

Energy, Communications & Cybersecurity Subcommittee

Wednesday, February 15, 2023
9:00 am - 11:00 am
Reed Hall (102 HOB)

Meeting Packet

Paul Renner
Speaker

Mike Giallombardo
Chair

The Florida House of Representatives

Commerce Committee

Energy, Communications & Cybersecurity Subcommittee

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Meeting Agenda

Wednesday, February 15, 2023
9:00 AM – 11:00 AM
Reed Hall (102 HOB)

I. Call to Order

II. Roll Call

III. Welcome and Opening Remarks

IV. Consideration of the following bill(s):

- HB 125 Utility System Rate Base Values by McClain

V. Overview of the Florida Office of Broadband

VI. Closing Remarks

VII. Adjournment

HB 125

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 125 Utility System Rate Base Values
SPONSOR(S): McClain
TIED BILLS: **IDEN./SIM. BILLS:** SB 194

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Energy, Communications & Cybersecurity Subcommittee		Walsh	Keating
2) State Administration & Technology Appropriations Subcommittee			
3) Commerce Committee			

SUMMARY ANALYSIS

When a water or wastewater utility regulated by the Public Service Commission (PSC) acquires an existing water or wastewater utility system, the PSC establishes a rate base value for the acquired utility system. The rate base value established by the PSC is the amount upon which the acquiring utility may earn a rate of return. This value is determined using the acquired utility's net book value, i.e., the original cost of the utility's assets when first dedicated to public service, less depreciation. This valuation method is called the "original cost" method.

If the purchase price of a utility system is greater than its net book value, no part of the difference is included in the acquiring utility's rate base absent a showing of extraordinary circumstances, which may include anticipated cost efficiencies and improvements in service quality and regulatory compliance, among other things. If the PSC determines that extraordinary circumstances exist, it will allow the acquiring utility to include all or part of the difference in its rate base as a "positive acquisition adjustment." This adjustment will be reflected in the utility's rates that are set during the utility's next general rate case.

As an alternative to the current process, the bill allows certain PSC-regulated water and wastewater utilities (those with over 10,000 customers or 3 million gallons per day) who acquire an existing system to petition the PSC to establish rate base for the acquired system based on the lesser of: (1) the purchase price negotiated by the two utilities; or (2) the average of three appraisals of the system conducted by licensed appraisers chosen from a list established by the PSC. Appraisal fees and transaction costs may also be included. An engineering assessment must be conducted and used by the appraisers. To support its request to use this approach, the utility must provide the PSC certain information specified in the bill. Within 8 months of receiving a complete petition, the PSC must issue a final order granting the petition, in whole or in part, or denying the petition, consistent with the public interest.

The bill is not expected to have a fiscal impact on state or local governments. The bill may encourage transactions involving the purchase of water or wastewater utility systems by eligible utilities. These transactions may lead to needed infrastructure improvements, cost efficiencies, and improvements in service quality and regulatory compliance. For acquisitions by PSC-regulated utilities that petition to use the alternative valuation process created in the bill, the PSC may consider potential rate impacts and proposed improvement plans in its consideration of each petition.

The bill provides an effective date of July 1, 2023.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Regulated Water and Wastewater Utilities

In various areas throughout Florida, water and wastewater services are provided through privately-owned and operated utilities. These privately-owned utilities, sometimes referred to as investor-owned utilities, range in size from very small systems, owned by individuals as sole proprietorships and serving only a few dozen customers in a small neighborhood, to a few systems owned by large interstate corporations which serve tens of thousands of customers in multiple Florida counties.

For privately-owned utilities operating within a single Florida county, the county has the option to regulate rates and service or allow the Public Service Commission (PSC) to regulate those utilities.[1] Regardless of whether the county has opted to regulate those utilities, the PSC has jurisdiction over all water and wastewater utility systems whose service transverses county boundaries, except for systems owned and regulated by intergovernmental authorities.[2] As of 2021, the PSC had jurisdiction over 124 investor-owned water/wastewater utilities in 38 counties.[3] Still, the vast majority of water and wastewater customers in the state are served by water and wastewater utilities not regulated by the PSC, primarily by systems owned, operated, managed, or controlled by governmental authorities.

