

Tab 1	SB 126 by Gaetz (CO-INTRODUCERS) Bradley; Identical to H 00187 Florida Public Service Commission				
132210	D	S	RI, Gaetz	Delete everything after	12/04 09:50 AM
Tab 2	SB 288 by Rodriguez; Identical to H 00379 Rural Electric Cooperatives				
Tab 3	SB 364 by Gruters (CO-INTRODUCERS) Rodriguez, Boyd; Similar to H 00333 Public Accountancy				
716558	A	S	RI, Rodriguez	btw L.283 - 284:	12/08 08:44 AM
Tab 4	SB 200 by Bradley (CO-INTRODUCERS) Gaetz; Identical to H 00193 Utilities				

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

REGULATED INDUSTRIES

Senator Bradley, Chair

Senator Pizzo, Vice Chair

MEETING DATE: Tuesday, December 9, 2025

TIME: 1:00—3:00 p.m.

PLACE: Pat Thomas Committee Room, 412 Knott Building

MEMBERS: Senator Bradley, Chair; Senator Pizzo, Vice Chair; Senators Bernard, Boyd, Bracy Davis, Brodeur, Burgess, Calatayud, and Mayfield

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	SB 126 Gaetz (Identical H 187)	Florida Public Service Commission; Revising the membership of the Florida Public Service Commission; requiring that orders issued by the commission contain adequate support and rationale for any conclusions made by the commission; requiring the commission to ensure that the allowable return on equity does not exceed the national average authorized return on equity for comparable public utilities; requiring the commission to establish a schedule by which rate change requests may be submitted to the commission by each public utility company, etc. RI 12/09/2025 AEG FP	
2	SB 288 Rodriguez (Identical H 379)	Rural Electric Cooperatives; Prohibiting a cooperative that sells electricity at retail from adopting, enacting, or enforcing a fee meeting specified criteria; revising the applicability of such prohibition on the types or fuel sources of energy production which may be used, delivered, converted, or supplied by specified entities, etc. RI 12/09/2025 CA RC	
3	SB 364 Gruters (Similar H 333, Compare H 607)	Public Accountancy; Authorizing the Board of Accountancy to competitively procure contracted services with certain corporations not for profit for the performance of certain duties assigned to the Division of Certified Public Accounting of the Department of Business and Professional Regulation; revising the education and work experience requirements for a certified public accountant license; directing the board to prescribe specified coursework for licensure; revising requirements for the approval of providers who administer continuing education on ethics for certified public accountants, etc. RI 12/09/2025 RC	

COMMITTEE MEETING EXPANDED AGENDA

Regulated Industries

Tuesday, December 9, 2025, 1:00—3:00 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
4	SB 200 Bradley (Identical H 193)	Utilities; Authorizing a county to adopt an ordinance for the decommissioning of certain solar facilities that have reached the end of their useful life; authorizing a county to require financial assurance from a solar facility owner to establish that the solar facility owner has the capability to satisfy the estimated cost of decommissioning the solar facility; requiring that improvements included in certain transmission and distribution storm protection plans have forecasted customer benefits that exceed their forecasted cost, etc. RI 12/09/2025 CA FP	

Other Related Meeting Documents

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 126

INTRODUCER: Senators Gaetz and Bradley

SUBJECT: Florida Public Service Commission

DATE: December 8, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Schrader	Imhof	RI	Pre-meeting
2.			AEG	
3.			FP	

I. Summary:

SB 126 makes several revisions to Florida law regarding the Florida Public Service Commission (PSC). The bill:

- Expands the number of PSC commissioners from five to seven and establishes that one commissioner be a certified public accountant and one commissioner be a chartered financial analyst.
- Requires the PSC, when issuing orders, to provide adequate support for their conclusions.
- Requires the PSC to provide reasoned explanations for its decision (citing specific facts and factors it relied on) for orders affecting substantial interests, when issuing an order accepting or denying or denying a settlement agreement, and a discussion of the major elements of that settlement.
- Requires the PSC to keep the allowable rate of return on equity for a public utility to be at or below the national average.
- Requires the PSC to establish a schedule for when public utilities may request changes to their rates.
- Requires the PSC to submit an annual report on public utility rates which includes benchmarking and analysis on economics, cost impacts, return on equity, and executive compensation.

The bill has an effective date of July 1, 2026.

II. Present Situation:

Florida Public Service Commission

The Florida Public Service Commission (PSC) is an arm of the legislative branch of government.¹ The role of the PSC is to ensure Florida's consumers receive utility services, including electric, natural gas, telephone, water, and wastewater, in a safe and reliable manner and at fair prices.² In order to do so, the PSC exercises authority over utilities in one or more of the following areas: rate base or economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.³

Composition of the PSC

The PSC consists of five commissioners who serve staggered four-year terms.⁴ Commissioners are appointed by the Governor from a pool of at least three nominees—selected by the Florida Public Service Commission Nominating Council⁵—for each commissioner vacancy. These appointments are subject to confirmation by the Florida Senate during the next regular session after the vacancy occurs. If the Senate refuses to confirm or fails to consider the Governor's appointment, the council must initiate the nominating process within 30 days. Before the council nominates a candidate, it must determine that the person is competent and knowledgeable in one or more fields, including, but not limited to:

- Public affairs;
- Law;
- Economics;
- Accounting;
- Engineering;
- Finance;
- Natural resource conservation;
- Energy; or
- Another field substantially related to the duties and functions of the PSC.⁶

¹ Section 350.001, F.S.

² See Florida Public Service Commission, *Florida Public Service Commission Homepage*, <http://www.psc.state.fl.us> (last visited Dec. 3, 2025).

³ Florida Public Service Commission, *About the PSC*, <https://www.psc.state.fl.us/about> (last visited Dec. 3, 2025).

⁴ Section 350.01, F.S.

⁵ The Florida Public Service Commission Nominating Council is a 12-member body with the responsibility to select nominees for PSC commissioners. At least one member of the council must be 60 years of age or older. Six members, including three members of the Florida House of Representatives, one of whom must be a member of the minority party, shall be appointed by, and serve at the pleasure of, the Speaker of the House of Representatives. Six members, including three members of the Florida Senate, one of whom must be a member of the minority party, shall be appointed by, and serve at the pleasure of, the President of the Senate. Section 350.031(1)(a), F.S.

⁶ Section 350.031(5), F.S.

Electric and Gas Utilities

The PSC monitors the safety and reliability of the electric power grid⁷ and may order the addition or repair of infrastructure as necessary.⁸ The PSC has broad jurisdiction over the rates and service of investor-owned electric and gas utilities⁹ (defined as “public utilities” under ch. 366, F.S.).¹⁰ However, the PSC does not fully regulate municipal electric utilities (utilities owned or operated on behalf of a municipality) or rural electric cooperatives. The PSC does have jurisdiction over these types of utilities with regard to rate structure, territorial boundaries, and bulk power supply operations and planning.¹¹ Municipally-owned utility rates and revenues are regulated by their respective local governments or local utility boards. Rates and revenues for a cooperative utility are regulated by its governing body elected by the cooperative’s membership.

Municipal Electric and Gas Utilities, and Special Gas Districts, in Florida

A municipal electric or gas utility is an electric or gas utility owned and operated by a municipality. A “special gas district” is a dependent or independent special district, setup pursuant to ch. 189, F.S., to provide natural gas service.¹² Chapter 366, F.S., provides the majority of electric and gas utility regulations for Florida. While ch. 366, F.S., does not provide a definition, per se, for a “municipal utility,” variations of this terminology and the concept of these types of utilities appear throughout the chapter. Currently, Florida has 33 municipal electric utilities that serve over 14 percent of the state’s electric utility customers.¹³ Florida also has 27 municipally-owned gas utilities and four special gas districts.¹⁴

Rural Electric Cooperatives in Florida

At present, Florida has 18 rural electric cooperatives, with 16 of these cooperatives being distribution cooperatives and two being generation and transmission cooperatives.¹⁵ These cooperatives operate in 57 of Florida’s 67 counties and have more than 2.7 million customers.¹⁶ Florida rural electric cooperatives serve a large percentage of area, but have a low customer density. Specifically, Florida cooperatives serve approximately 10 percent of Florida’s total electric utility customers, but their service territory covers 60 percent of Florida’s total land mass. Each cooperative is governed by a board of cooperative members elected by the cooperative’s membership.¹⁷

⁷ Section 366.04(5) and (6), F.S.

⁸ Section 366.05(1) and (8), F.S.

⁹ Section 366.05, F.S.

¹⁰ Section 366.02(8), F.S.

¹¹ Florida Public Service Commission, *About the PSC*, *supra* note 3.

¹² Section 189.012(6), F.S., defines a “special district” as “a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet.”

¹³ Florida Municipal Electric Association, *About Us*, <https://www.flpublicpower.com/about-us> (last visited Dec. 3, 2025).

¹⁴ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, pg. 14, Apr. 2025 (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/FactsAndFigures/April%202025.pdf>).

¹⁵ Florida Electric Cooperative Association, *Members*, <https://feca.com/members/> (last visited Dec. 3, 2025).

¹⁶ Florida Electric Cooperative Association, *Our History*, <https://feca.com/our-history/> (last visited Dec. 3, 2025).

¹⁷ *Id.*

Public Electric and Gas Utilities in Florida

There are four investor-owned electric utility companies (electric IOUs) in Florida: Florida Power & Light Company (FPL), Duke Energy Florida (Duke), Tampa Electric Company (TECO), and Florida Public Utilities Corporation (FPUC).¹⁸ In addition, there are five investor-owned natural gas utility companies (gas IOUs) in Florida: Florida City Gas, FPUC, Peoples Gas System, Sebring Gas System, and St. Joe Natural Gas Company. Of these five gas IOUs, four engage in the merchant function servicing residential, commercial, and industrial customers: Florida City Gas, FPUC, Peoples Gas System, and St. Joe Natural Gas Company. Sebring Gas System is only engaged in firm transportation service.¹⁹

Electric IOU and gas IOU rates and revenues are regulated by the PSC and the utilities must file periodic earnings reports. This allows the PSC to monitor earnings levels on an ongoing basis and adjust customer rates quickly if a company appears to be overearning.²⁰ If a utility believes it is earning below a reasonable level, it can petition the PSC for a change in rates.²¹

Section 366.041(2), F.S., requires public utilities to provide adequate service to customers. As compensation for fulfilling that obligation, s. 366.06, F.S., requires the PSC to allow the IOUs to recover honestly and prudently invested costs of providing service, including investments in infrastructure and operating expenses used to provide electric service.²²

Water and Wastewater Utilities

Florida's Water and Wastewater System Regulatory Law, ch. 367, F.S., regulates water and wastewater systems in the state. Section 367.011, F.S., grants the PSC exclusive jurisdiction over each utility with respect to its authority, service, and rates. For the chapter, a "utility" is defined as "a water or wastewater utility and, except as provided in s. 367.022, F.S., includes every person, lessee, trustee, or receiver owning, operating, managing, or controlling a system, or proposing construction of a system, who is providing, or proposes to provide, water or wastewater service to the public for compensation." In 2024, the PSC had jurisdiction over 153 investor-owned water and/or wastewater utilities in 40 of Florida's 67 counties.²³

Section 367.022, F.S., exempts certain types of water and wastewater operations from PSC jurisdiction and the provisions of ch. 367, F.S. (except as expressly provided in the chapter). Such exempt operations include: municipal water and wastewater systems, public lodging systems that only provide service to their guests, systems with a 100-person or less capacity, landlords that include service to their tenants without specific compensation for such service, and mobile home parks operating both as a mobile home park and a mobile home subdivision that provide "service within the park and subdivision to a combination of both tenants and lot owners, provided that the service to tenants is without specific compensation," and others.²⁴ The PSC

¹⁸ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, *supra* note 14, at 4.

