

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 24, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Harper) *SMC*
Division of Economics (Coston, Guffey) *JGH*
Division of Engineering (Buys) *TB*

RE: Docket No. 20200091-EU – Proposed amendment of Rule 25-6.064, F.A.C., Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities; Rule 25-6.078, F.A.C., Schedule of Charges; Rule 25-6.115, F.A.C., Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities; and Rule 25-6.0343, F.A.C., Municipal Electric Utility and Rural Electric Cooperative Reporting Requirements.

AGENDA: 10/06/20 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Polmann

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

Case Background

In 2019, the Florida Legislature passed SB 796 to enact Section 366.96, Florida Statutes (F.S.), which required the Commission to adopt new rules related to storm protection plans and cost recovery. The Commission adopted Rules 25-6.030, Storm Protection Plan, and 25-6.031, Storm Protection Plan Cost Recovery, Florida Administrative Code (F.A.C.), which became effective on February 18, 2020.

During the rulemaking process for the new storm protection plan rules, Commission staff also initiated rulemaking on Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., in the June

7, 2019 edition of the Florida Administrative Register, Volume 45, No. 111. These rules are as follows:

- Rule 25-6.064, Contribution-in-Aid-of-Construction, establishes a uniform procedure by which investor-owned electric utilities (IOUs) calculate amounts due as contributions-in-aid-of-construction (CIAC) from customers who request new facilities or upgraded facilities in order to receive electric service.
- Rule 25-6.078, Schedule of Charges, requires each utility to file with the Commission a written policy regarding the utility's tariff rules and regulations on the installation of underground facilities in new subdivisions. The rule provides requirements as to an Estimated Average Cost Differential and basis upon which each utility will provide underground service and prohibits charges that are more than the estimated difference in cost of an underground system and an equivalent overhead system.
- Rule 25-6.115, Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities, requires that each investor-owned utility to file a tariff showing certain information and amounts for applications for conversion of existing overhead electric distribution facilities to underground facilities.
- Rule 25-6.0343, Municipal Electric Utility and Rural Electric Cooperative Reporting Requirements, defines certain reporting requirements by municipal electric utilities and rural electric cooperatives providing distribution service to end-use customers in Florida.

For both the storm protection plan rules and these existing storm hardening related rules, the Commission held two noticed staff rule development workshops. The workshops were held on June 25, 2019 and August 20, 2019. Representatives from Florida Power & Light Company (FPL), Tampa Electric Company (TECO), Duke Energy Florida, LLC (DEF), Gulf Power Company (Gulf), Florida Public Utilities Company (FPUC), Florida Retail Federation (FRF), Florida Industrial Power Users Group (FIPUG), and the Office of Public Counsel (OPC) participated at the workshops and submitted post-workshop comments.

During the storm protection plan rule workshops, there was minimal discussion about Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C. Several stakeholders opined that it would be difficult to determine any effects on existing rules until Rule 25-6.030, F.A.C., Storm Protection Plan, and Rule 25-6.031, F.A.C., Storm Protection Plan Cost Recovery, were adopted and became effective. The Florida Electric Cooperatives Association, Inc., (FECA) and Florida Municipal Electric Association (FMEA) were the only stakeholders that submitted post-workshop comments on an existing rule, Rule 25-6.0343, F.A.C. Those comments are further discussed in staff's analysis.

After reviewing the rules and workshop comments, it was determined that the storm protection plan rules would move forward separately in a single rulemaking docket and that any other previously noticed and existing storm hardening related rules would move forward in a separate

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docket once the new storm rules were adopted and became effective. After the adoption of the storm protection plan rules, the Commission proceeded to repeal Rule 25-6.0342, F.A.C., Electric Infrastructure Storm Hardening, because it was no longer necessary and had been replaced by the new storm protection plan rules.

This recommendation relates to the above-mentioned existing and previously noticed rules. Staff believes it is necessary for the Commission to amend other existing rules to recognize the Commission's adoption of the new storm protection plan rule, Rule 25-6.030, F.A.C., and the repeal of Rule 25-6.0342, F.A.C. This recommendation addresses whether the Commission should amend Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C.

