

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

DATE: January 10, 2013

TO: Office of Commission Clerk (Cole)

FROM: Office of the General Counsel (Cowdery)
Division of Accounting and Finance (Mouring)
Division of Economics (Higgins, McNulty)
Division of Engineering (Black, Moses)
Office of Industry Development and Market Analysis (Dowds)

Handwritten notes and signatures:
S.M.C.
WAM
V.B.
J.W.D.

RE: Docket No. 120068-GU – Petition to initiate rulemaking to amend Rule 25-12.045, F.A.C., by Florida Natural Gas Association.

AGENDA: 01/24/13 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\120068.RCM.DOC

Case Background

On March 30, 2012, the Florida Natural Gas Association (FNGA) filed a Petition to Initiate Rulemaking to amend Rule 25-12.045, Florida Administrative Code (F.A.C.), Inactive Gas Service Lines (Petition). Pursuant to Commission Order No. PSC-12-0253-NOR-GU, issued May 24, 2012 in this docket, the Commission granted the Petition and initiated rulemaking. Pursuant to notice issued in the Florida Administrative Weekly, a staff rule development workshop was held on July 19, 2012, at which FNGA made a presentation concerning its suggested rule amendments. Participants at the workshop included representatives from the Office of Public Counsel, Florida City Gas, Sebring Gas System, Peoples Gas, Energy

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FPSC-COMMISSION CLERK

Docket No. 120068-GU

Date: January 10, 2013

Services of Pensacola, Florida Public Utilities Company, Okaloosa Gas District, Clearwater Gas System, the City of Tallahassee, and the City of Leesburg. Following the workshop, staff, the Office of Public Counsel, and industry representatives worked together to prepare amendments to Rule 25-12.045, F.A.C., as shown in Attachment A to this recommendation.

This recommendation addresses whether the Commission should amend Rule 25-12.045, F.A.C. The Commission has jurisdiction pursuant to sections 120.54 and 368.05(2), Florida Statutes.

Discussion of Issues

Issue 1: Should Rule 25-12.045, F.A.C., Inactive Gas Service Lines, be amended?

Recommendation: Yes. Staff recommends that Rule 25-12.045, F.A.C., be amended as shown in Attachment A. (Cowdery, Moses, Black, Dowds, Mouring)

Staff Analysis: Rule 25-12.045, F.A.C., identifies the required actions that all investor-owned gas utilities, gas municipals, and gas districts in Florida must take regarding inactive gas service lines that have been used, but have become inactive without reuse. Rule 25-12.045(1), F.A.C., requires that if such lines have no prospect for reuse, they must be retired and physically abandoned within three months. If a service line has been inactive for two years, Rule 25-12.045(1)(b) requires an operator¹ to take one of the following three actions within six months if there is a prospect for reuse of the line: (1) Disconnect the service line from all sources of gas and abandon or remove; (2) Lock and plug a valve on the service line in the closed position to prevent the flow of gas; or (3) Remove the meter and plug the end of the service line to prevent the flow of gas. After five years of inactivity, service lines must be retired and physically abandoned within six months.² In order to physically abandon a service line, the rule requires the operator to disconnect the service line from all sources of gas at the nearest point to the gas main.

FNGA is a natural gas trade association representing investor-owned companies, special gas districts, municipal local distribution companies, gas transmission companies, gas marketing companies, and others affiliated with the natural gas industry in Florida. Each of FNGA's local distribution company members is subject to the regulatory jurisdiction of the Commission for gas safety, as prescribed by chapter 368, Part 1, F.S., including Rule 25-12.045, F.A.C.

FNGA's petition states that certain requirements in subsection (1) of Rule 25-12.045 have proven to be a significant economic and competitive barrier to restoring service to inactive service lines, while providing no cognizable safety protection beyond that already provided by federal regulations with which FNGA's member local distribution companies must comply. The current rule requirements existed prior to the implementation of Distribution Integrity Management Plans developed pursuant to 49 C.F.R. 192. FNGA alleges that current rule provisions are inconsistent with operators' written Distribution Integrity Management Plans required by 49 C.F.R. 192.1007. In general, FNGA proposed that Rule 25-12.045, F.A.C., be amended to be consistent with the relevant federal safety provisions, including those specific to abandoned or inactive lines. FNGA proposed additional amendments concerning monitoring and repair requirements for inactive lines; abandonment; point of abandonment; and retirement of abandoned facilities.