¹⁹ *Id.* at 15. Firm transportation service is offered to customers under schedules or contracts which anticipate no interruption under almost all operating conditions. *See* Firm transportation service, 18 CFR s. 284.7.

²⁰ PSC, *2024 Annual Report*, p. 6, (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/AnnualReports/2024.pdf>) (last visited Dec. 5, 2025).

²¹ *Id.*

²² *Id.*

²³ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, *supra* note 14, at 4.

²⁴ Section 367.022, F.S.

also does not regulate utilities in counties that have exempted themselves from PSC regulation pursuant to s. 367.171, F.S. However, under s. 367.171(7), F.S., the PSC retains exclusive jurisdiction over all utility systems whose service crosses county boundaries, except for utility systems that are subject to interlocal utility agreements.

Municipal Water and Sewer Utilities in Florida

A municipality²⁵ may establish a utility by resolution or ordinance under s. 180.03, F.S. A municipality may establish a service area within its municipal boundary or within five miles of its corporate limits of the municipality.²⁶

Under s. 180.19, F.S., a municipality may permit another municipality and the owners or association of owners of lands outside of its corporate limits or within another municipality's corporate limits to connect to its utilities upon such terms and conditions as may be agreed upon between the municipalities.

The PSC does not have jurisdiction over municipal water and sewer utilities, and as such, has no authority over the rates for such utilities. Municipally-owned water and sewer utility rates and revenues are regulated by their respective local governments, sometimes through a utility board or commission.

PSC Setting of Public Utility Rates and Other Charges

Section 366.041, F.S., establishes the considerations the PSC must apply in fixing just, reasonable, and compensatory rates:

the [PSC] is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and the value of such service to the public; the ability of the utility to improve such service and facilities; and energy conservation and the efficient use of alternative energy resources; provided that no public utility shall be denied a reasonable rate of return upon its rate base

Section 366.06, F.S., establishes the PSC's authority to establish and implement procedures for the fixing of and changing public utility rates. Under this section, all applications made by public utilities for changes in rates must be in writing with the PSC under the PSC's established rules and regulations.²⁷ Section 366.06(2), F.S., requires the PSC to hold a public hearing whenever it finds, upon request made, or upon its own motion, one or more of the following:

- That the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law;
- That such rates are insufficient to yield reasonable compensation for the services rendered;
- That such rates yield excessive compensation for services rendered; or

²⁵ Defined by s. 180.01, F.S., "as any city, town, or village duly incorporated under the laws of the state."

²⁶ Section 180.02, F.S., *see also* s. 180.06, F.S.

²⁷ Section 366.06(1), F.S.

- That such service is inadequate or cannot be obtained.

During such a hearing, the PSC must determine just and reasonable rates to be thereafter charged for such service, and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used.²⁸

The PSC establishes separate rates and charges for various components of a public utility's cost of providing service to its customers. These are established through various proceedings and processes which include:

- Base rate proceedings (also known as rate cases);
- Cost recovery clauses;
- Interim charges;
- Infrastructure surcharges;
- Tariffs.²⁹

Rate Cases

Rate cases are generally held less frequently than the PSC's other rate and charge proceedings for public utilities. For a public utility, these wide-ranging proceedings seek to address:

- A reasonable rate of return on investment;
- Operating and maintenance expenses; and
- Cost of administering the public utility.³⁰

According to the PSC, in setting a reasonable rate of return, it is guided by the principles established in *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n of W. Va.*, 262 U.S. 679 (1923) and *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).³¹ In *Bluefield*, the United States Supreme Court found that:

Rates which are not sufficient to yield a reasonable return on the value of the property used at the time it is being used to render the service are unjust, unreasonable and confiscatory, and their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment....A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding, risks and uncertainties.³²

Further, the court in *Bluefield* found that such return should be “reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money

²⁸ *Id.*

²⁹ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, (Nov. 7, 2025) (on file with the Senate Committee on Regulated Industries).

³⁰ *Id.*

³¹ *Id.*

³² *Bluefield Waterworks & Imp. Co. v. Pub. Serv. Comm'n of W. Va.*, 262 U.S. 679, 690-92 (1923).

necessary for the proper discharge of its public duties.” Further, this “rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.”³³ Thus, for a rate of return to be non-confiscatory, it must be adjusted as broader-market circumstances change.

The Supreme Court in *Hope* found that:

The fixing of ‘just and reasonable’ rates, involves a balancing of the investor and the consumer interests.... From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business.... By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.³⁴

In *Hope*, the Supreme Court also reiterates its previous decision in *Fed. Power Comm'n v. Nat. Gas Pipeline Co. of Am.*, 315 U.S. 575, 586 (1942) that the “[United States] Constitution does not bind rate-making bodies to the service of any single formula or combination of formulas.” Rather, it is “not theory but the impact of the rate order which counts.”³⁵ The court cites with approval that the Federal Power Commission, in its rate-making function, uses “pragmatic adjustments” in fixing rates.³⁶

In a base rate proceeding, the PSC establishes a public utility’s rate of return or cost of capital. It sets this based on:

- Return on equity (ROE);
- Long-term and short-term debt;
- Customer deposits; and
- Deferred taxes.³⁷

The PSC, in a rate proceeding, develops a substantial evidentiary record, which includes analysis of ROE using models generally used in the utility industry. The PSC also takes into account various risks to the public utility when setting ROE. When the PSC approves an ROE for a public utility, it does so within a 100-basis point rate of return (i.e. plus or minus 1 percent).³⁸

The rate of return actually earned by the utility is dependent on both the utility’s ability to manage costs and react to other factors that may impact its operations. These factors may include:

- Changes in revenues due to the impact of weather on sales;
- New, modified, or cancelled tariffed rates or charges;

³³ *Id* at 692.

³⁴ *Fed. Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944).

³⁵ *Id* at 602.

³⁶ *Id*.

³⁷ Florida Public Service Commission, 2026 Agency Legislative Bill Analysis for SB 126, *supra* note 29.

³⁸ *Id*.

- Costs of materials, supplies, and labor; and
- Interest rates affecting the cost of debt.³⁹

Salaries and benefits paid to employees of the public utility, including its executives, are part of the PSC's review in a rate case proceeding and the PSC examines these figures in the aggregate. In determining whether such expenses are reasonable and prudent, the PSC will consider industry norms and the need to attract and retain qualified executive and non-executive utility personnel.⁴⁰

After the conclusion of a rate case, the PSC will monitor the earnings of a public utility through regular surveillance reports to ensure the utility is operating within its authorized ROE range. Currently, public electric utilities with 50,000 or more customers must submit such reports monthly; those with less than 50,000 customers must do so quarterly.⁴¹ Public gas utilities, with 25,000 or more customers, must submit such reports quarterly; those with less than 25,000 customers must do so semiannually.⁴² If these reports show a public utility is earning outside of its approved ROE range, the PSC will inquire with the utility and take corrective action if needed.⁴³

Establishment of other Bases of Public Utility Customer Charges

Outside of rate cases, the PSC also has other processes for revising, or creating, utility rates and charges. These proceedings include cost recovery clause proceedings and interim charges.

Cost recovery clause proceedings allow public utilities to recover variable, volatile, or legislatively mandated costs.⁴⁴ For public electric utilities, the PSC holds annual hearings to allow the utilities to recover expenditures on:

- Fuel and purchased power costs;
- Capacity costs;
- Environmental compliance costs pursuant to s. 366.8255, F.S.;
- Storm protection plan costs pursuant to s. 366.96, F.S.; and
- Energy conservation program costs pursuant to s. 366.80 through 366.83, F.S.

Section 366.93, F.S., also authorizes similar cost recovery for nuclear costs. However, the PSC has not conducted a nuclear cost recovery proceeding since 2018 as no public utility has petitioned for recovery under this clause since that year.⁴⁵

For public natural gas utilities, the PSC holds annual hearings to allow the utilities to recover expenditures on:

- Purchased natural gas costs;

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ Fla. Admin Code R. 25-6.1352.

⁴² Fla. Admin Code R. 25-7.1352.

⁴³ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, *supra* note 29.

⁴⁴ *Id.*

⁴⁵ Florida Public Service Commission, *2025 Agency Legislative Bill Analysis for SB 354*, (Feb. 28, 2025) (on file with the Senate Committee on Regulated Industries).

- Energy conservation costs pursuant to s. 366.80 through 366.83, F.S.; and
- Natural gas infrastructure relocation costs pursuant to s. 366.99, F.S.⁴⁶

Outside of cost recovery clause proceedings, the PSC also provides a process for establishing interim charges to quickly recover estimated storm-recovery related expenses. These interim charges are time-limited and are subject to a final true-up proceeding once final costs can be determined for a particular storm or series of storms.⁴⁷

The PSC does not establish ROEs or overall rates of returns in recovery clause and interim charge proceedings, as these focused rate proceedings are limited in scope. Rather, ROE and overall rates of return are set during rate cases, as those proceedings are substantially broader in scope.⁴⁸

Tariffs

A public utility's tariffs are a series of documents, approved by the PSC, that provide the utility's rates, terms, and conditions for service. These tariffs also include standardized forms for the utility's service offerings and its standard contracts and agreements. Tariffs are generally revised, as necessary, after a PSC-approved change in a utility's rates or charges and are generally part of any proceeding revising rates or charges. Utilities may also request a tariff change if circumstances warrant doing so. However, the PSC does not establish ROE or overall rates of return in reviewing stand-alone requests to approve a new, modified, or canceled tariff.⁴⁹

Decisions of the PSC

Floridians Against Increased Rates, Inc. v. Clark

Floridians Against Increased Rates, Inc. v. Clark, 371 So. 3d 905 (Fla. 2023), involved an appeal of a rate case proceeding for FPL. This rate case, which involved seven intervening parties, was originally resolved via settlement at the PSC in January 2022. The wide-ranging settlement resolved a number of issues including:

- Incremental increases in rates for certain solar projects;
- Equity-to-debt ratio authorization;
- Establishing an allowed ROE;
- Base rate charges;
- Allowable investment in power generation facilities, transmission and distribution systems, and several pilot programs for electric vehicles (EV) and renewable energy;
- Authorization to expand FPL's SolarTogether program;⁵⁰
- Depreciation timelines;
- Incremental rate changes for storm impacts;
- Savings from an expanded version of its asset optimization program; and

⁴⁶ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, *supra* note 29.

⁴⁷ *Id.*

⁴⁸ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, *supra* note 29.

⁴⁹ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, *supra* note 29.

⁵⁰ FPL's SolarTogether program allocates newly built solar capacity to different customer classes and allows customers to subscribe to a portion of this capacity in exchange for a credit funded by the general body of ratepayers.

- Recovery of certain retired assets.⁵¹

At the PSC hearing on the settlement, Floridians Against Increased Rates, Inc. (FAIR), who were not signatories to the settlement, opposed the settlement based on assertions that it was not in the public interest and would result in unreasonably high rates. Signatories to the settlement made a wide-ranging argument to the PSC as to how the settlement was in the public interest.⁵² The PSC concluded that the settlement “provides a reasonable resolution of all issues raised, establishes rates that are fair, just, and reasonable, and is in the public interest,” and approved the settlement. FAIR appealed the PSC’s decision to the Florida Supreme Court.