For each utility within its jurisdiction, the PSC has exclusive authority to regulate the utility's rates and service.[4] The PSC must establish rates that are just, reasonable, compensatory, and not unfairly discriminatory.[5] In doing so, the PSC must consider the value and quality of the service and the cost of providing the service, which includes, but is not limited to: debt interest; the requirements of the utility for working capital; maintenance, depreciation, tax, and operating expenses incurred in the operation of all property used and useful in the public service; and a fair return on the investment of the utility in property used and useful in the public service.[6] The PSC has consistently interpreted the "investment of the utility" to be the original cost of the utility's property when first dedicated to public service.[7] Land is included in the original cost at the time it was first dedicated to public use, meaning that under current accounting practices used to establish a utility's rate base, appreciation of the land's value is not considered.[8]

Acquisition of Water and Wastewater Utility Systems by Regulated Utilities

Each water or wastewater utility subject to the PSC's jurisdiction must obtain a certificate of authorization to provide water or wastewater service.[9] A PSC–regulated utility may not sell, assign, or transfer its certificate of authorization, facilities, or majority organizational control without approval by the PSC. Likewise, PSC approval is required for the transfer of a utility system exempt from PSC jurisdiction, such as a system owned or operated by a governmental authority, to a PSC-regulated utility. To grant approval, the PSC must determine that the sale, assignment, or transfer is in the public interest and that the acquiring utility will fulfill the commitments, obligations, and representations of the utility to be acquired.[10] If a contract for sale is made contingent upon PSC approval, the sale of the utility may occur prior to such approval.[11] The PSC considers, among other things, the financial ability

[1] S. 367.171, F.S. If a county chooses to allow regulation by the PSC, it may rescind this election only after 10 continuous years of PSC regulation.
[2] *Id.*
[3] Florida Public Service Commission, *Facts and Figures of the Florida Utility Industry*, p. 28 (Apr. 2022).
[4] S. 367.011, F.S.
[5] S. 367.081, F.S.
[6] *Id.*
[7] Florida Public Service Commission (FPSC), Agency Analysis of 2023 House Bill 125, p. 1 (Feb. 10, 2023).
[8] *Id.* at 5.
[9] S. 367.031, F.S.
[10] S. 367.071(1), F.S.
[11] FPSC, *supra* note 7, at 1.

of the buyer to maintain and operate the acquired utility and the technical ability of the buyer to provide service.[12]

When the PSC approves a sale, assignment, or transfer of an existing utility system to a PSC-regulated utility, the PSC may establish the rate base for the utility being transferred.[13] The PSC establishes the value of an existing utility's rate base using "original cost." Using original cost, the value of a utility's rate base is determined using the depreciated original cost, or net book value, of the property devoted to the public service. Contributions in aid of construction (CIAC) are deducted from rate base to ensure that costs are not imposed on current customers for infrastructure that was contributed to the utility without the utility's direct investment.[14] This rate base is the amount upon which the utility may earn a fair return, as established by the PSC.[15]

A utility system may be acquired at a price higher or lower[16] than the net book value of its assets. If the purchase price is greater than net book value, no part of the difference is included in a utility's rate base absent a showing by the utility of extraordinary circumstances.[17] In determining whether a utility has demonstrated extraordinary circumstances, the PSC will consider evidence including:

- Anticipated improvements in quality of service;
- Anticipated improvements in compliance with regulatory mandates;
- Anticipated rate reductions or rate stability over a long-term period;
- Anticipated cost efficiencies; and
- Whether the purchase was made as part of an arms-length transaction.[18]

If the PSC determines that extraordinary circumstances exist, it will allow the acquiring utility to include all or part of the difference in its rate base as a "positive acquisition adjustment." This adjustment will be reflected in the utility's rates that are set during the utility's next general rate case.

Effect of Proposed Changes

Acquisition of Water and Wastewater Utility Systems by Regulated Utilities

The bill allows certain PSC-regulated water and wastewater utilities who acquire an existing water or wastewater utility system to petition the PSC to establish rate base for the utility system being acquired, without regard to the system's original cost. Using this alternative approach, the acquiring utility may petition the PSC to establish rate base for the system being acquired based on the lesser of: (1) the negotiated purchase price; or (2) the average of three appraisals of the system conducted by licensed appraisers chosen from a list established by the PSC. The rate base established for the system being acquired may also include reasonable transaction and closing costs incurred by the acquiring utility and reasonable fees paid to appraisers. If the rate base established through this approach exceeds the net book value of the system being acquired, this excess will be reflected in customer rates set during the utility's next general rate case, thus putting upward pressure on rates.

