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STATE OF FLORIDA



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Public Service Commission

April 25, 2024

Ms. Alexandra Leijon
Florida Department of State
Administrative Code and Register Section
Room 701, The Capitol
Tallahassee, FL 32399-0250

VIA EMAIL
RuleAdoptions@DOS.MyFlorida.com

Re: Rule Certification Packet for Rule 25-30.0372, F.A.C.

Dear Ms. Leijon:

Enclosed for filing is a complete rule certification packet for Rule 25-30.0372, F.A.C. consisting of:

- (1) One copy of the coded text of the rule in Word version;
- (2) One copy of the e-mail approval confirmation with the certification form required by Rule 1-1.013, F.A.C., for the materials incorporated by reference that were filed electronically.
- (3) One copy of the signed rule certification form;
- (4) One copy of the signed designation of minor violation rule certification form required by Rule 1-1.010, F.A.C.;
- (5) One copy of the coded text of the rule, including the legal citations and history notes;
- (6) One copy of the summary of the rule;
- (7) One copy of the detailed written statement of the facts and circumstances justifying the rule; and
- (8) One copy of the summary of the hearings held on the rule.

Ms. Alexandra Leijon

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April 25, 2024

Please let me know if you have any questions. I am the contact person for this rule. My contact information is: Susan Sapoznikoff, Florida Public Service Commission, Office of General Counsel, 2540 Shumard Oak Boulevard., Tallahassee, FL 32399-0850, (850) 413-6630; Susan.Sapoznikoff@psc.state.fl.us.

Sincerely,

/s/ Susan Sapoznikoff

Susan Sapoznikoff
Senior Attorney

Enclosures

cc: Office of the Commission Clerk (Docket No. 20230123-WS)

From: FL-Rules@dos.state.fl.us
Sent: Wednesday, April 10, 2024 9:51 AM
To: Janet Cayson
Cc: FLRules
Subject: 25-30.0372 Reference Material for Rule Adoption Approved

Dear JCayson:

The reference material for rule adoption you submitted has been approved by the Administrative Code and Register Staff.

The approved material is available in the [Review/Modify Agency Reference Material](#) list (Agency Main Menu page).

Rule Number: 25-30.0372

Reference Number: Ref-16589; Reference Name: PSC-1035 Water and/or Wastewater Cumulative Present Value of the Revenue Requirement of Alternate Rate Base Worksheet

Click [here](#) to log in.

Administrative Code and Register Staff
Florida Department of State

CERTIFICATION OF FLORIDA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE RULES FILED WITH THE DEPARTMENT OF STATE

I hereby certify:

(1) That all statutory rulemaking requirements of Chapter 120, F.S., and all rulemaking requirements of the Department of State have been complied with; and

(2) That there is no administrative determination under Section 120.56(2), F.S., pending on any rule covered by this certification; and

(3) All rules covered by this certification are filed within the prescribed time limitations of Section 120.54(3)(e), F.S. They are filed not less than 28 days after the notice required by Section 120.54(3)(a), F.S.; and

(a) Are filed not more than 90 days after the notice; or

(b) Are filed more than 90 days after the notice, but not more than 60 days after the administrative law judge files the final order with the clerk or until 60 days after subsequent judicial review is complete; or

(c) Are filed more than 90 days after the notice, but not less than 21 days nor more than 45 days from the date of publication of the notice of change; or

(d) Are filed more than 90 days after the notice, but not less than 14 nor more than 45 days after the adjournment of the final public hearing on the rule; or

(e) Are filed more than 90 days after the notice, but within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

(f) Are filed more than 90 days after the notice, but within 21 days after the date the transcript was received by this agency; or

(g) Are filed not more than 90 days after the notice, not including days the adoption of the rule was postponed following notification from the Joint Administrative Procedures Committee that an objection to the rule was being considered; or

(h) Are filed more than 90 days after the notice, but within 21 days after a good faith written proposal for a lower cost regulatory alternative to a proposed rule is submitted which substantially accomplishes the objectives of the law being implemented; or

(i) Are filed more than 90 days after the notice, but within 21 days after a regulatory alternative is offered by the ombudsman in the Executive Office of the Governor.