In its review of the case, the court noted that the PSC’s decisions arrive to the court “with the presumption that they are reasonable and just,” and that the court should not “upset the carefully constructed constitutional and statutory process applicable here by ourselves supplying a basis for the [PSC] action that the [PSC], with its expertise, did not offer.” To do so, would, in essence, propel “the court into the domain which [the Legislature] has set aside exclusively for the administrative agency.”⁵³

However, the court noted that it must still endeavor to determine whether the PSC has exercised its discretion within the range delegated to it by the Legislature.⁵⁴ In order to do so, the court must look to the reasons given by the PSC for its decision.⁵⁵ Thus, the PSC must give the court “something to work with: a decision that is reasoned and articulated enough to allow us to assess on what basis it has concluded that the settlement agreement is in the public interest and results in rates that are fair, just, and reasonable”⁵⁶ The court noted, in discussing the PSC’s order approving the settlement, that “the [PSC’s] reasoning about whether all this is in the public interest covers less than two pages of the over 70,000 in the record we have for review.”⁵⁷

While the PSC is not required to resolve every issue independently, it must “discuss...the major elements of the settlement agreement and explain...why it [is] in the public interest.”⁵⁸ This includes “considering the competing arguments made by the parties below in light of the factors relevant to the [PSC’s] decision, and supplying, given these arguments and factors, an explanation of how the evidence presented led to its decision.” Essentially, it is not enough for the PSC’s decision to be simply reasoned, it must be reasonably explained.⁵⁹

In this case, the court found that the PSC failed to reasonably explain its decision. In remanding the case back to the PSC, the court noted that “after hearing from 60 witnesses and receiving 635 exhibits into evidence, the [PSC] produced an explanation of its public interest determination that spanned little more than a page,” and the order provided nothing more than “conclusory

⁵¹ *Floridians Against Increased Rates, Inc. v. Clark*, 371 So. 3d 905, 906–08 (Fla. 2023)

⁵² *Id.* at 908-09.

⁵³ *Id.* at 911.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.* at 910.

⁵⁸ *Id.* at 912. *Citing to Sierra Club v. Brown*, 243 So. 3d 903, 913 (Fla. 2018).

⁵⁹ *Id.*

statements about the virtues of the settlement agreement, not the reasoned explanation required for our review.”⁶⁰

***Florida Rising, Inc. v. Fla. Pub. Serv. Comm'n*, 415 So. 3d 135 (Fla. 2025)**

After remand back to the PSC in *Floridians Against Increased Rates*, the PSC reasoned that the Supreme Court “neither affirmed nor reversed its conclusion that the Settlement was in the public interest, instead remanding for a further explanation of its approval. And with that limited scope in mind, the Commission issued a Supplemental Final Order on March 25, 2024.”⁶¹ This final order was again appealed to the *Supreme Court in Florida Rising, Inc. v. Florida Pub. Serv. Comm'n*, 415 So. 3d 135 (Fla. 2025).

As noted by the Supreme Court, the resulting final order identified 15 issues presented by the parties and certain mandatory and discretionary factors were used in weighing the parties’ arguments. The PSC then addressed each argument and explained how the evidence presented by the parties informed its analysis in, again, concluding that the settlement in question was in the public interest.⁶²

In this case, however, the Supreme Court concluded that the PSC’s decision was supported by competent, substantial evidence and that the record supported the PSC’s determination. Further, the PSC had acted within its range of authorized discretion.⁶³

III. Effect of Proposed Changes:

Section 1 of the bill amends s. 350.01(1), F.S., to expand the membership of the Florida Public Service Commission (PSC) from five to seven commissioners. It also adds a requirement that one commissioner be a certified public accountant and one commissioner be a chartered financial analyst.⁶⁴

Section 2 of the bill creates s. 350.129, F.S., to require that, when the PSC issues an order, it must do so with adequate support and rationale for its conclusions—this would include citing to specific facts and factors upon which those conclusions are based. While the bill maintains current law that the PSC may continue to make conclusions in the public interest, it must specify its rationale in doing so. In addition, when the PSC accepts or denies a settlement agreement (in its orders affecting substantial interests under s. 120.569, F.S.), it must provide a reasoned explanation, with citation to specific facts and factors upon which it relied, for doing so. The commission also must provide in its order regarding such settlements, a discussion of the major elements of the settlement and a rationale for its conclusions.

Section 3 of the bill amends s. 366.06, F.S., to provide that the PSC is to keep the allowable rate of return on equity for public utilities at or below the national average authorized return on equity for comparable public utilities across the country.

⁶⁰ *Id.* at 913.

⁶¹ *Florida Rising, Inc. v. Florida Pub. Serv. Comm'n*, 415 So. 3d 135, 139 (Fla. 2025) and *In Re: Petition for Rate Increase by Florida Power & Light Co.*, 2024 WL 1363693 (Mar. 25, 2024).

⁶² *Id.* at 139.

⁶³ *Id.* at 144-45.

⁶⁴ The bill does not specify whether one commissioner holding both a CFA and CPA would satisfy this requirement.

Section 4 of the bill amends s. 366.07, F.S., to require the PSC to establish a schedule for when public utilities may request changes to their rates.

Section 5 of the bill creates s. 366.077, F.S., requiring the PSC to file an annual report on utility rates with the Governor and Legislature. The bill requires the report to contain all of the following:

- An investigation of the contemporary economic analysis related to rate changes in Florida.
- An analysis of potential cost impacts to utility customers of Florida if excess returns on equity have occurred, and potential cost savings, if any, to customers if the excess returns to equity have not occurred at a significant rate.
- An analysis of return on equity models presented by public utilities and used by the commission to determine approved returns on equity for public utilities in this state. This analysis must:
 - Compare models used by federal agencies and other state utility regulatory bodies with those used by the commission;
 - Determine whether the models used are generally financially logical; and
 - Determine whether the models used comport with generally accepted economic theory both inside and outside of the utility industry.
- An assessment of long-term impacts and economic repercussions of rising rates of regulated returns on equity to utilities and their customers in the future.
- A summary detailing the compensation of the executive officers of all public utilities servicing this state, or the executive officers of their affiliated companies or parent company, including, but not limited to, salaries, benefits, stock options, bonuses, stock buybacks, and other taxable payments, expressed both as dollar amounts and as a percentage of the entity's total revenue.
 - This summary must include the profits and losses of each entity as reported in its financial statements and highlight any compensation exceeding the industry average.
 - The commission must also include any rationale provided by a public utility justifying compensation exceeding the industry average and, for each public utility, an explanation as to how specific data gathered during the compiling of information informed the commission's decisions on the public utility's rate change requests.
- Benchmarking, comparing public utilities servicing Florida with public utilities servicing other states, including commentary on all findings.

Section 6 of the bill amends s. 377.814, F.S. to a conform cross-reference to amendments made by the bill.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

Section 4 of the bill requires the PSC to establish a schedule for when public utilities may request changes to their rates. If such a schedule required a utility to continue to “underearn” while it waits for its next opportunity to revise its rates, the PSC has stated that this could result in a claim for a regulatory taking.⁶⁵

In addition, the United States Supreme Court decision in *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm’n of W. Va.*, 262 U.S. 679, 678 (1923) states that “rates which are not sufficient to yield a reasonable return on the value of the property used at the time it is being used to render the service are unjust, unreasonable and confiscatory, and their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment.”⁶⁶ The *Bluefield* decision provides that this compensation must not only be sufficient, but it also suggests that the collection of this compensation be at the time service is rendered to the customer. Thus, requiring a utility to wait for a rate change “window” may violate the court’s decision in *Bluefield*.

The United States Supreme Court decision in *Fed. Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944) found that utility revenue must be sufficient “not only for operating expenses but also for the capital costs of the business.” Further, the return on equity “should be commensurate with returns on investments in other enterprises having corresponding risks,” and “sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.”⁶⁷

Thus, based on the premises in *Bluefield* and *Hope*, a limitation on a utility to respond in a sufficiently timely manner to an “underearning” situation may negatively impact the financial integrity of that utility and be unconstitutionally confiscatory.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

⁶⁵ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, *supra* note 29.

⁶⁶ The Florida Supreme Court also cites to this finding in *United Tel. Co. of Fla. v. Mayo*, 345 So. 2d 648, 653 (Fla. 1977) and *Keystone Water Co., Inc. v. Bevis*, 313 So. 2d 724, 725 (Fla. 1975).

⁶⁷ This provision is also cited by the Florida Supreme Court in *Floridians Against Increased Rates, Inc. v. Clark*, 371 So. 3d 905, 907 (Fla. 2023), *United Tel. Co. of Florida v. Mann*, 403 So. 2d 962, 966 (Fla. 1981), and *Tamaron Homeowners Ass’n, Inc. v. Tamaron Utilities, Inc.*, 460 So. 2d 347, 353 (Fla. 1984).

B. Private Sector Impact:

SB 126 would have an indeterminate impact on gas and electric utility rates, the raising or lowering of which may have a significant financial impact on gas and electric utility ratepayers and utilities in the state.

C. Government Sector Impact:

To implement Section 1 of the bill (the expansion of the number of PSC commissioners from five to seven members), the PSC has indicated that each new commissioner would require two further full-time equivalent positions (FTEs) as support staff. This would bring the total number of additional FTEs for this provision to six—inclusive of the two new commissioners. The PSC estimates a total annual recurring cost for these FTEs of \$762,353.

In addition, the PSC has indicated that renovations to their current building (the Gerald Gunter building) would be needed to accommodate these additional commissioners and staff. The PSC's hearing room at the Betty Easley Conference Center would also require renovations to accommodate two new commissioners. The PSC estimates that the total non-recurring expense for these renovations would be 2.5 million.⁶⁸

VI. Technical Deficiencies:

None.

VII. Related Issues:

- Section 4 of the bill requires the PSC to establish a schedule for when public utilities may request changes to their rates. It is unclear whether this provision is for any rate change (i.e. rate cases, cost recovery clause proceedings, and interim rates) or if this provision is for rate cases only.
 - Currently, public utilities, depending on their size, will submit monthly, quarterly, or semi-annual earnings surveillance reports. If these reports show a public utility is earning outside of its approved ROE range, the PSC will inquire with the utility and take corrective action if needed. This provision may limit the PSC's ability to do so.
 - This provision may also conflict with s. 366.06(2), F.S., which requires the PSC to hold a public hearing whenever it finds, upon request made, or upon its own motion:
- That the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law;
- That such rates are insufficient to yield reasonable compensation for the services rendered; or
- That such rates yield excessive compensation for services rendered.

⁶⁸ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, *supra* note 29.

- Section 5 of the bill requires the PSC to provide the Governor and Legislature with a report that, in part, could require the public disclosure of compensation of the executive officers of all public utilities servicing this state, or the executive officers of their affiliated companies or parent company. According to the PSC, much of this information would likely be considered information necessitating confidential treatment by the PSC under s. 366.093(3)(f), F.S.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 350.01, 350.129, 366.06, 366.07, and 366.077.

This bill makes conforming changes to s. 377.814 Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



132210

LEGISLATIVE ACTION

Senate

.
. .
. .
. .
. .

House

The Committee on Regulated Industries (Gaetz) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Subsection (1) of section 350.01, Florida
Statutes, is amended to read:

350.01 Florida Public Service Commission; terms of
commissioners; vacancies; election and duties of chair; quorum;
proceedings; public records and public meetings exemptions.—

(1) The Florida Public Service Commission shall be composed



132210

11 ~~consist~~ of seven ~~five~~ commissioners appointed pursuant to s.
12 350.031. One member must be a certified public accountant, and
13 one member must be a chartered financial analyst.