The bill provides that three appraisers will be chosen from a list established by the PSC, and the appraisals will be paid for by the buyer. The bill requires each appraiser to provide an appraisal of the value of the utility system being acquired, in a manner consistent with the Uniform Standards of Professional Appraisal Practice.[19]

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[12] Rule 25-30.037 (2), F.A.C.
[13] S. 367.071(5), F.S.
[14] FPSC, *supra* note 7, at 2.
[15] *Id.*at 1.
[16] When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment must be included in rate base. Rule 25-3-.0371(3), F.A.C.
[17] Rule 25-30.0371(2), F.A.C.
[18] *Id.*
[19] The Uniform Standards of Professional Appraisal Practice (USPAP) are the generally recognized ethical and performance standards for the appraisal profession in the United States. USPAP was adopted by Congress in 1989, and contains standards for all types of appraisal services, including real estate, personal property, business, and mass appraisal. *See* The Appraisal Foundation, *What is USPAP?*,

Under the bill, the acquiring utility and the utility system being acquired must jointly retain a licensed engineer to assess the tangible assets of the system being acquired. The bill specifies that this assessment must be provided to the three chosen appraisers for use in determining the value of the system being acquired.

A utility that wishes to use this alternative approach must include the following in a petition to the PSC:

- The requested rate base value for the utility system being acquired;
- Copies of the three required appraisals performed by the chosen appraisers, including the average of the valuations produced by each appraisal;
- A copy of the required engineering assessment of tangible assets;
- A 3-year plan to address each deficiency identified in the engineering assessment, which must address impact on quality of service and address any planned improvements to water quality;
- The 5-year projected rate impact on the customers of the utility system being acquired, including, but not limited to the rate impact of any expected cost efficiencies and the rate impact of using of the alternative valuation approach in lieu of the original cost method;
- The contract of sale;
- The estimated value of fees and the estimated transaction and closing costs to be incurred by the acquiring utility; and
- A tariff, including rates equal to the rates of the utility system being acquired.

Within 8 months of receiving a complete petition to use this alternative approach, the PSC must issue a final order on the petition. The PSC may grant the petition, in whole or in part or with modifications in the public interest, or it may deny the petition if in the public interest. The PSC may not approve a rate base value higher than that requested in the petition.

The bill specifies that it applies only to acquiring utilities that provide water service, wastewater service, or both to more than 10,000 customers and are engaged in an arms-length acquisition of a water system, wastewater system, or both types of systems, or 3 million gallons a day of permitted drinking water. Currently, it appears that there are three PSC-regulated utilities to which the bill may apply.[20] All other PSC-regulated utilities that acquire a water or wastewater system would continue to operate under the PSC's current rules that use the original cost approach to establish rate base and that allow a positive acquisition adjustment only upon a demonstration of extraordinary circumstances.

If the alternative approach created by the bill is used to establish rate base for an acquired utility system, that rate base value must be used by the PSC to establish rates during the acquiring utility's next general rate case. The bill specifies that the PSC, in setting future rates for customers of the acquired system, may classify the system as a separate entity, consistent with the public interest.

B. SECTION DIRECTORY:

Section 1. Creates s. 367.0811, F.S., providing an alternative process to establish rate base for an acquired water or wastewater utility system.

Section 2. Provides an effective date of July 1, 2023.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

https://www.appraisalfoundation.org/imis/TAF/Standards/Appraisal_Standards/Uniform_Standards_of_Professional_Appraisal_Practice/TAF/USPAP.aspx?hkey=a6420a67-dbfa-41b3-9878-fac35923d2af (last visited Feb. 9, 2023).

[20] FPSC, *supra* note 7, at 4. As noted in the *Drafting Issues or Other Comments* section of this analysis, this provision of the bill could be clarified as to its specific application.

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may encourage transactions involving the purchase of water and wastewater utility systems by eligible utility systems. These transactions may lead to needed infrastructure improvements, cost efficiencies, and improvements in service quality and regulatory compliance. For acquisitions by PSC-regulated utilities that petition to use the alternative valuation process created in the bill, the PSC may consider potential rate impacts and proposed improvement plans in its consideration of each petition. Use of the alternative valuation process may lead to higher rates for the affected customers.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill requires the PSC to adopt implementing rules.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

The title of the bill contains a drafting error. The numbered statutory section referenced in the title does not match the numbered statutory section created by the bill.

