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OFFICE OF THE GENERAL COUNSEL
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(850) 413-6199

Public Service Commission

November 8, 2019

Kenneth J. Plante, Coordinator
Joint Administrative Procedures Committee
Room 680, Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1400

HAND DELIVERY

Re: Docket No. 20190164-EI; Rule 25-6.0141, F.A.C., Allowance for Funds Used During Construction; Rule 25-6.033, F.A.C., Tariffs; Rule 25-6.036, F.A.C., Inspection of Plant; and Rule 25-6.037, F.A.C., Extent of System Which Utility Shall Operate and Maintain.

Dear Mr. Plante:

Enclosed are the following materials concerning the above referenced proposed rules:

1. A copy of the proposed rules.
2. There are no materials incorporated by reference in the proposed rules.
3. A copy of the F.A.R. notice.
4. A statement of facts and circumstances justifying the proposed rules.
5. A federal standards statement.
6. Statement of Estimated Regulatory Costs for the rules.

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2019 NOV -8 PM 1:29

COMMISSION
CLERK

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2019 NOV -8 AM 11:37
JOINT ADMINISTRATIVE
PROCEDURES COMMITTEE

Mr. Kenneth J. Plante
November 8, 2019
Page 2

If there are any questions with respect to these rules, please do not hesitate to call me at 413-6195

Sincerely,

A handwritten signature in black ink that reads "Andrew King". The signature is written in a cursive style with a large, sweeping "K" and a long, horizontal tail stroke.

Andrew King
Senior Attorney

Enclosures

cc: Office of Commission Clerk

1 **25-6.0141 Allowance for Funds Used During Construction.**

2 (1) Construction work in progress (CWIP) or nuclear fuel in process (NFIP) not under a
3 lease agreement that is not included in rate base may accrue allowance for funds used during
4 construction (AFUDC), under the following conditions:

5 (a) Eligible projects. The following projects may be included in CWIP or NFIP and accrue
6 AFUDC:

7 1. Projects that involve gross additions to plant in excess of 0.5 percent of the sum of the
8 total balance in Account 101, Electric 101~~—Electric Plant in Service~~, and Account 106,
9 Completed Construction not Classified, at the time the project commences and

10 a. Are expected to be completed in excess of one year after commencement of
11 construction, or

12 b. Were originally expected to be completed in one year or less and are suspended for six
13 months or more, or are not ready for service after one year.

14 (b) Ineligible projects. The following projects may be included in CWIP or NFIP, but may
15 not accrue AFUDC:

16 1. Projects, or portions thereof, that do not exceed the level of CWIP or NFIP included in
17 rate base in the utility's last rate case.

18 2. Projects where gross additions to plant are less than 0.5 percent of the sum of the total
19 balance in Account 101, Electric 101~~—Electric Plant in Service~~, and Account 106, Completed
20 ~~106—Completed Construction not Classified~~, at the time the project commences.

21 3. Projects expected to be completed in less than one year after commencement of
22 construction.

23 4. Property that has been classified as Property Held for Future Use.

24 (c) Unless otherwise authorized by the Commission, the following projects may not be
25 included in CWIP or NFIP, nor accrue AFUDC:

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions
from existing law.