Discussion of Issues

Issue 1: Should the Commission amend Rules 25-6.064, Contribution-in-Aid-of- Construction; 25-6.078, Schedule of Charges; 25-6.115, Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities; and 25-6.0343, F.A.C., Municipal Electric Utility and Rule Electric Cooperative Reporting Requirements?

Recommendation: Yes. The Commission should propose the amendment of Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., as set forth in Attachment A. The Commission should also certify Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., as minor violation rules. (Buys, Harper, Guffey)

Staff Analysis: Staff recommends that the Commission amend the rules as set forth in Attachment A. Overall, staff is recommending updates and clarifications to the rules. Staff's more substantive recommended amendments to the rules are discussed in more detail below.

Rules 25-6.064, 25-6.078, and 25-6.115, F.A.C., reference the requirements of Rule 25-6.0342, F.A.C., Electric Infrastructure Storm Hardening, which has been repealed and replaced by new a rule, Rule 25-6.030, F.A.C, Storm Protection Plan. Thus, staff recommends Rules 25-6.064, 25-6.078, and 25-6.115, F.A.C., be amended to delete the reference to the repealed rule and instead reference new Rule 25-6.030, F.A.C. Also, staff recommends adding a reference in the rules to Rules 25-6.034, Standard of Construction, 25-6.0341, Location of the Utility's Electric Distribution Facilities, and 25-6.0345, F.A.C., Safety Standards for Construction of New Transmission and Distribution Facilities, in order for the rules to more specifically and accurately reflect all of the applicable requirements.

Rule 25-6.0343, F.A.C., provides certain reporting requirements for storm hardening plans submitted to the Commission by municipal electric utilities and rural electric cooperatives. On July 15, 2019, FECA filed comments in the storm protection plan docket, suggesting Rule 25-6.0343, F.A.C., be amended to "allow co-ops and munis to file responses with the Commission Clerk every three years." Staff agrees and recommends that the rule be amended to include the 3 year time line for filing storm protection plans to be consistent with the IOUs' time line for storm protection plan filings made pursuant to Rule 25-6.030, F.A.C.

Minor Violation Rules Certification

Pursuant to Section 120.695, F.S., beginning July 1, 2017, for each rule filed for adoption, the agency head must certify whether any part of the rule is designated as a rule the violation of which would be a minor violation. Under Section 120.695(2)(b), F.S., a violation of a rule is minor if it does not result in economic or physical harm to a person or adversely affect the public health, safety, or welfare or create a significant threat of such harm. Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., will be minor violation rules, as a violation of these rules will not result in economic or physical harm to a person or have an adverse effect on the public health, safety, or welfare or create a significant threat of such harm. Therefore, for the purposes of filing the rules for adoption with the Department of State, staff recommends that the Commission certify amended Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., as minor violation rules.

Statement of Estimated Regulatory Costs

Pursuant to Section 120.54(3)(b), F.S., agencies are encouraged to prepare a statement of estimated regulatory costs (SERC) before the adoption, amendment, or repeal of any rule. The SERC is appended as Attachment C to this recommendation. The SERC analysis also includes whether the rules are likely to have an adverse impact on growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five years after implementation.

The attached SERC addresses the economic impacts and considerations required pursuant to Section 120.541, F.S. The SERC analysis indicates that the recommended amendments to Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., will not likely increase regulatory costs, including any transactional costs or have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. The recommended revisions would not potentially have adverse impacts on small businesses, would have no implementation cost to the Commission or other state and local government entities, and would have no impact on small cities or counties.

No regulatory alternatives were submitted pursuant to Section 120.541(1)(g), F.S. The SERC concludes that none of the impacts/cost criteria established in Sections 120.541(2)(a), (c), (d), and (e), F.S., will be exceeded as a result of the proposed rule revisions.

