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JOSE R. OLIVA
Speaker of the House of Representatives

July 28, 2020

Adria Harper
Office of General Counsel
Florida Public Service Commission
Room 390R – Gerald L. Gunter Bldg.
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
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Undocketed

In re: Amendment of Rules 25-6.0141, Allowance for Funds Used During Construction, and 25-30.116, Allowance for Funds Used During Construction, and Adoption of Rule 25-7.0141, Allowance for Funds Used During

Dear Ms. Harper,

On June 10, 2020, the Florida Public Service Commission (Commission) opened this Notice of Development of Rulemaking for Amendment of Rules 25-6.0141, Allowance for Funds Used During Construction, and 25-30.116, Allowance for Funds Used During Construction, F.A.C., and Adoption of Rule 25-7.0141, Allowance for Funds Used During Construction, F.A.C. Commission Staff held a workshop on June 29, 2020 and proposed receiving post workshop comments a month later. In response to the Notice of Rulemaking, the Office of Public Counsel (OPC) has reviewed the proposed amendments to these rules and files these comments. OPC recognizes that these comments are being filed a day after Commission staff had requested written comments and apologies for the one day delay. Based on our review of the amendments to Rules 25.6-0141, 25-30.116, 25.7-0141, F.A.C., OPC supports the proposed language changes and rule additions as discussed below.

Commission staff had recently amended Rule 25.6-0141, F.A.C., in Docket No. 20190164-EI. In Order No. PSC-2019-0518-FOF-EI, issued December 11, 2019, the Commission issued its Notice of Adoption of Rule. Included in those amendments was subsection (8) which amended the threshold as follows:

Each utility must ~~shall~~ include in its Forecasted Surveillance Report a schedule of individual projects that commence during that forecasted period and are estimated to have equal or exceed a gross cost in excess of 0.5 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified of \$10,000,000. The schedule must ~~shall~~ include the following minimum information:

- (a) Description of the project.
- (b) Estimated total cost of the project.
- (c) Estimated construction commencement date.
- (d) Estimated in-service date.

Subsequently, the Commission staff sent this Notice of Development of Rulemaking to further refine the language in the AFUDC rule for the Electric industry and add AFUDC rule changes for the gas and water and wastewater industries. OPC notes that the Commission staff did not propose to change the recently amended threshold language. OPC is in agreement with Commission staff not changing this language which is now contained in subsection (9) of Rule 25.6.0141, F.A.C.

However, Commission staff in its refinement of the AFUDC rules has proposed to add a definition of terms section to the rule. Included in subsection (1) is a definition of a project which states:

(b) A project means a temporary endeavor with a defined beginning and end series of tasks that need to be completed in order to reach a specific outcome (e.g. a specific utility investment placed into service or devoted to public use for the provision of electric service), designed to produce an in-service plant investment result with a specific location and design.

OPC is in agreement with this new language. OPC believes that this language is appropriate and provides a clear and understandable definition of what a project encompasses. This definition is necessary to properly define a project that can be considered to receive AFUDC treatment under the rule.

In addition, Commission staff proposed revised language to clarify what, if any, projects may be eligible for bundling. The Commission staff proposed the addition of the following language as subsection (1)(c):

(c) A utility may not bundle projects as a means of demonstrating that it has met the threshold for accruing AFUDC pursuant to this Rule unless it can also demonstrate that the overall cost of the bundled projects with AFUDC is less than the total overall cost of the unbundled projects without AFUDC.

OPC supports this language by Commission staff and believes that the proposed bundling amendment resolves OPC's concerns regarding the bundling of projects to meet the threshold amount to receive AFUDC in a manner that is inconsistent with the intent of the rule.

Rules 25-7.0141 and 25-30.116, F.A.C., include the proposed Commission staff language changes, as well as, the AFUDC rule changes for the gas and water and wastewater industry applicable rules. OPC supports Commission staff in adopting AFUDC rule changes for these industries.

In conclusion, OPC supports Commission staff's proposed amendments to the electric industry AFUDC rule and rule changes for gas and water and wastewater industries. Thank you for your consideration in this matter. If you have any questions, please call me at (850) 717-0333.

Respectfully Submitted,

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