

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF RULE DEVELOPMENT AND  
COMMISSION RULE DEVELOPMENT WORKSHOP

TO

ALL INVESTOR-OWNED ELECTRIC UTILITIES

ALL GAS UTILITIES

ALL WATER AND WASTEWATER UTILITIES

OFFICE OF PUBLIC COUNSEL

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO. 20240019-PU

IN RE: PROPOSED AMENDMENT OF RULE 25-14.004, F.A.C., EFFECT OF PARENT  
DEBT ON FEDERAL CORPORATE INCOME TAX.

ISSUED: April 8, 2026

NOTICE is hereby given that pursuant to Section 120.54, Florida Statutes, the Florida Public Service Commission staff has initiated rulemaking to amend Rule 25-14.004, Florida Administrative Code (F.A.C.), pertaining to the effect of parent debt on federal corporate income tax. The draft rule is appended to this notice as Attachment A.

A Commission rule development workshop will be held at the following time and place to obtain stakeholder comments on the draft rule:

Wednesday, April 22, 2026, 9:30 a.m.  
Betty Easley Conference Center, Room 148  
4075 Esplanade Way  
Tallahassee, FL 32399-0850

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The person to be contacted in the Office of General Counsel regarding this rulemaking and the Commission rule development workshop is Zachary Bloom at (850) 413-6524 or [zbloom@psc.state.fl.us](mailto:zbloom@psc.state.fl.us).

PROCEDURE FOR WORKSHOP

The agenda for the Commission rule development workshop is appended as Attachment B.

**Persons who wish to make a formal presentation at the workshop must contact Mr. Bloom at the above email addresses no later than April 15, 2026. Stakeholders should come prepared to address the questions set forth in Section III of the agenda.**

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, 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 and in the docket. Cancellation can also be confirmed by calling the Office of the General Counsel at (850) 413-6199.

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By DIRECTION of the Florida Public Service Commission this 8th day of April, 2026.



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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.

ZB

1       **25-14.004 Determination Effect of Parent Debt on Total Federal Corporate Income**

2       **Tax.**

3       In Commission proceedings to establish revenue requirements or address over-earnings,  
4 ~~other than those entered into under Rule 25-14.003, F.A.C., the federal income tax expense of~~  
5 a regulated utility company must shall be determined using only the income of the regulated  
6 utility regardless of any adjusted to reflect the income tax expense of the parent debt that may  
7 be invested in the equity of the subsidiary where a parent-subsidiary relationship that may  
8 exist exists, and the parties to the relationship join in the filing of a consolidated income tax  
9 return. The regulated utility's stand-alone federal income tax expense will be calculated as  
10 follows:

11       (1) State corporate current income taxes will be determined by multiplying the regulated  
12 utility's state taxable income before state and federal income taxes by Florida's corporate  
13 income tax rate, plus or minus any applicable tax adjustments or credits in accordance with  
14 applicable state income tax laws and regulations. Where the regulated utility is a subsidiary of  
15 a single parent, the income tax effect of the parent's debt invested in the equity of the  
16 subsidiary utility shall reduce the income tax expense of the utility.

17       (2) The state current corporate income taxes as calculated above will then be deducted  
18 from the regulated utility's federal income before income taxes to yield the federal taxable  
19 income after state income taxes. Where the regulated utility is a subsidiary of tiered parents,  
20 the adjusted income tax effect of the debt of all parents invested in the equity of the subsidiary  
21 utility shall reduce the income tax expense of the utility.

22       (3) The federal taxable income after state current income taxes as calculated above will  
23 then be multiplied by the federal corporate income tax rate, plus or minus any applicable tax  
24 adjustments or credits in accordance with applicable federal income tax laws and regulations,  
25 to yield the federal current corporate income tax for the regulated utility. The capital structure

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

1 ~~of the parent used to make the adjustment shall include at least long term debt, short term debt,~~  
2 ~~common stock, cost free capital and investment tax credits, excluding retained earnings of the~~  
3 ~~subsidiaries. It shall be a rebuttable presumption that a parent's investment in any subsidiary~~  
4 ~~or in its own operations shall be considered to have been made in the same ratios as exist in~~  
5 ~~the parent's overall capital structure.~~

6 (4) Federal and state deferred income tax expenses for the regulated utility will be  
7 determined based on the applicable temporary adjustments to taxable income multiplied by the  
8 respective federal and state corporate income tax rates, plus or minus any applicable tax  
9 adjustments or credits in accordance with applicable federal and state income tax laws and  
10 regulations. The adjustment shall be made by multiplying the debt ratio of the parent by the  
11 debt cost of the parent. This product shall be multiplied by the statutory tax rate applicable to  
12 the consolidated entity. This result shall be multiplied by the equity dollars of the subsidiary,  
13 excluding its retained earnings. The resulting dollar amount shall be used to adjust the income  
14 tax expense of the utility.

15 (5) Total income tax expense for the regulated utility will be determined by adding the  
16 amounts calculated in subsections (1), (3), and (4) above.

17 *Rulemaking Authority 350.127(2) FS. Law Implemented 366.05(1), 367.121(1)(a) FS.*

18 *History—New 1-25-83, Formerly 25-14.04. Amended \_\_\_\_\_*

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**AGENDA**

I. Introductions

- A. Staff introductions
- B. Participant introductions

II. Formal Presentations

- A. Staff presentation
- B. Any stakeholder presentations

III. Topics for Discussion

Stakeholders should come prepared to address the following questions at the workshop:

1. What is the stand-alone approach of public utility regulation?
2. In what instances does the Florida Public Service Commission (FPSC) rely on the stand-alone approach when setting utility rates?
3. Are there any instances where the FPSC does not rely on the stand-alone approach?
4. What is double leverage?
5. How does double leverage relate to the parent debt adjustment?
6. Do either of the cases *Citizens of Fla. v. Hawkins*, 356 So. 2d 254 (Fla. 1978), and *General Tele. Co. of Fla. v. Fla. Pub. Serv. Comm'n*, 446 So. 2d 1063 (Fla. 1984), preclude the FPSC from amending the rule to discontinue using the parent debt tax adjustment? If so, which one(s) and why?
7. Does the parent debt adjustment increase or decrease rates in the short-term? Long-term?
8. What are the arguments for and against the parent debt adjustment?
9. Does any stakeholder have other questions or concerns they want to discuss?

IV. Next Steps

Discussion of next steps in the rulemaking process.

V. Adjournment