Conclusion

Based on the foregoing, staff recommends the Commission propose to amend Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., as set forth in Attachment A. Staff also recommends that the Commission certify Rules 25-6.064, 25-6.078, 25-6.115, and 25-6.0343, F.A.C., as a minor violation rules.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing, information regarding the SERC, proposals for a lower cost regulatory alternative, or JAPC comments are filed, the rules should be filed with the Department of State, and the docket should be closed. (Harper)

Staff Analysis: If no requests for hearing, information regarding the SERC, proposals for a lower cost regulatory alternative, or JAPC comments are filed, the rules should be filed with the Department of State, and the docket should be closed.

1 **25-6.064 Contribution-in-Aid-of-Construction for Installation of New or Upgraded**
2 **Facilities.**

3 (1) Application and scope. The purpose of this rule is to establish a uniform procedure by
4 which investor-owned electric utilities calculate amounts due as contributions-in-aid-of-
5 construction (CIAC) from customers who request new facilities or upgraded facilities in order
6 to receive electric service, except as provided in Rule 25-6.078, F.A.C.

7 (2) Contributions-in-aid-of-construction for new or upgraded overhead facilities (CIAC_{OH})
8 shall be calculated as follows:

9	CIAC _{OH}	=	Total estimated work order job cost of installing the facilities	-	Four years expected incremental base energy revenue	-	Four years expected incremental base demand revenue, if applicable
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11 (a) The cost of the service drop and meter shall be excluded from the total estimated work
12 order job cost for new overhead facilities.

13 (b) The net book value and cost of removal, net of the salvage value, for existing facilities
14 shall be included in the total estimated work order job cost for upgrades to those existing
15 facilities.

16 (c) The expected annual base energy and demand charge revenues shall be estimated for a
17 period ending not more than 5 years after the new or upgraded facilities are placed in service.

18 (d) In no instance shall the CIAC_{OH} be less than zero.

19 (3) Contributions-in-aid-of-construction for new or upgraded underground facilities
20 (CIAC_{UG}) shall be calculated as follows:

21	CIAC _{UG}	=	CIAC _O _H	+	Estimated difference between cost of providing the service underground and overhead
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22 (4) Each utility shall apply the formula in subsections (2) and (3) of this rule uniformly to
23 residential, commercial and industrial customers requesting new or upgraded facilities at any
24 voltage level.

25 (5) The costs applied to the formula in subsections (2) and (3) shall be based on the

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1 requirements of Rule 25-6.030, F.A.C., Storm Protection Plan, Rule 25-6.034, F.A.C.,
2 Standard of Construction, Rule 25-6.0341, F.A.C., Location of the Utility's Electric
3 Distribution Facilities, and Rule 25-6.0345, F.A.C., Safety Standards for Construction of New
4 Transmission and Distribution Facilities ~~25-6.0342, F.A.C., Electric Infrastructure Storm.~~

5 (6) All CIAC calculations under this rule shall be based on estimated work order job costs.
6 In addition, each utility shall use its best judgment in estimating the total amount of annual
7 revenues which the new or upgraded facilities are expected to produce.

8 (a) A customer may request a review of any CIAC charge within 12 months following the
9 in-service date of the new or upgraded facilities. Upon request, the utility shall true-up the
10 CIAC to reflect the actual costs of construction and actual base revenues received at the time
11 the request is made.

12 (b) In cases where more customers than the initial applicant are expected to be served by
13 the new or upgraded facilities, the utility shall prorate the total CIAC over the number of end-
14 use customers expected to be served by the new or upgraded facilities within a period not to
15 exceed 3 years, commencing with the in-service date of the new or upgraded facilities. The
16 utility may require a payment equal to the full amount of the CIAC from the initial customer.
17 For the 3-year period following the in-service date, the utility shall collect from those
18 customers a prorated share of the original CIAC amount, and credit that to the initial customer
19 who paid the CIAC. The utility shall file a tariff outlining its policy for the proration of CIAC.

20 (7) The utility may elect to waive all or any portion of the CIAC for customers, even when
21 a CIAC is found to be applicable. If however, the utility waives a CIAC, the utility shall
22 reduce net plant in service as though the CIAC had been collected, unless the Commission
23 determines that there is a quantifiable benefit to the general body of ratepayers commensurate
24 with the waived CIAC. Each utility shall maintain records of amounts waived and any
25 subsequent changes that served to offset the CIAC.

