

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF DEVELOPMENT OF RULEMAKING

TO

ALL WATER AND WASTEWATER UTILITIES

OFFICE OF PUBLIC COUNSEL

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO.: 20230123-WS

IN RE: PROPOSED RULE 25-30.0372, FLORIDA ADMINISTRATIVE CODE,  
ALTERNATIVE PROCEDURE FOR ESTABLISHING RATE BASE VALUE  
OF ACQUIRED UTILITY SYSTEM

ISSUED: October 31, 2023

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated rulemaking to adopt new Rule 25-30.0372, Florida Administrative Code, pertaining to Alternative Procedure for Establishing Rate Base Value of Acquired Utility System.

A staff rule development workshop will be held at the following time and place:

November 14, 2023, at 9:30 a.m.  
Betty Easley Conference Center, Room 148  
4075 Esplanade Way  
Tallahassee, FL 32399-0850

The draft rule and the agenda for the workshop are attached. One or more Commissioners may be in attendance and participate in the workshop. The person to be contacted regarding the rule development is Susan Sapoznikoff, Office of the General Counsel, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850; [Susan.Sapoznikoff@psc.state.fl.us](mailto:Susan.Sapoznikoff@psc.state.fl.us), (850) 413-6630.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this workshop should contact the Office of Commission Clerk no later than five days prior to the workshop at 2540 Shumard Oak Boulevard, Tallahassee,

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Florida 32399-0850 or 850-413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD). Assisted Listening Devices are available upon request from the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

EMERGENCY CANCELLATION OF THE WORKSHOP

If a named storm or other disaster requires cancellation of the workshop, notice of cancellation will be provided on the Commission's website (<http://www.psc.state.fl.us>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at (850) 413-6199.

By DIRECTION of the Florida Public Service Commission this 31st day of October, 2023.



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ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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1        **25-30.0372 Alternative Procedure for Establishing Rate Base Value of Acquired**  
2        **Utility System.**

3        (1) Definitions. For the purposes of this rule, the following definitions apply:

4        (a) “Licensed Appraiser,” as referenced in Section 367.0811(4)(a), F.S., means a person  
5        who meets all the following criteria:

6        1. Has certification as an Accredited Senior Appraiser by the American Society of  
7        Appraisers, designation as a Certified Valuation Analyst by the National Association of  
8        Certified Valuators and Analysts, or designation as a Member of the Appraisal Institute by the  
9        Appraisal Institute; and

10       2. Has a current license in good standing from any state as an appraiser, engineer, or  
11       certified public accountant.

12       (b) “Price Index” means the most recent annual price increase or decrease index of major  
13       categories of operating costs incurred by water and wastewater utilities established by the  
14       Commission by order entered pursuant to Section 367.081(4)(a), F.S.

15       (2) Appraisals.

16       (a) Each appraisal must assess the value of the utility system being acquired according to  
17       its intended use.

18       (b) The acquiring utility will select one licensed appraiser, the utility being acquired will  
19       select one licensed appraiser, and those two utilities will jointly select the third licensed  
20       appraiser.

21       (c) The list of licensed appraisers required by Section 367.0811(4)(a), F.S., can be found at  
22       [www.floridapsc.com/appraiserlist](http://www.floridapsc.com/appraiserlist) or obtained from the Office of the Commission Clerk,  
23       Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
24       32399-0850.

25       (d) A licensed appraiser will be included on the Commission’s list of approved licensed

1 appraisers by submitting all of the following to [appraiserlist@psc.state.fl.us](mailto:appraiserlist@psc.state.fl.us) or the Office of the  
2 Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard,  
3 Tallahassee, FL 32399-0850:

- 4 1. The licensed appraiser's name, mailing address, telephone number, and email address;  
5 2. The name of any company with which the licensed appraiser is employed or associated;

6 and

- 7 3. Proof of the information required by paragraph (1)(a) above.

8 (e) It is the responsibility of the licensed appraiser to ensure that correct and updated  
9 information remains on file with the Commission. The licensed appraiser must submit updated  
10 information to [appraiserlist@psc.state.fl.us](mailto:appraiserlist@psc.state.fl.us) within 30 days of any change of information. If the  
11 Commission determines that a person no longer meets the requirements to be a licensed  
12 appraiser on the Commission's list, that person will be removed from the list. Upon request  
13 and upon providing proof that the requirements listed in paragraph (1)(a) above are met, a  
14 person will be added back to the list.

15 (f) The licensed appraiser can be removed from the list by submitting a request for  
16 removal in writing to [appraiserlist@psc.state.fl.us](mailto:appraiserlist@psc.state.fl.us).

17 (3) Engineering Assessment.

18 (a) In assessing the impact on quality of service, the assessment of the tangible assets of  
19 the utility system being acquired required by Section 367.0811(4)(b), F.S., must include  
20 impacts to the quality of product.

21 (b) The licensed engineer who performs the engineering assessment required by Section  
22 367.0811(4)(b), F.S., may not also serve as a licensed appraiser on the same acquisition  
23 transaction.

24 (4) Petition. Section 367.0811(5), F.S., sets forth the filing requirements a petition to  
25 establish the rate base value must contain.