- 1 1. Projects that are reimbursable by another party.
- 2 2. Projects that have been cancelled.
- 3 3. Purchases of assets which are ready for service when acquired.
- 4 4. Portions of projects providing service during the construction period.
- 5 (d) Other conditions. Accrual of AFUDC is subject to the following conditions:
 - 6 1. Accrual of AFUDC is not to be reversed when a project originally expected to be
7 completed in excess of one year is completed in one year or less;
 - 8 2. AFUDC may not be accrued retroactively if a project expected to be completed in one
9 year or less is subsequently suspended for six months, or is not ready for service after one
10 year;
 - 11 3. When a project is completed and ready for service, it shall be immediately transferred to
12 the appropriate plant account(s) or Account 106, Completed Construction Not Classified, and
13 may no longer accrue AFUDC;
 - 14 4. Where a work order covers the construction of more than one property unit, the AFUDC
15 accrual must ~~shall~~ cease on the costs related to each unit when that unit reaches an in-service
16 status;
 - 17 5. When the construction activities for an ongoing project are expected to be suspended for
18 a period exceeding six (~~6~~) months, the utility must ~~shall~~ notify the Commission of the
19 suspension and the reason(s) for the suspension, and must ~~shall~~ submit a proposed accounting
20 treatment for the suspended project; and
 - 21 6. When the construction activities for a suspended project are resumed, the previously
22 accumulated costs of the project may not accrue AFUDC if such costs have been included in
23 rate base for ratemaking purposes. However, the accrual of AFUDC may be resumed when the
24 previously accumulated costs are no longer included in rate base for ratemaking purposes.

25 (e) Subaccounts. Account 107, Construction Work in Progress, and Account 120.1,

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1 Nuclear Fuel in Process of Refinement, Conversion, Enrichment and Fabrication, must shall
2 be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC
3 from the cost of construction projects that are ineligible for AFUDC.

4 (f) Prior to the commencement of construction on a project, a utility may file a petition to
5 seek approval to include an individual project in rate base that would otherwise qualify for
6 AFUDC treatment per paragraph (1)(a).

7 (g) On a prospective basis, the Commission, upon its own motion, may determine that the
8 potential impact on rates may require the exclusion of an amount of CWIP from a utility's rate
9 base that does not qualify for AFUDC treatment per paragraph (1)(a) and to allow the utility to
10 accrue AFUDC on that excluded amount.

11 (2) The applicable AFUDC rate will shall be determined as follows:

12 (a) The most recent 13-month average embedded cost of capital, except as noted below,
13 must shall be derived using all sources of capital and adjusted using adjustments consistent
14 with those used by the Commission in the utility's last rate case.

15 (b) The cost rates for the components in the capital structure will shall be the midpoint of
16 the last allowed return on common equity, the most recent 13-month average cost of short
17 term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax
18 credits. The cost of long term debt and preferred stock will shall be based on end of period
19 cost. The annual percentage rate must shall be calculated to two decimal places.

20 (3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to
21 six decimal places, must shall be employed to insure that the annual AFUDC charged does not
22 exceed authorized levels.

23 (a) The formula used to discount the annual AFUDC rate to reflect monthly compounding
24 is as follows:

25
$$M = [(1 + A/100)^{1/12} - 1] \times 100$$

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from existing law.

1 | Where:

2 | M = discounted monthly AFUDC rate

3 | A = annual AFUDC rate

4 | (b) The monthly AFUDC rate, carried out to six decimal places, must ~~shall~~ be applied to
5 | the average monthly balance of eligible CWIP and NFIP that is not included in rate base.

6 | (4) The following schedules must ~~shall~~ be filed with each petition for a change in AFUDC
7 | rate:

8 | (a) Schedule A. A schedule showing the capital structure, cost rates and weighted average
9 | cost of capital that are the basis for the AFUDC rate in subsection (2).

10 | (b) Schedule B. A schedule showing capital structure adjustments including the unadjusted
11 | capital structure, reconciling adjustments and adjusted capital structure that are the basis for
12 | the AFUDC rate in subsection (2).

13 | (c) Schedule C. A schedule showing the calculation of the monthly AFUDC rate using the
14 | methodology set out in this rule.

15 | (5) No utility may charge or change its AFUDC rate without prior Commission approval.
16 | The new AFUDC rate will ~~shall~~ be effective the month following the end of the 12-month
17 | period used to establish that rate and may not be retroactively applied to a previous fiscal year
18 | unless authorized by the Commission.

19 | (6) Each utility charging AFUDC must ~~shall~~ include in its December Earnings
20 | Surveillance Reports to the Commission Schedules A and B identified in subsection (4) of this
21 | rule, as well as disclosure of the AFUDC rate it is currently charging.

