

STATE OF FLORIDA



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OFFICE OF THE GENERAL COUNSEL
KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 15, 2019

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

HAND DELIVERY

COMMISSION
CLERK

2019 JUL 15 AM 11:58

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Re: Docket No. 20190055-WS; Rule 25-30.420, Establishment of Price Index, Adjustment of Rates; Requirement of Bonds; Filings After Adjustment; Notice to Customers, F.A.C.

Dear Mr. Plante:

Enclosed please find the Statement of Estimated Regulatory Costs (SERC) in reference to the above rule. The SERC corresponds with item no. 6 in the materials that were filed with your office on July 12, 2019.

If there are any questions with respect to these rules, please do not hesitate to call me at 850-413-6856.

Sincerely,

LAUREN DAVIS
Senior Attorney

Enclosures
cc: Office of Commission Clerk

JOINT ADMINISTRATIVE
PROCEDURES COMMITTEE

2019 JUL 15 AM 11:19

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State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: November 30, 2018

TO: Lauren Davis, Senior Attorney, Office of the General Counsel

FROM: Sevini K. Guffey, Public Utility Analyst II, Division of Economics *Sk.g.*

RE: Statement of Estimated Regulatory Costs for Proposed Adoption of Rule 25-30.420, Florida Administrative Code (F.A.C.), Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers

Rule 25-30.420, F.A.C., allows the Commission to establish a price increase or decrease index for all water and wastewater utilities that are regulated by the Commission. The rule references Form PSC/AFD 15 (4/99), titled "Index Application," which is available to all water and wastewater utilities to aid in applying for index or pass-through rate adjustments.

The rule is being revised to reference the updated revised date of September 2018 on Form PSC 1022 (9/18). The form has been also updated to include explanatory notes and instructions that reflect the expansion of eligible pass-through costs permitted by a 2016 statutory change in Section 367.081, F.S.

The attached Statement of Estimated Regulatory Costs (SERC) addresses the considerations required pursuant to Section 120.541, Florida Statutes (F.S.). No rule development workshop was held regarding this rule revision. No regulatory alternatives were submitted pursuant to Section 120.541(1)(a), F.S. None of the impacts/cost criteria established in Section 120.541(2)(a); F.S. will be exceeded as a result of the proposed rule revisions. The rule modifications will only affect utilities requesting an index or pass-through rate increase or decrease. There are no new costs to the utility as a result of the modifications to this rule.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rule 25-30.420, 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

If the answer to Question 1 is "yes", see comments in Section E.

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. Staff believes that none of the impacts/cost criteria established in Paragraph 120.541(2)(a). F.S. will be exceeded as a result of the proposed rule revisions. The proposed rule revisions are not imposing any new regulatory requirements, only reflect and updated revision date of form PSC/AFD 15 (4/99), which is titled "Index Application.". The updated revised date is (12/17). The modified rule 25-30.420, F.A.C. outlines the process by which water and wastewater utilities are able to adjust rates based on current specific expenses without applying for a rate case. There are no new costs to the utility as a result of the modification of this rule.

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 potentially affected entities include 132 investor-owned water and wastewater utilities that serve approximately 178,041 customers in Florida. The proposed revisions will also be applicable to water and wastewater utilities which may come under the jurisdiction of the Commission in the future.

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

The 132 investor-owned water and wastewater utilities and customers of those utilities are likely to be affected by this rule.

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.

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.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

(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.