

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: April 7, 2017
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Rosanne Gervasi, Office of the General Counsel *RG*
RE: Docket No.160239-WS

Please file the attached rule packet for Rule 25-30.445, F.A.C., in the docket file listed above.

Thank you.

Attachment

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2017 APR -7 PM 2:04
COMMISSION
CLERK

COMMISSIONERS:
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LISA POLAK EDGAR
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JIMMY PATRONIS

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

April 7, 2017

Kenneth J. Plante, Coordinator
Joint Administrative Procedures Committee
Room 680, Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1400

Re: Docket No. 160239-WS; Rule 25-30.445, F.A.C.

Dear Mr. Plante:

Enclosed are the following materials concerning the above referenced proposed rule:

1. A copy of the proposed rule.
2. A copy of all materials incorporated by reference in the proposed rule.
3. A copy of the F.A.R. notice.
4. A statement of facts and circumstances justifying the proposed rule.
5. A federal standards statement.
6. Statement of Estimated Regulatory Costs for the rule.

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2017 APR - 7 AM 10: 04
JOINT ADMINISTRATIVE
PROCEDURES COMMITTEE

Mr. Kenneth J. Plante

April 7, 2017

Page 2

If there are any questions with respect to this rule, please do not hesitate to call me at 413-6224.

Sincerely,



Rosanne Gervasi
Senior Attorney

Enclosures

cc: Office of Commission Clerk

1 **25-30.445 General Information and Instructions Required of Water and Wastewater**
2 **Utilities in an Application for a Limited Proceeding.**

3 (1) Each applicant for a limited proceeding shall provide the following general information
4 to the Commission:

5 (a) The name of the applicant as it appears on the applicant's certificate and the address of
6 the applicant's principal place of business;

7 (b) The type of business organization under which the applicant's operations are
8 conducted; if the applicant is a corporation, the date of incorporation; the names and addresses
9 of all persons who own 5 percent or more of the applicant's stock; or the names and addresses
10 of the owners of the business.

11 (c) The number(s) of the Commission order(s), if any, in which the Commission most
12 recently considered the applicant's rates for the system(s) involved.

13 (d) The address within the service area where the application is available for customer
14 inspection during the time the rate application is pending.

15 (e) A statement signed by an officer of the utility that the utility will comply with the
16 noticing requirements in Rule 25-30.446, F.A.C.

17 (2) In a limited proceeding application:

18 (a) Each schedule shall be cross-referenced to identify related schedules.

19 (b) Except for handwritten official company records, all data in the petition and
20 application shall be typed.

21 (c) The original and seven copies shall be filed with the Office of Commission Clerk.

22 (3) A filing fee as required in Rule 25-30.020, F.A.C., shall be submitted at the time of
23 application.

24 (4) The following minimum filing requirements shall be filed with the utility's application
25 for limited proceeding for a Class A or B water or wastewater utility:

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

- 1 (a) A detailed statement of the reason(s) why the limited proceeding has been requested.
- 2 (b) If the limited proceeding is being requested to recover costs required by a
- 3 governmental or regulatory agency, provide the following:
- 4 1. A copy of any rule, regulation, order or other regulatory directive that has required or
- 5 will require the applicant to make the improvement or the investment for which the applicant
- 6 seeks recovery.
- 7 2. An estimate by a professional engineer, or other person, knowledgeable in design and
- 8 construction of water and wastewater plants, to establish the projected cost of the applicant's
- 9 investment and the period of time required for completion of construction.
- 10 (c) A schedule that provides the specific rate base components for which the utility seeks
- 11 recovery. Supporting detail shall be provided for each item requested, including:
- 12 1. The actual or projected cost(s);
- 13 2. The date the item will be or is projected to be placed in service;
- 14 3. Any corresponding adjustments that are required as a result of adding or removing the
- 15 requested component(s) from rate base, which may include retirement entries; and
- 16 4. Any other relevant supporting information.
- 17 (d) If the utility's application includes a request for recovery of plant in service,
- 18 accumulated depreciation and depreciation expense, supporting detail shall be provided by
- 19 primary account as defined by the NARUC Uniform System of Accounts, in accordance with
- 20 Rule 25-30.110, F.A.C.
- 21 (e) A calculation of the weighted average cost of capital shall be provided for the most
- 22 recent 12-month period, using the mid-point of the range of the last authorized rate of return
- 23 on equity, the current embedded cost of fixed-rate capital, the actual cost of short-term debt,
- 24 the actual cost of variable-cost debt, and the actual cost of other sources of capital which were
- 25 used in the last individual rate proceeding of the utility. If the utility does not have an

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1 authorized rate of return on equity, the utility shall use the current leverage formula pursuant
2 to Section 367.081(4)(f), F.S.

