

STATE OF FLORIDA

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



DIVISION OF APPEALS
DAVID SMITH
DIRECTOR
(850) 413-6245

Public Service Commission

July 21, 2000

Mr. Carroll Webb
Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, Florida 32399-1300

Re: PSC Docket No. 000418-PU - Proposed Amendments to Rules
25-6.0426 and 25-7.042, F.A.C., Recovery of Economic
Development Expenses

Dear Mr. Webb:

Enclosed is an original copy of the following materials
concerning the above referenced proposed rules:

1. A copy of the rules.
2. A copy of the F.A.W. notices.
3. A statement of facts and circumstances justifying the
proposed rules.
4. A federal standards statement.
5. No statement of estimated regulatory costs was prepared.

If there are any questions with respect to these rules, please
do not hesitate to call on me.

Sincerely,

Mary Anne Helton
Associate General Counsel

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ADM0426.MAH
Enclosures
cc: Division of Records & Reporting

DOCUMENT NUMBER - DATE
08891 JUL 21 8
FPSC-RECORDS/REPORTING

1 25-6.0426 Recovery of Economic Development Expenses.

2 (1) Pursuant to Section 288.035, Florida Statutes, the
3 Commission shall allow a public utility to recover reasonable
4 economic development expenses subject to the limitations contained
5 in subsections ~~(3)(2)~~ and ~~(4)(3)~~, provided that such expenses are
6 prudently incurred and are consistent with the criteria established
7 in subsection (7) by Rules 8E-15.001, 8E-15.002, and 8E-15.003,
8 ~~Florida Administrative Code.~~

9 (2) Definitions

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

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

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

CODING: Words underlined are additions; words in ~~struck~~
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1 and its communities, or to promote the goods and services of
2 Florida companies.

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

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

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

16 ~~(3)(2)~~ Prior to each utility's next rate change enumerated
17 in subsection ~~(6)(5)~~, the amounts reported for surveillance reports
18 and earnings review calculations shall be limited to the greater of
19 (a) the amount approved in each utility's last rate case escalated
20 for customer growth since that time, or (b) 95 percent of the
21 expenses incurred for the reporting period so long as such does not
22 exceed the lesser of 0.15 percent of gross annual revenues or \$3
23 million.

24 ~~(4)(3)~~ At the time of each utility's next rate case and for
25 subsequent rate proceedings enumerated in subsection ~~(6)(5)~~ the

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1 Commission will determine the level of sharing of prudent economic
2 development costs and the future treatment of these expenses for
3 surveillance purposes.

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

12 ~~(6)(5)~~ Requests for changes relating to recovery of
13 economic development expenses shall be considered only in the
14 context of a full revenue requirements rate case or in a limited
15 scope proceeding for the individual utility.

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

- 21 (a) Expenditures for operational assistance, including:
22 1. Planning, attending, and participating in trade shows;
23 2. Planning, conducting, and participating in prospecting
24 missions designed to encourage the location in Florida of
25 domestic and foreign companies;

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- 1 3. Providing financial support to economic development
2 organizations to assist with their economic development
3 operations;
- 4 4. Providing financial support to economic development
5 programs or initiatives identified or developed by
6 Enterprise Florida, Inc.;
- 7 5. Participating in joint economic development efforts,
8 including public-private partnerships, consortia, and
9 multi-county regional initiatives;
- 10 6. Participating in downtown revitalization and rural
11 community developmental programs;
- 12 7. Supporting state and local efforts to promote small and
13 minority-owned business development efforts; and
- 14 8. Supporting state and local efforts to promote business
15 retention and expansion activities.

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

- 19 1. Making financial contributions to state and local
20 governments to assist strategic planning efforts; and
- 21 2. Providing technical assistance, data, computer
22 programming, and financial support to state and local
23 governments in the design and maintenance of information
24 systems used in strategic planning activities.

25 (c) Expenditures of marketing and research services,

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1 | including;

- 2 | 1. Assisting state and local governments and economic
3 | development organizations in marketing specific sites for
4 | business and industry development or recruitment;
- 5 | 2. Assisting state and local governments and economic
6 | development organizations in responding to inquiries from
7 | business and industry concerning the development of
8 | specific sites within the utility's service area;
- 9 | 3. Providing technical assistance, data, computer
10 | programming, and financial support to state and local
11 | governments in the design and maintenance of geographic
12 | information systems, computer networks, and other systems
13 | used in marketing and research activities;
- 14 | 4. Providing financial support to economic development
15 | organizations to assist with their research and marketing
16 | activities;
- 17 | 5. Sponsoring publications, conducting direct mail
18 | campaigns, and providing advertising support for state
19 | and local economic development efforts;
- 20 | 6. Participating in cooperative marketing efforts with
21 | economic development organizations;
- 22 | 7. Helping state and local businesses identify suppliers,
23 | markets, and sources of financial assistance;
- 24 | 8. Helping economic development organizations identify
25 | specific industries and companies for targeting and

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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) F.S.

