

STATE OF FLORIDA

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DIVISION OF ECONOMICS
ELISABETH J. DRAPER
DIRECTOR
(850) 413-6410

Public Service Commission

January 23, 2024

Re: Docket No. 20230123-WS - Statement of Estimated Regulatory Costs (SERC) Data Request for Draft New Rule 25-30.0372, Florida Administrative Code (F.A.C.), Alternative Procedure for Establishing Rate Base Value of Acquired Utility Systems.

Dear Utility Owner:

The Florida Public Service Commission (PSC) staff has drafted a new Rule 25-30.0372, F.A.C., to implement Section 367.0811, F.S. The new Rule 25-30.0372, F.A.C., is applicable to water and wastewater utilities in Florida that qualify under the statute. To assess and consider the fiscal impacts and to prepare a SERC for the draft rule, PSC staff respectfully requests that you respond to the attached data request. If you own more than one utility, please provide a cumulative response taking into consideration the impact on all of your utilities. For ease of reference, staff has attached a copy of the draft Rule 25-30.0372, F.A.C., with this data request.

Please file all responses electronically no later than February 2, 2024, via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact Shannon Hudson at SHudson@psc.state.fl.us or at 850-413-7021 if you have any questions.

Thank you.

/s/Sevini Guffey

Sevini Guffey
Public Utility Analyst IV

cc: Office of Commission Clerk

Draft New Rule 25-30.0372, Florida Administrative Code (F.A.C.), Alternative Procedure for Establishing Rate Base Value of Acquired Utility Systems

Statement of Estimated Regulatory Costs (SERC) Data Request

During the 2023 legislative session, the Florida Legislature passed Section 367.0811, Florida Statutes (F.S.), which creates an alternative procedure to establish rate base value of an acquired water and/or wastewater utility system. Section 367.0811(8), F.S., specifies that this statute apply only to acquiring utilities that:

- Provide water service, wastewater service, or both, to more than 10,000 customers and are engaged in an arms-length acquisition of a water system, wastewater system, or both types of systems; or
- Are permitted to produce 3 million gallons a day of drinking water and are engaged in an arms-length acquisition of a water system, wastewater system, or both types of systems.

To implement the newly enacted Section 367.0811, F.S., the Florida Public Service Commission is proposing new Rule 25-30.0372, Florida Administrative Code (F.A.C.), Alternative Procedure for Establishing Rate Base Value of Acquired Utility Systems.

On November 14, 2023, staff held a noticed workshop and received post workshop comments from stakeholders. The original version of Rule 25-30.0372, F.A.C., presented at the November 14, 2023, workshop was modified by taking into consideration the workshop and post workshop comments received from the stakeholders. The current version of Rule 25-30.0372, F.A.C., is attached.

Considering the draft Rule 25-30.0372, F.A.C., attached to this data request and the applicability of Section 367.0811, F.S., stated above, please respond to the following questions.

1. To what extent do the definitions in draft Rule 25-30.0372 (1), F.A.C., affect costs to your utility? If the definitions affect cost, please explain and provide a cost estimate.
2. What is the estimated cost, if any, to comply with the requirements of Subsection (2) of the draft rule?
3. What is the estimated cost, if any, to your utility to obtain the documents listed in Subsection (3) of the draft rule?
4. What is the estimated cost to your utility to produce the CPVRR and accompanying information required by Subsections (3)(c) and (3)(d), of the rule?
5. Referring to the Subsection (5), Notice, please provide the anticipated costs to your utility to prepare and provide the notice. Please note that lines 7 through 8 of Subsection (5),

allow for the notice required by this rule to be combined with the notice of Application for Authority to Transfer issued pursuant to Rule 25-30.030, F.A.C. Therefore, any incremental costs could be impacted depending on whether your utility combines the notices required by Rules 25-30.030 and 25-30.0371, F.A.C, or does separate mailings. Please provide the incremental costs for both scenarios.

6. Would the provisions of draft Rule 25-30.0372, F.A.C., directly or indirectly result in new regulatory costs to your utility in excess of \$200,000 in the aggregate in Florida within 1 year after implementation of the rule?
7. Please state if the draft rule would lead to infrastructure improvements, result in any cost efficiencies/savings, improvements in service quality, and regulatory compliance to your utility and, if so, state the categories and estimated amounts of cost savings.

A “small business” is defined by Section 288.703(6), 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.

