule amendment alternatives (Attachment C).
5. Office of Public Counsel and other stakeholder comments.
6. Next steps.
7. Adjourn.

1 **25-6.0426 Recovery of Economic Development Expenses.**

2 (1) Pursuant to Section 288.035, F.S., the Commission shall allow a public utility to
3 recover reasonable economic development expenses subject to the limitations contained in
4 subsections (3) and (4), provided that such expenses are prudently incurred and are consistent
5 with the criteria established in subsection (7).

6 (2) Definitions.

7 (a) “Economic Development” means those activities designed to improve the quality of
8 life for all Floridians by building an economy characterized by higher personal income, better
9 employment opportunities, and improved business access to domestic and international
10 markets.

11 (b) “Economic development organization” means a state, local, or regional public or
12 private entity within Florida that engages in economic development activities, such as city and
13 county economic development organizations, chambers of commerce, Enterprise Florida, the
14 Florida Economic Development Council, and World Trade Councils.

15 (c) “Trade show” means an exhibition at which companies, organizations, communities, or
16 states advertise or display their products or services, in which economic development
17 organizations attend or participate to identify potential industrial prospects, to provide
18 information about the locational advantages of Florida and its communities, or to promote the
19 goods and services of Florida companies.

20 (d) “Prospecting mission” means a series of meetings with potential industrial prospects at
21 their business locations with the objectives of convincing the prospect that Florida is a good
22 place to do business and offers unique opportunities for that particular business, and
23 encouraging the prospect to commit to a visit to Florida if a locational search is pending or in
24 progress.

25 (e) “Strategic plan” means a long-range guide for the economic development of a

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existing law.

1 community or state that focuses on broad priority issues, is growth-oriented, is concerned with
2 fundamental change, and is designed to develop and capitalize on new opportunities.

3 (f) "Recruitment" means active efforts to encourage specific companies to expand or begin
4 operations within Florida.

5 (3) Prior to each utility's next rate change enumerated in subsection (6), the amounts
6 reported for surveillance reports and earnings review calculations shall be limited to the
7 greater of:

8 (a) The amount approved in each utility's last rate case escalated for customer growth
9 since that time, or

10 (b) 95 percent of the expenses incurred for the reporting period so long as such does not
11 exceed the ~~greater~~ lesser of 0.15 percent of gross annual revenues or \$3 million. Beginning on
12 January 1, 2020, the amounts reported for surveillance reports and earnings review
13 calculations shall not exceed the greater of \$3 million or 95 percent of the following
14 percentages of gross annual revenues: January 1, 2020 – 0.175 percent; January 1, 2021 – 0.2
15 percent; January 1, 2022 – 0.225 percent; and January 1, 2023 and beyond – 0.25 percent.

16 (4) At the time of each utility's next rate case and for subsequent rate proceedings
17 enumerated in subsection (6) the Commission will determine the level of sharing of prudent
18 economic development costs and the future treatment of these expenses for surveillance
19 purposes.

20 (5) Each utility shall report its total economic development expenses as a separate line
21 item on its income statement schedules filed with the earnings surveillance report required by
22 Rule 25-6.1352, F.A.C. Each utility shall make a line item adjustment on its income statement
23 schedule to remove the appropriate percentage of economic development expenses incurred
24 for the reported period consistent with subsections (3) and (4).

25 (6) Requests for changes relating to recovery of economic development expenses shall be
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1 | considered only in the context of a full revenue requirements rate case or in a limited scope
2 | proceeding for the individual utility.

3 | (7) All financial support for economic development activities given by public utilities to
4 | state and local governments and organizations shall be pursuant to a prior written agreement.

5 | Recoverable economic development expenses shall be limited to the following:

6 | (a) Expenditures for operational assistance, including:

7 | 1. Planning, attending, and participating in trade shows;

8 | 2. Planning, conducting, and participating in prospecting missions designed to encourage
9 | the location in Florida of domestic and foreign companies;

10 | 3. Providing financial support to economic development organizations to assist with their
11 | economic development operations;

12 | 4. Providing financial support to economic development programs or initiatives identified
13 | or developed by Enterprise Florida, Inc.;

14 | 5. Participating in joint economic development efforts, including public-private
15 | partnerships, consortia, and multi-county regional initiatives;

16 | 6. Participating in downtown revitalization and rural community developmental programs.

17 | 7. Supporting state and local efforts to promote small and minority-owned business
18 | development efforts; and

19 | 8. Supporting state and local efforts to promote business retention and expansion activities.

