



PHONE (850) 425-6654 FAX (850) 425-6694 WEB WWW.RADEYLAW.COM  
MAIL POST OFFICE BOX 10967 | TALLAHASSEE, FL 32302 OFFICE 301 SOUTH BRONOUGH ST. | STE. 200 | TALLAHASSEE, FL 32301

March 1, 2024  
(via e-filing)

Ms. Susan Sapoznikoff, Senior Attorney  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RE: Docket NO. 20230123WS – In Re: Proposed Rule 25-30.0372, Florida Administrative Code (F.A.C.), Alternative Procedure for Establishing Rate Base Value of Acquired Utility System

Dear Ms. Sapoznikoff,

CSWR-Florida Operating Company, LLC (CSWR-Florida) will be attending the March 5, 2024 Public Service Commission (Commission) Agenda Conference to address the Commission regarding the proposed amendments to Rule 25-30.0372, Florida Administrative Code (F.A.C.) Alternative Procedure for Establishing Rate Base Value of Acquired Utility System (rule).

CSWR-Florida appreciates the efforts of Staff to draft a rule to implement the provisions of newly enacted section 367.0811, Florida Statutes. There are a few changes to Staff's draft that CSWR-Florida recommends the Commission consider. A copy of the Staff's rule with the recommended changes is attached to this letter.

With regard to subparagraphs (3)(b) 1. and 2. The words "if available" should be added at the end of each subparagraph. The systems being acquired may not have a copy of these items due to inadequate record keeping.

Consistent with comments made on this rule and the proposed amendment to Rule 25-30.30.0371, F.A.C., Acquisition Adjustments, the use of the Commission's CPVRR form should be optional. This would allow a utility to provide their own analysis detailing



Ms. Susan Sapoznikoff  
March 1, 2024  
Page 2 of 2

the rate impact, in which case a spreadsheet and all data and assumptions used would be provided.

For purposes of determining if a petition must include a rate stabilization plan, CSWR-Florida recommends defining a “substantial increase in rates” as a rate increase during any twelve consecutive months of the 5-year projected rate impact period in excess of 25 percent over the current rates of the utility system being acquired.

The last recommended change is with regard to the notice requirements in subsection (5). This subsection should be amended to require notice only to customers of the utility being acquired. Customers of the acquiring utility are not substantially affected by the request to use the alternative procedure for establishing rate base for the acquired system, and the notice would likely confuse those customers since they were not customers of the utility being acquired. The notice for a transfer application is only provided to customers of the utility being transferred.

CSWR-Florida looks forward to addressing the Commission on the proposed rule and the changes suggested by CSWR-Florida.

Sincerely,

*/s/ Susan F. Clark*

Susan F. Clark

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  
4 apply:

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

7 1. Has certification as an Accredited Senior Appraiser by the American  
8 Society of Appraisers (ASA), designation as a Certified Valuation Analyst by the  
9 National Association of Certified Valuators and Analysts (NACVA), designation as  
10 a Certified Business Appraiser by the Institute of Business Appraisers (IBA), or  
11 designation as Accredited in Business Valuation by the American Institute of  
12 Certified Public Accountants (AICPA), and

13 2. Is in good standing with the ASA, NACVA, IBA, or AICPA.

14 (b) “Price Index” means the most recent annual price increase or decrease  
15 index of major categories of operating costs incurred by water and wastewater  
16 utilities established by the Commission by order entered pursuant to Section  
17 367.081(4)(a), F.S.

18 (2) Appraisals.

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

21 (b) The acquiring utility will choose one licensed appraiser, the utility  
22 being acquired will choose one licensed appraiser, and the Executive Director of the  
23 Florida Public Service Commission or their designee will randomly choose the third  
24 licensed appraiser. The process the Commission will use to randomly select the third  
25 licensed appraiser is as follows:

1           1.     The licensed appraiser will be selected from the list of licensed  
2 appraisers referenced in paragraph (1)(d) of this rule by the Executive Director or  
3 their designee using a computationally-generated random number.

4           2.     If the licensed appraiser randomly selected has already been selected  
5 by the acquiring utility or the utility being acquired, the process will be repeated  
6 until a third licensed appraiser is selected.

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

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

14          (e)    A licensed appraiser will be included on the Commission's list of  
15 approved licensed appraisers by submitting all of the following to  
16 [appraiserlist@psc.state.fl.us](mailto:appraiserlist@psc.state.fl.us) or the Office of the Commission Clerk, Florida Public  
17 Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850:

18           1.     The licensed appraiser's name, mailing address, telephone number, and  
19 email address;

20           2.     The name of any company with which the licensed appraiser is  
21 employed or associated; and

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

23          (f)    It is the responsibility of the licensed appraiser to ensure that correct  
24 and updated information remains on file with the Commission. The licensed  
25 appraiser must submit updated information to [appraiserlist@psc.state.fl.us](mailto:appraiserlist@psc.state.fl.us) within 30  
26 days of any change of information. If the Commission determines that a person no  
27 longer meets the requirements to be a licensed appraiser on the Commission's list,

1 that person will be removed from the list. Upon request and upon providing proof  
2 that the requirements listed in paragraph (1)(a) above are met, a person will be added  
3 back to the list.