The bill provides that the PSC "may deny a petition if *it* is in the public interest." It appears that the intent of this language is to authorize the PSC to deny a petition if *denial of the petition* is in the public interest. The bill could be amended to more clearly reflect this intent.

The bill specifies that it "applies to acquiring utilities that provide water or wastewater service, or both, to more than 10,000 customers and are engaged in an arms-length acquisition of a water or

wastewater system, or both, or 3 million gallons per day of permitted drinking water." This provision is unclear as to:

- Whether the daily gallonage requirement refers to actual production or permitted production of drinking water;
- Whether the arms-length acquisition requirement applies when eligibility is based only on the daily gallonage requirement; and
- Whether the total customer and daily gallonage requirements are intended to include only customers served and gallonage produced or permitted within Florida or, in the case of an acquiring utility with operations in at least one other state, all customers served by the utility and all gallonage produced or permitted for production by the utility.

As noted by the PSC, it is not clear how CIAC will be treated under the alternative valuation process created by the bill. The PSC also indicates that it is unclear how the deficiency-related projects identified by the 3-year plan interacts with the alternative valuation process.[21]

Other Comments

As previously noted, land is included in a utility's rate base at its original cost when dedicated to service for public use. Over time, customers of the utility pay down that cost through rates. Under the alternative valuation method created in the bill, appreciation in land values alone could result in significant increases in rate base, putting upward pressure on customer rates.[22]

The PSC notes that it has no expertise in property appraisal and suggests that an agency with such expertise may be a more appropriate choice to establish the list of approved appraisers required by the bill.[23]

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

[21] *Id.* at 4.
[22] *See Id.* at 5.
[23] *Id*.

A bill to be entitled

An act relating to utility system rate base values; creating s. 367.08101, F.S.; establishing an alternative procedure by which the Public Service Commission may establish the rate base value for certain acquired utility systems; requiring the approved rate base value to be reflected in the acquiring utility's next general rate case for ratemaking purposes; establishing a procedure for appraisal of the acquired utility system; providing the contents required for a petition to the commission for approval of the rate base value of the acquired utility system; providing duties of the commission regarding petitions; authorizing the commission to set rates for and classify certain acquired utility systems; providing applicability; requiring the commission to adopt rules; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 367.0811, Florida Statutes, is created to read:

367.0811 Rates; alternative procedure for establishing rate base value of acquired utility system.—

CODING: Words stricken are deletions; words underlined are additions.

(1)(a) If a utility acquires an existing utility system, including a system described in s. 367.022(2), the utility may petition the commission to establish a rate base value for the utility system being acquired using the valuation process in this section instead of the cost method pursuant to s. 367.081.

(b) The rate base value established by the commission under this section shall be used for ratemaking purposes in the acquiring utility's next general rate case. The rate base value may not exceed the lesser of the purchase price negotiated between the parties to the acquisition transaction or the average of the three appraisals conducted under subsection (2) and may not be adjusted for capital in aid of construction used and useful in serving the public. However, the rate base value may include reasonable transaction and closing costs incurred by the acquiring utility and reasonable fees paid to the appraisers.

(2)(a) For purposes of this section, the utility system being acquired shall be appraised by three licensed appraisers chosen from a list established by the commission. Appraisals shall be paid for by the buyer. Each appraiser shall provide an appraisal of the value of the utility system being acquired that is consistent with the Uniform Standards of Professional Appraisal Practice.

(b) The acquiring utility and the utility system being acquired shall jointly retain a licensed engineer to conduct an

assessment of the tangible assets of the utility system being acquired, and the assessment shall be provided to the three appraisers for use in determining the value of the utility system being acquired.

(3) A petition filed under this section to establish the rate base value for a utility system being acquired must contain all of the following:

(a) The requested rate base value for the utility system being acquired.

(b) Copies of the appraisals required by this section, including the average of the valuations produced by each appraisal.

(c) A copy of the assessment of tangible assets required by this section.

(d) A 3-year plan to address each deficiency identified by the assessment of tangible assets required by this section. The plan must address impact on quality of service and any planned improvements to water quality.

(e) The 5-year projected rate impact on the customers of the utility system being acquired, including, but not limited to, the rate impact of all of the following:

1. Any cost efficiencies expected to result from the acquisition transaction.

2. Use of this section, instead of the cost method pursuant to s. 367.081, to establish the rate base value.

(f) The contract of sale.