¹ Rule 25-12.004, F.A.C., states: "Except where a different meaning clearly appears from the context, the word "Utility" or "Operator" shall be every person, corporation, partnership, association, public agency, municipality, cooperative gas district or other legal entity and their lessees, trustees, or receivers, now or hereafter owning, operating, managing or controlling any gas transmission or distribution facility transporting gas as defined herein and not specifically exempt from state jurisdiction by the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 (PIPES Act), Pub. L. 109-468 (codified as amended at 49 U.S.C. §60101 (2006))."

² Section 25-12.045(1)(c), F.A.C.

The recommended amendments to Rule 25-12.045, F.A.C., are the result of coordinated efforts by staff, industry representatives, and the Office of Public Counsel to update the rule. The draft amendments to paragraph (1)(a) would require an operator to take immediate action to protect persons and property if it determines that an inactive service line is an existing or probable hazard to persons or property and shall retire and physically abandon said line within three months of that determination. The draft amendments to paragraph (1)(c) would require an annual risk assessment to be made for all service lines that have been inactive for more than one year, for such records to be maintained by the operator for at least ten years, and for potential threats with a high-risk ranking to be retired and physically abandoned within six months after completion of the annual risk assessment. The suggested amendments require the annual risk assessments to identify potential threats and to rank risks using the operator's Distribution Integrity Management Plan and to list the required elements in the plan to be used in identifying threats. The current rule does not require service lines to be risk-assessed, and only leak surveys are used to determine the safety of the abandoned lines that contain natural gas under pressure. Staff recommends that the Commission adopt the suggested amendments in order to heighten safety oversight in situations concerning existing or probable hazard to persons or property and assure that service lines are properly risk-assessed.

Staff also recommends that the Commission amend subparagraph (1) of the rule to require that after a service line has been inactive for a period of two years, if there is a prospect of reuse of the service line, the operator shall verify that the service line is permanently marked to identify the operator's name and phone number. Staff recommends that this change be made because if any problem arises, such as hitting the gas riser with a lawn mower resulting in a leak, information about who to contact would be immediately available. Marking a service line also raises the awareness that an active gas line exists, which may prevent an accident.

Staff recommends that a new subparagraph (1)(e) be added to provide that if a service line is constructed of bare steel, cast iron, or does not comply with current materials standards, it shall be retired and physically abandoned within six months after it has been inactive for a period of five years. Bare steel, cast iron, or other materials not complying with current materials standards have been installed for over 40 years, are subject to corrosion, and are more prone to leak than newer materials. The Commission has previously approved bare steel and cast iron replacement programs for several utilities. The Pipeline Hazardous Materials Safety Administration is also focused on replacement of these outdated materials. Although the focus of the replacement programs has been on mains and not service lines, staff believes that adding new subparagraph (1)(e) to the rule will provide for the complete replacement process. Customers ordering gas service involving these older materials should be assured the same level of safety as any other customer. For example, a person could buy a house that has not had gas service for over five years and has a bare steel service line. Under the current rule, the gas company would simply turn on the valve at the meter set, and the customer would be in service. There is no test to determine the level of corrosion that has taken place over time. It is staff's opinion that the customer ordering service should have a service line that meets the current materials standard. For these reasons, staff recommends that the Commission adopt this rule amendment.

Staff believes that with the recommended rule amendments which would require replacement of older materials in the interest of public safety, as described above, it is reasonable to allow service lines to remain inactive for ten years before requiring that the lines be retired and physically abandoned. This will allow a company additional time to continue to pursue additional customers to use such lines. However, staff believes that after ten years of inactivity, a line should be abandoned because it is unlikely that after ten years a customer will order gas service. For these reasons, staff recommends that the Commission amend Rule 25-12.045 to require that service lines shall be retired and physically abandoned within six months after ten years of inactivity, instead of after five years of inactivity as set forth in the current rule.