3 (f) If the utility is requesting recovery of operating expenses, the following information
4 shall be provided:

5 1. A detailed description of the expense(s) requested;

6 2. The total cost by primary account pursuant to the NARUC Uniform System of
7 Accounts;

8 3. Supporting documentation or calculations; and

9 4. Any allocations that are made between systems, affiliates or related parties. If

10 allocations are made, submit full detail that shows the total amount allocated, a description of
11 the basis of the allocation methodology, the allocation percentage applied to each allocated
12 cost, and the workpapers supporting the calculation of the allocation percentages.

13 (g) Calculations for all items that will create cost savings or revenue impacts from the
14 implementation of the requested cost recovery items.

15 (h) If the utility includes any other items where calculations are required, supporting
16 documentation shall be filed that reflects the calculations or assumptions made.

17 (i) A calculation of the revenue increase including regulatory assessment fees and income
18 taxes, if appropriate.

19 (j) Annualized revenues for the most recent 12-month period using the rates in effect at the
20 time the utility files its application for limited proceeding and a schedule reflecting this
21 calculation by customer class and meter size.

22 (k) A schedule of current and proposed rates for all classes of customers.

23 (l) Schedules for the most recent 12-month period showing that, without any increased
24 rates, the utility will earn below its authorized rate of return in accordance with Section
25 367.082, F.S. The schedules shall consist of a rate base, net operating income and cost of

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1 capital schedule with adjustments to reflect those consistent with the utility's last rate
2 proceeding.

3 (m) If the limited proceeding is being requested to change the current rate structure,
4 provide a copy of all workpapers and calculations used to calculate requested rates and
5 allocations between each customer class. The test year shall ~~should~~ be the most recent 12-
6 month period. In addition, the following schedules, which are incorporated herein by
7 reference, from Form PSC/AFD 19-W (11/93), entitled "Class A Water and/or Wastewater
8 Utilities Financial, Rate and Engineering Minimum Filing Requirements", shall ~~should~~ be
9 provided. The schedules can be obtained from the Commission's Division of Accounting and
10 Finance.

11 1. Schedule E-2, entitled "Revenue Schedule at Present and Proposed Rates," is available
12 at [hyperlink].

13 2. Schedule E-14, entitled "Billing Analysis Schedules," is available at [hyperlink]. Only
14 two copies are required.

15 (n) Revised tariff sheets should not be filed with the application.

16 (o) A water utility's application for limited proceeding shall also include:

17 1. A copy of all customer complaints that the utility has received regarding DEP secondary
18 water quality standards during the past five years; and

19 2. A copy of the utility's most recent secondary water quality standards test results.

20 (5) In addition to the requirements stated in subsections (1) through (3), the following
21 minimum filing requirements shall be filed with the utility's application for limited proceeding
22 for a Class C water or wastewater utility:

23 (a) A detailed statement of the reason(s) why the limited proceeding has been requested.

24 (b) If the limited proceeding is being requested to recover costs required by a

25 governmental or regulatory agency, provide a copy of any rule, regulation, order or other

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from existing law.

1 regulatory directive that has required or will require the applicant to make the improvement or
2 the investment for which the applicant seeks recovery.

3 (c) A schedule that provides the specific rate base components for which the utility seeks
4 recovery, if known. Supporting detail shall be provided for each item requested, including:

- 5 1. The actual or projected cost(s);
- 6 2. The date the item will be or is projected to be placed in service;
- 7 3. Any corresponding adjustments, if known, that are required as a result of adding or
8 removing the requested component(s) from rate base, which may include retirement entries;
9 and
- 10 4. Any other relevant supporting information, if known.

11 (d) If the utility is requesting recovery of operating expenses, provide an itemized
12 description of the expense(s), including the cost and any available supporting documentation
13 or calculations.

