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Public Service Commission

March 7, 2019

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Re: Docket No. 20180143-EI: Petition to Initiate Rulemaking to Revise and Amend Portions of Rule 25-6.0426, F.A.C., Recovery of Economic Development of Expenses, by Florida Power & Light Company, Gulf Power Company, Tampa Electric Company.

Dear All:

By this letter, the Commission staff is requesting your input on impacts, if any, that might result from potential revisions to Commission Rule 25-6.0426, F.A.C. (Recovery of Economic Development Expenses). The questions below pertain to staff's draft rule changes as shown in Attachment A.

1. Does the utility anticipate any adverse impacts to Florida's small businesses (as defined by Section 288.703, F.S.)? If there would be adverse impacts to small businesses, what would they be? Please discuss.

Kenneth A. Hoffman

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2. Does the utility anticipate any adverse impacts over \$1 million in the aggregate within five years of its implementation in Florida's economic growth, private sector job creation, and private sector investment? Please discuss.
3. Does the utility anticipate any adverse impacts over \$1 million in the aggregate within five years of its implementation in Florida's business competitiveness (including the ability of persons doing business in other states or domestic markets), productivity, and innovation? Please discuss.
4. Does the utility anticipate any effect on state and local government revenues?
5. Please provide an analysis of economic impacts on small businesses, small counties, and small cities.
6. Please provide and discuss any other economic benefits or costs of staff's draft rule changes regarding the recovery of economic development expenses which the Commission may find useful.
7. Please provide the bill impact of staff's draft rule change on a residential customer using 1,000 kWh per month.
8. Please provide the bill impact of staff's draft rule change on a small commercial customer (on a GS rate schedule) using 1,500 kWh per month.

Please file all responses electronically no later than March 14, 2019, via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact me at sguffey@psc.state.fl.us or at 850-413-6204 if you have any questions.

/s/Sevini Guffey

Sevini Guffey
Public Utility Analyst II

Cc: Office of the Commission Clerk

1 **25-6.0426 Recovery of Economic Development Expenses.**

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

6 (2) Definitions.

7 (a) “Economic Development” means those activities designed to improve the quality of
8 life for all Floridians by building an economy characterized by higher personal income, better
9 employment opportunities, and improved business access to domestic and international
10 markets.

11 (b) “Economic development organization” means a state, local, or regional public or
12 private entity within Florida that engages in economic development activities, such as city and
13 county economic development organizations, chambers of commerce, Enterprise Florida, the
14 Florida Economic Development Council, and World Trade Councils.

15 (c) “Trade show” means an exhibition at which companies, organizations, communities, or
16 states advertise or display their products or services, in which economic development
17 organizations attend or participate to identify potential industrial prospects, to provide
18 information about the locational advantages of Florida and its communities, or to promote the
19 goods and services of Florida companies.

20 (d) “Prospecting mission” means a series of meetings with potential industrial prospects at
21 their business locations with the objectives of convincing the prospect that Florida is a good
22 place to do business and offers unique opportunities for that particular business, and
23 encouraging the prospect to commit to a visit to Florida if a locational search is pending or in
24 progress.

25 (e) “Strategic plan” means a long-range guide for the economic development of a community

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from existing law.

1 or state that focuses on broad priority issues, is growth-oriented, is concerned with
 2 fundamental change, and is designed to develop and capitalize on new opportunities.

3 (f) “Recruitment” means active efforts to encourage specific companies to expand or begin
 4 operations within Florida.

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

8 (a) The amount and level of sharing approved in each utility’s last rate case escalated for
 9 customer growth since that time, or

10 (b) 95 percent of the total economic development expenses incurred for the reporting
 11 period so long as ~~such does~~ the total economic development expenses do not exceed the lesser
 12 greater of 0.15 percent of jurisdictional gross annual revenues or ~~\$3 million~~ \$5 million.

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

17 (5) Each utility shall report its total economic development expenses as a separate line
 18 item on its income statement schedules filed with the earnings surveillance report required by
 19 Rule 25-6.1352, F.A.C. Each utility shall make a line item adjustment on its income statement
 20 schedule to remove the appropriate percentage of economic development expenses incurred
 21 for the reported period consistent with subsections (3) and (4).

22 (6) Requests for changes relating to recovery of economic development expenses shall be
 23 considered only in the context of a full revenue requirements rate case or in a limited scope
 24 proceeding for the individual utility.

25 (7) All financial support for economic development activities given by public utilities to

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1 state and local governments and organizations shall be pursuant to a prior written agreement.

2 Recoverable economic development expenses shall be limited to the following:

3 (a) Expenditures for operational assistance, including:

4 1. Planning, attending, and participating in trade shows;

5 2. Planning, conducting, and participating in prospecting missions designed to encourage
6 the location in Florida of domestic and foreign companies;

7 3. Providing financial support to economic development organizations to assist with their
8 economic development operations;

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

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

13 6. Participating in downtown revitalization and rural community developmental programs.

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

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

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

19 1. Making financial contributions to state and local governments to assist strategic
20 planning efforts; and

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

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

25 1. Assisting state and local governments and economic development organizations in

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- 1 marketing specific sites for business and industry development or recruitment;
- 2 2. Assisting state and local governments and economic development organizations in
- 3 responding to inquiries from business and industry concerning the development of specific
- 4 sites within the utility's service area;
- 5 3. Providing technical assistance, data, computer programming, and financial support to
- 6 state and local governments in the design and maintenance of geographic information systems,
- 7 computer networks, and other systems used in marketing and research activities;
- 8 4. Providing financial support to economic development organizations to assist with their
- 9 research and marketing activities;
- 10 5. Sponsoring publications, conducting direct mail campaigns, and providing advertising
- 11 support for state and local economic development efforts;
- 12 6. Participating in cooperative marketing efforts with economic development
- 13 organizations;
- 14 7. Helping state and local businesses identify suppliers, markets, and sources of financial
- 15 assistance;
- 16 8. Helping economic development organizations identify specific industries and
- 17 companies for targeting and recruitment;
- 18 9. Working with economic development organizations to identify businesses in need of
- 19 help for expansion, going out of business, or at risk of leaving the area;
- 20 10. Providing site and facility selection assistance, including lists of commercial or
- 21 industrial sites, computer databases, toll-free telephone numbers, maps, photographs, videos,
- 22 and other activities in cooperation with economic development organizations; and
- 23 11. Supporting state and local efforts to promote exports of goods and services, and other
- 24 international business activities.

25 *Rulemaking Authority 288.035(3), 350.127(2) FS. Law Implemented 288.035 FS. History–*

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1 *New 7-17-95, Amended 6-2-98, 9-25-00.*

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