The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of State.

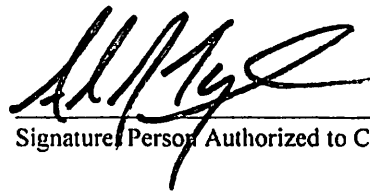
Rule No.

25-30.0372, F.A.C.	
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Under the provision of Section 120.54(3)(e)6., F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective Date: _____

(month) (day) (year)



Signature/ Person Authorized to Certify Rules

Commission Clerk

Title

4
Number of Pages Certified

CERTIFICATION OF MATERIALS INCORPORATED

BY REFERENCE IN RULES FILED WITH THE DEPARTMENT OF STATE

I hereby certify pursuant to Rule 1-1.013, Florida Administrative Code, that materials incorporated by reference in Rule 25-30.0372, F.A.C., have been:

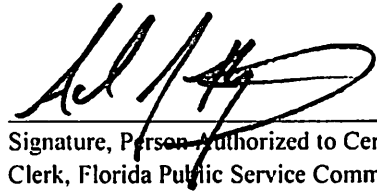
(1) Filed through the Department of State's e-rulemaking website at www.flrules.org.

(2) That because there would be a violation of federal copyright laws if the submitting agency filed the incorporated materials as described in option (1) above, a true and complete copy of the incorporated materials has been provided to the Department of State as outlined in paragraph 1-1.013(5)(c), F.A.C. Copies of the incorporated materials below may be obtained at the agency by [include address(es)/location(s)]

List form number and form title, or title of document below:

PSC 1035 (03/24) Water and/or Wastewater Cumulative Present Value of the the Revenue Requirements for Alternate Rate Base Value Worksheet

Under the provisions of Section 120.54(3)(e)6., F.S., the attached material take effect 20 days from the date filed with the Department of State, or a later date as specified in the rule.



A handwritten signature in black ink, appearing to be 'A. J. [unclear]', written over a horizontal line.

Signature, Person Authorized to Certify Rules
Clerk, Florida Public Service Commission

**DESIGNATION OF RULES THE VIOLATION OF WHICH IS A MINOR VIOLATION
CERTIFICATION**

Pursuant to Section 120.695(2)(c)3, Florida Statutes, I certify as agency head, as defined by section 20.05(1)(b), Florida Statutes, that:

All rules covered by this certification are not rules the violation of which would be a minor violation pursuant to Section 120.695, F.S.

The following parts of the rule covered by this certification have been designated as a rule the violation of which would be a minor violation pursuant to Section 120.695, F.S.:

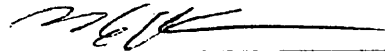
Rule Nos.

25-30.0372, F.A.C

Rules covered by this certification:

Rule Nos.

25-30.0372, F.A.C.



Signature of Agency Head

Mike La Rosa

Name of Agency Head

Chairman, Florida Public Service Commission
Title

25-30.0372 Alternative Procedure for Establishing Rate Base Value of Acquired Utility System.

(1) Definition. For the purposes of this rule, "Licensed Appraiser," as referenced in Section 367.0811(4)(a), F.S., means a person who meets all the following criteria:

(a) Has certification as an Accredited Senior Appraiser by the American Society of Appraisers (ASA), designation as a Certified Valuation Analyst by the National Association of Certified Valuators and Analysts (NACVA), designation as a Certified Business Appraiser by the Institute of Business Appraisers (IBA), or designation as Accredited in Business Valuation by the American Institute of Certified Public Accountants (AICPA), and

(b) Is in good standing with the ASA, NACVA, IBA, or AICPA.

(2) Appraisals.