(g) The estimated value of fees and transaction and closing costs to be incurred by the acquiring utility.

(h) A tariff, including rates equal to the rates of the utility system being acquired.

(4)(a) If the petition meets the filing requirements of subsection (3), the commission, no later than 8 months after the date the complete petition is filed, shall issue a final order on the petition.

(b) The commission may grant the petition, in whole or in part, or with modifications in the public interest, or may deny the petition if it is in the public interest.

(c) The commission may not approve a rate base value higher than that requested in the petition.

(5) Notwithstanding any provision in this section, the commission may, pursuant to this chapter, set rates for the acquired utility system in future rate cases and may classify the acquired utility system as a separate entity for ratemaking purposes if it is deemed to be in the public interest.

(6) This section applies to acquiring utilities that provide water or wastewater service, or both, to more than 10,000 customers and are engaged in an arms-length acquisition of a water or wastewater system, or both, or 3 million gallons per day of permitted drinking water.

(7) The commission shall adopt rules to implement this

section.

Section 2. This act shall take effect July 1, 2023.

CODING: Words stricken are deletions; words underlined are additions.

Energy, Communications & Cybersecurity Subcommittee
HB 125 by Rep. McClain
Utility System Rate Base Values

AMENDMENT SUMMARY
February 15, 2023

Amendment 1 by Rep. McClain (lines 85-99 with title amendment):

- Corrects a drafting error in the title.
- Clarifies eligibility requirements for acquiring utilities.

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	___ (Y/N)
ADOPTED AS AMENDED	___ (Y/N)
ADOPTED W/O OBJECTION	___ (Y/N)
FAILED TO ADOPT	___ (Y/N)
WITHDRAWN	___ (Y/N)
OTHER	_____

Committee/Subcommittee hearing bill: Energy, Communications & Cybersecurity Subcommittee
Representative McClain offered the following:

Amendment (with title amendment)

Remove lines 85-99 and insert:

(b) The commission may grant the petition, in whole or in part, or with modifications in the public interest, or may deny the petition if it finds the petition is not in the public interest.

(c) The commission may not approve a rate base value higher than that requested in the petition.

(5) Notwithstanding any provision in this section, the commission may, pursuant to this chapter, set rates for the acquired utility system in future rate cases and may classify

the acquired utility system as a separate entity for ratemaking purposes if it is deemed to be in the public interest.

(6) This section applies to acquiring utilities that are engaged in an arms-length acquisition of a water or wastewater system, or both, and:

(a) Provide water or wastewater service, or both, to more than 10,000 customers; or

(b) Are permitted to produce at least 3 million gallons per day of drinking water.

T I T L E A M E N D M E N T

Remove line 3 and insert:

creating s. 367.0811, F.S.; establishing an

Florida Office of Broadband

The Florida Office of Broadband Overview

House Energy, Communications, and Cybersecurity Subcommittee

Ben Melnick, Deputy Secretary of Community Development
Katie Smith, Director of the Office of Broadband

February 15, 2023

FLORIDA OFFICE OF BROADBAND

Established: HB 969 Broadband Internet Service was signed by Governor DeSantis on June 6, 2020, and went into effect on July 1, 2020, within the Florida Department of Economic Opportunity.

Vision: The Office of Broadband works with local and state government agencies, community organizations, and private businesses to increase the availability and effectiveness of broadband Internet throughout the state, specifically in small and rural communities. Through these partnerships, the Office of Broadband encourages investment in grant funding opportunities for the broadband program that focus on the expansion of broadband.

Statutory Authority: Sections 288.9961, 288.9962, and 288.9963, Florida Statutes.

www.FloridaJobs.org/Broadband

BROADBAND OUTREACH AND INITIATIVES

- **Initiated Local Technology Planning Teams** in 67 counties.
- **The Florida Strategic Plan for Broadband** was delivered to the Governor, the President of the Florida Senate, and the Speaker of the Florida House of Representatives on June 30, 2022.
- Posted the **Faster Florida Broadband Map** on June 30, 2022.
- Hosted **Rule-Making Workshops** around the state for public input.
- Hosted **Technical Assistance Webinars** specific to the Broadband Opportunity Program.
- **Finalized Rule 73C-50, F.A.C.** pertaining to the Broadband Opportunity Program.
- Opened the first **Broadband Opportunity Program grant cycle** for broadband infrastructure expansion.
- Submitted the **Broadband Opportunity Program Annual Report 2022** to the Governor, the President of the Florida Senate, and the Speaker of the Florida House of Representatives on December 30, 2022.