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1 (8) A detailed statement of its standard facilities extension and upgrade policies shall be
2 filed by each utility as part of its tariffs. The tariffs shall have uniform application and shall be
3 nondiscriminatory.

4 (9) If a utility and applicant are unable to agree on the CIAC amount, either party may
5 appeal to the Commission for a review.

6 *Rulemaking Authority 366.05(1), 350.127(2) FS. Law Implemented 366.03, 366.05(1),*
7 *366.06(1) FS. History—New 7-29-69, Amended 7-2-85, Formerly 25-6.64, Amended 2-1-07,*

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1 **25-6.078 Schedule of Charges.**

2 (1) Each utility shall file with the Commission a written policy that shall become a part of
3 the utility's tariff rules and regulations on the installation of underground facilities in new
4 subdivisions. Such policy shall be subject to review and approval of the Commission and shall
5 include an Estimated Average Cost Differential, if any, and shall state the basis upon which
6 the utility will provide underground service and its method for recovering the difference in
7 cost of an underground system and an equivalent overhead system from the applicant at the
8 time service is extended. The charges to the applicant shall not be more than the estimated
9 difference in cost of an underground system and an equivalent overhead system.

10 (2) For the purpose of calculating the Estimated Average Cost Differential, cost estimates
11 shall reflect the requirements of Rule 25-6.030, F.A.C., Storm Protection Plan, Rule 25-6.034,
12 F.A.C., Standard of Construction, Rule 25-6.0341, F.A.C., Location of the Utility's Electric
13 Distribution Facilities, and Rule 25-6.0345, F.A.C., Safety Standards for Construction of New
14 Transmission and Distribution Facilities ~~25-6.0342, F.A.C., Electric Infrastructure Storm~~
15 ~~Hardening.~~

16 (3) On or before October 15 of each year, each utility shall file with the Commission Clerk
17 ~~Form PSC/ECO 13-E (10/97), Schedule 1,~~ using current material and labor costs, Form PSC
18 1031 (08/20), entitled "Overhead/Underground Residential Differential Cost Data," which is
19 incorporated by reference into this rule and is available at [insert hyperlink]. If the cost
20 differential as calculated in Form PSC 1031 (08/20) Schedule 1 varies from the Commission-
21 approved differential by plus or minus 10 percent or more, the utility shall file a written policy
22 and supporting data and analyses as prescribed in subsections (1), (4) and (5) of this rule on or
23 before April 1 of the following year; however, each utility shall file a written policy and
24 supporting data and analyses at least once every 3 years.

25 (4) Differences in Net Present Value of operational costs, including average historical
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1 storm restoration costs over the life of the facilities, between underground and overhead
2 systems, if any, shall be taken into consideration in determining the overall Estimated Average
3 Cost Differential. Each utility shall establish sufficient record keeping and accounting
4 measures to separately identify operational costs for underground and overhead facilities,
5 including storm related costs.

6 (5) Detailed supporting data and analyses used to determine the Estimated Average Cost
7 Differential for underground and overhead distribution systems shall be concurrently filed by
8 the utility with the Commission and shall be updated using cost data developed from the most
9 recent 12-month period. The utility shall record these data and analyses on ~~Form PSC/ECO~~
10 ~~13-E (10/97). Form PSC/ECO 13-E~~ Form PSC 1031 (08/20), entitled “Overhead/Underground
11 Residential Differential Cost Data” which is incorporated by reference into subsection 3 of
12 this rule and may be obtained from the Division of Economics, 2540 Shumard Oak Boulevard,
13 Tallahassee, Florida 32399-0850, (850) 413-6410.

14 (6) Service for a new multiple-occupancy building shall be constructed underground
15 within the property to be served to the point of delivery at or near the building by the utility at
16 no charge to the applicant, provided the utility is free to construct its service extension or
17 extensions in the most economical manner.

18 (7) The recovery of the cost differential as filed by the utility and approved by the
19 Commission may not be waived or refunded unless it is mutually agreed by the applicant and
20 the utility that the applicant will perform certain work as defined in the utility’s tariff, in which
21 case the applicant shall receive a credit. Provision for the credit shall be set forth in the
22 utility’s tariff rules and regulations, and shall be no more in amount than the total charges
23 applicable.