4 (g) The licensed appraiser can be removed from the list by submitting a  
5 request for removal in writing to appraiserlist@psc.state.fl.us.

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

8 (a) The petition may be filed concurrent with the application to transfer the  
9 certificate(s) of authorization, but must be filed no later than 6 months after the  
10 issuance of the final order approving the transfer of the certificate(s) of authorization  
11 or the closing date of the sale. Commission staff will review the petition and within  
12 30 days of receipt of the petition will notify the acquiring utility whether the petition  
13 is complete or identify the information required by Section 367.0811(5), F.S., which  
14 is missing from the petition. If an amended petition is filed, Commission staff will  
15 review the amended petition and within 30 days of receipt of the amended petition  
16 will notify the acquiring utility whether the amended petition is complete or identify  
17 the information required by Section 367.0811(5), F.S., which is missing from the  
18 amended petition. This process will continue until Commission staff determines the  
19 petition satisfies the requirements of Section 367.0811(5), F.S. The date a petition  
20 is complete under Section 367.0811(6), F.S., is the date that all documents required  
21 by Section 367.0811(6), F.S., have been filed.

22 (b) If the assessment of tangible assets required by Section 367.0811(4)(b),  
23 F.S., identifies deficiencies, the 3-year plan required by Section 367.0811(5)(d), F.S.,  
24 must include the following regarding the system being acquired:

25 1. A copy of the most recent DEP and/or county health department  
26 sanitary survey, compliance inspection report, primary and secondary standards  
27 drinking water report, if available; and

1           2.     A copy of all correspondence with the DEP, county health department,  
2 and water management district, including consent orders and warning letters, and  
3 the utility’s responses to the same, for the past 5 years, if available.

4           (c)     A CPVRR in the form of a spreadsheet. Form PSC 1035 (03/24),  
5 entitled “Water and/or Wastewater Cumulative Present Value of the Revenue  
6 Requirement for Alternate Rate Base Worksheet” (CPVRR), which is incorporated  
7 by reference in this rule and may be obtained from [hyperlink], is an example of a  
8 CPVRR to ~~must~~ be included in the petition to show the 5-year projected rate impact  
9 required by Section 367.0811(5)(e), F.S. The form can also be found at  
10 [www.floridapsc.com](http://www.floridapsc.com), or obtained from the Office of the Commission Clerk, Florida  
11 Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
12 32399-0850.

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

- 16           1.     Base facility charge,
- 17           2.     Gallonage charge, and
- 18           3.     Billing determinates.

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

24           (f)     For purposes of determining whether the petition must include a rate  
25 stabilization plan under Section 367.0811(5)(h), F.S., “significant individual  
26 increase in rates” means a rate increase during any twelve consecutive months of the  
27 5-year projected rate impact period that is in excess of 25 percent price-index over

1 the current rates of the utility system being acquired. ~~A copy of the most recent~~  
2 ~~Commission order establishing the price index can be obtained from the Public~~  
3 ~~Service Commission, Division of Accounting & Finance, 2540 Shumard Oak~~  
4 ~~Boulevard, Tallahassee, Florida 32399-0850.~~

5 (4) General filing instruction. Prepared direct testimony and exhibits for  
6 each witness testifying on behalf of the acquiring utility must be filed at the time the  
7 petition is filed.

8 (5) Notice. At the time the petition is filed with the Commission, the  
9 acquiring utility must provide a draft notice for review by Commission staff.  
10 Commission staff will review the draft notice within 7 days. Once staff has approved  
11 the notice, the acquiring utility must provide notice by regular mail to the Office of  
12 Public Counsel and by regular mail or personal service to each customer and owner  
13 of property located within the service area ~~of for both the acquiring utility and the~~  
14 ~~utility being acquired, to the extent the utilities' customers are within the~~  
15 ~~Commission's jurisdiction.~~ The notice required by this rule may be combined with  
16 the notice of Application for Authority to Transfer issued pursuant to Rule 25-  
17 30.030, F.A.C. The notice must contain:

18 (a) Title: Notice of Utility's Petition to Establish Rate Base Value Using  
19 Alternative Procedure;

20 (b) A statement that the utility has filed a petition with the Commission to  
21 establish rate base value of acquired utility system using the alternative procedure  
22 set forth in Section 367.0811, F.S.;

23 (c) The date the petition was filed with the Commission;

24 (d) The docket number associated with the petition;

25 (e) A statement of the 5-year projected rate impact or the anticipated effect  
26 of the requested rate base on rates for the next 5 years;

1           (f)    A statement that the utility’s petition is available on the Commission's  
2 website;

3           (g)    The acquiring utility’s address, telephone number, and business hours;  
4 and

5           (h)    A statement that any customer substantially affected by the petition may  
6 file a motion to intervene in accordance with Rule 28-106.205, F.A.C.