22 | (7) The Commission may, on its own motion, initiate a proceeding to revise a utility's
23 | AFUDC rate.

24 | (8) Each utility must ~~shall~~ include in its Forecasted Surveillance Report a schedule of
25 | individual projects that commence during that forecasted period and are estimated to have

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from existing law.

1 ~~equal or exceed~~ a gross cost in excess of 0.5 percent of the sum of the total balance in Account
2 101, Electric Plant in Service, and Account 106, Completed Construction not Classified of
3 \$10,000,000. The schedule must ~~shall~~ include the following minimum information:

- 4 (a) Description of the project.
- 5 (b) Estimated total cost of the project.
- 6 (c) Estimated construction commencement date.
- 7 (d) Estimated in-service date.

8 ~~(9) The provisions of this rule are effective January 1, 1996 and shall be implemented by~~
9 ~~all electric utilities no later than January 1, 1999, or the utility's next rate proceeding,~~
10 ~~whichever occurs first.~~

11 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a), (f)*
12 *366.06(1), (2), 366.08 FS. History—New 8-11-86, Formerly 25-6.141, Amended 11-13-86, 12-*
13 *7-87, 1-7-97, _____.*

1 **25-6.033 Tariffs.**

2 (1) ~~A~~ each utility may adopt such ~~additional non-discriminatory~~ rules and regulations
3 governing its relations with customers in addition to those required by Commission rules, as
4 ~~are necessary and which are not inconsistent with these rules or orders of the Commission.~~ But
5 any sSuch rules or and regulations must be consistent with Commission rules and must be
6 filed with shall constitute an integral part of the utility's tariffs and shall be filed with them.

7 ~~(2) Each utility shall file with the Commission tariffs containing schedules for all rates~~
8 ~~and charges and copies of all rules and regulations governing the relation of customer and~~
9 ~~utility.~~

10 ~~(a) Each utility shall include in its tariffs without limiting them to the following~~
11 ~~provisions:~~

12 (2) All tariff filings must conform to Chapter 25-9, Florida Administrative Code, and must
13 include the following provisions:

14 ~~(a)1.~~ Definitions of ~~elasses of customers~~ classes.

15 ~~(b)2.~~ Rules ~~with which~~ prospective customers must comply with as a condition of
16 receiving service, and the terms of any required contracts ~~required~~.

17 ~~(c)3.~~ Rules for establishing governing the establishment of credit by customers for
18 payment of service bills.

19 ~~(d)4.~~ Rules governing deposits and interest on deposits.

20 ~~(e)5.~~ Rules governing the procedure for followed in disconnecting and reconnecting
21 service.

22 ~~(f)6.~~ Rules governing a customer's request to discontinue service. Notice by customer
23 required for having service discontinued.

24 ~~(g)7.~~ Rules governing temporary, emergency, auxiliary or stand-by service.

25 ~~(h)8.~~ Rules covering billing periods.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions
from existing law.

1 ~~(i)9.~~ Rules covering a customer's construction requirements.

2 ~~(j)10.~~ Rules covering a special type of construction commonly requested by customers that
3 ~~which the utility allows to be connected and terms upon which such construction will be~~
4 ~~permitted.~~ This applies, for example, to a case where a customer desires underground service
5 in overhead territory.

6 ~~(k)11.~~ Rules covering any ~~such~~ portion of service ~~which~~ the utility furnished, owns, and
7 maintains.

8 ~~(l)12.~~ Rules covering inspection of customer-owned facilities by proper authorities before
9 service is rendered.