14 (e) Provide a description of any known items that will create cost savings or revenue
15 impacts from the implementation of the requested cost recovery items.

16 (f) A calculation of the revenue increase including regulatory assessment fees and income
17 taxes, if applicable.

18 (g) Annualized revenues for the most recent 12-month period using the rates in effect at
19 the time the utility files its application for limited proceeding and a schedule reflecting this
20 calculation by customer class and meter size.

21 (h) A Class C water utility's application for limited proceeding shall also include:

- 22 1. A copy of all customer complaints that the utility has received regarding DEP secondary
23 water quality standards during the past five years; and
- 24 2. A copy of the utility's most recent secondary water quality standards test results.

25 (6) In evaluating whether the utility's request is improper for a limited proceeding, the
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1 Commission will consider factors such as:

2 (a) Whether the utility's filing includes more than 4 separate projects for which recovery is

3 sought and the requested rate increase exceeds 30 percent. Corresponding adjustments for a

4 given project are not subject to the above limitation;

5 (b) Whether the utility has not had a rate case in more than seven years and the requested

6 rate increase exceeds 30 percent; or

7 (c) Whether the limited proceeding is filed as the result of the complete elimination of

8 either the water or wastewater treatment process and the requested rate increase exceeds 30

9 percent.

10 (7) The utility shall provide a statement in its filing to the Commission which addresses

11 whether the utility's rate base has declined or whether any expense recovery sought by the

12 utility is offset by customer growth since its most recent rate proceeding or will be offset by

13 future customer growth expected to occur within one year of the date new rates are

14 implemented.

15 ~~(8) A limited proceeding application shall not be filed for underearnings in lieu of a~~

16 ~~general rate case.~~

17 *Rulemaking Authority 350.127(2), 367.121(1)(a) FS. Law Implemented 367.081, 367.0812,*

18 *367.0822, 367.121(1)(a), 367.145(2) FS. History—New 3-1-04, Amended _____*

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Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company:
 Docket No.:
 Test Year Ended:
 Water [] or Sewer []

Schedule: E-2
 Page ___ of ___
 Preparer:

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must be made for each period.

(1) Class/Meter Size	(2) Number Bills	(3) Consumption in MG	(4) Present Rate	(5) Revenues at Present Rates	(6) Proposed Rate	(7) Revenues at Proposed Rates
Residential						
5/8" x 3/4"						
M Gallons						
1" Etc.						
M Gallons Etc.						
Total Residential						
Average Bill						
General Service						
5/8" x 3/4"						
M Gallons						
1" Etc.						
M Gallons Etc.						
Total Gen. Serv.						
Average Bill						
List Other Classes						
As Above						
Totals						
Unbilled Revenues						
Other Revenue						
Misc. Serv. Charges						
Total Revenue						
Booked Revenue						
Difference (Explain)						

Billing Analysis Schedules

Florida Public Service Commission

Company:
 Docket No.:
 Test Year Ended:
 Water [] or Sewer []
 Customer Class:
 Meter Size:

Schedule: E-14
 Page ___ of ___
 Preparer:

Explanation: Provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide number of bills at each level by meter size or number of bills categorized by the number of units. Round consumption to nearest 1,000 gallons & begin at zero. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumpt. Level	Number of Bills	Cumulative Bills	Gallons Consumed (1)x(2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)x(6)]+(5)	Percentage of Total
0							
1							
2							
3							

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NO.: RULE TITLE:

25-30.445 General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding

PURPOSE AND EFFECT: Rule 25-30.445, F.A.C. would be amended to require in an application for a limited proceeding that a water utility must provide copies of all customer complaints that it has received during the past five years regarding secondary water quality standards set by the Department of Environmental Protection, along with its most recent secondary water quality test results. Rule 25-30.445, F.A.C. would also be amended to eliminate the requirement that a limited proceeding application shall not be filed for underearnings in lieu of a general rate case.

Docket No. 160239-WS

SUMMARY: To promote clarity and consistency among Commission rules, Rule 25-30.445, F.A.C. would be amended to require in an application for a limited proceeding that a water utility must provide copies of all customer complaints that it has received during the past five years regarding secondary water quality standards set by the Department of Environmental Protection, along with its most recent secondary water quality test results. Rule 25-30.445, F.A.C. would also be amended to eliminate the requirement that a water and/or wastewater utility shall not file a limited proceeding application for underearnings in lieu of a general rate case.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the Agency.