In two previous dockets,³ FNGA filed, and was granted, a temporary waiver from the five-year requirement, resulting in FNGA members being granted until December 31, 2013 to comply with the rule requirement of retiring and abandoning lines which have been inactive for five years. In the current docket, in addition to its petition to initiate rulemaking to amend Rule 25-12.045, FNGA requested a one year extension of this December 31, 2013 compliance deadline. The Commission granted this request, by Order No. PSC-12-0370-PCO-GU, issued July 18, 2012, granting FNGA members until December 31, 2014 to comply with the requirement of retiring and physically abandoning service lines that have been inactive for five years. If the Commission adopts staff's recommendation to amend Rule 25-12.045, and the rule becomes effective, Order No. PSC-12-0370-PCO-GU will be superseded by the requirements of amended Rule 25-12.045, and companies will be required to retire and abandon service lines within six months after ten years of inactivity, as set forth in the rule.

Statement of Estimated Regulatory Cost

The Commission staff prepared a Statement of Estimated Regulatory Cost (SERC) pursuant to section 120.541, F.S., which is included as Attachment B. The SERC includes an economic analysis pursuant to subparagraph 120.541(2)(a)1, F.S., showing whether the draft rule amendments, directly or indirectly, are likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five years after the implementation of the rules. In addition, the SERC includes an economic analysis pursuant to subparagraph 120.541(2)(a)2, F.S., showing whether the draft rule amendments, directly or indirectly, are likely to have an adverse impact on business competitiveness in excess of \$1 million in the aggregate within five years after the implementation of the rule. The SERC concludes that the draft rule amendments would not have any of the adverse impacts on the economic measures identified in subparagraphs 120.54(2)(a)1

³ FNGA stated that these waivers from the five year retirement/abandonment requirements were needed in order to allow its members an opportunity to establish marketing and incentive tools to improve retention of existing gas customers and attract inactive customers back to gas services. In addition, FNGA stated that the cost to cut and cap service lines that are physically abandoned could result in a duplicative and unnecessary cost because FNGA members would have to reinitiate the same service lines for new customers if the new marketing programs were successful. In Docket No. 070135-GU, Order No. PSC-07-0488-PAA-GU, issued June 8, 2007, Notice of Proposed Agency Action Order Granting Temporary Rule Waiver, the Commission granted a waiver of the rule requirement until December 31, 2009, with a December 31, 2011 compliance deadline. In Docket No. 090522-GU, Order No. PSC-10-0158-PAA-GU, issued March 22, 2010, Notice of Proposed Agency Action Order Granting Extension of Temporary Rule Waiver, the Commission extended the waiver until December 31, 2011, with a compliance period deadline of December 31, 2013.

and 2, F.S., and will not require legislative ratification pursuant to subparagraph 120.54(2)(a)3, F.S.

The SERC includes an economic analysis pursuant to subparagraph 120.541(2)(a)3, F.S., showing whether the draft rule amendments, directly or indirectly, are likely to increase regulatory cost, including any transactional costs, in excess of \$1 million in the aggregate within five years after implementation of the rules. The SERC concludes that the draft rule amendments are not expected to introduce new transactional costs or costs to the agency, which are the two components of regulatory costs.

In addition, the SERC concludes that the draft rule amendments have no anticipated effects on state and local revenues, and are likely to result in transactional cost savings by individuals and entities, including local government entities, required to comply with the rule. Further, the SERC states that the draft rule amendments are expected to result in a slight reduction in costs to small businesses, small counties, or small cities in the medium and long term.

Based upon the above, staff recommends that the Commission propose the amendment of Rule 25-12.045, F.A.C., as set forth in Attachment A.

Docket No. 120068-GU

Date: January 10, 2013

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and this docket should be closed. (Cowdery)

Staff Analysis: If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and this docket should be closed.

1 **25-12.045 Inactive Gas Service Lines.**

2 (1) An operator shall take ~~The following actions shall be taken~~ for inactive gas service
3 lines that have been used, but have become inactive without reuse:

4 (a) An operator shall take immediate action to protect persons and property if it
5 determines that an inactive service line is an existing or probable hazard to persons or
6 property, and shall retire and physically abandon said line within three months of that
7 determination.

8 (b) If the operator determines that there is no prospect for reuse, the service line shall
9 be retired and physically abandoned within three months of that determination.

