

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendments to  
Rules 25-6.0426 and 25-7.042,  
F.A.C., Recovery of Economic  
Development Expenses.

DOCKET NO. 000418-PU  
ORDER NO. PSC-00-1318-NOR-PU  
ISSUED: July 20, 2000

The following Commissioners participated in the disposition of  
this matter:

J. TERRY DEASON, CHAIRMAN  
SUSAN F. CLARK  
E. LEON JACOBS, JR.  
LILA A. JABER

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service  
Commission, pursuant to Section 120.54, Florida Statutes, has  
initiated rulemaking to amend Rules 25-6.0426 and 25-7.042, Florida  
Administrative Code, relating to the recovery of economic  
development expenses.

The attached Notices of Rulemaking will appear in the July 28,  
2000, edition of the Florida Administrative Weekly.

If timely requested, a hearing will be held at a time and  
place to be announced in a future notice.

Written requests for hearing and written comments or  
suggestions on the rules must be received by the Director, Division  
of Records and Reporting, Florida Public Service Commission, 2540  
Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than August  
18, 2000.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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By ORDER of the Florida Public Service Commission, this 20th  
day of July, 2000.

BLANCA S. BAYÓ, Director  
Division of Records & Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

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NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 000418-PU

RULE TITLE:

RULE NO.:

Recovery of Economic Development Expenses

25-6.0426

PURPOSE AND EFFECT: To incorporate the criteria for determining a recoverable economic development expense originally established by the Department of Commerce (DOC), which were repealed by the Office of Tourism, Trade, and Economic Development after DOC was abolished.

SUMMARY: Rule 25-6.0426 addresses the recovery of economic development expenses for public electric utilities. The rule provides that electric utilities shall be allowed to recover prudently incurred economic development expenses that are consistent with the criteria in subsection (7) and that do not exceed the monetary limitations in subsection (3). The rule also requires economic development expenditures to be included in each utility's earnings surveillance report. In addition, the rule states the procedure for changing the level of recovery of economic development expenses. Investor-owned electric utilities are allowed to recover 95 percent of economic development expenses from their ratepayers. Shareholders pay the remaining five percent.

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SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No statement was prepared.

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

SPECIFIC AUTHORITY: 288.035(3), 350.127(2), FS.

LAW IMPLEMENTED: 288.035, FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

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

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-6.0426 Recovery of Economic Development Expenses.

(1) Pursuant to Section 288.035, Florida Statutes, the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitations contained in subsections ~~(3)(2)~~ and ~~(4)(3)~~, provided that such expenses are

prudently incurred and are consistent with the criteria established in subsection (7) by Rules ~~8E-15.001, 8E-15.002, and 8E-15.003, Florida Administrative Code.~~

(2) Definitions

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

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

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

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

(e) "Strategic plan" means a long-range guide for the economic development of a community or state that focuses on broad priority issues, is growth-oriented, is concerned with fundamental change, and is designed to develop and capitalize on new opportunities.

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

(3)(2) Prior to each utility's next rate change enumerated in subsection (6)(5), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of (a) the amount approved in each utility's last rate case escalated for customer growth since that time, or (b) 95 percent of the expenses incurred for the reporting period so long as such does not exceed the lesser of 0.15 percent of gross annual revenues or \$3 million.

(4)(3) At the time of each utility's next rate case and for subsequent rate proceedings enumerated in subsection (6)(5) the Commission will determine the level of sharing of prudent economic

development costs and the future treatment of these expenses for surveillance purposes.

~~(5)(4)~~ Each utility shall report its total economic development expenses as a separate line item on its income statement schedules filed with the earnings surveillance report required by Rule 25-6.1352, Florida Administrative Code. Each utility shall make a line item adjustment on its income statement schedule to remove the appropriate percentage of economic development expenses incurred for the reported period consistent with subsections ~~(3)(2)~~ and ~~(4)(3)~~.

~~(6)(5)~~ Requests for changes relating to recovery of economic development expenses shall be considered only in the context of a full revenue requirements rate case or in a limited scope proceeding for the individual utility.

(7) All financial support for economic development activities given by public utilities to state and local governments and organizations shall be pursuant to a prior written agreement. Recoverable economic development expenses shall be limited to the following:

(a) Expenditures for operational assistance, including:

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

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

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

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

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

6. Participating in downtown revitalization and rural community developmental programs;

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

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

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

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



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

(c) Expenditures of marketing and research services, including;

1. Assisting state and local governments and economic development organizations in marketing specific sites for business and industry development or recruitment;

2. Assisting state and local governments and economic development organizations in responding to inquiries from business and industry concerning the development of specific sites within the utility's service area;

3. Providing technical assistance, data, computer programming, and financial support to state and local governments in the design and maintenance of geographic information systems, computer networks, and other systems used in marketing and research activities;

4. Providing financial support to economic development organizations to assist with their research and marketing activities;

5. Sponsoring publications, conducting direct mail campaigns, and providing advertising support for state and local economic development efforts;

6. Participating in cooperative marketing efforts with economic development organizations;

7. Helping state and local businesses identify suppliers, markets, and sources of financial assistance;

8. Helping economic development organizations identify specific industries and companies for targeting and recruitment;

9. Working with economic development organizations to identify businesses in need of help for expansion, going out of business, or at risk of leaving the area;

10. Providing site and facility selection assistance, including lists of commercial or industrial sites, computer databases, toll-free telephone numbers, maps, photographs, videos, and other activities in cooperation with economic development organizations; and

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

Specific Authority: 288.035(3), 350.127(2) FS.

