

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: July 30, 2019
TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk *id*
FROM: Lauren Davis, Office of the General Counsel
RE: Docket No. 20180143-EI

Please file the attached rule certification packet materials for Rule 25-6.0426, F.A.C., in the docket file listed above.

Thank you.

Attachment

RECEIVED-FPSC
2019 JUL 30 PM 1:34
COMMISSION
CLERK

COMMISSIONERS:
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STATE OF FLORIDA



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

Public Service Commission

July 30, 2019

Mr. Ernest Reddick
Florida Department of State
Administrative Code and Register Section
Room 701, the Capitol
Tallahassee, FL 32399-0250

VIA HAND DELIVERY

Re: Rule Certification Packet for Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, Commission Docket No. 20180143-EI

Dear Mr. Reddick:

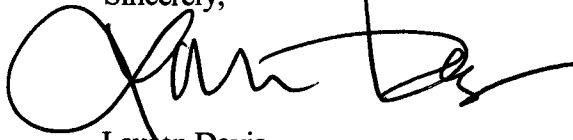
Enclosed for filing is a complete rule certification packet for Rule 25-6.0426, F.A.C., consisting of:

- (1) One compact disc containing the coded text of the rule;
- (2) There are no materials incorporated by reference into this rule;
- (3) One original and two copies of the signed rule certification form;
- (4) One original and two copies of the signed designation of minor violation rule certification form required by Rule 1-1.010, F.A.C.;
- (5) One original and two copies of the coded text of the rule, including the legal citations and history notes;
- (6) One original and two copies of the summary of the rule;
- (7) One original and two copies of the detailed written statement of the facts and circumstances justifying the rule; and
- (8) One original and two copies of the summary of the hearings held on the rule.

FILED
2019 JUL 30 AM 11:41
TALLAHASSEE, FLORIDA

Please let me know if you have any questions. The contact name and information for this rule are Lauren Davis, Florida Public Service Commission, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0250, (850) 413-6856, ladavis@psc.state.fl.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lauren Davis', written in a cursive style.

Lauren Davis
Senior Attorney

Enclosures

CERTIFICATION OF FLORIDA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE RULES FILED WITH THE DEPARTMENT OF STATE

I hereby certify:

(1) That all statutory rulemaking requirements of Chapter 120, F.S., and all rulemaking requirements of the Department of State have been complied with; and

(2) That there is no administrative determination under Section 120.56(2), F.S., pending on any rule covered by this certification; and

(3) All rules covered by this certification are filed within the prescribed time limitations of Section 120.54(3)(e), F.S. They are filed not less than 28 days after the notice required by Section 120.54(3)(a), F.S.; and

(a) Are filed not more than 90 days after the notice; or

(b) Are filed more than 90 days after the notice, but not more than 60 days after the administrative law judge files the final order with the clerk or until 60 days after subsequent judicial review is complete; or

(c) Are filed more than 90 days after the notice, but not less than 21 days nor more than 45 days from the date of publication of the notice of change; or

(d) Are filed more than 90 days after the notice, but not less than 14 nor more than 45 days after the adjournment of the final public hearing on the rule; or

(e) Are filed more than 90 days after the notice, but within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

(f) Are filed more than 90 days after the notice, but within 21 days after the date the transcript was received by this agency; or

(g) Are filed not more than 90 days after the notice, not including days the adoption of the rule was postponed following notification from the Joint Administrative Procedures Committee that an objection to the rule was being considered; or

(h) Are filed more than 90 days after the notice, but within 21 days after a good faith written proposal for a lower cost regulatory alternative to a proposed rule is submitted which substantially accomplishes the objectives of the law being implemented; or

(i) Are filed more than 90 days after the notice, but within 21 days after a regulatory alternative is offered by the Small Business Regulatory Advisory Committee.

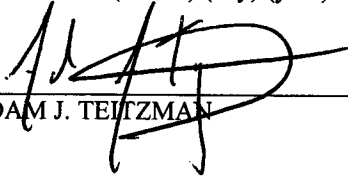
Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of State.

Rule Nos.

25-6.0426

Under the provision of Section 120.54(3)(e)6., F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: _____
(month) (day) (year)



ADAM J. TEITZMAN

Commission Clerk

Title

4

Number of Pages Certified

**DESIGNATION OF RULE THE VIOLATION OF WHICH IS A MINOR VIOLATION
CERTIFICATION**

Pursuant to Section 120.695(2)(c)3, Florida Statutes, I certify as agency head, as defined by section 20.05(1)(b), Florida Statutes, that:

All rules covered by this certification are not rules the violation of which would be a minor violation pursuant to Section 120.695, F.S.

The following parts of the rules covered by this certification have been designated as rules the violation of which would be a minor violation pursuant to Section 120.695, F.S.:

Rule No(s).

25-6.0426

Rules covered by this certification:

Rule No(s).

25-6.0426



Signature of Agency Head

Chairman, Florida Public Service Commission

Title

25-6.0426 Recovery of Economic Development Expenses.

(1) Pursuant to Section 288.035, F.S., the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitations contained in subsections (3) and (4), provided that such expenses are prudently incurred and are consistent with the criteria established in subsection (7).

(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) Prior to each utility's next rate change enumerated in subsection (6), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of:

(a) The amount and level of sharing approved in each utility's last rate case escalated for customer growth since

that time, or

(b) 95 percent of the total economic development expenses incurred for the reporting period so long as the total economic development expenses do such does not exceed the greater lesser of 0.225 0.15 percent of jurisdictional gross annual revenues or \$103 million. The level of sharing for such economic development expenses that exceed \$10 million shall be 93 percent.

(4) At the time of each utility's next rate case and for subsequent rate proceedings enumerated in subsection (6) the Commission will determine the level of sharing of prudent economic development costs and the future treatment of these expenses for surveillance purposes.

(5) 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, F.A.C. 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) and (4).

(6) 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.

Rulemaking Authority 288.035(3), 350.127(2) FS. Law Implemented 288.035 FS. History—New 7-17-95, Amended 6-2-98, 9-25-00, _____

SUMMARY OF THE RULE

To amend the rule to increase the amount of reportable economic development expenses for surveillance reports and earnings reviews, to establish the level of sharing for amounts that exceed \$10 million, and to clarify the rule.

WRITTEN STATEMENT OF THE FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

Rule 25-6.0426, F.A.C., addresses the recovery of economic development expenses for public electric utilities. The current version of the rule was last amended in 1995 and does not account for inflation or company growth. The amended rule not only accounts for inflation since 1995, but also enhances electric utilities' ability to promote economic progress and industry expansion. The rule amendments are also necessary to clarify ambiguous language in the rule.

SUMMARY OF ANY HEARINGS HELD ON THE RULE

No timely request for a hearing was received by the agency, and no hearing was held.