10 (c) Annual risk assessments shall be made for all service lines that have been inactive
11 for more than one year.

12 1. The annual risk assessments shall identify potential threats and shall rank risks using
13 the operator's Distribution Integrity Management Plan developed pursuant to 49 C.F.R. 192,
14 Subpart P (2011) which is incorporated by reference in Rule 25-12.005, F.A.C. The annual
15 risk assessments shall include the following required elements of the operator's Distribution
16 Integrity Management Plan in identifying threats: Presence of excess flow valves, incident
17 and leak history, corrosion control records, continuing surveillance records, patrolling records,
18 maintenance history, excavation damage experience, and any other data deemed relevant by
19 the operator.

20 2. The annual risk assessments records shall be maintained by the operator for at least
21 10 years.

22 3. Inactive service lines that are identified in the annual risk assessments as potential
23 threats with a high-risk ranking shall be retired and physically abandoned within six months
24 after completion of the annual risk assessment.

25 CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from existing law.

1 ~~(d)~~ (b) After a service line has been inactive for a period of two years, if there is a
2 prospect for reuse of the service line, the operator shall verify that the service line is
3 permanently marked to identify the operator's name and phone number and shall take one of
4 the following actions ~~shall be taken~~ within six months:

5 1. Disconnect the service line from all sources of gas and physically abandon or
6 remove;

7 2. A valve on the service line shall be locked in the closed position and the service line
8 plugged to prevent the flow of gas; or

9 3. Remove the meter and plug the end of the service line to prevent the flow of gas.

10 (e) ~~After a service line has been inactive for a period of five years, if the inactive~~
11 service line is constructed of bare steel or cast iron or does not comply with current materials
12 standards in 49 C.F.R. 192 (2011), the inactive service line shall be retired and physically
13 abandoned within six months.

14 ~~(f)~~ (e) After ~~five~~ ten years of inactivity, service lines shall be retired and physically
15 abandoned within six months.

16 (2) To physically abandon a service line, the operator must disconnect the service line
17 from all sources of gas at the nearest point to the gas main. Where the appropriate
18 governmental authority prohibits cutting pavement, the service line shall be disconnected at
19 the nearest point not under a paved surface. The stub of the service line, the short section of
20 the remaining service line to the main, shall be disconnected closer to the main or at the main,
21 if at some later date it becomes accessible during normal operations.

22 (3) Records must be kept of the size, material, and location of all remaining service
23 line stubs. These records must be readily available to personnel assigned to pipeline locating
24 activities.

25 CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from
existing law.

1 *Specific Authority 350.127(2), 368.03, 368.05(2) FS. Law Implemented 368.03, 368.05(2) FS.*
2 *History—New 9-21-74, Repromulgated 10-7-75, Amended 10-2-84, Formerly 25-12.45,*
3 *Amended 1-7-92, _____.*

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-M-E-M-O-R-A-N-D-U-M-

DATE: January 7, 2013
TO: Kathryn G.W. Cowdery, Senior Attorney, Office of the General Counsel
FROM: William B. McNulty, Economic Analyst, Division of Economic Regulation
RE: Statement of Estimated Regulatory Cost in Docket No. 120068-GU – Petition to Initiate Rulemaking to Amend Rule 25-12.045, F.A.C., by Florida Natural Gas Association.

Summary of Rules

Rule 25-12.045, F.A.C., Inactive Gas Service Lines, identifies the required actions by all investor owned gas utilities, gas municipalities, and gas districts in Florida regarding inactive gas service lines that have been used, but have become inactive without reuse.

The draft amendments to Rule 25-12.045, F.A.C., (consensus draft) include the following proposed requirements which are substantially different from those identified in the existing rule:

- Subparagraph 25-12.045(1)(a), F.A.C. - Retire and physically abandon any inactive service line within 3 months of a determination that the line presents an existing or probable hazard to persons or property.
- Subparagraph 25-12.045(1)(c)1 F.A.C. - Perform an annual risk assessment for all service lines that have been inactive for more than one year.
- Subparagraph 25-12.045(1)(c)2, F.A.C. - Maintain annual risk assessment records for 10 years.
- Subparagraph 25-12.045(1)(c)3, F.A.C. - Retire and physically abandon any inactive service line identified in the annual risk assessment as a potential threat with a high risk ranking within 6 months of the assessment.
- Subparagraph 25-12.045(1)(d), F.A.C. - Verify that service lines which have been inactive for a period of two years are permanently marked to identify the operator's name and phone number.
- Subparagraph 25-12.045(1)(e), F.A.C. - Retire and physically abandon within 6 months any inactive service line constructed of bare steel or cast iron or does not comply with current materials standards in 49 C.F.R. 192 (2011) if it has been inactive for a period of five years.