20 | (b) Expenditures for assisting state and local governments in the design of strategic plans
21 | for economic development activities, including:

22 | 1. Making financial contributions to state and local governments to assist strategic
23 | planning efforts; and

24 | 2. Providing technical assistance, data, computer programming, and financial support to
25 | state and local governments in the design and maintenance of information systems used in

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- 1 strategic planning activities.
- 2 (c) Expenditures of marketing and research services, including;
- 3 1. Assisting state and local governments and economic development organizations in
- 4 marketing specific sites for business and industry development or recruitment;
- 5 2. Assisting state and local governments and economic development organizations in
- 6 responding to inquiries from business and industry concerning the development of specific
- 7 sites within the utility's service area;
- 8 3. Providing technical assistance, data, computer programming, and financial support to
- 9 state and local governments in the design and maintenance of geographic information systems,
- 10 computer networks, and other systems used in marketing and research activities;
- 11 4. Providing financial support to economic development organizations to assist with their
- 12 research and marketing activities;
- 13 5. Sponsoring publications, conducting direct mail campaigns, and providing advertising
- 14 support for state and local economic development efforts;
- 15 6. Participating in cooperative marketing efforts with economic development
- 16 organizations;
- 17 7. Helping state and local businesses identify suppliers, markets, and sources of financial
- 18 assistance;
- 19 8. Helping economic development organizations identify specific industries and
- 20 companies for targeting and recruitment;
- 21 9. Working with economic development organizations to identify businesses in need of
- 22 help for expansion, going out of business, or at risk of leaving the area;
- 23 10. Providing site and facility selection assistance, including lists of commercial or
- 24 industrial sites, computer databases, toll-free telephone numbers, maps, photographs, videos,
- 25 and other activities in cooperation with economic development organizations; and

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1 11. Supporting state and local efforts to promote exports of goods and services, and other
2 international business activities.

3 *Rulemaking Authority 288.035(3), 350.127(2) FS. Law Implemented 288.035 FS. History–*
4 *New 7-17-95, Amended 6-2-98, 9-25-00, _____.*

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**Questions to be addressed by Florida Power & Light Company, Gulf Power Company,
and Tampa Electric Company at the Rule Development Workshop**

1. Please discuss and describe current economic development activities.
2. Please discuss future planned economic development efforts and the associated benefits to the general body of ratepayers if the proposed rule amendments and the associated increased cap are approved as set forth in the Petition to Initiate Rulemaking.
3. Referring to paragraph 16 of the Petition to Initiate Rulemaking, please explain the rationale behind the proposed increase of the percentage of gross annual revenues from 2020 (0.175 percent) through 2023 (0.25 percent).
4. Please discuss how the utilities' economic development efforts interact with economic development efforts undertaken by Florida economic development organizations, such as Enterprise Florida, Chamber of Commerce, or Department of Economic Opportunity.
5. If the economic development expense cap is increased, please discuss whether the Commission should also adjust the expense sharing ratio between ratepayers and shareholders set forth in paragraph (3)(b) of the rule. For example, should the sharing ratio be adjusted to 50/50 or some other sharing percentage?
6. Rule 25-6.0426(3)(b), F.A.C., refers to "gross annual revenues." Does the term gross annual revenue mean "system revenues" or "jurisdictional revenues" as shown on the utilities' earnings surveillance reports filed with the Commission?
7. Regarding Rule 25-6.0426(3)(b), F.A.C., is the recoverable cap 95 percent of \$3 million (\$2.85 million) or is the recoverable cap \$3 million?
8. Please comment on the three rule amendment alternatives included in Attachment C.

Attachment C

Docket No. 20180143-EI - Economic Development Rule Amendment Alternatives for Discussion

Utility	(1) Current Rule: Lesser of 0.15% of gross annual revenues or \$3M cap	(2) 0.15% of gross annual revenues¹	(3) 2018 projected economic development expenses	(4) Petition: Greater of 0.15% or \$3M cap (for 2019)²	(5) Alternative #1: Lesser of 0.15% or \$5M cap³	(6) Alternative #2: Greater of 0.15% or \$5M cap⁴	(7) Alternative #3: Greater of 0.10% or \$5M cap⁵
FPL	\$3.0M	\$16.3M	\$2.9M	\$16.3M	\$5.0M	\$16.3M	\$10.9M
Duke	\$3.0M	\$7.0M	\$1.1M	\$7.0M	\$5.0M	\$7.0M	\$5.0M
TECO	\$3.0M	\$3.0M	\$0.3M	\$3.0M	\$3.0M	\$5.0M	\$5.0M
Gulf	\$1.9M	\$1.9M	\$1.6M	\$3.0M	\$1.9M	\$5.0M	\$5.0M

¹ Based on 2018 jurisdictional operating revenues as shown in 2018 Forecasted December Earnings Surveillance Reports.

² The petition also includes a phased-in increase to the gross annual revenue percentage cap from 0.175% in 2020 to 0.25% in 2023.

³ To recognize inflation. \$3 million cap approved in 1995 adjusted by 2.19% inflation factor (2018 CPI for all Urban Consumers) and rounded from \$4.94 million to \$5 million.

⁴ To recognize inflation and allow utilities to recover economic development expenses commensurate with the size of the utility.

⁵ To recognize inflation, allow utilities to recover expenses commensurate with size, and consider moderation in the increase of recoverable economic development expenses.