BROADBAND OUTREACH AND INITIATIVES

- Participate in the **NTIA State Broadband Leaders Network and BroadbandUSA**; Connected with **State Broadband Directors** across the country.
- Partnered with **The Pew Charitable Trusts' Broadband Education and Training Initiative**.
- Spoke with the **FCC leadership** regarding the National Broadband Maps and the Affordable Connectivity Program.
- Corresponded with **U.S. Congressional representatives and state legislative members**.
- Partnered with the **Florida Regional Councils Association** to host 10 virtual workshops in 2021.
- Worked with the **DOT** on M-CORES, **DMS** on E-Rate and other broadband related programs, and **DOE** on the Career, Technical and Adult Education program for potential partnership opportunities.

- Participated in the **Florida Association of Counties Rural Caucus** discussion on broadband Internet expansion.
- Met with the **Communications Worker of America** to discuss union efforts.
- Worked with **Florida TaxWatch** for broadband conversations with legislators, industry representatives, partners, and associations.
- Met with over twenty-five (25) **Consultants and Internet Service Providers** around the nation on broadband best practices, grant program considerations, mapping, and strategic planning.
- Presented to the **Florida Rural Economic Development Association, U.S. Telecom- The Broadband Association, the Florida League of Cities, the National Rural Telecommunications Council, and the Florida Internet and Television Association**.

LOCAL TECHNOLOGY PLANNING TEAMS

Section 288.9961, Florida Statutes, directs the Office of Broadband to build and facilitate Local Technology Planning Teams, which shall work with communities to:

- Understand communities' current broadband availability.
- Locate unserved and underserved businesses and residents.
- Identify assets relevant to broadband deployment.
- Build partnerships with broadband Internet service providers.
- Identify opportunities to leverage assets and reduce barriers to the deployment of broadband Internet services in the community.
- Be proactive in fiscally constrained counties in identifying and providing assistance with applying for federal grants for broadband Internet service.

THE FLORIDA STRATEGIC PLAN FOR BROADBAND

Overview: In accordance with section 288.9961, F.S. **The Florida Strategic Plan for Broadband** was delivered to the Governor, President of the Florida Senate, and the Speaker of the Florida House of Representatives on June 30, 2022.

The Plan is vital to the state's goals of expanding and improving access to broadband Internet service throughout Florida and outlines 25 specific Strategies for a Connected Economy.

The Plan:

- Makes Florida more competitive when applying for federal broadband funding opportunities.
- Provides a roadmap for state decision makers on short and long-term implementation strategies.
- Outlines Florida's 25 priorities for broadband infrastructure implementation.
- Provides direct guidance for Florida's rural communities within Rural Areas of Opportunity.

FLORIDA BROADBAND MAPPING

The Florida Legislature directed the Office of Broadband to develop a map of broadband Internet service availability throughout the state that identifies:

- Where broadband-capable networks exist.
- Where service is available to end users.
- Gaps in rural areas.
- Download and upload speeds.

The Florida Broadband Availability Map involves crowdsourcing. Crowdsourcing is the process to empower individuals to participate and upload the data they have created. This will mobilize every Floridian and provide them with the opportunity to engage and provide input to the state about their Internet service access and availability. The Office of Broadband launched a statewide marketing campaign to encourage individuals across Florida to take the speed test as part of the crowdsourcing initiative.

The Faster Florida Broadband Map identifies census blocks as unserved, underserved, served, and no fixed internet service as defined in 288.9961 F.S. The map also identifies Florida geographic boundaries, community anchor institutions, grant funding opportunities, and information on the speed tests taken through the Florida Broadband Availability Map.

BROADBAND OPPORTUNITY PROGRAM

- For the installation and deployment of broadband infrastructure expansion.
- **$400,000,000** was appropriated by the Legislature for Fiscal Year 2022 – 2023.
- Grants are awarded to applicants who seek to expand broadband Internet service to unserved areas of the state.
- 40 percent of the total allocation was set aside for projects in rural communities.
- Application window was open November 2 - December 9, 2022.
- 110 applications were received for projects in 53 of 67 counties, totaling over $280,000,000 in requested funding.
- Second application window is expected to open in Spring 2023.