The SERC examined the factors required by Section 120.541(2), FS, and concluded that the rule amendment will not have an adverse impact on economic growth, business competitiveness, or small business and that additional transactional costs, if any, to individuals and entities required to comply with the rule are expected to be de minimis. The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information contained in the SERC.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 350.127(2), 367.121(a), FS.

LAW IMPLEMENTED: 367.081, 367.0812, 367.0822, 367.121(1)(a), 367.145(2), FS.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Rosanne Gervasi, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6224, rgervasi@psc.state.fl.us.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-30.445 General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding.

(1) through (3) No change.

(4) The following minimum filing requirements shall be filed with the utility's application for limited proceeding for a Class A or B water or wastewater utility:

(a) through (l) No change.

(m) If the limited proceeding is being requested to change the current rate structure, provide a copy of all workpapers and calculations used to calculate requested rates and allocations between each customer class. The test year ~~shall~~ should be the most recent 12-month period. In addition, the following schedules, which are incorporated herein by reference, from Form PSC/AFD 19-W (11/93), entitled "Class A Water and/or Wastewater Utilities

Financial, Rate and Engineering Minimum Filing Requirements”, ~~shall~~ should be provided. The schedules can be obtained from the Commission’s Division of Accounting and Finance.

1. Schedule E-2, entitled “Revenue Schedule at Present and Proposed Rates,” is available at [\[hyperlink\]](#).

2. Schedule E-14, entitled “Billing Analysis Schedules,” is available at [\[hyperlink\]](#). Only two copies are required.

(n) Revised tariff sheets should not be filed with the application.

(o) A water utility’s application for limited proceeding shall also include:

1. A copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years; and

2. A copy of the utility’s most recent secondary water quality standards test results.

(5) In addition to the requirements stated in subsections (1) through (3), the following minimum filing requirements shall be filed with the utility’s application for limited proceeding for a Class C water or wastewater utility:

(a) through (g) No change.

(h) A Class C water utility’s application for limited proceeding shall also include:

1. A copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years; and

2. A copy of the utility’s most recent secondary water quality standards test results.

(6) through (7) No change.

~~(8) A limited proceeding application shall not be filed for underearnings in lieu of a general rate case.~~

Rulemaking Authority 350.127(2), 367.121(1)(a) FS. Law Implemented 367.081, 367.0812, 367.0822, 367.121(1)(a), 367.145(2) FS. History—New 3-1-04, Amended _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Laura King

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: April 04, 2017

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 42, Number 145, July 27, 2016.

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

Rule 25-30.440, F.A.C., Additional Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase, requires that when a water utility applies for a rate increase, it must submit its most recent secondary water quality standards test results and provide a copy of all customer complaints that it has received regarding secondary water quality standards during the past five years. Rule 25-30.443(1), F.A.C., Minimum Filing Requirements for Class C Water and Wastewater Utilities, makes Rule 25-30.440 applicable to Class C utilities seeking a rate increase, as well.

To promote clarity and consistency among Commission rules, and to assist the Commission in considering the extent to which a utility provides service that meets secondary water quality standards when evaluating an application for a limited proceeding, the Commission proposes to amend Rule 25-30.445, F.A.C., to require that when applying for a limited proceeding, water and wastewater utilities must provide the same information pertaining to secondary water quality standards as are contained in Rule 25-30.440, F.A.C.

The Commission also proposes to eliminate the requirement contained in Rule 25-30.445(8), F.A.C., that a limited proceeding application shall not be filed for underearnings in lieu of a general rate case. That paragraph was intended to prevent utilities from inappropriately using the limited proceeding process to avoid a general rate case filing in which all costs of the utility would be fully evaluated. However, it could potentially be interpreted to prohibit justifiable increases simply because a utility is in an underearnings position, or would be in an underearnings position if the costs being sought for recovery are incurred, and it suggests that unless a utility is earning within its authorized range, it would be prohibited from using the limited proceeding process. As such, it unnecessarily restricts the use of the limited proceeding process, which was designed to save regulatory costs to the utility, its customers, and the Commission.

STATEMENT ON FEDERAL STANDARDS

There are no federal standards for this rule.