1       (a) The petition must be filed within 6 months of the issuance of the final order approving  
2 the transfer of the certificate(s) of authorization or the closing date of the sale, whichever is  
3 later. Commission staff will review the petition and within 30 days of receipt of the petition  
4 will notify the acquiring utility whether the petition is complete or identify the information  
5 missing from the petition under the requirements of Section 367.0811(5), F.S. The date the  
6 petition is complete under Section 367.0811(6), F.S., is the date that Commission staff notifies  
7 the acquiring utility that the petition meets the filing requirements of Section 367.0811(5), F.S.

8       (b) Form PSC XXX (XX/23), entitled “Water and/or Wastewater Cumulative Present  
9 Value of the Revenue Requirement for Alternate Rate Base Worksheet” (“CPVRR”), which is  
10 incorporated by reference in this rule and may be obtained from [\[hyperlink\]](#), must be included  
11 in the petition to show the 5-year projected rate impact required by Section 367.0811(5)(e),  
12 F.S. The form can also be found at [www.floridapsc.com](http://www.floridapsc.com), or obtained from the Office of the  
13 Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard,  
14 Tallahassee, Florida 32399-0850.

15       (c) The 5-year rate impact required by Section 367.0811(5)(e), F.S., must also include the  
16 following for each year for residential and general service customers, and the CPVRR must  
17 support the projections for these charges:

- 18       1. Base facility charge,
- 19       2. Gallonage charge, and
- 20       3. Billing determinants.

21       (d) The information filed under Section 367.0811(5)(e), F.S., must include the acquiring  
22 utility’s proposed journal entries anticipated to result from the acquisition, including tax  
23 entries and account numbers in conformance with the 1996 NARUC Uniform System of  
24 Accounts, which is incorporated by reference in Rule 25-30.115, F.A.C.

25       (e) For purposes of determining whether the petition must include a rate stabilization plan

1 under Section 367.0811(5)(h), F.S., “significant individual increase in rates” means a rate  
2 increase during any twelve consecutive months of the 5-year projected rate impact period in  
3 excess of price index over the current rates of the utility system being acquired. A copy of the  
4 most recent Commission order establishing the price index can be obtained from the Public  
5 Service Commission, Division of Accounting & Finance, 2540 Shumard Oak Boulevard,  
6 Tallahassee, Florida 32399-0850.  
7 *Rulemaking Authority 367.0811(11), FS. Law Implemented 367.0811, FS., History–New*

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WATER AND/OR WASTEWATER CUMULATIVE PRESENT VALUE OF THE REVENUE REQUIREMENTS  
 FOR ALTERNATE RATE BASE WORKSHEET

Discount Rate / WACC		0.00%		Acquired Utility						
Start Date										
Acquisition Date										
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			1.00000	1.00000	1.00000	1.00000	1.00000			
<b>Revenue Requirements</b>										
Operations and Maintenance <sup>1</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Depreciation and Amortization <sup>2</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes Other Than Income	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest Expense <sup>3</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Return on Equity <sup>4</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Income Tax <sup>5</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
System Impact <sup>6</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Revenue Requirements</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(Revenue from Customers) <sup>7</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Net Customer (Savings)/Cost*</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Cost Adjustments - Acquired Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Discount Rate / WACC		0.00%		Acquiring Utility						
Start Date										
Acquisition Date										
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			1.00000	1.00000	1.00000	1.00000	1.00000			
<b>Revenue Requirements</b>										
Operations and Maintenance <sup>1</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Depreciation and Amortization <sup>2</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes Other Than Income	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest Expense <sup>3</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Return on Equity <sup>4</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Income Tax <sup>5</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
System Impact <sup>6</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Acquisition Cost <sup>7</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Revenue Requirements</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(Revenue from Customers) <sup>8</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Net Customer (Savings)/Cost*</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Cost Adjustments - Acquiring Utility					
Year 1	Year 2	Year 3	Year 4	Year 5	
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
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\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

Discount Rate / WACC		0.00%		Combined Net Customer (Savings)/Cost						
Start Date										
Acquisition Date										
	Escalation Rate	Beginning Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total	5-year CPVRR	
Discount Rate			1.00000	1.00000	1.00000	1.00000	1.00000			
<b>Revenue Requirements</b>										
Operations and Maintenance <sup>1</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Depreciation and Amortization <sup>2</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes Other Than Income	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest Expense <sup>3</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Return on Equity <sup>4</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Income Tax <sup>5</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
System Impact <sup>6</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Acquisition Cost <sup>7</sup>	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Revenue Requirements</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(Revenue from Customers) <sup>8</sup>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Net Customer (Savings)/Cost*</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

<sup>1</sup>Represents estimated Operations and Maintenance Expense for operating the system.  
<sup>2</sup>Depreciation and Amortization Expense associated with the assets and system capital expenditures.  
<sup>3</sup>Interest expense assumes weighted cost of debt and debt-to-investor capital ratio excluding any interest expense (if applicable) related to the acquisition.  
<sup>4</sup>Return on equity assumes cost of equity and equity-to-investor capital ratio excluding any return (if applicable) related to the acquisition.  
<sup>5</sup>Income tax assumes blended state and federal tax rate.  
<sup>6</sup>Fixed costs and capital needed to serve the system.  
<sup>7</sup>Capital costs related to the acquisition.  
<sup>8</sup>Revenue from customers at forecasted rates.  
 \*Revenue requirements netted against revenue from customers.

WORKSHOP AGENDA

1. STAFF WELCOME AND OVERVIEW OF DRAFT RULE
2. STAKEHOLDER COMMENTS ON DRAFT RULE
3. DISCUSSION OF NEXT STEPS
4. ADJOURN