Law Implemented: 288.035 FS.

History--New 7-17-95, Amended 6-2-98, \_\_\_\_\_.

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NAME OF PERSON ORIGINATING PROPOSED RULE: Elisabeth Draper,  
Division of Economic Regulation.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:  
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: July 11, 2000.

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:  
Volume 26, Number 16, April 21, 2000.

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NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 000418-PU

RULE TITLE:

RULE NO.:

Recovery of Economic Development Expenses

25-7.042

PURPOSE AND EFFECT: To incorporate the criteria for determining a recoverable economic development expense originally established by the Department of Commerce (DOC), which were repealed by the Office of Tourism, Trade, and Economic Development after DOC was abolished.

SUMMARY: Rule 25-7.042 addresses the recovery of economic development expenses for public natural gas utilities. The rule provides that natural gas utilities shall be allowed to recover prudently incurred economic development expenses that are consistent with the criteria in subsection (7) and that do not exceed the monetary limitations in subsection (3). The rule also requires economic development expenditures to be included in each utility's earnings surveillance report. In addition, the rule states the procedure for changing the level of recovery of economic development expenses. Investor-owned natural gas utilities are allowed to recover 95 percent of economic development expenses from their ratepayers. Shareholders pay the remaining five percent.

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SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No statement was prepared.

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

SPECIFIC AUTHORITY: 288.035(3), 350.127(2), FS.

LAW IMPLEMENTED: 288.035, FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

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

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:  
Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-7.042 Recovery of Economic Development Expenses.

(1) Pursuant to Section 288.035, Florida Statutes, the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitations contained in subsections ~~(3)(2)~~ and ~~(4)(3)~~, provided that such expenses are

prudently incurred and are consistent with the criteria established in subsection (7) by ~~Rules 8E-15.001, 8E-15.002, and 8E-15.003,~~ Florida Administrative Code.

(2) Definitions

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

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

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

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

(e) Strategic plan" means a long-range guide for the economic development of a community or state that focuses on broad priority issues, is growth-oriented, is concerned with fundamental change, and is designed to develop and capitalize on new opportunities.

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

(3)(2) Prior to each utility's next rate change enumerated in subsection (6)(5), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of (a) the amount approved in each utility's last rate case escalated for customer growth since that time, or (b) 95 percent of the expenses incurred for the reporting period so long as such does not exceed the lesser of 0.15 percent of gross annual revenues or \$3 million.

(4)(3) At the time of each utility's next rate case and for subsequent rate proceedings enumerated in subsection (5) the Commission will determine the level of sharing of prudent economic

development costs and the future treatment of these expenses for surveillance purposes.

~~(5)(4)~~ Each utility shall report its total economic development expenses as a separate line item on its income statement schedules filed with the earnings surveillance report required by Rule 25-7.1352, Florida Administrative Code. Each utility shall make a line item adjustment on its income statement schedule to remove the appropriate percentage of economic development expenses incurred for the reported period consistent with subsections ~~(3)(2)~~ and ~~(4)(3)~~.

~~(6)(5)~~ Requests for changes relating to recovery of economic development expenses shall be considered only in the context of a full revenue requirements rate case or in a limited scope proceeding for the individual utility.

(7) All financial support for economic development activities given by public utilities to state and local governments and organizations shall be pursuant to a prior written agreement. Recoverable economic development expenses shall be limited to the following:

(a) Expenditures for operational assistance, including:

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



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

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

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

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

6. Participating in downtown revitalization and rural community developmental programs;

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

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

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

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

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

(c) Expenditures of marketing and research services, including:

1. Assisting state and local governments and economic development organizations in marketing specific sites for business and industry development or recruitment;

2. Assisting state and local governments and economic development organizations in responding to inquiries from business and industry concerning the development of specific sites within the utility's service area;

3. Providing technical assistance, data, computer programming, and financial support to state and local governments in the design and maintenance of geographic information systems, computer networks, and other systems used in marketing and research activities;

4. Providing financial support to economic development organizations to assist with their research and marketing activities;

5. Sponsoring publications, conducting direct mail campaigns, and providing advertising support for state and local economic development efforts;

6. Participating in cooperative marketing efforts with economic development organizations;

7. Helping state and local businesses identify suppliers, markets, and sources of financial assistance;

8. Helping economic development organizations identify specific industries and companies for targeting and recruitment;

9. Working with economic development organizations to identify businesses in need of help for expansion, going out of business, or at risk of leaving the area;

10. Providing site and facility selection assistance, including lists of commercial or industrial sites, computer databases, toll-free telephone numbers, maps, photographs, videos, and other activities in cooperation with economic development organizations; and

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

Specific Authority: 288.035(3), 350.127(2) FS.

Law Implemented: 288.035 FS.

History--New 7-17-95, Amended 6-2-98,\_\_\_\_\_.

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NAME OF PERSON ORIGINATING PROPOSED RULE: Shevie Brown, Division  
of Competitive Services.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:  
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: July 11, 2000.

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:  
Volume 26, Number 16, April 21, 2000.