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DOCKET NO. 000418-PU

CERTIFICATION OF
PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES

FILED WITH THE
DEPARTMENT OF STATE

I do hereby certify:

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

/X/ (2) There is no administrative determination under subsection 120.56(2), F.S., pending on any rule covered by this certification; and

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

/X/ (a) Are filed not more than 90 days after the notice, or

/ (b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; 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

APP _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
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DOCUMENT NUMBER-DATE

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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 ombudsman.

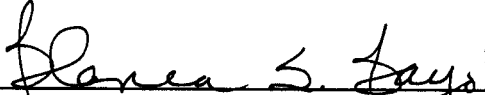
Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of State.

Rule No.

25-6.0426

Under the provision of subparagraph 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)



BLANCA S. BAYÓ, Director
Division of Records & Reporting

Number of Pages Certified

(S E A L)

MAH

1 25-6.0426 Recovery of Economic Development Expenses.

2 (1) Pursuant to Section 288.035, Florida Statutes, the
3 Commission shall allow a public utility to recover reasonable
4 economic development expenses subject to the limitations contained
5 in subsections ~~(3)(2)~~ and ~~(4)(3)~~, provided that such expenses are
6 prudently incurred and are consistent with the criteria established
7 in subsection (7) by Rules 8E-15.001, 8E-15.002, and 8E-15.003,
8 ~~Florida Administrative Code.~~

9 (2) Definitions

10 (a) "Economic Development" means those activities designed to
11 improve the quality of life for all Floridians by building an
12 economy characterized by higher personal income, better employment
13 opportunities, and improved business access to domestic and
14 international markets.

15 (b) "Economic development organization" means a state, local,
16 or regional public or private entity within Florida that engages in
17 economic development activities, such as city and county economic
18 development organizations, chambers of commerce, Enterprise
19 Florida, the Florida Economic Development Council, and World Trade
20 Councils.

21 (c) "Trade show" means an exhibition at which companies,
22 organizations, communities, or states advertise or display their
23 products or services, in which economic development organizations
24 attend or participate to identify potential industrial prospects,
25 to provide information about the locational advantages of Florida

CODING: Words underlined are additions; words in ~~struck~~
~~through~~ type are deletions from existing law.

1 and its communities, or to promote the goods and services of
2 Florida companies.

3 (d) "Prospecting mission" means a series of meetings with
4 potential industrial prospects at their business locations with the
5 objectives of convincing the prospect that Florida is a good place
6 to do business and offers unique opportunities for that particular
7 business, and encouraging the prospect to commit to a visit to
8 Florida if a locational search is pending or in progress.

9 (e) "Strategic plan" means a long-range guide for the economic
10 development of a community or state that focuses on broad priority
11 issues, is growth-oriented, is concerned with fundamental change,
12 and is designed to develop and capitalize on new opportunities.

13 (f) "Recruitment" means active efforts to encourage specific
14 companies to expand or begin operations within Florida.

15 ~~(3)(2)~~ Prior to each utility's next rate change enumerated in
16 subsection ~~(6)(5)~~, the amounts reported for surveillance reports
17 and earnings review calculations shall be limited to the greater of
18 (a) the amount approved in each utility's last rate case escalated
19 for customer growth since that time, or (b) 95 percent of the
20 expenses incurred for the reporting period so long as such does not
21 exceed the lesser of 0.15 percent of gross annual revenues or \$3
22 million.

23 ~~(4)(3)~~ At the time of each utility's next rate case and for
24 subsequent rate proceedings enumerated in subsection ~~(6)(5)~~ the
25 Commission will determine the level of sharing of prudent economic

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1 development costs and the future treatment of these expenses for
2 surveillance purposes.

3 ~~(5)(4)~~ Each utility shall report its total economic
4 development expenses as a separate line item on its income
5 statement schedules filed with the earnings surveillance report
6 required by Rule 25-6.1352, Florida Administrative Code. Each
7 utility shall make a line item adjustment on its income statement
8 schedule to remove the appropriate percentage of economic
9 development expenses incurred for the reported period consistent
10 with subsections ~~(3)(2)~~ and ~~(4)(3)~~.

11 ~~(6)(5)~~ Requests for changes relating to recovery of economic
12 development expenses shall be considered only in the context of a
13 full revenue requirements rate case or in a limited scope
14 proceeding for the individual utility.