(a) Each appraisal must assess the value of the utility system being acquired according to its intended use.

(b) The Executive Director of the Florida Public Service Commission or their designee will randomly choose the three licensed appraisers from the list of licensed appraisers referenced in paragraph (2)(d) of this rule using computationally-generated random numbers.

(c) The licensed engineer who performs the engineering assessment required by Section 367.0811(4)(b), F.S., may not also serve as a licensed appraiser on the same acquisition transaction.

(d) The list of licensed appraisers required by Section 367.0811(4)(a), F.S., can be found at www.floridapsc.com/appraiserlist or obtained from the Office of the Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(e) A licensed appraiser will be included on the Commission's list of approved licensed appraisers by submitting all of the following to appraiserlist@psc.state.fl.us or the Office of the Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850:

1. The licensed appraiser's name, mailing address, telephone number, and email address;

2. The name of any company with which the licensed appraiser is employed or associated; and

3. Proof of the information required by subsection (1) above.

(f) It is the responsibility of the licensed appraiser to ensure that correct and updated information remains on file with the Commission. The licensed appraiser must submit updated information to appraiserlist@psc.state.fl.us within 30 days of any change of information. If the Commission determines that a person no longer meets the

requirements to be a licensed appraiser on the Commission's list, that person will be removed from the list. Upon request and upon providing proof that the requirements listed in subsection (1) above are met, a person will be added back to the list.

(g) The licensed appraiser can be removed from the list by submitting a request for removal in writing to appraiserlist@psc.state.fl.us.

(3) Petition. Section 367.0811(5), F.S., sets forth the filing requirements a petition to establish the rate base value must contain.

(a) The petition may be filed concurrent with the application to transfer the certificate(s) of authorization, but must be filed no later than 6 months after the issuance of the final order approving the transfer of the certificate(s) of authorization or the closing date of the sale. Commission staff will review the petition and within 30 days of receipt of the petition will notify the acquiring utility whether the petition is complete or identify the information required by Section 367.0811(5), F.S., which is missing from the petition. If an amended petition is filed, Commission staff will review the amended petition and within 30 days of receipt of the amended petition will notify the acquiring utility whether the amended petition is complete or identify the information required by Section 367.0811(5), F.S., which is missing from the amended petition. This process will continue until Commission staff determines the petition satisfies the requirements of Section 367.0811(5), F.S. The date a petition is complete under Section 367.0811(6), F.S., is the date that all documents required by Section 367.0811(6), F.S. have been filed.

(b) If the assessment of tangible assets required by Section 367.0811(4)(b), F.S., identifies deficiencies, the 3-year plan required by Section 367.0811(5)(d), F.S., must include the following, if existing, regarding the system being acquired:

1. A copy of the most recent DEP and/or county health department sanitary survey, compliance inspection report, primary and secondary standards drinking water report; and

2. A copy of all correspondence with the DEP, county health department, and water management district, including consent orders and warning letters, and the utility's responses to the same, for the past five years.

(c) Form PSC 1035 (03/24), entitled "Water and/or Wastewater Cumulative Present Value of the Revenue Requirements for Alternate Rate Base Worksheet" (CPVRR), which is incorporated by reference in this rule and may be obtained from <http://www.flrules.org/Gateway/reference.asp?No=Ref-16589>, must be included in the petition to show the 5-year projected rate impact required by Section 367.0811(5)(e), F.S. The form can also be

found at www.floridapsc.com, or obtained from the Office of the Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(d) The 5-year rate impact required by Section 367.0811(5)(e), F.S., must also include the following for each year for residential and general service customers, and the CPVRR must support the projections for the following:

1. Base facility charge.
2. Gallonage charge, and
3. Billing determinants.

(e) The information filed under Section 367.0811(5)(e), F.S., must include the acquiring utility's proposed journal entries anticipated to result from the acquisition, including tax entries and account numbers in conformance with the 1996 NARUC Uniform System of Accounts, which is incorporated by reference in Rule 25-30.115, F.A.C.