24 (8) The difference in cost as determined by the utility in accordance with its tariff shall be
25 based on full use of the subdivision for building lots or multiple-occupancy buildings. If any
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1 given subdivision is designed to include large open areas, the utility or the applicant may refer
2 the matter to the Commission for a special ruling as provided under Rule 25-6.083, F.A.C.

3 (9) The utility shall not be obligated to install any facilities within a subdivision until
4 satisfactory arrangements for the construction of facilities and payment of applicable charges,
5 if any, have been completed between the applicant and the utility by written agreement. A
6 standard agreement form shall be filed with the company's tariff.

7 (10) Nothing in this rule shall be construed to prevent any utility from waiving all or any
8 portion of a cost differential for providing underground facilities. If, however, the utility
9 waives the differential, the utility shall reduce net plant in service as though the differential
10 had been collected unless the Commission determines that there is a quantifiable benefit to the
11 general body of ratepayers commensurate with the waived differential.

12 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.04(1), (4),*
13 *366.04(2)(f), 366.06(1) FS. History—New 4-10-71, Amended 4-13-80, 2-12-84, Formerly 25-*
14 *6.78, Amended 10-29-97, 2-1-07, _____.*

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1 **25-6.115 Facility Charges for Conversion of Existing Overhead Investor-owned**

2 **Distribution Facilities.**

3 (1) Each investor-owned utility shall file a tariff showing the non-refundable deposit
4 amounts for standard applications addressing the conversion of existing overhead electric
5 distribution facilities to underground facilities. The tariff shall include the general provisions
6 and terms under which the public utility and applicant may enter into a contract for the
7 purpose of converting existing overhead facilities to underground facilities. The non-
8 refundable deposit amounts shall be calculated in the same manner as the engineering costs for
9 underground facilities serving each of the following scenarios: urban commercial, urban
10 residential, rural residential, existing low-density single family home subdivision and existing
11 high-density single family home subdivision service areas.

12 (2) For purposes of this rule, the applicant is the person or entity requesting the conversion
13 of existing overhead electric distribution facilities to underground facilities. In the instance
14 where a local ordinance requires developers to install underground facilities, the developer
15 who actually requests the construction for a specific location is deemed the applicant for
16 purposes of this rule.

17 (3) Nothing in the tariff shall prevent the applicant from constructing and installing all or a
18 portion of the underground distribution facilities provided:

19 (a) Such work meets the investor-owned utility's construction standards;

20 (b) The investor-owned utility will own and maintain the completed distribution facilities;

21 and

22 (c) Such agreement is not expected to cause the general body of ratepayers to incur
23 additional costs.

24 (4) Nothing in the tariff shall prevent the applicant from requesting a non-binding cost
25 estimate which shall be provided to the applicant free of any charge or fee.

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1 (5) Upon an applicant's request and payment of the deposit amount, an investor-owned
2 utility shall provide a binding cost estimate for providing underground electric service.

3 (6) An applicant shall have at least 180 days from the date the estimate is received to enter
4 into a contract with the public utility based on the binding cost estimate. The deposit amount
5 shall be used to reduce the charge as indicated in subsection (7) only when the applicant enters
6 into a contract with the public utility within 180 days from the date the estimate is received by
7 the applicant, unless this period is extended by mutual agreement of the applicant and the
8 utility.

9 (7) The charge paid by the applicant shall be the charge for the proposed underground
10 facilities as indicated in subsection (8) minus the charge for overhead facilities as indicated in
11 subsection (9) minus the non-refundable deposit amount. The applicant shall not be required
12 to pay an additional amount which exceeds 10 percent of the binding cost estimate.