1. Considering the above stated definition of a “small business,” please state if your water and/or water and wastewater utility is a small business.
2. If yes, please state if the draft rule would have an adverse, minimal, or no financial impact on your utility.
3. Would the draft rule directly or indirectly result in incremental regulatory costs to your utility in excess of \$200,000 in the aggregate in Florida within 1 year after implementation of the rule?
4. Would the draft rule have an adverse incremental impact on economic growth, private-sector job creation or employment, and private-sector investment in excess of \$1 million in the aggregate within 5 years after implementation of the rule?
5. Would the draft rule have an adverse incremental impact on business competitiveness, productivity, and innovation in excess of \$1 million in the aggregate within 5 years after implementation of the rule?
6. Would the draft rule result in incremental regulatory costs, including any transactional costs (“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) to your utility, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? If yes, please explain.

A “small city” is defined by Section 120.52(18), F.S., as any municipality that has an unincorporated population of 10,000 or less according to the most recent decennial census. A “small county” is defined by Section 120.52(19), F.S., as any county that has an unincorporated population of 75,000 or less according to the most recent decennial census.

1. Considering the above definitions of a “small city” and “small county”, please state if your utility serves a small city or several small cities, or a small county/counties? Would the small city/cities/county/counties served by your utility have financial impacts or no impacts due to the draft rule?
2. Please provide any additional information, including any tasks not identified above, which would result in incremental costs or savings to you utility, due to the draft rule, which the Commission may determine useful. [Section 120.541(2)(f), F.S.]

1 **25-30.0372 Alternative Procedure for Establishing Rate Base Value of Acquired**

2 **Utility System.**

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

4 (a) “Licensed Appraiser,” as referenced in Section 367.0811(4)(a), F.S., means a person
5 who meets all the following criteria:

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

11 2. Is in good standing with the ASA, NACVA, IBA, or AICPA.

12 (b) “Price Index” means the most recent annual price increase or decrease index of major
13 categories of operating costs incurred by water and wastewater utilities established by the
14 Commission by order entered pursuant to Section 367.081(4)(a), F.S.

15 (2) Appraisals.

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

18 (b) The acquiring utility will choose one licensed appraiser, the utility being acquired will
19 choose one licensed appraiser, and the Executive Director of the Florida Public Service
20 Commission or their designee will randomly choose the third licensed appraiser. The process
21 the Commission will use to randomly select the third licensed appraiser is as follows:

22 1. The licensed appraiser will be selected from the list of licensed appraisers referenced in
23 paragraph (1)(d) of this rule by the Executive Director or their designee using a
24 computationally-generated random number.

25 2. If the licensed appraiser randomly selected has already been selected by the acquiring

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from existing law.

1 utility or the utility being acquired, the process will be repeated until a third licensed appraiser
2 is selected.

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

6 (d) The list of licensed appraisers required by Section 367.0811(4)(a), F.S., can be found at
7 www.floridapsc.com/appraiserlist or obtained from the Office of the Commission Clerk,
8 Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida
9 32399-0850.

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

- 14 1. The licensed appraiser's name, mailing address, telephone number, and email address;
15 2. The name of any company with which the licensed appraiser is employed or associated;
16 and
17 3. Proof of the information required by paragraph (1)(a) above.

18 (f) It is the responsibility of the licensed appraiser to ensure that correct and updated
19 information remains on file with the Commission. The licensed appraiser must submit updated
20 information to appraiserlist@psc.state.fl.us within 30 days of any change of information. If the
21 Commission determines that a person no longer meets the requirements to be a licensed
22 appraiser on the Commission's list, that person will be removed from the list. Upon request
23 and upon providing proof that the requirements listed in paragraph (1)(a) above are met, a
24 person will be added back to the list.

25 (g) The licensed appraiser can be removed from the list by submitting a request for

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1 removal in writing to appraiserlist@psc.state.fl.us.

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

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

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

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

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

25 (c) Form PSC XXX (XX/24), entitled "Water and/or Wastewater Cumulative Present

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1 Value of the Revenue Requirement for Alternate Rate Base Worksheet” (“CPVRR”), which is
2 incorporated by reference in this rule and may be obtained from [\[hyperlink\]](#), must be included
3 in the petition to show the 5-year projected rate impact required by Section 367.0811(5)(e),
4 F.S. The form can also be found at www.floridapsc.com, or obtained from the Office of the
5 Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard,
6 Tallahassee, Florida 32399-0850.

