

By the Committee on Innovation, Industry, and Technology; and
Senators Gruters and Bracy

580-02754-19

2019796c1

1 A bill to be entitled
2 An act relating to public utility storm protection
3 plans; creating s. 366.96, F.S.; providing legislative
4 findings; defining terms; requiring public utilities
5 to individually submit to the Public Service
6 Commission, for review and approval, a transmission
7 and distribution storm protection plan as part of the
8 storm hardening plan required by the commission;
9 requiring utilities to update their respective plans
10 on a specified basis; requiring the commission to
11 approve or modify submitted plans within a specified
12 timeframe, taking into consideration specified
13 factors; requiring the commission to conduct an annual
14 proceeding to allow utilities to justify and recover
15 certain costs through a storm protection cost recovery
16 clause; providing that a party may challenge the
17 prudence of certain costs; providing that utilities
18 may not include certain costs in their base rates;
19 providing for the allocation of such costs;
20 authorizing utilities to recover depreciation on
21 certain capital costs through the recovery clause;
22 requiring the commission to adopt rules; providing an
23 effective date.

24
25 Be It Enacted by the Legislature of the State of Florida:

26
27 Section 1. Section 366.96, Florida Statutes, is created to
28 read:

29 366.96 Storm protection plan cost recovery.—

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30 (1) The Legislature finds that:

31 (a) During extreme weather conditions, high winds can cause
32 vegetation and debris to blow into and damage electrical
33 transmission and distribution facilities, resulting in power
34 outages.

35 (b) A majority of the power outages that occurred during
36 the recent extreme weather conditions in the state were caused
37 by vegetation blown by the wind.

38 (c) It is in the public interest to promote overhead
39 hardening of electrical transmission and distribution
40 facilities, the undergrounding of certain electrical
41 distribution lines, and vegetation management in this state.

42 (d) Protecting and strengthening transmission and
43 distribution electric utility infrastructure from extreme
44 weather conditions will reduce restoration costs and outage
45 times to customers and improve overall service reliability for
46 customers.

47 (e) When considering costs, reliability, storm protection
48 and restoration, and the public convenience, it is in the
49 state's best interest that utilities focus primarily on
50 distribution laterals when undergrounding electric distribution
51 lines.

52 (f) It is in the public interest for each utility to
53 mitigate additional costs to utility customers when developing
54 transmission and distribution storm hardening plans.

55 (g) All customers benefit the reduced costs of storm
56 restoration.

57 (2) As used in this section, the term:

58 (a) "Transmission and distribution storm protection plan"

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59 or "plan" means a plan for the overhead hardening of electric
60 transmission and distribution facilities, undergrounding of
61 electric distribution facilities, and increased vegetation
62 management.

63 (b) "Transmission and distribution storm protection plan
64 costs" means the reasonable and prudent costs to implement an
65 approved transmission and distribution storm protection plan.

66 (c) "Vegetation management" means the actions a public
67 utility takes to prevent or curtail vegetation from interfering
68 with public utility infrastructure. The term includes the mowing
69 of vegetation, application of herbicides, trimming of trees, and
70 removal of trees or brush near and around electric transmission
71 and distribution facilities.

72 (3) Each public utility shall file for commission review,
73 as part of its storm hardening plan required by the commission
74 under s. 366.04(2)(c), a transmission and distribution storm
75 protection plan that covers 30 years. The commission must
76 approve or modify the plan within 6 months after the public
77 utility files the plan with the commission. The commission must
78 give due consideration to whether:

79 (a) The plan enhances reliability, strengthens
80 infrastructure, and reduces restoration costs and outage times
81 in a prudent, practical and cost-efficient manner. The plan
82 should prioritize areas in order to generate the highest impact
83 on system resiliency and efficiency and should focus on areas
84 with large numbers of customers, high frequency outages, and
85 lengthy outages.

86 (b) Storm protection of transmission and distribution
87 infrastructure is feasible, reasonable, or practical in certain

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88 areas of the utility's service territory, including in flood
89 zones and rural areas.

90 (4) Each public utility must submit an updated transmission
91 and distribution storm protection plan that covers, at a
92 minimum, the 30-year period addressed in its initial
93 transmission and distribution storm protection plan at least
94 every 3 years after commission approval of its most recent plan.
95 The commission shall approve or modify each updated plan
96 pursuant to the criteria set forth in subsection (3).

97 (5) (a) The commission shall conduct an annual proceeding to
98 allow a public utility to justify and recover transmission
99 distribution storm protection plan costs through a storm
100 protection cost recovery clause.

101 (b) Action taken by a public utility for storm protection
102 of transmission and distribution facilities pursuant to a
103 commission-approved plan is deemed prudent, but a party may
104 challenge the commission's determination of prudence.

105 (6) The annual transmission and distribution storm
106 protection plan costs recoverable through the storm protection
107 cost recovery clause must be stated separately from the public
108 utility's base rates and must be allocated to customer classes
109 pursuant to the rate design most recently approved by the
110 commission.

111 (7) If a capital expenditure cost is recoverable through a
112 storm protection cost recovery clause, the public utility may
113 recover the annual depreciation on such cost, calculated at the
114 public utility's current approved depreciation rates, and a
115 return on the depreciated balance of the costs calculated at the
116 public utility's weighted average cost of capital using the

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117 return on equity last approved by the commission in a rate case
118 or settlement order.

119 (8) The commission shall adopt rules to implement and
120 administer this section.

121 Section 2. This act shall take effect July 1, 2019.