15 (7) All financial support for economic development activities
16 given by public utilities to state and local governments and
17 organizations shall be pursuant to a prior written agreement.
18 Recoverable economic development expenses shall be limited to the
19 following:

- 20 (a) Expenditures for operational assistance, including:
21 1. Planning, attending, and participating in trade shows;
22 2. Planning, conducting, and participating in prospecting
23 missions designed to encourage the location in Florida of domestic
24 and foreign companies;
25 3. Providing financial support to economic development

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1 organizations to assist with their economic development operations;

2 4. Providing financial support to economic development
3 programs or initiatives identified or developed by Enterprise
4 Florida, Inc.;

5 5. Participating in joint economic development efforts,
6 including public-private partnerships, consortia, and multi-county
7 regional initiatives;

8 6. Participating in downtown revitalization and rural
9 community developmental programs;

10 7. Supporting state and local efforts to promote small and
11 minority-owned business development efforts; and

12 8. Supporting state and local efforts to promote business
13 retention and expansion activities.

14 (b) Expenditures for assisting state and local governments in
15 the design of strategic plans for economic development activities,
16 including:

17 1. Making financial contributions to state and local
18 governments to assist strategic planning efforts; and

19 2. Providing technical assistance, data, computer programming,
20 and financial support to state and local governments in the design
21 and maintenance of information systems used in strategic planning
22 activities.

23 (c) Expenditures of marketing and research services,
24 including;

25 1. Assisting state and local governments and economic

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1 development organizations in marketing specific sites for business
2 and industry development or recruitment;

3 2. Assisting state and local governments and economic
4 development organizations in responding to inquiries from business
5 and industry concerning the development of specific sites within
6 the utility's service area;

7 3. Providing technical assistance, data, computer programming,
8 and financial support to state and local governments in the design
9 and maintenance of geographic information systems, computer
10 networks, and other systems used in marketing and research
11 activities;

12 4. Providing financial support to economic development
13 organizations to assist with their research and marketing
14 activities;

15 5. Sponsoring publications, conducting direct mail campaigns,
16 and providing advertising support for state and local economic
17 development efforts;

18 6. Participating in cooperative marketing efforts with
19 economic development organizations;

20 7. Helping state and local businesses identify suppliers,
21 markets, and sources of financial assistance;

22 8. Helping economic development organizations identify
23 specific industries and companies for targeting and recruitment;

24 9. Working with economic development organizations to identify
25 businesses in need of help for expansion, going out of business, or

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1 at risk of leaving the area;

2 10. Providing site and facility selection assistance,
3 including lists of commercial or industrial sites, computer
4 databases, toll-free telephone numbers, maps, photographs, videos,
5 and other activities in cooperation with economic development
6 organizations; and

7 11. Supporting state and local efforts to promote exports of
8 goods and services, and other international business activities.

9 Specific Authority: 288.035(3), 350.127(2) FS.

10 Law Implemented: 288.035 FS.

11 History--New 7-17-95, Amended 6-2-98,_____.

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SUMMARY OF RULE

Rule 25-6.0426 addresses the recovery of economic development expenses for public electric utilities. The rule provides that electric utilities shall be allowed to recover prudently incurred economic development expenses that are consistent with the criteria in subsection (7) and that do not exceed the monetary limitations in subsection (3). The rule also requires economic development expenditures to be included in each utility's earnings surveillance report. In addition, the rule states the procedure for changing the level of recovery of economic development expenses. Investor-owned electric utilities are allowed to recover 95 percent of economic development expenses from their ratepayers. Shareholders pay the remaining five percent.

SUMMARY OF HEARINGS ON THE RULE

No hearing was requested and none was held.

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

During the 1994 legislative session, the Florida Legislature enacted Section 288.035, Florida Statutes, which required the Commission to adopt "rules for the recovery of economic development expenses by public utilities" Section 288.035(3), Florida Statutes. The Legislature also required the Department of Commerce (DOC) to adopt criteria for determining

what is a recoverable economic development expense. Section 288.035(1), Florida Statutes. The Commission and DOC adopted the required rules in 1995. DOC was abolished in 1996, and control of the criteria rules was passed to the Office of Tourism, Trade, and Economic Development (OTTED). However, since OTTED does not have rulemaking authority, Rules 8E-15.001, 8E-15.002, and 8E-15.003, Florida Administrative Code, which established the recovery criteria, were repealed.

The purpose of the proposed amendments is to incorporate the DOC criteria into the Commission's Economic Development rules. These criteria limit recovery to expenditures for operational assistance related to economic development by local and state governments and for assisting state and local governments in the design of strategic plans for economic development activities.