- Subparagraph 25-12.045(1)(f), F.A.C. – Retire and physically abandon service lines within 6 months after 10 years of inactivity (rather than after 5 years of inactivity as required in the current rule).

1. Economic Analysis Showing Whether the Rule Is Likely to Have an Adverse Impact on Either Economic Growth or Business Competitiveness In Excess of \$1 Million Within 5 Years.

Subparagraph 120.541(2)(a)1, Florida Statutes (F.S.), requires an economic analysis showing whether the draft rule directly or indirectly is likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five years after the implementation of the rule. Similarly, Subparagraph 120.541(2)(a)2, F.S., requires an economic analysis showing whether the draft rule directly or indirectly is likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, production, or innovation in excess of \$1 million in the aggregate within five years after the implementation of the rule.

The Florida Natural Gas Association (FNGA), in its petition to initiate rulemaking in this docket, indicated that the proposed changes to the rules will not increase regulatory costs.⁴ In fact, the FNGA expects the draft changes to the rule would lead to substantial cost reductions compared to the current provisions of the rule because many service lines will be reconnected for service without incurring the costs of disconnecting and capping per the requirements of the current rule. FNGA notes that the costs associated with reinstating service on a line that has been disconnected and capped in accordance with the current rule is within the range associated with running a new service line to serve a customer.

On October 8, 2012, staff issued a data request to all investor-owned gas utilities, gas municipals, and gas districts in Florida to collect information about the cost impacts of draft amendments to Rule 25-12.045, F.A.C. Fourteen responses were received out of 58 data requests e-mailed or faxed. The fourteen responses include responses from four investor-owned gas utilities, eight gas municipals, and two gas districts. Staff's data request solicited the companies' estimated net annual incremental expense (i.e. annual incremental expense net of any annual incremental savings) associated with each proposed revision to the rule. The combined net annual incremental expense of draft rule based upon the 14 responses received to staff's data request is -\$890,654 (i.e. a cost savings of \$890,654). Four of the 14 data request responses identified cost savings associated with the draft rule amendments. The section of the draft rule that accounts for most of the respondents' projected cost savings is Subparagraph 25-12.045(1)(f), F.A.C., which requires companies to retire and physically abandon service lines within 6 months after 10 years of inactivity, rather than within 5 years of inactivity as is required under the current rule.

Expected safety incident cost impacts associated with the draft amendments to Rule 25-12.045, F.A.C., are minimal. FNGA has found no state or national data indicating that inactive

⁴ Petition to Initiate Rulemaking, filed March 30, 2012, Page 11, Section 19.

lines are a significant contributing factor to safety incidents.⁵ Several important factual considerations indicate that future levels of costs related to safety incidents should be minimal:

- FNGA indicates that inactive service lines and active service lines have the same percentage of leak calls or reported leaks (0.4% in 2011), but active lines have 10 times as many reported leaks compared to inactive lines simply because the vast majority of service lines are active.
- Peoples Gas System and Florida City Gas, Florida's two largest LDCs, report that their combined service lines that have been inactive greater than 60 months had only a slightly higher percentage of reported leaks (0.439%) compared to inactive lines which were inactive for less than 60 months (0.362%) for data collected in 2011.⁶
- The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) 2012 report titled "Florida All Incident and Mileage Overview" shows the total "third party property damage due to excavation" for Florida's active and inactive service lines combined from 2002 to 2011 was \$730,404 and involved 7 incidents.⁷ This relatively low level of damage is credited in large part to the establishment of the "Sunshine State One Call" system in 1993 per Section 556.103(1), F.S., which requires the participation of all LDCs.⁸ FNGA states that safety incidents associated with inactive service lines are expected to be reflected in "third party property damage due to excavation."⁹

Meanwhile, the draft rule proposes increased safety monitoring of inactive service lines and required retirement and physical abandonment of inactive service lines in instances of probable and potential hazards. In addition, the draft rule proposes that bare steel and cast iron service lines inactive for a period of five years must be retired and physically abandoned within six months. Given all of foregoing considerations, the expected cost impact of the draft rule changes related to safety incidents associated with inactive service lines is minimal.