13 (8) For the purpose of this rule, the charge for the proposed underground facilities shall
14 include:

15 (a) The estimated cost of construction of the underground distribution facilities based on
16 the requirements of Rule 25-6.030, F.A.C., Storm Protection Plan, Rule 25-6.034, F.A.C.,
17 Standard of Construction, Rule 25-6.0341, F.A.C., Location of the Utility's Electric
18 Distribution Facilities, and Rule 25-6.0345, F.A.C., Safety Standards for Construction of New
19 Transmission and Distribution Facilities ~~25-6.0342, F.A.C., Electric Infrastructure Storm~~
20 ~~Hardening Standards of Construction~~, including the construction cost of the underground
21 service lateral(s) to the meter(s) of the customer(s); and

22 (b) The estimated remaining net book value of the existing facilities to be removed less the
23 estimated net salvage value of the facilities to be removed.

24 (9) For the purpose of this rule, the charge for overhead facilities shall be the estimated
25 construction cost to build new overhead facilities, including the service drop(s) to the meter(s)
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1 of the customer(s). Estimated construction costs shall be based on the requirements of Rule
2 25-6.030, F.A.C., Storm Protection Plan, Rule 25-6.034, F.A.C., Standard of Construction,
3 Rule 25-6.0341, F.A.C., Location of the Utility's Electric Distribution Facilities, and Rule 25-
4 6.0345, F.A.C., Safety Standards for Construction of New Transmission and Distribution
5 Facilities ~~25-6.0342, F.A.C., Electric Infrastructure Storm Hardening.~~

6 (10) An applicant requesting construction of underground distribution facilities under this
7 rule may challenge the utility's cost estimates pursuant to Rule 25-22.032, F.A.C.

8 (11) For purposes of computing the charges required in subsections (8) and (9):

9 (a) The utility shall include the Net Present Value of operational costs including the
10 average historical storm restoration costs for comparable facilities over the expected life of the
11 facilities.

12 (b) If the applicant chooses to construct or install all or a part of the requested facilities, all
13 utility costs, including overhead assignments, avoided by the utility due to the applicant
14 assuming responsibility for construction shall be excluded from the costs charged to the
15 customer, or if the full cost has already been paid, credited to the customer. At no time will the
16 costs to the customer be less than zero.

17 (12) Nothing in this rule shall be construed to prevent any utility from waiving all or any
18 portion of the cost for providing underground facilities. If, however, the utility waives any
19 charge, the utility shall reduce net plant in service as though those charges had been collected
20 unless the Commission determines that there is quantifiable benefits to the general body of
21 ratepayers commensurate with the waived charge.

22 (13) Nothing in this rule shall be construed to grant any investor-owned electric utility any
23 right, title or interest in real property owned by a local government.

24 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.04, 366.05*
25 *FS. History—New 9-21-92, Amended 2-1-07,_____.*

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1 **25-6.0343 Municipal Electric Utility and Rural Electric Cooperative Reporting**

2 **Requirements.**

3 (1) Application and Scope. The purpose of this rule is to define certain reporting
4 requirements by municipal electric utilities and rural electric cooperatives providing
5 distribution service to end-use customers in Florida.

6 (2) The reports required by subsections (3), of this rule shall be filed with the Commission
7 Clerk by March 1, 2020, and every three years thereafter for the three preceding calendar
8 years. The reports required by subsections (4), and (5) of this rule shall be filed with the
9 Commission Clerk by March 1 of each year for the preceding calendar year.

10 (3) Standards of Construction. Each municipal electric utility and rural electric cooperative
11 shall report the extent to which its construction standards, policies, practices, and procedures
12 are designed to address the ability of transmission and distribution facilities to mitigate
13 damage caused by extreme weather. Each utility report shall, at a minimum, address the extent
14 to which its construction standards, policies, guidelines, practices, and procedures:

15 (a) Comply, at a minimum, with the procedures set forth in Rule 25-6.0345, Florida
16 Adminstrative Code, the National Electrical Safety Code (ANSI C-2) [NESC]. For electrical
17 facilities constructed on or after February 1, 2007, the shall apply. Electrical facilities
18 constructed prior to February 1, 2007, shall be governed by the edition of the NESC in effect
19 at the time of the facility's initial construction. A copy of the 2007 NESC, ISBN number 0-
20 7381-4893-8, may be obtained from the Institute of Electric and Electronic Engineers, Inc.
21 (IEEE).