14 Section 2. Section 350.0615, Florida Statutes, is created
15 to read:

16 350.0615 Public Counsel; requirement to negotiate.—For
17 proceedings before the commission in which the Public Counsel is
18 participating as a party, any other group of parties to the
19 proceeding, before presenting a settlement of the proceeding to
20 the commission, must negotiate in good faith with the Public
21 Counsel the terms of such settlement.

22 Section 3. Section 350.129, Florida Statutes, is created to
23 read:

24 350.129 Orders of the Florida Public Service Commission.—
25 (1) All orders issued by the commission must contain
26 adequate support and rationale for the commission's conclusions,
27 including the specific facts and factors on which the
28 conclusions are based. While the commission may make conclusions
29 based upon the public interest, it shall specify in its orders a
30 rationale for such conclusions.

31 (2) For commission orders that affect substantial interests
32 pursuant to s. 120.569, when issuing an order accepting or
33 denying a settlement agreement reached by any of the parties to
34 a proceeding, all of the following requirements apply:

35 (a) The commission shall provide a reasoned explanation,
36 citing the specific facts and factors on which it relied. The
37 commission shall provide in its order a discussion of the major
38 elements of the settlement and a rationale for its conclusions.

39 (b) The Public Counsel is not a required party to such a



132210

40 settlement. However, the commission may not approve a settlement
41 presented by parties that have not negotiated the terms of such
42 settlement in good faith with the Public Counsel.

43 Section 4. Section 350.130, Florida Statutes, is created to
44 read:

45 350.130 Intervention into commission proceedings.—Persons
46 other than the original parties to a pending commission
47 proceeding, whose substantial interest will be affected by the
48 commission proceeding and who desire to become parties to the
49 proceeding, may make a motion to the commission for leave to
50 intervene in the proceeding pursuant to chapter 120.

51 (1) Any trade, professional, or similar association seeking
52 to intervene in a commission proceeding on the basis of the
53 impact of such proceeding on the association's membership must
54 include in such motion the nature of the association's
55 membership, the manner in which such membership will be
56 substantially impacted by the proceeding, and the number and
57 percentage of total members who will be substantially impacted
58 by the proceeding.

59 (2) In order to avoid any unnecessary rate case expense
60 resulting from a party participating in a proceeding in which it
61 does not have standing, the commission shall rule on any
62 challenge to a party's intervention in a proceeding on the basis
63 of standing on a timely basis and, at minimum, within 30 days
64 after receiving such challenge.

65 Section 5. Section 350.131, Florida Statutes, is created to
66 read:

67 350.131 Affordability.—The commission must consider and
68 address affordability in any proceeding before it that has the



132210

potential to impact utility rates.

Section 6. Present subsection (4) of section 366.06, Florida Statutes, is redesignated as subsection (5), a new subsection (4) is added to that section, and subsections (1) and (2) of that section are amended, to read:

366.06 Rates; procedure for fixing and changing.—

(1) A public utility shall not, directly or indirectly, charge or receive any rate not on file with the commission for the particular class of service involved, and no change shall be made in any schedule. All applications for changes in rates shall be made to the commission in writing under rules and regulations prescribed, and the commission shall have the authority to determine and fix affordable, fair, just, and reasonable rates that may be requested, demanded, charged, or collected by any public utility for its service. Any application for a change in rates which also includes a request for a change in return on equity must be made according to the schedule and procedure established by the commission pursuant to s. 366.07.

The commission shall investigate and determine the actual legitimate costs of the property of each utility company, actually used and useful in the public service, and shall keep a current record of the net investment of each public utility company in such property which value, as determined by the commission, shall be used for ratemaking purposes and shall be the money honestly and prudently invested by the public utility company in such property used and useful in serving the public, less accrued depreciation, and shall not include any goodwill or going-concern value or franchise value in excess of payment made therefor. In fixing affordable, fair, just, and reasonable rates



132210

for each customer class, the commission shall, to the extent practicable, consider the cost of providing service to the class, as well as the rate history, value of service, and experience of the public utility; the consumption and load characteristics of the various classes of customers; and public acceptance of rate structures.

(2) Whenever the commission finds, upon request made or upon its own motion, that the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unaffordable, unjust, unreasonable, unjustly discriminatory, or in violation of law; that such rates are insufficient to yield reasonable compensation for the services rendered; that such rates yield excessive compensation for services rendered; or that such service is inadequate or cannot be obtained, the commission shall order and hold a public hearing, giving notice to the public and to the public utility, and shall thereafter determine affordable, just, and reasonable rates to be thereafter charged for such service and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used. Any request made by a public utility pursuant to this section which involves a request for a change in return on equity must be made according to the schedule and procedure established by the commission pursuant to s. 366.07.

(4) In setting and evaluating the return on equity for a public utility as part of a rate proceeding:

(a) Any financial model used by the commission must be:

1. Financially logical; and



132210

127 2. Generally used and accepted by finance practitioners
128 both within and outside of the regulated utility industry; and
129 (b) The commission shall specifically consider and address
130 the financial benefits and the reduction in regulatory, weather,
131 disaster, and general financial risk to the public utility
132 provided by all of the following which are relevant to the
133 public utility:
134 1. Environmental cost recovery under s. 366.8255.
135 2. Storm-recovery financing under s. 366.8260.
136 3. Interim storm-recovery cost recovery under s. 366.8261.
137 4. Cost recovery for the siting, design, licensing, and
138 construction of nuclear and integrated gasification combined
139 cycle power plants under s. 366.93.
140 5. Financing for certain nuclear generating asset
141 retirement or abandonment costs under s. 366.95.
142 6. Storm protection plan cost recovery under s. 366.96.
143 7. Public utility liability arising out of emergencies and
144 disasters under s. 366.98.
145 8. Natural gas facilities relocation costs under s. 366.99.
146 Section 7. Section 366.07, Florida Statutes, is amended to
147 read:
148 366.07 Rates; adjustment.—
149 (1) Whenever the commission, after public hearing either
150 upon its own motion or upon complaint, shall find the rates,
151 rentals, charges or classifications, or any of them, proposed,
152 demanded, observed, charged or collected by any public utility
153 for any service, or in connection therewith, or the rules,
154 regulations, measurements, practices or contracts, or any of
155 them, relating thereto, are unaffordable, unjust, unreasonable,



132210

insufficient, excessive, or unjustly discriminatory or preferential, or in anywise in violation of law, or any service is inadequate or cannot be obtained, the commission shall determine and by order fix the affordable, fair, and reasonable rates, rentals, charges or classifications, and reasonable rules, regulations, measurements, practices, contracts or service, to be imposed, observed, furnished or followed in the future.

(2) The commission shall establish a schedule by which requests for changes to a public utility's return on equity may be submitted to the commission by each public utility. The commission may not accept a request from a public utility to modify its return on equity outside of this established schedule, except as provided in subsection (3).

(3) A public utility may petition the commission to deviate from the return on equity revision schedule established by the commission under subsection (2). The commission shall grant such petition if:

(a) The public utility's rates are insufficient to yield reasonable compensation for the services it is rendering;

(b) This insufficiency is due to circumstances that are outside of the control of the public utility; and

(c) Such circumstances were not reasonably foreseeable by the public utility during the last proceeding in which its return on equity was approved by the commission.

(4) The commission shall adopt rules to implement this section.

Section 8. Section 366.077, Florida Statutes, is created to read:



132210

366.077 Report on rates.—The commission shall submit an annual report to the Governor and the Legislature by March 1.

(1) The report must include all of the following:

(a) An investigation of contemporary economic analyses related to rate changes in this state.

(b) An analysis of potential cost impacts to utility customers in this state if excess returns on equity have occurred and, if such excess returns have not occurred at a significant rate, any resulting cost savings to such customers.

(c) An analysis of returns on equity models presented by public utilities and used by the commission to determine approved returns on equity for public utilities in this state. Such analysis must:

1. Compare models used by federal agencies and other state utility regulatory bodies with those used by the commission;

2. Determine whether the models used are generally financially logical; and

3. Determine whether the models used comport with generally accepted economic theory both inside and outside of the utility industry.

(d) An assessment of long-term impacts, including the economic repercussions of rising rates of returns on equity, to utilities and their future customers.

(e) A summary providing detailed information regarding the compensation of the executive officers of each public utility providing service to the residents of this state, or the executive officers of a public utility's affiliated companies or parent company. Such information must include, but need not be limited to, salaries, benefits, stock options, bonuses, stock



132210

buybacks, and other taxable payments, expressed both as dollar amounts and as a percentage of the entity's total revenue. The summary must include the profits and losses of each entity as reported in its financial statements and highlight any compensation that exceeds the industry average. The commission shall also include any rationale provided by a public utility justifying compensation exceeding the industry average and, for each public utility, an explanation as to the manner in which specific data gathered during the compiling of information informed the commission's decisions on the public utility's rate change requests.

(2) The report must provide benchmarking, comparing public utilities providing service to the residents of this state with public utilities providing service to the residents of other states, and include commentary on all findings.

Section 9. Section 366.8261, Florida Statutes, is created to read:

366.8261 Interim storm-recovery cost.—

(1) As used in this section, the term:

(a) "Electric utility" has the same meaning as in s. 366.8255.

(b) "Storm" has the same meaning as in s. 366.8260.

(c) "Storm-recovery charge" has the same meaning as in s. 366.8260.

(d) "Storm-recovery costs" has the same meaning as in s. 366.8260.

(2) The commission shall permit an electric utility to implement a storm-recovery charge to recover reasonably estimated storm-recovery costs within 60 days after filing a



132210

petition with the commission for the recovery from one or more storms, subject to all of the following conditions:

(a) Such charge must be on an interim basis. The commission's approval of interim storm-recovery costs and a related storm-recovery charge must be on a preliminary basis and is subject to refund pending further review once the total actual storm-recovery costs are known. After the actual costs are reviewed for prudence and reasonableness and are compared to the actual amount recovered through the interim storm-recovery charge, the commission shall determine whether any over or under recovery has occurred. The disposition of any over or under recovery, and associated interest, must be considered by the commission at a separate true-up proceeding.

(b) Storm-recovery costs may not include any expenses already being recovered by the utility in its base rates.

(c) The commission may require a utility to secure funds collected pursuant to this section to ensure timely refund to customers in the event of over recovery.

(3) In approving an application for interim storm-recovery costs pursuant to subsection (2), the commission shall also establish a recovery period for such interim costs. This recovery period shall be based upon a reasonable balancing of all of the following factors:

(a) The financial impact of the length of the recovery period on the utility.

(b) Timeliness of recovery.

(c) Affordability to ratepayers.

(d) Avoiding sudden substantial bill increases to ratepayers.



132210

(4) Funds collected pursuant to this section are subject to true-up. The commission shall require that any refund to or additional collection from ratepayers made as a part of the true-up include interest.

(5) Nothing in this section shall be construed to prevent a public utility from applying for, or the commission approving, storm-recovery financing pursuant to s. 366.8260.

(6) The commission shall adopt rules to implement this section as soon as practicable, but no later than January 1, 2027.

Section 10. Paragraph (a) of subsection (2) and subsection (3) of section 367.081, Florida Statutes, are amended to read:

367.081 Rates; procedure for fixing and changing.—

(2)(a)1. The commission shall, either upon request or upon its own motion, fix rates which are affordable, just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the commission shall consider the value and quality of the service and the cost of providing the service, which shall include, but not be 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. However, the commission shall not allow the inclusion of contributions-in-aid-of-construction in the rate base of any utility during a rate proceeding, nor shall the commission impute prospective future contributions-in-aid-of-construction against the utility's investment in property used and useful in the public



132210

service; and accumulated depreciation on such contributions-in-aid-of-construction shall not be used to reduce the rate base, nor shall depreciation on such contributed assets be considered a cost of providing utility service.

