

NOTICE OF PROPOSED RULE DEVELOPMENT

FLORIDA PUBLIC SERVICE COMMISSION

UNDOCKETED

RULE TITLE: Rate Base Established

RULE NO.: 25430.0371

at Time of Transfer

PURPOSE AND EFFECT: To codify Commission policy on approval of acquisition adjustments.

SUBJECT AREA TO BE ADDRESSED: Adjustments to rate base of water and wastewater utilities on transfer of ownership.

SPECIFIC AUTHORITY: 367.121

LAW IMPLEMENTED: 367.071(5), 367.081(2)

IF REQUESTED IN WRITING, A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., December 2, 1999

PLACE: Room 182, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida 32399-0850

THE WORKSHOP REQUEST MUST BE SUBMITTED IN WRITING WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO CHRISTIANA T. MOORE, DIVISION OF APPEALS, 2540 SHUMARD OAK BOULEVARD, TALLAHASSEE, FL 32399-0850.

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to

the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: John Mann,

- ADA _____
- APP _____
- CAF _____
- COM _____
- CTR _____
- EAC _____
- LEG _____
- MAS _____
- OPC _____
- PAI _____
- SEC _____
- WAW _____
- OTH _____

DOCUMENT NUMBER-DATE

~~10165~~ NOV-38

FPSC-RECORDS/REPORTING

Division of Policy Analysis, Florida Public Service Commission,
2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, 1-850-413-6976

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

25-30.0371 Rate Base Established at Time of Transfer.

(1) For the purpose of this rule and Rule 25-30.037, rate base is defined as the net book value of the utility assets being acquired. Net book value is the sum of Utility Plant in Service net of Accumulated Depreciation, Construction Work in Progress, Contributions in Aid of Construction, Advances for Construction, and Accumulated Amortization of Contributions in Aid of Construction.

(2) The Commission will not approve an acquisition adjustment to rate base, whether positive or negative, unless the party seeking an adjustment demonstrates that extraordinary circumstances exist.

(3) In determining whether extraordinary circumstances have been demonstrated, the Commission will consider such factors as:

(a) The acquiring company's ability to adequately manage, serve customers, comply with regulations, and finance capital improvements;

(b) Whether the inclusion of an acquisition adjustment will adversely impact customers;

(c) Whether the customers of the acquired company will benefit from the stabilization of rates; improved compliance with regulatory mandates; provision of improved service; construction of necessary expansion or upgrade of facilities; realization of cost efficiencies; or the benefits achieved through economies of scale.

(d) Whether the service territories of the acquired and acquiring companies are adjacent.

(e) Whether the transaction is an arms length transaction.

(f) Whether the acquired assets will continue to be used in the provision of water or wastewater service.

Specific Authority: 367.121, F.S.

Law Implemented: 367.071(5), 367.081(2), F.S.

History--New.