10 ~~(3) All tariff filings shall be in the manner and form as prescribed by the Commission~~
11 ~~under separate Order entitled "Rules and Regulations Governing the Construction and Filing~~
12 ~~of Tariffs by Public Utilities."~~

13 ~~(3) (4)~~ No rules and regulations, ~~or~~ schedules of rates or charges, or modification or
14 revisions of the same, will ~~shall~~ be effective until ~~filed with and~~ approved by the Commission
15 ~~as provided by Law.~~

16 ~~(5) A copy of the rules contained herein, as promulgated and adopted by the Commission,~~
17 ~~also a copy of the rate schedules and rules and regulations of the utility as filed with the~~
18 ~~Commission, shall be kept on file in the local commercial offices of the utility for inspection~~
19 ~~by its customers. A customer shall, upon request, be furnished a copy of the rate schedule~~
20 ~~applicable to his service.~~

21 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.05(1), 366.06*
22 *FS. History—New 7-29-69, Formerly 25-6.33, Amended_____*

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25-6.036 Inspection of Plant.

~~Each utility shall adopt a program of inspection of its electric plant in order to determine the necessity for replacement and repair. The frequency of the various inspection shall be based on the utility's experience and accepted good practice. Each utility shall keep sufficient records to give evidence of compliance with its inspection program.~~

Rulemaking Authority 366.05(1) FS. Law Implemented 366.04(2)(c), (5), 366.05(1), 366.055, 366.08 FS. History—New 7-29-69, Formerly 25-6.36, Repealed.

1 **25-6.037 Extent of Facilities and Equipment That a System Which Utility Must Shall**
2 **Inspect, Operate, and Maintain.**

3 (1) Each utility ~~must, unless specifically relieved in any case by the Commission from~~
4 ~~such obligations, shall~~ operate and maintain in safe, efficient, and proper condition, pursuant
5 to Rules 25-6.034, 25-6.0341, 25-6.0345, and 25-6.040, F.A.C. the standards referenced
6 ~~herein~~, all of the facilities and equipment used in connection with the production,
7 transmission, distribution, regulation, and delivery of electricity to any customer up to the
8 point of delivery. The utility is also responsible for the ~~safe, efficient~~ measurement of
9 electrical consumption consistent with test procedures and accuracies prescribed by the
10 Commission.

11 (2) Each utility must adopt a program governing the inspection of its electric facilities and
12 equipment in order to determine the necessity for replacement and repair. Each utility must
13 keep records to establish compliance with its inspection program.

14 *Rulemaking Authority 350.127(2), 366.04(6), 366.05(1) FS. Law Implemented 366.03,*
15 *366.04(1), (2)(c), (f), (5), (6), 366.05(1), (3) FS. History—New 7-29-69, Amended 4-13-80,*
16 _____, *Formerly 25-6.37*

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Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NOS: RULE TITLES:

25-6.0141 Allowance for Funds Used During Construction

25-6.033 Tariffs

25-6.036 Inspection of Plant

25-6.037 Extent of System Which Utility Shall Operate and Maintain

PURPOSE AND EFFECT: To update the rules to delete outdated language, delete requirements that are duplicated in other Commission rules, add clarity and specificity to the standards used by the Commission to calculate information, and to modify a reporting threshold.

Docket No. 20190164-EI

SUMMARY: Rule 25-6.0141, F.A.C.: The Commission proposes removing a triggering provision that already passed. It also proposes changing the threshold for reporting projects on a utility's Forecasted Surveillance Report. Rule 25-6.033, F.A.C.: The Commission proposes removing an unnecessary reference to an old Commission order as well as language that was duplicative of another rule. Rule 25-6.036, F.A.C.: The Commission proposes repealing this rule and moving certain parts of it into Rule 25-6.037, F.A.C.. Rule 25-6.037, F.A.C.: The Commission proposes clarifying vague language in this rule and adding language brought over from Rule 25-6.036, F.A.C. The Commission has updated the wording in all the rules to clarify the rules.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION: The agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency. The SERC examined the factors required by Section 120.541(2), FS, and concluded that the rule amendments will not have an adverse impact on economic growth, business competitiveness, or small business and that there would likely be transactional cost savings to the individual and entities, including government entities, required to comply with the rule.

The agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based on the information contained in the SERC.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 350.127(2), 366.04(6), 366.05(1) FS.