22 (b) Are guided by the extreme wind loading standards specified by the procedures set forth
23 in Rule 25-6.0345, Florida Adminstrative Code, Figure 250-2(d) of the 2002 edition of the
24 NESC for:

25 1. New construction;

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1 2. Major planned work, including expansion, rebuild, or relocation of existing facilities,
2 assigned on or after the effective date of this rule; and

3 3. Targeted critical infrastructure facilities and major thoroughfares taking into account
4 political and geographical boundaries and other applicable operational considerations.

5 (c) Address the effects of flooding and storm surges on underground distribution facilities
6 and supporting overhead facilities.

7 (d) Provide for placement of new and replacement distribution facilities so as to facilitate
8 safe and efficient access for installation and maintenance.

9 (e) Include written safety, pole reliability, pole loading capacity, and engineering standards
10 and procedures for attachments by others to the utility's electric transmission and distribution
11 poles.

12 (4) Facility Inspections. Each municipal electric utility and rural electric cooperative shall
13 report, at a minimum, the following information pertaining to its transmission and distribution
14 facilities:

15 (a) A description of the utility's policies, guidelines, practices, and procedures for
16 inspecting transmission and distribution lines, poles, and structures including, but not limited
17 to, pole inspection cycles and pole selection process.

18 (b) The number and percentage of transmission and distribution inspections planned and
19 completed.

20 (c) The number and percentage of transmission poles and structures and distribution poles
21 failing inspection and the reason for the failure.

22 (d) The number and percentage of transmission poles and structures and distribution poles,
23 by pole type and class of structure, replaced or for which remediation was taken after
24 inspection, including a description of the remediation taken.

25 (5) Vegetation Management. Each municipal electric utility and rural electric cooperative
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1 shall report, at a minimum, the following information pertaining to the utility's vegetation
2 management efforts:

3 (a) A description of the utility's policies, guidelines, practices, and procedures for
4 vegetation management, including programs addressing appropriate planting, landscaping, and
5 problem tree removal practices for vegetation management outside of road right-of-ways or
6 easements, and an explanation as to why the utility believes its vegetation management
7 practices are sufficient.

8 (b) The quantity, level, and scope of vegetation management planned and completed for
9 transmission and distribution facilities.

10 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.04(2)(f), (6) FS.*

11 *History—New 12-10-06,_____.*

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

Utility Name: _____

Date: _____

OVERHEAD/UNDERGROUND RESIDENTIAL DIFFERENTIAL COST DATA

Low Density 210 Lot Subdivision
Cost per Service Lateral

ITEM	OVERHEAD COST	UNDERGROUND COST	DIFFERENTIAL COST
Labor			
Material			
TOTAL			
NPV Operational Cost			
TOTAL Including NPV Operational Cost			

The differential cost has changed by ____%

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 14, 2020

TO: Adria E. Harper, Senior Attorney, Office of the General Counsel

FROM: Sevini K. Guffey, Public Utility Analyst II, Division of Economics *S.K.G.*

RE: Docket No. 20200091-EU: Proposed amendment of Rule 25-6.064, F.A.C., Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities; Rule 25-6.078, F.A.C., Schedule of Charges; Rule 25-6.115, F.A.C., Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities; and Rule 25-6.0343, F.A.C., Municipal Electric Utility and Rural Electric Cooperative Reporting Requirements.

Statement of Estimated Regulatory Costs

Commission staff is recommending amendments to Rules 25-6.064, F.A.C., Contribution-in-Aid-of-Construction; 25-6.078, F.A.C., Schedule of Charges; and 25-6.115, F.A.C., Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities, which apply to all investor-owned electric utilities (IOUs). Staff is also recommending amendments to Rule 25-6.0343, F.A.C., Municipal Electric Utility and Rural Electric Cooperative Reporting Requirements, which apply to all municipal electric utilities and electric cooperatives.

