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STATE OF FLORIDA



KEITH C. HETRICK
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(850) 413-6199

Public Service Commission

March 14, 2024

Alexandra Hansli, Director
Rules Ombudsman in
The Executive Office of the Governor
Reg.Reform@eog.myflorida.com

SENT VIA E-MAIL

Re: PSC Docket No. 20240022-WS; Rule 25-30.0371, F.A.C., Acquisition Adjustments

Dear Mrs. Hansli:

The Florida Public Service Commission proposed the above-listed rule at their regular agenda conference on March 5, 2024. The Commission has determined that this rule will affect small businesses. Accordingly, pursuant to Section 120.54(3)(b)2.b.(I), Florida Statutes, enclosed is a copy of the Florida Administrative Register (FAR) notice of the proposed rule, which was published in the March 13, 2024, edition of the FAR, and the notice of correction, published in the March 14, 2024, edition of the FAR. Also enclosed is a copy of the statement of estimated regulatory costs (SERC). The SERC concluded that the proposed rule amendments will not have an adverse effect on small business. Pursuant to your instructions, we have filled out and included a copy of the OFARR rulemaking notification form.

If there are any questions with respect to these rules, please contact me at (850) 413-6224 or dsunshin@psc.state.fl.us.

Sincerely,

/s/ Douglas D. Sunshine, B.C.S.
Douglas D. Sunshine, B.C.S.
Senior Attorney

Enclosures

cc: Office of the Commission Clerk

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NO.: RULE TITLE:

25-30.0371 Acquisition Adjustments

PURPOSE AND EFFECT: To amend the rule to update and clarify the rule to set forth the Commission's policy on acquisition adjustments and establish a process whereby a water or wastewater utility can petition for an acquisition adjustment for a non-viable or viable utility and what the Commission will consider when evaluating the utility's petition.

SUMMARY: The amendment substantially rewrites the current rule, providing: revised and new definitions; general filing instructions; factors considered in determining whether to grant an acquisition adjustment; what must be included in the contents of the petition; establishment of when amortization period begins; recognition of Commission's authority to review acquisition adjustment if customer benefits do not materialize or subsequently change; eliminates negative acquisition adjustment from being included in rate base; incorporated form; and establishment of notice requirements.

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), F.S., and concluded that the rule will not have an adverse impact on economic growth, business competitiveness, or small business and that transactional costs are anticipated to be minimal after implementation of the rule amendment.

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:

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), 367.121(1)(f) F.S.

LAW IMPLEMENTED: 367.071(5), 367.081(2)(a), (b) F.S.

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: Douglas Sunshine, dsunshin@psc.state.fl.us, Office of General Counsel, 2540 Shumard Oak Blvd, Tallahassee, FL 32399-0850, (850)413-6199.

THE FULL TEXT OF THE PROPOSED RULE IS:

Substantial rewording of Rule 25-30.0371 follows. See Florida Administrative Code for present text.

25-30.0371 Acquisition Adjustments.

(1) Definitions. For the purpose of this rule, the following definitions apply:

(a) "Acquisition adjustment" means the difference between the purchase price of utility system assets to an acquiring utility and the net book value of the acquired utility's assets.

(b) "Good cause" means a showing of financial hardship, unforeseen events, or other events outside the utility's control.

(c) "Positive acquisition adjustment" means the purchase price is greater than the net book value.

(d) "Negative acquisition adjustment" means the purchase price is less than the net book value.

(e) "Non-viable utility" means a utility that meets either of the following subparagraphs:

1. A utility that is currently unable or is projected to be unable to provide and maintain safe, adequate, and reliable service and facilities to its customers over the 5-year period following the date of acquisition due to:

a. Failure to comply with or a history of enforcement or compliance actions by federal, state, or local regulatory

agencies based on violations of primary or exceedance of secondary water quality standards or other health, safety, and environmental standards; and

b. Insufficient investment, repair, maintenance of assets or an inability to acquire and maintain adequate managerial, operational, financial, or technical capabilities to ensure safe and reliable service to its customers; or

2. A utility that is insolvent, i.e., unable to pay debts.

(f) "Viable utility" means all utilities that are not non-viable as defined in paragraph (1)(e) of this rule.