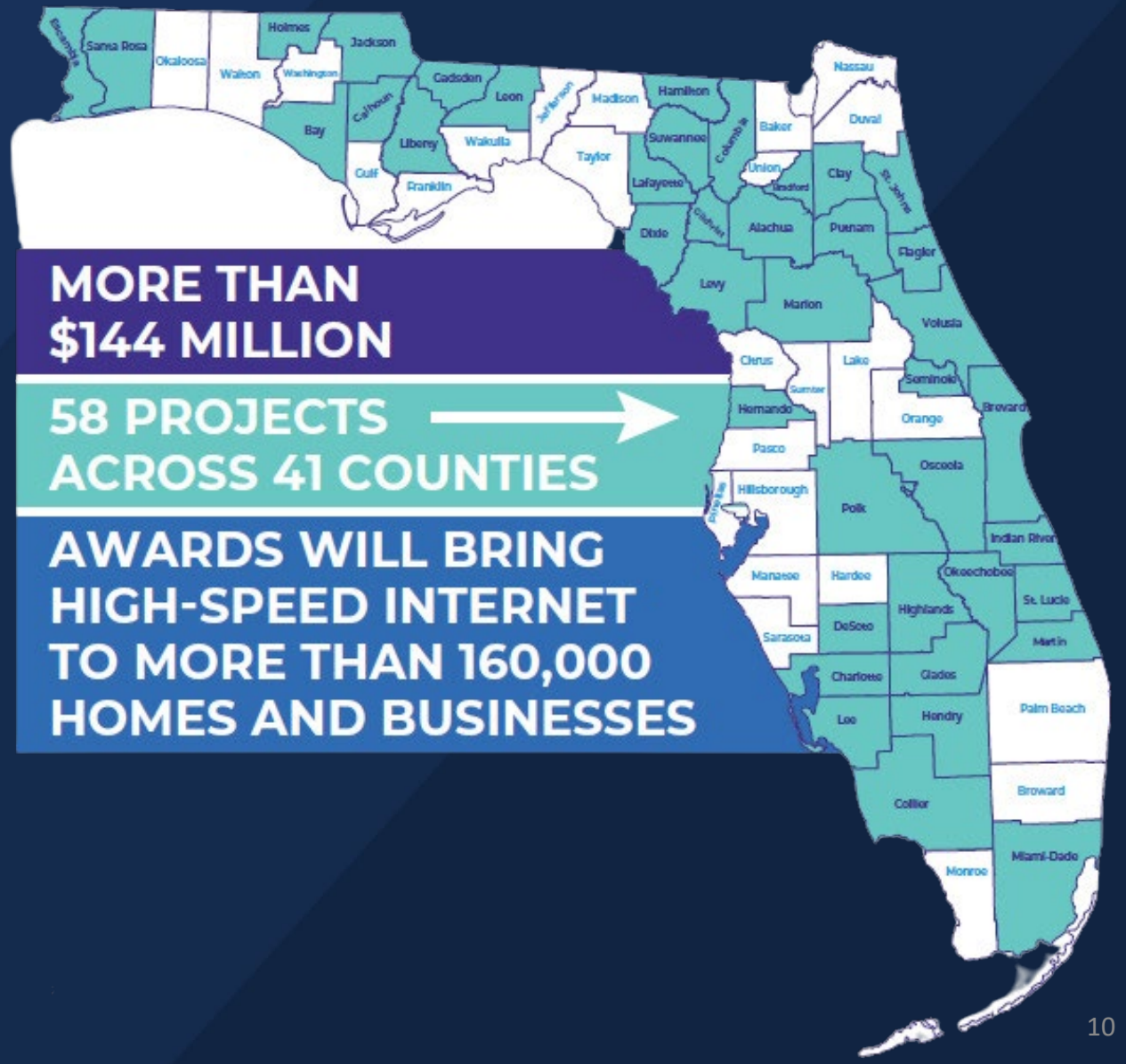
BROADBAND OPPORTUNITY PROGRAM

Statutory requirements of section 288.9962(8), F.S.:

- The office may not award any grant to an otherwise eligible grant applicant to provide broadband Internet service in a project area for which any other federal funding has been awarded.
- A grant awarded under this section may not be used to serve any retail end user that already has access to broadband Internet service.
- A grant awarded under this section, when combined with any state or local funds, may not fund more than 50 percent of the total cost of a project.
- A single project may not be awarded a grant in excess of $5 million.