In 2019, the Florida Legislature passed SB 796 to enact Section 366.96, Florida Statutes (F.S.), which requires each IOU to file a transmission and distribution storm protection plan for the Commission's review and hold annual proceedings to determine each IOU's prudently incurred costs to implement the storm protection plan. In furtherance of the Legislature's directive, the Commission adopted Rule 25-6.030, F.A.C., Storm Protection Plan, and Rule 25-6.031, F.A.C., Storm Protection Plan Cost Recovery, which became effective on February 18, 2020. As a result of the adoption of these new rules, the Commission is recommending amendments to Rules 25-6.064, F.A.C., 25-6.078, F.A.C., 25-6.115, F.A.C., and 25-6.0343, F.A.C. The recommended revisions are discussed in detail in the staff recommendation.

Two noticed staff rule development workshops were held on June 25, 2019 and on August 20, 2019. On April 7, 2020, staff issued a Statement of Estimated Regulatory Costs (SERC) data request to the Florida Municipal Electric Association, the Florida Electric Cooperatives Association, Inc. and electric IOUs for which all responded by April 21, 2020.

The attached SERC addresses the economic impacts and considerations required pursuant to Section 120.541, F.S. The SERC analysis indicates that the recommended amendments to Rules 25-6.064, F.A.C., 25-6.078, F.A.C., 25-6.115, F.A.C., and 25-6.0343, F.A.C., will not likely increase regulatory costs, including any transactional costs or have an adverse impact on

business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. The recommended revisions would not potentially have adverse impacts on small businesses, would have no implementation cost to the Commission or other state and local government entities, and would have no impact on small cities or counties.

No regulatory alternatives were submitted pursuant to Section 120.541(1)(g), F.S. The SERC concludes that none of the impacts/cost criteria established in Sections 120.541(2)(a), (c), (d), and (e), F.S., will be exceeded as a result of the proposed rule revisions.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rules 25-6.064, F.A.C., 25-6.078, F.A.C., 25-6.115, .A.C., 25-6.0343, F.A.C.

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes No

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes No

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth Yes No

Private-sector job creation or employment Yes No

Private-sector investment Yes No

(2) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets) Yes No

Productivity Yes No

Innovation Yes No

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes

No

Economic Analysis: In response to staff's data requests, the Florida Municipal Electric Association, Inc. (FMEA), and the Florida Electric Cooperatives Association, Inc. (FECA), stated that regulatory costs would not increase in excess of \$200,000 annually or in excess of \$1 million in the aggregate within 5 years after the implementation of the rules. FMEA and FECA stated that the proposed rule revisions are expected reduce regulatory costs due to the reduced number of reports to be filed with the Commission. The lowered costs would slightly reduce the cost burden for FMEA and FECA which would have a positive impact on their customers.

In response to staff's data requests, the five investor-owned electric utilities (IOUs) also stated that regulatory costs would not increase in excess of \$200,000 annually or in excess of \$1 million in the aggregate within 5 years after the implementation of the rules. Of the five IOUs, Florida Public Utilities Company stated that the Company does not anticipate any increases in regulatory costs associated with the specific rule changes identified. Duke Energy Florida, Inc. stated that it is already complying with the rule requirements and therefore, would not incur any incremental transactional costs.

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

The 33 municipal utilities that are members of the FMEA, 17 electric cooperatives that are members of the FECA, and five (5) IOUs will be required to comply with the rules.

(2) A general description of the types of individuals likely to be affected by the rule.

Types of individuals likely to be affected by the rules will be the electric customers of FMEA, FECA, and IOUs.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

None. To be done with the current workload and existing staff.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

- None. The rule will only affect the Commission.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

- None.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. "Transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule. [120.541(2)(d), F.S.]

- None. The rule will only affect the Commission.
- Minimal. All responders stated that transactional costs will not increase as a result of the proposed rule revisions. DEF stated that since the utility is already complying with the requirements of these rules, there would be no incremental transactional costs incurred.
- Other. Provide an explanation for estimate and methodology used.

E. An analysis of the impact on small businesses, and small counties and small cities:
[120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.

- No adverse impact on small business.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

- No impact on small cities or small counties.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful.
[120.541(2)(f), F.S.]

- None.

Additional Information:

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

- No regulatory alternatives were submitted.
- A regulatory alternative was received from
 - Adopted in its entirety.
 - Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.