(2) Petition. A utility that acquires another utility may petition the Commission to establish an acquisition adjustment under either subsection (3) or subsection (4) of this rule to include some or all of a positive acquisition adjustment in the acquired utility's rate base. A utility may seek approval of a positive acquisition adjustment at the time the utility seeks approval to transfer the certificate of authorization or anytime within 3 years of the issuance date of the Commission order approving the transfer of the certificate of authorization. The utility may request an extension of the 3-year period, which must include a statement of good cause. The petition for a positive acquisition adjustment may be made as a separate filing or as part of a rate proceeding.

(3) Positive Acquisition Adjustments for Non-Viable Utility.

(a) A full or partial positive acquisition adjustment will be allowed if it is demonstrated that the acquired utility meets the definition of non-viable utility under paragraph (1)(e) of this rule; that the purchase was made as part of an arms-length transaction; and that customers from the acquired utility will benefit from the acquisition. In determining whether the acquired utility customers benefit, the Commission will consider the following factors:

1. Anticipated improvements in quality of service;

2. Anticipated improvements in compliance with water or wastewater regulatory requirements;

3. Anticipated impacts on the cost of providing service over the next 5 years from the date of acquisition;

4. Anticipated cost efficiencies, including any economies of scale;

5. Ability to attract capital at reasonable cost; and

6. The professional and experienced managerial, financial, technical, and operational resources of the acquiring utility.

(b) Contents of Petition. The acquiring utility must file the following information in its petition:

1. The amount of the acquisition adjustment requested;

2. The amortization period requested;

3. An explanation of how the acquisition was made as part of an arms-length transaction;

4. The contract of sale, including the estimated cost of the fees and transaction closing costs to be incurred by the acquiring utility;

5. A calculation of the net book value of the acquired utility including the composite remaining life of the assets purchased;

6. A statement as to whether the acquired utility is insolvent or unable to service its debt obligations;

7. A description of the acquiring utility's managerial, operational, financial, or technical capabilities to furnish and maintain safe and adequate service and facilities over the next 5 years from the date of acquisition;

8. Any notices of violation, consent decrees or other regulatory actions issued by a federal, state, regional, or local agency regarding the provision of the acquired utility's water or wastewater service over the past 5 years from the date of acquisition, including any notices of violation of primary or notices of exceedances of secondary water quality standards;

9. The acquired utility's annual capital investments and operations and maintenance expenses over the past 5 years from the date of acquisition, if existing;

10. Any planned infrastructure additions and maintenance by the acquiring utility to improve the acquired utility's quality of service or compliance with environmental regulations;

11. Any engineering studies or appraisals the acquiring utility procured pertaining to the purchase of the acquired utility;

12. The 5-year projected impact on the cost of providing service to the customers of the utility system being acquired, including the impact of any operation and maintenance cost savings and economies of scale expected to result from the acquisition transaction, the impact of the cost of any plant infrastructure additions, and the impact of the acquisition adjustment; and

13. An explanation as to how the acquiring utility has greater access to capital than the acquired utility, if

applicable.

(4) Positive Acquisition Adjustments for Viable Utility.

(a) A full or partial positive acquisition adjustment will be allowed if the acquiring utility demonstrates that the purchase was made as part of an arms-length transaction and the transaction incorporating the full or partial positive acquisition adjustment is projected to provide a positive cumulative present value of the revenue requirements (CPVRR) customer benefit over a 5-year period from the date of acquisition. If the CPVRR does not result in a positive customer benefit over the 5-year period, the Commission will consider the following factors in determining whether to allow a full or partial acquisition adjustment:

1. Anticipated improvements in quality of service and compliance with any regulatory requirements;
2. Anticipated rate reductions or rate stability over the next 5 years from the date of acquisition;
3. Anticipated cost savings;
4. Increased ability to attract capital at reasonable cost;
5. Lower overall cost of capital; and
6. Additional professional and experienced managerial, financial, technical, and operational resources.