LAW IMPLEMENTED: 350.115, 366.03, 366.04(1), (2)(a), (c), (f), (4), (5), (6), 366.05(1), (3), (7), 366.055, 366.06(1), (2), 366.08 FS.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Andrew King, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6195, aking@psc.state.fl.us

THE FULL TEXT OF THE PROPOSED RULE IS: [TYPE AND STRIKE VERSION]

25-6.0141 Allowance for Funds Used During Construction.

(1) Construction work in progress (CWIP) or nuclear fuel in process (NFIP) not under a lease agreement that is not included in rate base may accrue allowance for funds used during construction (AFUDC), under the following conditions:

(a) No change:

1. Projects that involve gross additions to plant in excess of 0.5 percent of the sum of the total balance

in Account 101, Electric ~~101—Electric Plant in Service~~, and Account 106, Completed Construction not Classified, at the time the project commences and

a. through (b)1. No change.

2. Projects where gross additions to plant are less than 0.5 percent of the sum of the total balance in Account 101, Electric ~~101—Electric Plant in Service~~, and Account 106, Completed ~~106—Completed Construction not Classified~~, at the time the project commences.

3. through (d)3. No change.

4. Where a work order covers the construction of more than one property unit, the AFUDC accrual must shall cease on the costs related to each unit when that unit reaches an in-service status;

5. When the construction activities for an ongoing project are expected to be suspended for a period exceeding six (6) months, the utility must shall notify the Commission of the suspension and the reason(s) for the suspension, and must shall submit a proposed accounting treatment for the suspended project; and

6. No change.

(e) Subaccounts. Account 107, Construction Work in Progress, and Account 120.1, Nuclear Fuel in Process of Refinement, Conversion, Enrichment and Fabrication, must shall be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC from the cost of construction projects that are ineligible for AFUDC.

(f) through (g) No change.

(2) The applicable AFUDC rate will shall be determined as follows:

(a) The most recent 13-month average embedded cost of capital, except as noted below, must shall be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.

(b) The cost rates for the components in the capital structure will shall be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. The cost of long term debt and preferred stock will shall be based on end of period cost. The annual percentage rate must shall be calculated to two decimal places.

(3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to six decimal places, must shall be employed to insure that the annual AFUDC charged does not exceed authorized levels.

(a) No change.

(b) The monthly AFUDC rate, carried out to six decimal places, must shall be applied to the average monthly balance of eligible CWIP and NFIP that is not included in rate base.

(4) The following schedules must shall be filed with each petition for a change in AFUDC rate:

(a) through (c) No change.

(5) No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate will shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

(6) Each utility charging AFUDC must shall include in its December Earnings Surveillance Reports to the Commission Schedules A and B identified in subsection (4) of this rule, as well as disclosure of the AFUDC rate it is currently charging.

(7) No change.

(8) Each utility must shall include in its Forecasted Surveillance Report a schedule of individual projects that commence during that forecasted period and are estimated to have equal or exceed a gross cost in excess of 0.5 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified of \$10,000,000. The schedule must shall include the following minimum information:

(a) through (d)

(9) ~~The provisions of this rule are effective January 1, 1996 and shall be implemented by all electric utilities no later than January 1, 1999, or the utility's next rate proceeding, whichever occurs first.~~

Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a), (f) 366.06(1), (2), 366.08 FS. History—New 8-11-86, Formerly 25-6.141, Amended 11-13-86, 12-7-87, 1-7-97, _____.

25-6.033 Tariffs.

(1) ~~A~~ each utility may adopt ~~such additional non-discriminatory~~ rules and regulations governing its relations with customers ~~in addition to those required by Commission rules, as are necessary and which are not inconsistent with these rules or orders of the Commission.~~ But any sSuch rules or and regulations must be consistent with Commission rules and must be filed with shall constitute an integral part of the utility's tariffs and shall be filed with them.