2. For purposes of such proceedings, the commission shall consider utility property, including land acquired or facilities constructed or to be constructed within a reasonable time in the future, not to exceed 24 months after the end of the historic base year used to set final rates unless a longer period is approved by the commission, to be used and useful in the public service, if:

a. Such property is needed to serve current customers;

b. Such property is needed to serve customers 5 years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) at a growth rate for equivalent residential connections not to exceed 5 percent per year; or

c. Such property is needed to serve customers more than 5 full years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) only to the extent that the utility presents clear and convincing evidence to justify such consideration.

Notwithstanding the provisions of this paragraph, the commission shall approve rates for service which allow a utility to recover from customers the full amount of environmental compliance costs. Such rates may not include charges for allowances for funds prudently invested or similar charges. For purposes of this requirement, the term "environmental compliance costs"



132210

includes all reasonable expenses and fair return on any prudent investment incurred by a utility in complying with the requirements or conditions contained in any permitting, enforcement, or similar decisions of the United States Environmental Protection Agency, the Department of Environmental Protection, a water management district, or any other governmental entity with similar regulatory jurisdiction.

(3) The commission, in fixing rates, may determine the prudent cost of providing service during the period of time the rates will be in effect following the entry of a final order relating to the rate request of the utility and may use such costs to determine the revenue requirements that will allow the utility to earn a fair rate of return on its rate base. Any financial model used by the commission in setting and evaluating the return on equity for a utility as part of a proceeding fixing rates must be:

(a) Financially logical; and
(b) Generally used and accepted by finance practitioners both within and outside of the regulated utility industry.

Section 11. Paragraph (b) of subsection (5) of section 377.814, Florida Statutes, is amended to read:

377.814 Municipal Solid Waste-to-Energy Program.—

(5) FUNDING.—

(b) Funds awarded under the grant programs set forth in this section may not be used to support, subsidize, or enable the sale of electric power generated by a municipal solid waste-to-energy facility to any small electric utility eligible to petition the commission under s. 366.06(5) ~~s. 366.06(4)~~.

Section 12. This act shall take effect July 1, 2026.



132210

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

And the title is amended as follows:

Delete everything before the enacting clause
and insert:

A bill to be entitled
An act relating to the Florida Public Service
Commission; amending s. 350.01, F.S.; revising the
membership of the Florida Public Service Commission;
creating s. 350.0615, F.S.; requiring a group of
parties to certain proceedings to negotiate the terms
of a settlement with the Public Counsel before
presenting such settlement to the commission; creating
s. 350.129, F.S.; requiring that orders issued by the
commission contain adequate support and rationale for
any conclusions made by the commission; requiring the
commission to provide an explanation and a discussion
of major elements and rationale of the settlement when
the commission issues an order accepting or denying
certain settlement agreements; providing that the
Public Counsel is not a required party to any such
settlements; prohibiting the commission from approving
certain settlements that are not negotiated with the
Public Counsel; creating s. 350.130, F.S.; authorizing
certain persons to make a motion to intervene in a
pending commission proceeding; providing requirements
for an association's motion to intervene in certain
commission proceedings; requiring the commission to
make certain rulings in a specified timeframe to avoid
certain expenses; creating s. 350.131, F.S.; requiring



132210

the commission to consider and address the
affordability of proceedings that have certain
potential impacts; amending s. 366.06, F.S.;
authorizing the commission to fix affordable, in
addition to fair, just, and reasonable, rates;
requiring that certain applications for changes in
rates be made according to a certain schedule and
procedure; requiring that certain requests for a
change in return on equity be made according to a
certain schedule and procedure; conforming provisions
to changes made by the act; providing requirements for
any financial model used by the commission to set and
evaluate the return on equity for a public utility;
requiring the commission to consider and address
certain financial benefits and reductions of certain
risks provided by specified cost financing systems or
other processes when setting and evaluating the return
on equity for a public utility; amending s. 366.07,
F.S.; conforming provisions to changes made by the
act; requiring the commission to establish a schedule
by which requests for changes to a public utility's
return on equity may be submitted to the commission by
each public utility company; prohibiting the
commission from accepting certain requests from a
public utility to modify its return on equity outside
of its schedule; providing an exception; authorizing a
public utility to petition the commission to deviate
from the return on equity revision schedule; requiring
the commission to grant the petition under certain



132210

circumstances; requiring the commission to adopt rules; creating s. 366.077, F.S.; requiring the commission to provide a report to the Governor and the Legislature by a specified date annually; providing requirements for the report; creating s. 366.8261, F.S.; defining terms; requiring the commission to permit an electric utility to implement a certain charge within a specified timeframe after the electric utility files a certain petition, subject to specified conditions; requiring the commission to establish a recovery period for interim storm-recovery costs, based upon a reasonable balancing of certain factors; subjecting certain funds to true-up; providing construction; requiring the commission to adopt rules; amending s. 367.081, F.S.; providing requirements for financial models used by the commission in setting and evaluating the return on equity for a utility; conforming provisions to changes made by the act; amending s. 377.814, F.S.; conforming a cross-reference; providing an effective date.

By Senator Gaetz

1-00126A-26

2026126

1 A bill to be entitled

2 An act relating to the Florida Public Service
3 Commission; amending s. 350.01, F.S.; revising the
4 membership of the Florida Public Service Commission;
5 creating s. 350.129, F.S.; requiring that orders
6 issued by the commission contain adequate support and
7 rationale for any conclusions made by the commission;
8 requiring the commission to provide an explanation and
9 a discussion of major elements of the settlement when
10 issuing an order accepting or denying certain
11 settlement agreements; amending s. 366.06, F.S.;
12 requiring the commission to ensure that the allowable
13 return on equity does not exceed the national average
14 authorized return on equity for comparable public
15 utilities; amending s. 366.07, F.S.; requiring the
16 commission to establish a schedule by which rate
17 change requests may be submitted to the commission by
18 each public utility company; creating s. 366.077,
19 F.S.; requiring the commission to provide a report to
20 the Governor and the Legislature by a specified date
21 annually; providing requirements for the report;
22 amending s. 377.814, F.S.; conforming a cross-
23 reference; providing an effective date.

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

25
26
27 Section 1. Subsection (1) of section 350.01, Florida
28 Statutes, is amended to read:
29 350.01 Florida Public Service Commission; terms of

Page 1 of 5

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

1-00126A-26

2026126

30 commissioners; vacancies; election and duties of chair; quorum;
31 proceedings; public records and public meetings exemptions.-

32 (1) The Florida Public Service Commission shall be composed
33 ~~consist~~ of seven five commissioners appointed pursuant to s.
34 350.031. One member must be a certified public accountant, and
35 one member must be a chartered financial analyst.

36 Section 2. Section 350.129, Florida Statutes, is created to
37 read:

38 350.129 Orders of the Florida Public Service Commission.-
39 (1) All orders issued by the commission must contain
40 adequate support and rationale for the commission's conclusions,
41 including the specific facts and factors on which the
42 conclusions are based. While the commission may make conclusions
43 based upon the public interest, as provided in chapters 350-368,
44 it shall specify in its orders a rationale for such conclusions.

45 (2) For commission orders that affect substantial interests
46 pursuant to s. 120.569, when issuing an order accepting or
47 denying a settlement agreement reached by any of the parties to
48 a proceeding, the commission shall provide a reasoned
49 explanation, citing the specific facts and factors on which it
50 relied. In addition, the commission shall provide in its order a
51 discussion of the major elements of the settlement and a
52 rationale for its conclusions.

53 Section 3. Present subsection (4) of section 366.06,
54 Florida Statutes, is redesignated as subsection (5), and a new
55 subsection (4) is added to that section, to read:

56 366.06 Rates; procedure for fixing and changing.-

57 (4) In order to best meet the needs of Florida households,
58 the commission shall ensure that the allowable return on equity

Page 2 of 5

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

1-00126A-26 2026126

for public utilities does not exceed the national average
authorized return on equity for comparable public utilities
across the country.

Section 4. Section 366.07, Florida Statutes, is amended to
read:

366.07 Rates; adjustment.—

(1) Whenever the commission, after public hearing either
upon its own motion or upon complaint, shall find the rates,
rentals, charges or classifications, or any of them, proposed,
demanded, observed, charged or collected by any public utility
for any service, or in connection therewith, or the rules,
regulations, measurements, practices or contracts, or any of
them, relating thereto, are unjust, unreasonable, insufficient,
excessive, or unjustly discriminatory or preferential, or in
anywise in violation of law, or any service is inadequate or
cannot be obtained, the commission shall determine and by order
fix the fair and reasonable rates, rentals, charges or
classifications, and reasonable rules, regulations,
measurements, practices, contracts or service, to be imposed,
observed, furnished or followed in the future.

(2) The commission shall establish a schedule by which rate
change requests may be submitted to the commission by each
public utility company.

Section 5. Section 366.077, Florida Statutes, is created to
read:

366.077 Report on rates.—The commission shall submit an
annual report to the Governor and the Legislature by March 1.

(1) The report must include all of the following:

(a) An investigation of contemporary economic analyses

Page 3 of 5

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

1-00126A-26 2026126

related to rate changes in this state.

(b) An analysis of potential cost impacts to utility
customers in this state if excess returns on equity have
occurred and, if such excess returns have not occurred at a
significant rate, any resulting cost savings to such customers.

(c) An analysis of returns on equity models presented by
public utilities and used by the commission to determine
approved returns on equity for public utilities in this state.
Such analysis must:

1. Compare models used by federal agencies and other state
utility regulatory bodies with those used by the commission;

2. Determine whether the models used are generally
financially logical; and

3. Determine whether the models used comport with generally
accepted economic theory both inside and outside of the utility
industry.

(d) An assessment of long-term impacts, including the
economic repercussions of rising rates of returns on equity, to
utilities and their customers in the future.

(e) A summary providing detailed information regarding the
compensation of the executive officers of each public utility
providing service to the residents of this state, or the
executive officers of a public utility's affiliated companies or
parent company. Such information must include, but need not be
limited to, salaries, benefits, stock options, bonuses, stock
buybacks, and other taxable payments, expressed both as dollar
amounts and as a percentage of the entity's total revenue. The
summary must include the profits and losses of each entity as
reported in its financial statements and highlight any

Page 4 of 5

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

1-00126A-26 2026126
117 compensation that exceeds the industry average. The commission
118 shall also include any rationale provided by a public utility
119 justifying compensation exceeding the industry average and, for
120 each public utility, an explanation as to how specific data
121 gathered during the compiling of information informed the
122 commission's decisions on the public utility's rate change
123 requests.
124 (2) The report must provide benchmarking, comparing public
125 utilities providing service to the residents of this state with
126 public utilities providing service to the residents of other
127 states, and include commentary on all findings.
128 Section 6. Paragraph (b) of subsection (5) of section
129 377.814, Florida Statutes, is amended to read:
130 377.814 Municipal Solid Waste-to-Energy Program.—
131 (5) FUNDING.—
132 (b) Funds awarded under the grant programs set forth in
133 this section may not be used to support, subsidize, or enable
134 the sale of electric power generated by a municipal solid waste-
135 to-energy facility to any small electric utility eligible to
136 petition the commission under s. 366.06(5) ~~s. 366.06(4)~~.
137 Section 7. This act shall take effect July 1, 2026.