(b) Contents of Petition. The acquiring utility must file the following information in its petition:

1. The amount of the acquisition adjustment requested;
2. The amortization period requested;
3. An explanation of how the acquisition was made as part of an arms-length transaction;
4. The contract of sale, including the estimated cost of fees and transaction closing costs to be incurred by the acquiring utility;
5. A calculation of the net book value of the acquired utility including the composite remaining life of the assets purchased;
6. A CPVRR in the form of a spreadsheet. Form PSC 1034 (3/24), entitled "Water and/or Wastewater Utilities Cumulative Present Value of the Revenue Requirements for Acquisition Adjustment Worksheet," which is incorporated by reference in this rule and is available at [hyperlink], is an example CPVRR that may be completed and included in the acquiring utility's petition to comply with this subparagraph. The form may also be obtained from the Commission's website, www.floridapsc.com;
7. An Excel spreadsheet with the data and information included in the CPVRR analysis with the spreadsheet formulas intact;
8. All supporting data and assumptions used in the CPVRR spreadsheet;
9. A description of any anticipated improvements or planned infrastructure additions and maintenance by the acquiring utility;
10. A description, including any supporting data, of any anticipated cost savings resulting from the acquisition;
11. The 5-year projected rate impact on the customers of the utility system being acquired, including the rate impact of any cost efficiencies and economies of scale expected to result from the acquisition transaction, the rate impact of the cost of any plant infrastructure additions, and the rate impact of the acquisition adjustment; and
12. Any engineering studies or appraisals the acquiring utility procured pertaining to the purchase of the acquired utility.

(5) Amortization Period for a Positive Acquisition Adjustment. The Commission will set the amortization period in the order approving the positive acquisition adjustment. Amortization of the acquisition adjustment will begin on the date of issuance of the order approving the positive acquisition adjustment or on the date the sale closes, whichever occurs last.

(6) Nothing herein removes the Commission's existing authority to review a positive acquisition adjustment if the Commission finds that customer benefits did not materialize or subsequently changed within 5 years of the date of the order approving the positive acquisition adjustment.

(7) Negative Acquisition Adjustment. A negative acquisition adjustment will not be included in rate base.

(8) Notice. At the time the petition is filed with the Commission, the acquiring utility must provide a draft notice for review by Commission staff. Commission staff will review the draft notice within 7 days. Once staff has approved the notice, the acquiring utility must provide notice by regular mail to the Office of Public Counsel and by regular mail or personal service to each customer and owner of property located within the service area for both the acquiring utility and the utility being acquired, to the extent the utilities' customers are within the Commission's

jurisdiction. The notice required by this rule may be combined with the notice of Application for Authority to Transfer issued pursuant to Rule 25-30.030, F.A.C., or for existing customers, the notice may be included in their next bill. The notice must contain:

(a) Title: Notice of Utility's Petition to Establish an Acquisition Adjustment;

(b) A statement that the utility has filed a petition with the Commission to establish an acquisition adjustment for either a viable or a non-viable utility system;

(c) The date the petition was filed with the Commission;

(d) The docket number associated with the petition;

(e) A statement of the 5-year projected rate impact or the anticipated effect of the requested acquisition adjustment on rates for the next five years;

(f) A statement that the utility's petition is available on the Commission's website;

(g) The acquiring utility's address, telephone number, and business hours; and

(h) A statement that any customer substantially affected by the petition may file a motion to intervene in accordance with Rule 28-106.205, F.A.C.

Rulemaking Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 367.071(5), 367.081(2)(a), 367.121(1)(a), (b) FS. History—New 8-4-02, Amended 11-22-10,_____

NAME OF PERSON ORIGINATING PROPOSED RULE: Mark Cicchetti

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

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: March 5, 2024

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Vol. 49, No. 61, March 29, 2023

Notice of Change/Withdrawal

PUBLIC SERVICE COMMISSION
RULE NO.: RULE TITLE:
25-30.0371 Acquisition Adjustments

NOTICE OF CORRECTION

Notice is hereby given that the following correction has been made to the proposed rule in Vol. 50 No. 51, March 13, 2024 issue of the Florida Administrative Register.

Docket No. 20240022-WS

The change is because information was inadvertently excluded from the notice. The SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION section of the Notice of Proposed Rule is corrected to include the information inadvertently excluded as follows:

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 upon the information contained in the SERC.

Office of Fiscal Accountability and Regulatory Reform (OFARR)

Rulemaking Notification Form

(Executive Order 11-211 and Directive dated November 11, 2019, require agencies submit all rulemaking notices to OFARR at least seven days prior to submission to the Florida Administrative Register or FAR for publication)

To: **OFARR Director**

Submitted By: **Name, Title:**
Agency, Board:
Phone Number:

Rulemaking Notification for:

Rule Number(s):

Rule Summary:

Summary of proposed changes:

- The FAR notice will include more than one rule.
- The FAR notice will include new rules.
- The FAR notice will include amendments to existing rules.