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: January 31, 2017
TO: Rosanne Gervasi, Senior Attorney, Office of the General Counsel
FROM: C. Donald Rome, Jr., Public Utility Analyst II, Division of Economics
RE: Statement of Estimated Regulatory Costs (SERC) for Proposed Amendments to Rule 25-30.445, Florida Administrative Code (F.A.C.).

The purpose of this rulemaking initiative is staff's recommendation of modifications to Commission Rule 25-30.445, F.A.C., General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding. Specifically, staff is recommending the addition of paragraphs 25-30.445(4)(o) and 25-30.445(5)(h), F.A.C., to require utilities seeking a limited proceeding to provide the following as part of the Minimum Filing Requirements (MFRs) submitted with the application: (a) a copy of all customer complaints that the utility has received regarding Department of Environmental Protection (DEP) secondary water quality standards during the past five years, and (b) a copy of the utility's most recent secondary water quality standards test results. Staff also recommends the elimination of the requirement in subsection 25-30.445(8), F.A.C., that a limited proceeding application shall not be filed for underearnings in lieu of a general rate case.

During the 2014 session, the Florida Legislature enacted Senate Bill 272 which was incorporated into Chapter 2014-68, Laws of Florida. Among other things, the legislation created new Section 367.0812, Florida Statutes (F.S.). Section 367.0812, F.S., requires that in fixing rates, the Commission shall consider the extent to which a utility provides water service that meets secondary water quality standards as established by DEP. In accordance with the 2014 statutory changes, the Commission adopted Rule 25-30.440(11), F.A.C., to require a copy of all customer complaints received by the utility during the past five years regarding secondary water quality standards when a Class A or B utility files for a rate increase. Rule 25-30.440(3), F.A.C., requires the submission of secondary standards test results, and Rule 25-30.443(1), F.A.C., requires Class C utilities to provide the information required by Rule 25-30.440, F.A.C., as part of its MFRs.

To promote clarity and consistency among Commission rules, staff is recommending the above mentioned addition of paragraphs 25-30.445(4)(o) and 25-30.445(5)(h), F.A.C., to require that utilities provide the same information pertaining to secondary water quality standards when filing MFRs with applications for a limited proceeding. This information is currently being collected by staff through data requests after the utility's application is filed. Staff believes that by providing additional clarity to Rule 25-30.445, F.A.C., the number of data requests that would

be necessary during the limited proceeding process should be reduced, thereby streamlining the process for both staff and applicants.

Staff also recommends the elimination of the requirement in subsection 25-30.445(8), F.A.C., that a limited proceeding application shall not be filed for underearnings in lieu of a general rate case. As currently written, the rule potentially could be interpreted to suggest that unless a utility is earning within its authorized range, it would be prohibited from using the limited proceeding process. Staff recommends the elimination of the rule so as not to unnecessarily restrict the use of the limited proceeding process, which was designed to save regulatory costs to utilities, their customers, and the Commission.

The attached SERC addresses the considerations required pursuant to Section 120.541, F.S. No workshop was held in conjunction with the recommended rule revisions. No regulatory alternatives were submitted pursuant to Paragraph 120.541(1)(a), F.S. None of the impact/cost criteria established in Paragraph 120.541(2)(a), F.S., will be exceeded as a result of the recommended revisions.

cc: (Draper, Daniel, Shafer, King, Cibula, SERC file)

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rule 25-30.445, F.A.C.

1. Will the proposed rule have an adverse impact on small business?
[120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes

No

For clarification, please see comments in Sections A(3) and E(1), below.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes

No

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule?
[120.541(2)(a)1, F.S.]

Economic growth

Yes No

Private-sector job creation or employment

Yes No

Private-sector investment

Yes No

(2) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule?
[120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets)

Yes No

Productivity

Yes No

Innovation

Yes No

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes

No

Economic Analysis:

A summary of the recommended rule revisions is included in the attached memorandum to Counsel. Specific elements of the associated economic analysis are discussed below in Sections B through F of this SERC.

In accordance with statutory changes enacted during the 2014 legislative session, the Commission adopted Rule 25-30.440(11), Florida Administrative Code (F.A.C.), to implement provisions of Section 367.0812, Florida Statutes (F.S.), regarding the Commission's consideration during ratemaking proceedings of the extent to which a utility has met secondary water quality standards established by the Department of Environmental Protection (DEP). The Commission is required to consider complaints regarding applicable secondary water quality standards filed by customers with the Commission, DEP, the respective local governmental entity, or a county health department during the past five years (paragraph 367.0812(1)(c), F.S.).