(f) For purposes of determining whether the petition must include a rate stabilization plan under Section 367.0811(5)(h), F.S., "significant individual increase in rates" means a rate increase during any twelve consecutive months of the 5-year projected rate impact period that is in excess of 15 percent over the current rates of the utility system being acquired.

(4) General filing instruction. Prepared direct testimony and exhibits for each witness testifying on behalf of the acquiring utility must be filed at the time the petition is filed.

(5) 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 Rate Base Value Using Alternative Procedure;

(b) A statement that the utility has filed a petition with the Commission to establish rate base value of acquired utility system using the alternative procedure set forth in Section 367.0811, F.S.;

(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 rate base 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 367.0811(11), FS. Law Implemented 367.0811, FS., History–New

SUMMARY OF THE RULE

Rule 25-30.0372, F.A.C., is a new rule to implement section 367.0811, Florida Statutes, which was enacted in 2023 and created an alternative process to the cost method contained in Section 367.081, F.S., for certain, qualifying water and/or wastewater utilities to establish a rate base value when acquiring a water and/or wastewater utility system. The rule contains general filing instructions and notice requirements.

WRITTEN STATEMENT OF THE FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

Rule 25-30.0372, F.A.C., and the form incorporated by reference, are new and are needed to implement section 367.0811, Florida Statutes. The rule clarifies ambiguous terms in the statute and sets forth the procedures for handling the petition to establish the alternative rate base value before the Commission. The rule also contains general filing instructions and notice requirements to provide due process and assist in the efficient implementation of the statute.

SUMMARY OF ANY HEARINGS HELD ON THE RULE

No timely request for a hearing was received by the agency and no hearing was held.

Susan Sapoznikoff

From: RuleAdoptions <RuleAdoptions@Dos.myflorida.com>
Sent: Thursday, April 25, 2024 9:37 AM
To: Susan Sapoznikoff
Cc: Caroline Dike; Hargreaves, Matthew J.; Joint Administrative Procedures Committee
Subject: RE: Adoption Packet for Rule 25-30.0372, F.A.C.; Alternative Procedure for Establishing Rate Base Value of Acquired Utility System
Attachments: 25-30.0372.pdf

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good morning,

Attached is the filed adoption packet for Rule 25-30.0372, F.A.C.

Alexandra Leijon
Rules Coordinator
Administrative Code and Register
Office of the Secretary
Department of State
Room 701I The Capitol | Tallahassee, FL
P: (850)245-6270
Alexandra.Leijon@DOS.FL.gov

From: Susan Sapoznikoff <SSapozni@psc.state.fl.us>
Sent: Thursday, April 25, 2024 8:25 AM
To: RuleAdoptions <RuleAdoptions@Dos.myflorida.com>
Cc: Caroline Dike <CDike@psc.state.fl.us>
Subject: Adoption Packet for Rule 25-30.0372, F.A.C.; Alternative Procedure for Establishing Rate Base Value of Acquired Utility System

EMAIL RECEIVED FROM EXTERNAL SOURCE

The attachments/links in this message have been scanned by Proofpoint.

Good morning:

I have attached the rule certification packet for Rule 25-30.0372, F.A.C.; Alternative Procedure for Establishing Rate Base Value of Acquired Utility System, with the PDF attachment of the entire packet, along with the Word version of the coded text of the rule. I await your email confirming receipt.


With best regards,

Suzie

Susan Sapoznikoff
Senior Attorney
Appeals, Rules & Ethics Section
Office of the General Counsel
Florida Public Service Commission
(850)-413-6630
Susan.Sapoznikoff@psc.state.fl.us



PLEASE NOTE: Florida has a very broad public records law. Most written communications to or from state officials regarding state business are considered to be public records and will be made available to the public and the media upon request. Therefore, your e-mail message may be subject to public disclosure.

 *Please consider the environment before printing this e-mail*