Date: Date request sent to OFARR: Date of anticipated publication:

Does this rule qualify for Rules Ombudsman review in accordance with section 120.54(3)(b), F.S.? Yes No

Please complete this Rulemaking Notification Form (RNF) when submitting rulemaking to OFARR pursuant to Executive Order 11-211 and Directive dated November 11, 2019. If any information or documentation is incomplete or missing the rule packet will be returned without review. OFARR will indicate what information is needed. The revised rule packet in its entirety must be resubmitted.

1. Proposed Rulemaking Activity:

- Notice of Rule Development – Attach the proposed Notice. If no rule text is available, provide clear and succinct explanatory detail as to why this rulemaking is necessary.
- Notice of Proposed Rule – Attach the proposed Notice, SERC Checklist, and SERC (if required), all forms and materials incorporated by reference required by the rule in an appropriate format.

Rulemaking Notification Form

- Notice of Emergency Rule – Attach the proposed Notice. Explain fully why emergency rulemaking is appropriate.
- Notice of Change – Attach the proposed Notice. Explain fully why a change is required per Florida Statutes, section 120.54(3)(d)1. and include all correspondence from the Joint Administrative Procedures Committee (JAPC) or the public. If no document(s) exist, provide a summary of any comments the agency has received from public hearings or workshops held.
- Notice of Withdrawal – Attach the proposed Notice. Explain fully why it is necessary to withdraw the rulemaking. Include any JAPC correspondence.
- Other – Attach the proposed Notice. Include detailed information about the rulemaking.

2. Is this rulemaking included in the agency's Annual Regulatory Plan?

Yes No

3a. Do any of the amendments or new rules:

Increase Fees? Yes No N/A

If yes, list each rule and the amount of the fee increase(s).

Increase Regulation? Yes No N/A
(i.e., Additional Licensure, Continuing Education Requirements, etc.)

If yes, list each rule that will increase regulation.

3b. For each new rule, the following information is required: N/A

Rule Number:

Rule Title:

Statute Authorizing Rulemaking:

Statutory language authorizing rulemaking authority:

Statute Mandating Rulemaking:

Statutory language requiring rulemaking:

New rule is due to a Legislative change occurring within the past 24 months: Yes No

Provide chapter law and effective date:

Rulemaking Notification Form

List each new rule separately.

Use Addendum 3b. to list additional new rules if there will be more than one new rule in the FAR notice.

4. Has the agency received comment(s) either from the public or JAPC regarding rulemaking since the last rulemaking notification?

Yes No

If yes, please summarize the comment(s) including the agency response(s) and attach any applicable documentation.

For Notice of Proposed Rules Only

5. Describe the public need for the proposed rule(s)/amendment(s) by providing clear and succinct explanatory detail of how the proposed rule will address that need.

This rule amendment is necessary to update and clarify the rule to set forth the Commission's policy on acquisition adjustments and establish a process whereby a water or wastewater utility can petition for an acquisition adjustment for a non-viable or viable utility and what the Commission will consider when evaluating the utility's petition.

6. Has the agency received, been made aware of, contemplated, or reviewed any lower cost regulatory alternatives (LCRA)?

Yes No

Describe in detail the agency response to the LCRA.

7. Summarize qualitative and quantitative *benefits* of the proposed rule(s)/amendment(s). Benefits may include but are not limited to: productivity, efficiency, employment and accessibility, enhancement of health and safety, and protection of the environment.

See attached SERC.

Rulemaking Notification Form

8. Summarize qualitative and quantitative *costs* of the proposed rule(s)/amendment(s). Costs may include but are not limited to: cost to government in administering the regulation, costs to businesses and professionals in complying with the regulation, adverse effects on the economy, private markets, health, safety and the environment.

See attached SERC.

9. Does the proposed rule(s) include a sunset provision (not to exceed five years)?

Yes No

If no, please provide clear and succinct explanatory detail, including **specific statutory authority with sub-sections**, setting forth why the proposed rule is mandatory and not discretionary.

The proposed rule implements important utility ratemaking statutes, sets forth Commission policy, and does not require a sunset provision.

Rulemaking Notification Form

This addendum should be used in conjunction with the Rulemaking Notification Form to list additional new rules that will be part of the same FAR notice. Use as many addendums as necessary to list all new rules.