To promote clarity and consistency among Commission rules, staff is suggesting amendments to subsections (4) and (5) of Rule 25-30.445, F.A.C., which would require utilities that apply for a limited proceeding to provide: (a) a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years, and (b) a copy of the utility's most recent secondary water quality standards test results. This information is currently being collected by staff through data requests during the course of limited proceedings; henceforth under the recommended rule revisions, utilities would provide the information as part of the Minimum Filing Requirements that accompany the utility's application for a limited proceeding.

Staff also recommends the elimination of the requirement in subsection 25-30.445(8), F.A.C., that a limited proceeding application shall not be filed for underearnings in lieu of a general rate case. As currently written, this rule potentially could be interpreted to suggest that unless a utility is earning within its authorized range, it would be prohibited from using the limited proceeding process.

As discussed in Section D below, additional transactional costs, if any, that potentially may be associated with the recommended rule revisions are expected to be de minimis. Therefore, staff believes that none of the impact/cost criteria established in Paragraph 120.541(2)(a), F.S., will be exceeded as a result of the recommended rule revisions.

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

The recommended amendments to Rule 25-30.445, F.A.C., would affect 145 investor-owned water and wastewater utilities that serve approximately 175,000 Florida customers. Utilities which come under the jurisdiction of the Commission in the future also would be required to comply.

(2) A general description of the types of individuals likely to be affected by the rule.

The 145 investor-owned water and wastewater utilities are located in 37 counties.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

None. To be done with the current workload and existing staff.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

None. The rule will only affect the Commission.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

None

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

D. 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. "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. [120.541(2)(d), F.S.]

- None. The rule will only affect the Commission
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

Staff's suggested additions of paragraphs 25-30.445(4)(o) and 25-30.445(5)(h), F.A.C., would require utilities applying for a limited proceeding to include a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years and a copy of the utility's most recent secondary water quality standards test results as part of the Minimum Filing Requirements that accompany the limited proceeding application. Currently, staff obtains this information via a data request after the application is filed. Although the timing of providing the secondary water quality standards information would be affected, staff believes that potential additional transactional costs, if any, would be de minimis. Staff notes that since 2010, the Commission has received only six applications for a limited proceeding.

Staff believes that by providing additional clarity to Rule 25-30.445, F.A.C., the number of data requests that would be necessary during the limited proceeding process should be reduced, thereby streamlining the process for both staff and applicants. Utility ratepayers also should benefit from the Commission's consideration of secondary water quality standards prior to allowing a utility to move forward with a rate increase via a limited proceeding.

Staff's suggested deletion of subsection 25-30.445(8), F.A.C., would remove language stating that "a limited proceeding application shall not be filed for underearnings in lieu of a general rate case." As currently written, this rule potentially could be interpreted to suggest that unless a utility is earning within its authorized range, it would be prohibited from using the limited proceeding process. Staff recommends the elimination of this rule so as not to unnecessarily restrict the use of the limited proceeding process, which was designed to save regulatory costs to utilities, their customers, and the Commission. No additional transactional costs are anticipated as a result of this rule change. Staff further believes that subsection 25-30.445(6), F.A.C., provides adequate safeguards to prevent utilities from inappropriately using the limited proceeding process to avoid a general rate case filing in which all costs of the utility would be fully evaluated.

E. An analysis of the impact on small businesses, and small counties and small cities:
[120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, 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.

No adverse impact on small business. *[See clarification below.]*

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

While it is difficult to estimate the number of affected entities that would meet the definition of "Small Business" as defined in Section 288.703, F.S., it is reasonable to assume that many of the affected entities would meet the statutory definition and, therefore, potentially could incur additional transactional costs as discussed in Section D, above. However, as noted in Section D above, potential additional transactional costs associated with the recommended revisions, if any, are expected to be de minimis.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

No impact on small cities or small counties

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful.
[120.541(2)(f), F.S.]

None.

Additional Information:

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

- No regulatory alternatives were submitted.
- A regulatory alternative was received from
 - Adopted in its entirety.
 - Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.