The Florida Senate

Committee Agenda Request

To: Senator Jennifer Bradley, Chair
Committee on Regulated Industries

Subject: Committee Agenda Request

Date: October 21, 2025

I respectfully request that **Senate Bill #126**, relating to Florida Public Service Commission, be placed on the:

- ☒ committee agenda at your earliest possible convenience.
- ☐ next committee agenda.

A handwritten signature in black ink, appearing to read "Don Gaetz", is written over a horizontal line.

Senator Don Gaetz
Florida Senate, District 1

Date: November 7, 2025

Agency Affected: Public Service Commission
Agency Contact: David Frank, Director of Legislative Affairs | (850) 413-6125

RE: SB 126 – Florida Public Service Commission by Senator Don Gaetz

I. SUMMARY:

SB 126 makes numerous changes to law related to the Florida Public Service Commission (Commission). It amends Section 350.01, Florida Statutes (F.S.), to expand the Commission from five to seven members and add qualifications for two commissioners. The bill also creates Section 350.129, F.S., requiring Commission orders to include adequate support and rationale for their decisions.

In addition, the bill amends Section 366.06, F.S., to provide legislative direction regarding Return on Equity (ROE), and amends Section 366.07, F.S., to require the Commission to establish a schedule for public utilities to submit rate change requests. Finally, the bill creates Section 366.077, F.S., establishing an annual report on utility rates and their impacts.

The bill takes effect on July 1, 2026.

II. PRESENT SITUATION:

Statutory Background

Subsection 350.01(1), F.S., provides that the Commission shall consist of five Commissioners appointed in accordance with the requirements of Section 350.031, F.S. Subsection 350.01(2), F.S., establishes 4-year staggered terms for Commissioners. At present, the Commission operates in the Gerald Gunter building, and most public hearings are held in the hearing room located in the Betty Easley building. Both facilities were designed to accommodate a five-member Commission. Each Commissioner is afforded two personal staff members, including a legal/technical advisor and an executive assistant.

Subsection 350.031(5), F.S., requires the Florida Public Service Commission Nominating Council to nominate to the Governor persons who are competent and knowledgeable in one or more fields, including: public affairs, law, economics, accounting, engineering, finance, natural resource conservation, energy, or another field substantially related to the duties and functions of the Commission. Subsection (5) also requires the Commission to fairly represent the above-stated fields. Members of the Commission are not required to be certified or licensed in a particular profession.

Section 366.02, F.S., defines a “public utility” as an entity selling electricity or natural gas to the public, but excludes municipal utilities and rural electric cooperatives, as well as certain sellers of natural gas. Four investor-owned electric utilities and seven natural gas local distribution

companies meet the definition of a “public utility” as used in Chapter 366, F.S.

Section 366.04, F.S., establishes the jurisdiction of the Commission to regulate and supervise each public utility with respect to its rates and service. Section 366.041, F.S., establishes the considerations the Commission is to apply in fixing just, reasonable, and compensatory rates:

The commission is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and the value of such service to the public; the ability of the utility to improve such service and facilities; and energy conservation and the efficient use of alternative energy resources; provided that no public utility shall be denied a reasonable rate of return upon its rate base.

Section 366.06, F.S., establishes the Commission’s authority over the procedure for fixing and changing rates. Under subsection 366.06(1), F.S., all applications for changes in rates must be made to the Commission in writing under rules and regulations prescribed. The Commission has adopted rules to facilitate the orderly filing, review, and consideration of rate proceedings to meet the 12-month statutory deadline for final agency action under subsection 366.04(3), F.S.

Subsection 366.06(2), F.S., authorizes the Commission to hold a public hearing whenever the Commission finds that rates are either insufficient or excessive, and to determine just and reasonable rates to be thereafter charged.

Base Rate Proceedings (Rate Cases)

The Commission establishes separate rates and charges to recover various components of a public utility’s cost of service. Base rate proceedings, filed less frequently than annual cost recovery clause proceedings, address a utility’s costs of providing service, including infrastructure investment, a fair return on investment, operating and maintenance expenses, and the cost of managing the utility. The cost of salaries and benefits, including executive compensation, is reviewed at an aggregate level. Salary considerations include a relative comparison to industry norms, and the need to attract and retain qualified executive and non-executive utility personnel.

In determining a reasonable rate of return, the Commission is guided by the United States Supreme Court’s seminal decisions in *Hope* and *Bluefield*, under which a reasonable return is one that is commensurate with the return investors would expect from like investments of comparable risk, is reasonably sufficient to assure investor confidence that the utility is financially sound, and is adequate to attract capital on reasonable terms. A just and reasonable ROE is integral to meeting sound regulatory economics and the standards set forth by the U.S. Supreme Court. The *Bluefield* case set the standard against which just and reasonable rates are measured:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the

country on investments in other business undertakings which are attended by corresponding risks and uncertainties. . . . The return should be reasonable, sufficient to assure confidence in the financial soundness of the utility, and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public duties.¹

The *Hope* case expanded on the guidelines as to a reasonable ROE, reemphasizing the findings in *Bluefield* and establishing that the rate-setting process must produce an end result that allows the utility a reasonable opportunity to cover its capital costs. The U.S. Supreme Court stated:

From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock By that standard, the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain credit and attract capital.²

In a base rate proceeding, the Commission establishes a utility's authorized rate of return or cost of capital. This is based upon the ROE, long term and short term debt, customer deposits, and deferred taxes. A substantial evidentiary record is developed that includes analyses of ROE using various industry accepted models, as well as perspectives on the various risks that impact the utility. The authorized rate of return provides an opportunity for the utility to earn a reasonable return. The Commission establishes a mid-point ROE for purposes of setting rates, and an ROE range of 100 basis points (+/- 1%) for purposes of ensuring rates remain reasonable.

In establishing ROE in a base rate proceeding, the Commission considers the risk-free rate of return, which is based upon the average of the forecasted yields on 30-year U.S. Treasury bonds, adjusts upward based upon a number of factors, including the various risks faced by the utility and the current returns of similarly situated utilities. Numerous factors go into ROE, and the Commission analyzes multiple models and potential scenarios to create a range of potential ROE figures that incorporate the factors that affect the risk that the utility faces. Factors such as storm damage and a volatile business environment can increase the amount of risk the company faces, while factors such as a higher-than-typical equity ratio or a stable business environment can lower that risk. The Commission strives to establish an ROE for a given company that properly reflects the risk that company faces. The bill would effectively benchmark ROE to a national average, which may not accurately account for the specific conditions faced by Florida utilities.

The realized return, based upon a utility's earnings, is dependent upon the utility's ability to manage its costs and react to exogenous factors. Such factors include changes in revenues due to the impact of weather on sales; or new, modified or cancelled tariffed rates or charges. Other factors include the costs of materials, supplies, and labor; and interest rates affecting the cost of debt that could place upward or downward pressure on earnings.

¹*Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n*, 262 U.S. 679 (1923).

²*Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

The Commission monitors the earnings of each public utility through recurring surveillance reports and tracks the realized ROE as reported to determine whether it falls within the authorized ROE range. If earnings fall outside the authorized range, Commission staff initiates inquiries to gather information in order to recommend potential actions by the Commission.

In a base rate proceeding, the entire financial and operational condition of a utility is reviewed, as well as the grounds for a utility's request to adjust rates. This perspective affords the Commission the opportunity to assess a utility's risk in current and near term market conditions, while judging the reasonableness of the need for increased revenue.

Rate Changes Outside of Base Rate Proceedings

Rate changes can occur outside of base rate cases. These types of proceedings establish rates to recover discrete costs. The Commission does not establish ROE or the overall rate of return in these focused rate setting processes as that function is part of a broad base rate case. Examples include:

Cost Recovery Clauses: Cost recovery clause proceedings are designed to recover variable, volatile, or legislatively mandated costs. For electric public utilities, proceedings are held annually to address fuel and purchased power costs, capacity costs, environmental compliance costs, storm protection plan costs, and energy conservation program costs.³ The annual proceedings are governed by orders establishing procedure, including the schedule of key milestones.

Interim Charges: Interim charges may be established to recover storm restoration costs. The charge is time limited and subject to true-up following a subsequent Commission hearing to determine final costs that are eligible for recovery.

Infrastructure Surcharges: Natural gas public utilities have received Commission approval to establish surcharges to recover costs required to comply with natural gas infrastructure safety mandates. The surcharges are reviewed annually and revised to ensure revenues match costs.

Tariffs: A utility's tariffs are a series of documents that provide the rates, terms, and conditions for service. A utility's tariffs also include standard forms for different service offerings, as well as standard contracts and agreements. These can include the legislatively mandated contracts to purchase energy from cogenerators or renewable energy providers. While tariffs are typically revised or newly approved as part of the proceedings described above, a utility may seek Commission approval to modify an existing tariff or to implement a new one as circumstances warrant. However, in reviewing stand alone requests for approval of new, modified, or cancelled tariffs, the

³ Most utilities purchase fuels to generate electricity and these commodities can include natural gas, coal, uranium and refined crude oil products. Utilities may also purchase, through contracts, all or a portion of the electricity required to serve customers. Purchased power contracts typically have two components: 1) energy charges, and 2) demand or capacity charges, that reserve generating capacity to help meet peak demand. The energy charge component of purchased power is recovered through the fuel and purchased power cost recovery clause. The capacity component of purchased power is recovered through the capacity cost recovery clause.

Commission does not determine the utility's ROE or overall rate of return.

III. EFFECT OF PROPOSED CHANGES:

Section 1 – Section 350.01, F.S.

The bill amends Section 350.01, F.S., to expand the Commission from five to seven members. It also adds a provision that one member must be a certified public accountant, and one member must be a chartered financial analyst. Because of the current composition of the Commission, the new appointments would be limited to these specific qualifications.

Subsection 350.01(2), F.S., outlines the method by which staggered term dates were initially established. As a result, two of the current Commissioners' terms end on January 1, 2026, two on January 1, 2027, and one on January 1, 2029. SB 126 does not provide a start or end date for the two new Commissioners' terms.

Each additional Commissioner would require two full-time equivalent (FTE) support staff positions, resulting in six new FTEs in total. The Gerald Gunter building, which currently houses the Commission, would require renovations to provide additional workspace. Similarly, structural modifications would be needed in the Commission hearing room located in the Betty Easley Conference Center to accommodate the expanded Commission. The fiscal impact of these additional FTEs, as well as the construction costs, are discussed in Section IV below.

Section 2 – Section 350.129, F.S.

Section 2 of the bill requires all orders issued by the Commission include adequate support and rationale for the Commission's conclusions, including the specific facts and factors on which the conclusions are based. In particular, any public interest conclusions must specify their rationale.

When considering a settlement agreement under Section 120.569, F.S., the Commission must provide a reasoned explanation of its approval or denial, citing the specific facts and factors relied upon. Additionally, the Commission must discuss the major elements of the settlement and the rationale for its conclusions.

Section 2 appears to codify the Florida Supreme Court's decisions in *Floridians Against Increased Rates v. Clark*, 371 So. 3d 905 (2023)(FAIR) and *Florida Rising, Inc. v. Fla. Pub. Serv. Comm'n*, 415 So. 3d 135 (Fla. 2025)(*Florida Rising*), where the Court "explained that the Commission's power to determine whether a settlement is in the public interest and results in fair, just, and reasonable rates rests on both facts in the record and policy judgments guided by the Commission's 'specialized knowledge and expertise in this area.'" *Florida Rising* at 140. The Court instructed the Commission to provide adequate support and rationale in its Final Orders, and when considering a settlement, to consider each of the major elements of the settlement before making a public interest determination. In *Florida Rising*, the Court found that the Commission met the requirements set out in the bill.