(2) ~~Each utility shall file with the Commission tariffs containing schedules for all rates and charges and copies of all rules and regulations governing the relation of customer and utility.~~

(a) ~~Each utility shall include in its tariffs without limiting them to the following provisions:~~

(2) All tariff filings must conform to Chapter 25-9, Florida Administrative Code, and must include the following provisions:

(a) ~~1.~~ Definitions of ~~classes of customers~~ classes.

(b) ~~2.~~ Rules ~~with which~~ prospective customers must comply with as a condition of receiving service, and the terms of any required contracts required.

(c) ~~3.~~ Rules for establishing governing the establishment of credit by customers for payment of service bills.

(d) ~~4.~~ Rules governing deposits and interest on deposits.

(e) ~~5.~~ Rules governing the procedure for followed in disconnecting and reconnecting service.

(f) ~~6.~~ Rules governing a customer's request to discontinue service. Notice by customer required for having service discontinued.

(g) ~~7.~~ Rules governing temporary, emergency, auxiliary or stand-by service.

(h) ~~8.~~ Rules covering billing periods.

(i) ~~9.~~ Rules covering a customer's construction requirements.

(j) ~~10.~~ Rules covering a special type of construction commonly requested by customers ~~that which~~ the utility allows to be connected and terms upon which such construction will be permitted. This applies, for example, to a case where a customer desires underground service in overhead territory.

(k) ~~11.~~ Rules covering any such portion of service which the utility furnished, owns, and maintains.

(l) ~~12.~~ Rules covering inspection of customer-owned facilities by proper authorities before service is rendered.

(3) ~~All tariff filings shall be in the manner and form as prescribed by the Commission under separate Order entitled "Rules and Regulations Governing the Construction and Filing of Tariffs by Public Utilities."~~

(3) (4) No rules and regulations, or schedules of rates or charges, or modification or revisions of the same, will shall be effective until filed with and approved by the Commission as provided by Law.

(5) ~~A copy of the rules contained herein, as promulgated and adopted by the Commission, also a copy of the rate schedules and rules and regulations of the utility as filed with the Commission, shall be kept on file in the local commercial offices of the utility for inspection by its customers. A customer shall, upon request, be furnished a copy of the rate schedule applicable to his service.~~

Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.05(1), 366.06 FS. History—New 7-29-69, Formerly 25-6.33, Amended _____.

25-6.036 Inspection of Plant.

Rulemaking Authority 366.05(1) FS. Law Implemented 366.04(2)(c), (5), 366.05(1), 366.055, 366.08 FS. History—New 7-29-69, Formerly 25-6.36, Repealed _____.

25-6.037 Extent of Facilities and Equipment That a System Which Utility Must Shall Inspect, Operate, and Maintain.

(1) Each utility must, unless specifically relieved in any case by the Commission from such

~~obligations, shall~~ operate and maintain in safe, efficient, and proper condition, pursuant to Rules 25-6.034, 25-6.0341, 25-6.0345, and 25-6.040, F.A.C. ~~the standards referenced herein~~, all of the facilities and equipment used in connection with the production, transmission, distribution, regulation, and delivery of electricity to any customer up to the point of delivery. The utility is also responsible for the ~~safe, efficient~~ measurement of electrical consumption consistent with test procedures and accuracies prescribed by the Commission.

(2) Each utility must adopt a program governing the inspection of its electric facilities and equipment in order to determine the necessity for replacement and repair. Each utility must keep records to establish compliance with its inspection program.

Rulemaking Authority 350.127(2), 366.04(6), 366.05(1) FS. Law Implemented 366.03, 366.04(1), (2)(c), (f), (5), (6), 366.05(1), (3) FS. History—New 7-29-69, Amended 4-13-80, _____, Formerly 25-6.37.

NAME OF PERSON ORIGINATING PROPOSED RULE: Kathryn Cowdery

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: November 5, 2019

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 45, Number 84, April 30, 2019.