Law Implemented: 288.035 F.S.

History--New 07-17-95, Amended 06-02-98,_____.

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1 25-7.042 Recovery of Economic Development Expenses.

2 (1) Pursuant to Section 288.035, Florida Statutes, the
3 Commission shall allow a public utility to recover reasonable
4 economic development expenses subject to the limitations contained
5 in subsections ~~(3)(2)~~ and ~~(4)(3)~~, provided that such expenses are
6 prudently incurred and are consistent with the criteria established
7 in subsection (7) by Rules 8E-15.001, 8E-15.002, and 8E-15.003,
8 ~~Florida Administrative Code.~~

9 (2) Definitions

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

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

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

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1 and its communities, or to promote the goods and services of
2 Florida companies.

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

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

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

16 (3)(2) Prior to each utility's next rate change enumerated
17 in subsection (6)(5), the amounts reported for surveillance reports
18 and earnings review calculations shall be limited to the greater of
19 (a) the amount approved in each utility's last rate case escalated
20 for customer growth since that time, or (b) 95 percent of the
21 expenses incurred for the reporting period so long as such does not
22 exceed the lesser of 0.15 percent of gross annual revenues or \$3
23 million.

24 (4)(3) At the time of each utility's next rate case and for
25 subsequent rate proceedings enumerated in subsection (5) the

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1 Commission will determine the level of sharing of prudent economic
2 development costs and the future treatment of these expenses for
3 surveillance purposes.

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

12 ~~(6)-(5)~~ Requests for changes relating to recovery of
13 economic development expenses shall be considered only in the
14 context of a full revenue requirements rate case or in a limited
15 scope proceeding for the individual utility.

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

- 21 (a) Expenditures for operational assistance, including:
22 1. Planning, attending, and participating in trade shows;
23 2. Planning, conducting, and participating in prospecting
24 missions designed to encourage the location in Florida of
25 domestic and foreign companies;

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

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

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

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

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

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

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

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

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

25 (c) Expenditures of marketing and research services,

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1 including;

- 2 1. Assisting state and local governments and economic
3 development organizations in marketing specific sites for
4 business and industry development or recruitment;
- 5 2. Assisting state and local governments and economic
6 development organizations in responding to inquiries from
7 business and industry concerning the development of
8 specific sites within the utility's service area;
- 9 3. Providing technical assistance, data, computer
10 programming, and financial support to state and local
11 governments in the design and maintenance of geographic
12 information systems, computer networks, and other systems
13 used in marketing and research activities;
- 14 4. Providing financial support to economic development
15 organizations to assist with their research and marketing
16 activities;
- 17 5. Sponsoring publications, conducting direct mail
18 campaigns, and providing advertising support for state
19 and local economic development efforts;
- 20 6. Participating in cooperative marketing efforts with
21 economic development organizations;
- 22 7. Helping state and local businesses identify suppliers,
23 markets, and sources of financial assistance;
- 24 8. Helping economic development organizations identify
25 specific industries and companies for targeting and

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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) F.S.

Law Implemented: 288.035 F.S.

History--New 07-17-95, Amended 06-02-98,_____.

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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.

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,_____.

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.

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.

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,_____.

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.

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

During the 1994 legislative session, the Florida Legislature enacted Section 288.035, Florida Statutes, which required the Commission to adopt "rules for the recovery of economic development expenses by public utilities" Section 288.035(3), Florida Statutes. The Legislature also required the Department of Commerce (DOC) to adopt criteria for determining what is a recoverable economic development expense. Section 288.035(1), Florida Statutes. The Commission and DOC adopted the required rules in 1995. DOC was abolished in 1996, and control of the criteria rules was passed to the Office of Tourism, Trade, and Economic Development (OTTED). However, since OTTED does not have rulemaking authority, Rules 8E-15.001, 8E-15.002, and 8E-15.003, Florida Administrative Code, which established the recovery criteria, were repealed.

The purpose of the proposed amendments is to incorporate the DOC criteria into the Commission's Economic Development rules. These criteria limit recovery to expenditures for operational assistance related to economic development by local and state governments and for assisting state and local governments in the design of strategic plans for economic development activities.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.