Section 3 – Section 366.06, F.S.

Section 3 of the bill requires the Commission to ensure that the allowable ROE for a utility does not exceed the national average ROE for comparable companies. The bill does not give a direction on how to determine which companies can be considered comparable to a given Florida public utility.

The alignment of the allowable ROE with the national average of comparable utilities may not fully account for variations in regional risk profiles or operating conditions unique to Florida.

In this context, if the allowable ROE is set below the level that investors perceive as appropriate for Florida-specific risks, there could be implications on the cost to attract new investment. This does not suggest that the ROE itself would increase as that is limited by the bill, but rather that future capital could become more costly if investors view the capped ROE as insufficient relative to the perceived level of risk. As a result, the provision may create upward pressure on the overall cost of capital, even as the allowable ROE remains limited to the national average.

Section 4 – Section 366.07, F.S.

The bill amends Section 366.07, F.S., to require the Commission to establish a schedule specifying when each public utility may submit rate change requests. This provision would apply to the four investor-owned electric utilities and the seven natural gas local distribution companies regulated by the Commission.

The bill does not define the scope of the term “rate change requests.” As a result, the impact of this provision depends on whether “rate change requests” is interpreted narrowly, applying only to base rate cases, or broadly, applying to any change in rates or charges in the various rate making proceedings described above, including stand alone changes to tariffed charges.

Utilities do not currently file requests to adjust base rates on a set schedule. A narrow interpretation of this provision of the bill would require the Commission to establish a schedule by which electric and gas IOUs could file a base rate case. While this provision may ensure that the Commission’s resources are not overwhelmed by multiple, simultaneous rate cases at any given time, in the event that a utility is over- or under-earning, a restrictive schedule could delay either the utility or its customers from receiving needed rate relief in a timely fashion. It is unclear whether the Commission would also be bound by the schedule established in the bill, which could constrain its authority to initiate a rate review when a utility’s earnings fall outside its authorized range, whether due to over-earning or under-earning.

This provision appears to conflict with Subsection 366.06(2), F.S., which governs the timing of rate requests and requires the Commission to hold a public hearing whenever rates are either insufficient or excessive. Section 366.06(2), F.S., provides:

Whenever the commission finds, upon request made or upon its own motion, that the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting

such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law; that such rates are insufficient to yield reasonable compensation for the services rendered; that such rates yield excessive compensation for services rendered; or that such service is inadequate or cannot be obtained, the commission shall order and hold a public hearing, giving notice to the public and to the public utility, and shall thereafter determine just and reasonable rates to be thereafter charged for such service and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used.

Under this statute, fluctuations in revenues and costs drive the timing of rate requests. The underlying events that drive these fluctuations are not predictable. This statute allows the Commission to initiate a proceeding to change rates or a utility to seek changes to rates as circumstances dictate.

Under a broad interpretation, this provision could implicate many other types of proceedings where rates are impacted, leading to suboptimal scheduling and inefficient processes for both utilities and customers.

Section 5 – Section 366.077, F.S.

The bill creates Section 366.077, F.S., to create a new annual report, due to the Governor and the Legislature by March 1 of every year. The new report must contain the following:

- An investigation of contemporary economic analysis related to rate changes in Florida;
- An analysis of potential cost impacts to Florida utility customers if excess ROEs have occurred, and potential cost savings, if any, to customers if the excess ROEs have not occurred at a significant rate;
- An analysis of ROE models presented by public utilities and used by the Commission to determine approved ROEs for public utilities in Florida. Such analysis must:
 - Compare models used by federal agencies and other state utility regulatory bodies with those used by the Commission
 - Determine whether the models used are generally financially logical
 - Determine whether the models used comport with generally accepted economic theory both inside of and outside of the utility industry
- An assessment of long-term impacts and economic repercussions of rising rates of ROEs to utilities and their customers in the future;
- A summary detailing the compensation of the executive officers of all public utilities servicing Florida, or the executive officers of their affiliated companies or parent company, including, but not limited to, salaries, benefits, stock options, bonuses, stock buybacks, and other taxable payments, expressed both as dollar

amounts and as a percentage of the entity’s total revenue. The summary must include the profits and losses of each entity as reported in its financial statements and highlight any compensation exceeding the industry average. The office shall also include in the report any rationale provided by a public utility justifying compensation exceeding the industry average and, for each public utility, an explanation of how specific data gathered during the compiling of information informed the office’s decisions on that insurer’s rate change requests.

- Benchmarking that compares public utilities servicing Florida with public utilities servicing other states, including commentary on all findings.

When establishing the authorized ROE range in base rate proceedings, the Commission’s current process includes reviewing and weighing witness testimony, analysis, and evidentiary support as outlined in the bill. For example, the Commission routinely monitors public utility earnings and has authority to initiate proceedings to adjust rates when earnings are found to be excessive or insufficient. The Commission also develops a substantial evidentiary record of alternative rate of return models based on testimony from expert witnesses during base rate proceedings. In addition, the Commission considers the returns of similarly situated utilities, both within and outside Florida, when determining the authorized ROE range.

During a base rate proceeding, utility employee compensation is reviewed and established at an aggregate level. The bill’s additional reporting requirements involving “detailing the compensation of the executive officers of all public utilities servicing Florida, or the executive officers of their affiliated companies or parent company, including, but not limited to, salaries, benefits, stock options, bonuses, stock buybacks, and other taxable payments” would require extensive discovery sent to public utilities. Much of this information would likely be considered proprietary confidential business information that necessitates confidential treatment by the Commission under section 366.093, F.S.; however, some of the information may be available through various SEC filings. It remains unclear how any information deemed confidential could be disseminated in a public report to the Legislature without presenting challenges under existing confidentiality provisions in section 366.093, F.S.

The bill will take effect on July 1, 2026.

IV. ESTIMATED FISCAL IMPACTS ON STATE AGENCIES:

The bill is expected to have a significant fiscal impact on the Commission. Section 1 of the bill requires the Commission to add six FTEs: two Commissioners, two advisors, and two executive assistants, for an annual increase of \$776,006 and \$31,838 in nonrecurring expenses. The Commission will also need to undertake renovations in the Gerald Gunter Building to accommodate the additional Commissioners and to modify the Hearing Room, for a nonrecurring cost of \$2,500,000.

	(FY 26-27) <u>Amount / FTE</u>	(FY 27-28) <u>Amount / FTE</u>	(FY 28-29) <u>Amount / FTE</u>
A. Revenues			

1. Recurring	\$0/0 FTE	\$0/0 FTE	\$0/0 FTE
2. Non-Recurring	\$0/0 FTE	\$0/0 FTE	\$0/0 FTE
B. Expenditures			
1. Recurring	\$776,006/6 FTE	\$776,006/6 FTE	\$776,006/6 FTE
2. Non-Recurring	\$2,531,838/0 FTE	\$0/0 FTE	\$0/0 FTE

V. ESTIMATED FISCAL IMPACTS ON LOCAL GOVERNMENTS:

The bill is not expected to have any significant effects on local governments.

VI. ESTIMATED IMPACTS ON PRIVATE SECTOR:

The bill is not expected to have any significant effect on the private sector.

VII. LEGAL ISSUES:

A. Does the proposed legislation conflict with existing federal law or regulations? If so, what laws and/or regulations?

No conflicts with existing federal laws or regulations have been identified.

B. Does the proposed legislation raise significant constitutional concerns under the U.S. or Florida Constitutions (e.g., separation of powers, access to the courts, equal protection, free speech, establishment clause, and impairment of contracts)?

Section 366.06, F.S., allows utilities to project revenues and seek rate adjustments either in the normal course of business or in reaction to unanticipated or significant changes in revenues or costs. Adopting a set schedule directly conflicts with Section 366.06, F.S, which allows for flexibility with the timing of rate requests. The bill would instead require a set schedule to drive the filings as opposed fluctuations in revenues and costs. This provision may raise potential concerns because whether revenues are sufficient or excessive, the utility would have to wait for its scheduled date.

In addition to creating a statutory conflict, establishing a uniform rule with a schedule applicable to all utilities could have significant financial consequences for utilities and ratepayers. For example, under the current situation with no set schedule, a utility with sufficient revenues can delay the expense of a rate request until circumstances change. With a set schedule, that same utility would be forced to file an unnecessary rate request and incur those expenses, which are ultimately passed along to the ratepayers. Likewise, a utility that is operating in a deficiency and that is need of immediate sufficient revenues would have to wait for its scheduled submission date, which could ultimately create quality of service and safety as well as financial issues for the

customers.

Moreover, if a utility is unable to seek rate relief when needed, this could be considered a form of regulatory taking and raise a constitutional question. A utility that is earning revenues below its approved range is “under-earning.” Under the proposed bill, a utility that is under-earning would have to continue to do so until allowed to seek a rate increase pursuant to the “rate change request” schedule. Forcing a utility to maintain this position may result in a claim for a “regulatory taking” in violation of the Fifth Amendment of the U.S. Constitution:

The rate of return which public utility companies may be allowed to earn is a question of vital importance to both rate payers and investors. An inadequate return may prevent satisfactory services to the public and concomitantly disappoint investors who will look for alternative sources of investment. The Public Service Commission is given the power to fix the return within certain limits. That return cannot be set so low as to confiscate the property of the utility, nor can it be made so high as to provide greater than a reasonable rate of return, thereby prejudicing the consumer.⁴

On the other side of this spectrum, a utility that is earning revenues above its approved range is “overearning.” A utility that is subject to the rule and is overearning at a time that does not coincide with its “rate change request” schedule would be prohibited from lowering its rates. Ratepayers would not receive the rate relief to which they are entitled in a timely manner. The utility would be compelled to accept and hold the overearnings, calculate refunds as part of its scheduled “rate change request.”

C. Is the proposed legislation likely to generate litigation and, if so, from what interest groups or parties?

The schedule for utilities to make a “rate change request” must be established by the Commission, presumably by rule adoption. Because the phrase “rate change request” is not defined in the legislation, it may be appropriate to provide a definition in that same rule. This definition and the establishment of the schedule may generate a rule challenge from utilities or affected ratepayers.

The potential for regulatory takings litigation was addressed in Section B.

D. Other

None known at this time.

⁴ *United Telephone Company v. Mayo*, 345 So. 2d 648, 653 (Fla. 1977) (*emphasis added*); see U.S. Const. amend. V; Fla. Const. art. X, § 6.

VIII. COMMENTS:

Prepared by: Benjamin Crawford and Major Thompson
Date: October 20, 2025

Date: February 28, 2025

Agency Affected: Public Service Commission
Agency Contact: David Frank, Director of Legislative Affairs | (850) 413-6125

RE: SB 354

I. SUMMARY:

SB 354 makes numerous changes to laws related to the Florida Public Service Commission (Commission or FPSC). It amends Section 350.01, Florida Statutes (F.S.), to expand the Commission from five to seven members and to add qualifications for two commissioners. It also amends Section 366.06, F.S., to require the FPSC to establish a schedule by which public utilities may submit rate change requests. It amends Section 366.81, F.S., to give Legislative direction regarding Return on Equity (ROE). Finally, it amends Section 366.82, F.S., to expand the scope of the Commission's annual report on activities under FEECA. The bill takes effect on July 1, 2025.