Rules 25-6.0141, 25-6.033, 25-
6.036, and 25-6.037, F.A.C.
Docket No. 20190164-EI

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

The Commission is proposing amendments to Rules 25-6.0141, 25-6.033, and 25-6.037, F.A.C., to address comments made by JAPC, to update the rules to delete outdated language, to delete requirements that are duplicated in other Commission rules, to add clarity and specificity to the standards used by the Commission to calculate information, and to modify a reporting threshold. The Commission is proposing the repeal of Rule 25-6.036, F.A.C., because it is no longer necessary. The relevant parts of the rules are being moved into Rule 25-6.037, F.A.C.

STATEMENT ON FEDERAL STANDARDS

There are no federal standards for these rules.

State of Florida



Public Service Commission

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

-M-E-M-O-R-A-N-D-U-M-

DATE: July 25, 2019

TO: Andrew King, Senior Attorney, Office of the General Counsel

FROM: Sevini K. Guffey, Public Utility Analyst II, Division of Economics *S.K.G.*

RE: **Statement of Estimated Regulatory Costs** for Proposed Adoption of Rule 25-6.0141, Florida Administrative Code (F.A.C.) Allowance for Funds Used During Construction, Rule 25-6.033, F.A.C. Tariffs, Rule 25-6.036, F.A.C. Inspection of Plant, and Rule 25-6.037, F.A.C. Extent of Facilities and Equipment that a Utility Must Inspect, Operate, and Maintain.

Commission staff is recommending several revisions to Rule 25-6.0141, Florida Administrative Code (F.A.C.) Allowance for Funds Used During Construction, Rule 25-6.033, F.A.C. Tariffs, Rule 25-6.036, F.A.C. Inspection of Plant, and Rule 25-6.037, F.A.C. Extent of Facilities and Equipment that a Utility Must Inspect, Operate, and Maintain. The proposed revisions are discussed in the staff recommendation.

The attached Statement of Estimated Regulatory Costs (SERC) addresses the economic impacts and considerations required pursuant to Section 120.541, Florida Statutes (F.S.). The SERC analysis indicates that the proposed rule amendments will not likely increase regulatory costs, including any transactional costs or have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. The proposed rule amendment would have no impact on small businesses, would have no implementation cost on the Commission or other state and local government entities, and would have no impact on small cities or counties.

No rule development workshop was held regarding these rule revisions. No regulatory alternatives were submitted pursuant to Section 120.541(1)(g), F.S. The SERC concludes that none of the impacts/cost criteria established in Sections 120.541(2)(a), (c), (d), and (e) F.S. will be exceeded as a result of the proposed rule revisions.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rules 25-6.0141, 25-6.033, 25-6.036, and 25-6.037, F.A.C.

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes

No

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes

No

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth

Yes No

Private-sector job creation or employment

Yes No

Private-sector investment

Yes No

(2) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets)

Yes No

Productivity

Yes No

Innovation

Yes No

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes

No

Economic Analysis:

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

Five investor-owned electric utilities are required to comply with these rules.

(2) A general description of the types of individuals likely to be affected by the rule.

Types of individuals affected by these rules are the five investor-owned electric utilities.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

None. To be done with the current workload and existing staff.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

None. The rule will only affect the Commission.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

None.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. "Transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule.
[120.541(2)(d), F.S.]

None. The rule will only affect the Commission.

Minimal. Provide a brief explanation. Change to Rule 25-6.0141, F.A.C. could affect the amount of time and money some utilities spend developing their Forecasted Surveillance Report. The change requires utilities to report individual projects that are expected to cost over 0.5% of the total balance in accounts 101 and 106. The current rule sets that threshold at \$10,000 for every utility.

Other. Provide an explanation for estimate and methodology used.

E. An analysis of the impact on small businesses, and small counties and small cities:
[120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.

No adverse impact on small business.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial

census.

- No impact on small cities or small counties.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful.
[120.541(2)(f), F.S.]

- None.

Additional Information:

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

- No regulatory alternatives were submitted.
- A regulatory alternative was received from
 - Adopted in its entirety.
 - Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.