Based on responses received to staff's data request, the draft amendments to Rule 25-12.045, F.A.C., are expected to reduce the cost of providing gas service in Florida. Such savings can be expected to be passed on to ratepayers in future rate proceedings. Reduced costs are expected to improve economic growth and business competitiveness. In summary, it is unlikely that the rule would have an adverse impact on either economic growth or business competitiveness in excess of \$1 million in the aggregate within five years of the rule's implementation.

2. Economic Analysis Showing Whether the Rule Is Likely to Increase Regulatory Costs In Excess of \$1 Million Within 5 Years

⁵ Petition to Initiate Rulemaking, Page 13, Section 22.

⁶ Petition to Initiate Rulemaking, Attachment A.

⁷ Petition to Initiate Rulemaking, Attachment C.

⁸ Petition to Initiate Rulemaking, Pages 14-15, Section 25.

⁹ Petition to Initiate Rulemaking, Page 12, Section 21.

Subparagraph 120.541(2)(a)3, F.S., requires an economic analysis showing whether the draft rule directly or indirectly is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within five years of the rule's implementation. Regulatory costs include good faith estimates of both the incremental transactional costs and the incremental agency costs associated with each draft rule amendment and draft rule. As discussed in Section 1 above, the companies' responses to staff's data request issued in this rule development case indicated that the companies expect the draft rule to result in cost savings. Likewise, as discussed in Section 4, the agency costs associated with the implementation and enforcement of the draft rule amendments are expected to be minimal. Thus, it is unlikely that the draft rule amendments will result in increased regulatory costs, including transactional costs, within five years of the rule's implementation.

3. Estimated Number of Entities Required to Comply and General Description of Individuals Affected

Subparagraph 120.541(2)(b), F.S., requires a good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the types of individuals anticipated to be affected by the rule. The number of entities which will be required to comply with the draft amended Rule 25-12.045, F.A.C., is fifty-eight (58) gas serving entities, including seven (7) investor-owned gas utilities, forty-seven (47) gas municipals, and four (4) gas districts.

4. Rule Implementation and Enforcement Costs and Impact on Revenues For The Agency and Other State and Local Government Entities

Section 120.541(2)(c), F.S., requires a good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues. If the draft rule amendments are approved and becomes effective, the rule is expected to have no impact on the Commission's costs of rule implementation and enforcement. Any additional regulatory review activities required by the draft amendments to the rule can be absorbed by the current level of staffing. No other state or local government entities' costs are impacted by the draft amended rule. There are no anticipated effects on state and local revenues.

5. Estimated Transactional Costs to Individuals and Entities

Section 120.541(2)(d), F.S., requires 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. The analysis of the likely transactional cost impacts of the draft amendments to Rule 25-12.045, F.A.C., appears in Section 1 above based on responses to staff data requests and review of the petition and related attachments. The draft amendments to Rule 25-12.045, F.A.C., are likely to result in transactional cost savings by individuals and entities, including local government entities, required to comply with the rule.

6. Impact On Small Businesses, Small Cities, Or Small Counties

Section 120.541.(2)(e), F.S., requires an analysis of the impact of the proposed changes on small businesses as defined by Section 288.703, F.S., and an analysis of the impact on small counties and small cities as defined in Section 120.52, F.S. As stated in Section 1, gas service ratepayers, including small businesses, small counties, and small cities, are expected to incur lower gas service rates than they would under the current rule as the cost savings of the gas service entities are expected to be passed on to ratepayers in future rate proceedings. The draft amendments to Rule 25-12.045, F.A.C., are expected to result in a slight reduction in costs to small businesses, small counties, or small cities in the medium and long term.

7. Additional Information Deemed Useful By The Agency

None.

cc: Tom Ballinger
Jim Dean
Mark Futrell
Marshall Willis