BROADBAND OPPORTUNITY PROGRAM

On February 2, 2023, Governor DeSantis announced the first round of awards for the Broadband Opportunity Program.



CAPITAL PROJECTS FUND

- For broadband projects with a direct tie back to **workforce, education, and health monitoring.**

- The U.S. Treasury allocated Florida a total of **$366 Million for three programs:**
  - **Broadband Infrastructure Program (70%):** awarded **$247,800,000** in November 2022
    - Application window expected to open in February 2023.
  - Digital Connectivity Technology Program (5% or $13,040,063)
  - Multi-Purpose Community Facilities Program (25% or $86,933,757)

- Grant awards are not capped.

- Eligible applicants for this program include local governments, non-profit organizations, and co-operatives.

- Awaiting response from U.S. Treasury on two remaining project proposals.

CAPITAL PROJECTS FUND

- Application window for Broadband Infrastructure Program is expected to open in February 2023.
- The Office of Broadband will host a Statewide technical assistance webinar.
- Grant awards are not capped.
- Private leverage for projects is strongly encouraged.

BROADBAND EQUITY, ACCESS, AND DEPLOYMENT (BEAD)

- Broadband Equity, Access, and Deployment (BEAD) was established in the Infrastructure Investment and Jobs Act of 2021.

- Each state will receive a minimum of **$100,000,000** for broadband infrastructure expansion. In November 2022, the Office of Broadband received **$5,000,000** to create the Five-Year Action Plan, first step to receiving the BEAD funding in June 2023.

- The Prosperity Through a Connected Florida Program includes:
  - The creation of a comprehensive Five-Year Action Plan identifying Florida's broadband internet availability and affordability, incorporate the Florida Digital Adoption and Use Plan, and serve as a benchmark for adopting strategies, goals, and measures to successfully connect all Floridians, as well as a timeline for deployment of broadband Internet service to unserved locations in Florida.

- Grants can be used for broadband planning, last mile infrastructure deployment, mapping, and adoption activities related primarily to unserved locations and the end user.

BEAD & CYBERSECURITY

- **Broadband Equity, Access, and Deployment (BEAD) cybersecurity minimum requirements:**

- Each subgrantee must have a cybersecurity risk management plans in place, which must be either:
  - Operational, if the prospective grantee is providing service prior to the award of the grant; or
  - Be ready to be operationalized upon providing service, if the prospective subgrantee is not yet providing service prior to the grant award.

- The cybersecurity risk management plan must reflect the latest version of the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Cybersecurity and the standards and controls set forth in Executive Order 14028 and specifies the security and privacy controls being implemented.

- The plan will be reevaluated and updated on a periodic basis and as events warrant.

- The plan will be submitted to the state prior to allocation of funds.

BEAD & CYBERSECURITY

Broadband Equity, Access, and Deployment (BEAD) cybersecurity minimum requirements for supply chain risk management (SCRM) plan:

- Prior to allocation of funds, each subgrantee must have a SCRM plan that is either :
  - Operational, if the prospective grantee is providing service prior to the award of the grant; or
  - Be ready to be operationalized upon providing service, if the prospective subgrantee is not yet providing service prior to the grant award.

- The plan is based upon the key practices discussed in the NIST publication NISTIR 8276, *Key Practices in Cyber Supply Chain Risk Management: Observations from Industry* and related SCRM guidance from NIST.

- The plan will be reevaluated and updated on a periodic basis and as events warrant.

- The plan will be submitted to the state prior to the allocation of funds.

DIGITAL EQUITY PLANNING GRANT

- Established in the Infrastructure Investment and Jobs Act of 2021.
- The Office of Broadband was awarded **$2,407,223** in October 2022 for Digital Equity Planning.
- The Digital Adoption and Use Program includes:
  - The Digital Equity Planning Grant Program which is part of the larger State Digital Equity Capacity Grant Program.
- The Digital Equity Plan will:
  - Identify barriers to digital adoption and use within the state and create strategies for overcoming them.
  - Support digital inclusive activities and build capacities for efforts related to the adoption of broadband.
  - Incorporate activities with the Five-Year Action Plan for BEAD and the Florida Strategic Plan for Broadband.

Thank You



If you have questions about this presentation or need to discuss a future project, please contact our office.

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