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

- 10 1. Base facility charge,
- 11 2. Gallonage charge, and
- 12 3. Billing determinants.

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

17 (f) For purposes of determining whether the petition must include a rate stabilization plan
18 under Section 367.0811(5)(h), F.S., “significant individual increase in rates” means a rate
19 increase during any twelve consecutive months of the 5-year projected rate impact period in
20 excess of price index over the current rates of the utility system being acquired. A copy of the
21 most recent Commission order establishing the price index can be obtained from the Public
22 Service Commission, Division of Accounting & Finance, 2540 Shumard Oak Boulevard,
23 Tallahassee, Florida 32399-0850.

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

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1 (5) Notice. At the time the petition is filed with the Commission, the acquiring utility must
2 provide a draft notice for review by Commission staff. Commission staff will review the draft
3 notice within 7 days. Once staff has approved the notice, the acquiring utility must provide
4 notice by regular mail to the Office of Public Counsel and by regular mail or personal service
5 to each customer and owner of property located within the service area for both the acquiring
6 utility and the utility being acquired, to the extent the utilities' customers are within the
7 Commission's jurisdiction. The notice required by this rule may be combined with the notice
8 of Application for Authority to Transfer issued pursuant to Rule 25-30.030, F.A.C. The notice
9 must contain:

10 (a) Title: Notice of Utility's Petition to Establish Rate Base Value Using Alternative
11 Procedure;

12 (b) A statement that the utility has filed a petition with the Commission to establish rate
13 base value of acquired utility system using the alternative procedure set forth in Section
14 367.0811, F.S.;

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

16 (d) The docket number associated with the petition;

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

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

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

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

23 *Rulemaking Authority 367.0811(11), FS. Law Implemented 367.0811, FS., History—*

24 *New*

25

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From: [Corey Hampson](#)
To: "sean.twomey@sunshinewater.com"
Subject: FW: Docket No. 20230123-WS: SERC Data Request for Draft Rule 25-30.0372, F.A.C.
Date: Wednesday, January 24, 2024 9:34:03 AM
Attachments: [25-30.0372 SERC DR Cover Letter.docx](#)
[! 24.01.18. Draft Rule 25-30.0372.docx](#)

Good Morning Mr. Twomey,

We originally sent the below email to Mr. Chris Snow, however we received an automatic response stating that Mr. Snow no longer works for Sunshine Water. Please see the below email regarding a statement of estimated regulatory cost data request for Draft Rule 25-30.0372, Florida Administrative Code. Please feel free to give me a call if you have any questions.

Thank you,

Corey Hampson, Economic Supervisor
Economics Division – Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
(850) 413-6676 Fax: (850) 413-6496
CHampson@psc.state.fl.us

From: Corey Hampson
Sent: Tuesday, January 23, 2024 4:52 PM
To: 'mfriedman@deanmead.com' <mfriedman@deanmead.com>; 'chris.snow@sunshinewater.com' <chris.snow@sunshinewater.com>; 'asilas@cswrgroup.com' <asilas@cswrgroup.com>; 'Tom Crabb' <tcrabb@radeylaw.com>; 'markcross@peopleswaterservice.com' <markcross@peopleswaterservice.com>; 'trendell@uswatercorp.net' <trendell@uswatercorp.net>; 'bbahr@swwc.com' <bbahr@swwc.com>; 'Keating, Beth' <BKeating@gunster.com>; 'jared.deason@amwater.com' <jared.deason@amwater.com>
Cc: Elisabeth Draper <EDraper@PSC.STATE.FL.US>; Shannon Hudson <SHudson@PSC.STATE.FL.US>; Susan Sapoznikoff <SSapozni@psc.state.fl.us>
Subject: Docket No. 20230123-WS: SERC Data Request for Draft Rule 25-30.0372, F.A.C.

Dear All:

Re: Docket No. 20230123-WS: Statement of Estimated Regulatory Costs (SERC) Data Request for Draft Rule 25-30.0372, F.A.C.

Attached is staff's SERC data request for the subject rule. Please file your responses by February 2, 2024 via the Commission's E-Filing web form in Docket No. 20230123-WS. You may contact myself or Shannon Hudson at SHudson@psc.state.fl.us or at 850-413-7021 if you have any questions.

Thank you,

Corey Hampson, Economic Supervisor
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