Addendum 3b

For each new rule, the following information is required:

**Rule
Number:**

Rule Title:

Statute Authorizing Rulemaking:

Statutory language authorizing rulemaking authority:

Statute Mandating Rulemaking:

Statutory language requiring rulemaking:

**New rule is due to a Legislative
change occurring within the past
24 months: Yes No**

Provide chapter law and effective date

List each new rule separately.



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: February 9, 2024

TO: Douglas Sunshine, Senior Attorney, Office of the General Counsel

FROM: Corey Hampson, Economic Supervisor, Division of Economics

RE: Docket No. 20240022-WS: Proposed amendment of Rule 25-30.0371, F.A.C., Acquisition Adjustments.

Statement of Estimated Regulatory Costs

Rule 25-30.0371, Florida Administrative Code (F.A.C.), Acquisition Adjustments, applies to water and wastewater utilities and sets forth the Commission's policy on acquisition adjustments. The Florida Public Service Commission staff has initiated rulemaking to amend Rule 25-30.0371, F.A.C., to update and clarify the rule. Based upon stakeholder responses and comments received at and from the workshops, Commission staff is recommending amendments to Rule 25-30.0371, F.A.C.

A staff workshop was held on February 1, 2023, to examine the Commission's regulatory policies and practices in the water and wastewater industries in Florida, which included the topic of acquisition adjustments. Participating in the workshop were the Office of Public Counsel (OPC) and representatives from the National Association of Water Companies (NAWC), U.S. Water Services Corporation (U.S. Water), Sunshine Water Services (SWS), Central States Water Resources-Florida (CSWR), Southwest Water Company, Florida Utility Services, Florida Community Water Systems, Ni Florida, Inc., and the Florida Rural Water Association (FRWA). Post-workshop and reply comments were submitted by OPC, SWS, and CSWR.

Staff held a rule development workshop on April 13, 2023. Participating in the workshop were representatives from OPC, CSWS, U.S. Water, and SWS. OPC, CSWR, SWS, and FRWA submitted post-workshop comments. Staff held a second rule development workshop on September 25, 2023. Participating in the workshop were representatives from OPC, CSWS, U.S. Water, and SWS. OPC and CSWR submitted post-workshop comments.

On January 18, 2024, staff issued a Statement of Estimated Regulatory Costs (SERC) data request to the water and wastewater utilities of Florida. Sunshine Water Services, First Coast Regional Utilities, and Ni Florida, Inc., provided written responses. First Coast Regional Utilities submitted a letter stating that they do not serve any customers yet. The purpose of the request was to assess and consider the fiscal impacts of the proposed rule. The responses have been evaluated during the preparation of this SERC. The attached SERC addresses the economic impacts and considerations required pursuant to Section 120.541, F.S.

The SERC analysis indicates that the recommended amendment to Rule 25-30.0371, F.A.C., 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 recommended rule amendment would not potentially have adverse impacts on small businesses, would have no implementation cost to the Commission or other state and local government entities, and would have no impact on small cities or counties.

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
Chapter 25-30.0371, 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: In response to staff's data request, Sunshine Water Services stated that it may require analysis by a licensed engineer and further review by additional external legal counsel in order to comply with staff's revisions to Subsection (3)(b)10 F.A.C., and (4)(b)8 through 12 F.A.C. While Sunshine Water Services stated that it may require a licensed engineer and external legal counsel, the utility did not quantify the incremental costs as they depend on several factors related to the acquisition. Ni Florida did not identify any additional incremental costs, other than for legal review and filing, to comply with staff's revisions to Subsections (3)(b) F.A.C., and (4)(b) F.A.C. Ni Florida did not quantify its incremental costs for legal review and filing.

Furthermore, Sunshine Water Services estimated that complying with the noticing requirements proposed in Subsection (8) F.A.C., would cost \$9,000 to provide noticing in combination of the notice of Application for Authority to Transfer and \$30,000 as a separate notice. NI Florida stated that it estimates no incremental costs for combined noticing. For separate noticing, Ni Florida estimated that the costs could be minimal or commensurate with market rates, depending on the size of the notice and number of recipients.

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.

143 investor-owned water and/or wastewater systems.

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

All water and wastewater utilities regulated by the Commission. Utilities which come under the jurisdiction of the Commission in the future also would be required to comply. It is not anticipated that all utilities will petition the Commission for a positive acquisition adjustment; however, the number of potential petitions is difficult to estimate.

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. All responding utilities stated that transactional costs are anticipated to be minimal and would not exceed \$1 million in the aggregate within five years after implementation of the rule.
- 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.