II. PRESENT SITUATION:

Statutory Background

Section 350.01(1), F.S., establishes that the Commission shall consist of five Commissioners appointed in accordance with the requirements of Section 350.031, F.S. Section 350.01(2), F.S., establishes 4-year staggered terms for Commissioners. At present, the Gerald Gunter building, which houses the Commission, and the hearing room in the Betty Easley building, where the Commission holds most of its public hearings, are designed around a five-member Commission. Currently, each Commissioner is afforded a personal staff of two, including a legal/technical advisor and an executive assistant.

Subsection 350.031(5), F.S., requires the Florida Public Service Commission Nominating Council to nominate to the Governor persons who are competent and knowledgeable in one or more fields, including: public affairs, law, economics, accounting, engineering, finance, natural resource conservation, energy, or another field substantially related to the duties and functions of the Commission. Subsection (5) also requires the Commission to fairly represent the above-stated fields. Members of the Commission are not required to be certified or licensed in a particular profession.

Section 366.02, F.S., defines a public utility as an entity selling electricity or natural gas to the public but excludes municipal utilities and rural electric cooperatives, as well as certain sellers of natural gas. As a result, the term "public utilities," as used in Chapter 366, F.S., applies to Florida's four investor-owned electric utilities, as well as seven natural gas local distribution companies.

Section 366.04, F.S., establishes the jurisdiction of the Commission to regulate and supervise each public utility with respect to its rates and service. Section 366.041, F.S., establishes the considerations the Commission is to apply in fixing just, reasonable, and compensatory rates:

the commission is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and the value of such service to the public; the ability of the utility to improve such service and facilities; and energy conservation and the efficient use of alternative energy resources; provided that no public utility shall be denied a reasonable rate of return upon its rate base

Section 366.06, F.S., establishes the Commission's authority over the procedure for fixing and changing rates. Specifically, Section 366.06(1), F.S., confers authority to the Commission that all applications for changes in rates shall be made to the Commission in writing under rules and regulations prescribed. The Commission has adopted rules to facilitate the orderly filing, review, and consideration of rate proceedings that will meet the 12-month statutory deadline for final agency action under Section 366.04(3), F.S. Also, Section 366.06(2), F.S., requires the Commission to hold a public hearing whenever the Commission finds that rates are either insufficient or excessive, and to determine just and reasonable rates to be thereafter charged.

Base Rate Proceedings (Rate Cases)

The Commission establishes separate rates and charges to recover various components of a public utility's cost of service. Base rate proceedings, filed less frequently, address a utility's costs of infrastructure including a reasonable return on investment, operating and maintenance expenses and the cost of administering the utility. The cost of salaries and benefits, including executive compensation, is reviewed at an aggregate level. Considerations include a relative comparison to industry norms and the need to attract and retain qualified executive and non-executive utility personnel.

In fixing a reasonable rate of return, the Commission is guided by the Supreme Court of the United States' decisions in *Hope* and *Bluefield*, under which a reasonable return is one that is commensurate with the return investors would expect from like investments of comparable risk, is reasonably sufficient to assure investor confidence that the utility is financially sound, and is adequate to attract capital on reasonable terms. A just and reasonable ROE is integral to meeting sound regulatory economics and the standards set forth by the U.S. Supreme Court. The *Bluefield* case set the standard against which just and reasonable rates are measured:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties. . . . The return should be reasonable, sufficient to assure confidence in the financial soundness of the utility, and should be adequate, under efficient and economical management, to maintain and support

its credit and enable it to raise money necessary for the proper discharge of its public duties.¹

The *Hope* case expanded on the guidelines as to a reasonable ROE, reemphasizing the findings in *Bluefield* and establishing that the rate-setting process must produce an end result that allows the utility a reasonable opportunity to cover its capital costs. The U.S. Supreme Court stated:

From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock By that standard, the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain credit and attract capital.²

In a base rate proceeding, the Commission establishes a utility's authorized rate of return or cost of capital. This is based upon the return on equity, long-term and short-term debt, customer deposits, and deferred taxes. A substantial evidentiary record of information is developed, including analyses of ROE using various industry-accepted models, as well as perspectives on the various risks impacting the utility. The rate of return authorized by the Commission provides an opportunity for the utility to earn a reasonable return. The Commission establishes a mid-point ROE for purposes of setting rates, and an ROE range of 100 basis points (+/- 1%) for purposes of ensuring rates remain reasonable.

The realized return, based upon a utility's earnings, is dependent on the utility's ability to manage its costs and react to exogenous factors, some of which may be outside its control. Such factors include changes in revenues due to the impact of weather on sales; or new, modified, or cancelled tariffed rates or charges. Other factors include the costs of materials, supplies, and labor; and interest rates affecting the cost of debt that could place upward or downward pressure on earnings. The Commission monitors the earnings of each public utility through recurring surveillance reports. The realized ROE filed in a surveillance report is analyzed for whether it falls within the established ROE range. Should earnings fall outside the range, the Commission's staff makes inquiries to gather information in order to recommend potential actions by the Commission.

In a base rate proceeding, the entire financial and operational condition of a utility is reviewed, as well as the grounds for a utility's request to adjust rates. This perspective affords the Commission the opportunity to assess a utility's risk in current and near-term market conditions, while judging the reasonableness of the need for increased revenue.

Cost Recovery Clauses, Infrastructure Surcharges, Interim Charges

Cost recovery clause proceedings are designed to recover variable, volatile, or legislatively mandated costs. For electric public utilities, proceedings are held annually to address fuel and

¹*Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n*, 262 U.S. 679 (1923).

²*Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

purchased power costs, capacity costs, environmental compliance costs, storm protection plan costs, and energy conservation program costs.³ For natural gas public utilities, annual proceedings address purchased natural gas and energy conservation program costs. The annual proceedings are governed by orders establishing procedure, including the schedule of key milestones.

Interim charges may be established to recover storm restoration costs. The charge is time-limited and subject to true-up following a subsequent Commission hearing to determine final costs that are eligible for recovery.

Finally, natural gas public utilities have received Commission approval to establish surcharges to recover costs required to comply with natural gas infrastructure safety mandates. The surcharges are reviewed annually and revised to ensure revenues match costs.

These types of proceedings establish rates to recover discrete costs. The Commission does not establish ROE or the overall rate of return in these focused rate setting processes, as that function is part of a broad base rate case.

Tariffs

A utility's tariffs are a series of documents that provide the rates, terms, and conditions for service. Tariffs are approved by the Commission as part of every rate setting proceeding, including those described above. A utility's tariffs also include standard forms for different service offerings and standard contracts and agreements. These can include the legislatively mandated contracts to purchase energy from cogenerators or renewable energy providers. While tariffs are normally revised or new tariffs approved as part of the proceedings described above, utilities can seek approval to modify an existing tariff or for a new tariff as circumstances warrant. The Commission, however, does not establish ROE or the overall rate of return in reviewing stand alone requests to approve new, modified or to cancel a tariff.

Florida Energy Efficiency and Conservation Act (FEECA)

Sections 366.80 through 366.83, and 403.519, F.S., are collectively known as FEECA. FEECA emphasizes four key areas: reducing the growth rates of weather-sensitive peak demand and electricity usage, increasing the efficiency of the production and use of electricity and natural gas, encouraging demand-side renewable energy systems, and conserving expensive resources, particularly petroleum fuels. Sections 366.82(2) and 366.82(6), F.S., require the Commission to establish goals for the FEECA utilities and review the goals every five years, at a minimum. The utilities are required to develop cost-effective demand-side management (DSM) plans and programs that meet their goals and submit them to the Commission for approval. Public utilities subject to FEECA may seek cost recovery for approved DSM programs.

³ Most utilities purchase fuels to generate electricity and these commodities can include natural gas, coal, uranium and refined crude oil products. Utilities may also purchase, through contracts, all or a portion of the electricity required to serve customers. Purchased power contracts typically have two components: 1) energy charges, and 2) demand or capacity charges, that reserve generating capacity to help meet peak demand. The energy charge component of purchased power is recovered through the fuel and purchased power cost recovery clause. The capacity component of purchased power is recovered through the capacity cost recovery clause.

Energy conservation and DSM in Florida are accomplished through a multi-pronged approach that includes energy efficiency requirements in building codes for new construction, federal appliance efficiency standards, utility programs, and consumer education. Utility programs, which are paid for by all customers, are aimed at increasing efficiency levels above building codes and appliance efficiency standards.

The Commission is required by Section 366.82(10), F.S., to provide an annual report to the Florida Legislature and the Governor by March 1, summarizing the adopted goals and the progress made toward achieving those goals. Similarly, Section 377.703(2)(f), F.S., requires the Commission to file information on electricity and natural gas energy conservation programs with the Department of Agriculture and Consumer Services.

III. EFFECT OF PROPOSED CHANGES:

Section 1 – Section 350.01, F.S.

The bill amends Section 350.01, F.S., to expand the Commission from five to seven members. It also adds a provision that one member must be a certified public accountant, and one member must be a chartered financial analyst. Because of the current composition of the Commission, the new appointments would be limited to these specific qualifications.

Subsection 350.01(2), F.S., outlines the method by which staggered term dates were initially established. As a result, two of the current Commissioners' terms end on January 1, 2026; two on January 1, 2027; and one on January 1, 2029. SB 354 does not provide a start or end date for the two new Commissioners' terms.

Each Commissioner would require two further FTEs as support staff, for a total of six added FTEs. The Gerald Gunter building, which currently houses the Commission, would need renovations to account for added workspace, as would the Commission hearing room in the Betty Easley Conference Center, where structural changes would be needed to accommodate an expanded Commission. The fiscal impact of these additional FTEs, as well as the construction costs, is discussed in section IV below.

Section 2 – Section 366.06, F.S.

The bill amends Section 366.06, F.S., to require the Commission to establish a schedule by which rate change requests may be submitted to the Commission by each public utility company. This section would apply to four investor-owned electric utilities, as well as seven natural gas local distribution companies. This section of the bill also makes various wording changes that do not appear to be substantive.

The bill does not establish the scope of the term "rate change requests." As a result, the impact of this bill is dependent on whether "rate change requests" is interpreted narrowly, and only applies to base rate cases, or broadly, applying to any change in rates or charges in the various rate making proceedings described above, including stand alone changes to tariffed charges.

A narrow interpretation would require the Commission to establish a schedule by which electric and gas IOUs could file a base rate case. While this provision may ensure that the Commission's resources are not overwhelmed by multiple, simultaneous rate cases at any given time, in the event that a utility is over- or under-earning, a restrictive schedule could delay either the utility or its customers from receiving needed rate relief in a timely fashion. This provision appears to conflict with section 366.06(2), F.S., that requires the Commission to hold a public hearing whenever rates are either insufficient or excessive. With regard to the utility being unable to seek rate relief when needed, this could be considered a form of regulatory taking and raise a constitutionality question.

Under a broad interpretation, the bill could implicate many other types of proceedings where rates are impacted, leading to less-than-optimal schedules and inefficient processes for utilities and customers. Also, a broad interpretation introduces increased regulatory risk and instability that could increase risk to the financial integrity of the utility. Such increased risk could negatively impact investor expectations and potentially increase the cost of capital.

Section 3 – Section 366.81, F.S.

Sections 3 and 4 of the bill both make changes to portions of FEECA, though neither section appears to address FEECA, energy efficiency, or energy conservation directly. This analysis assumes that the placement of these sections of the bill within FEECA does not limit the application of those sections of the bill.

The bill amends Section 366.81, F.S., to require the Commission to work to keep the allowable ROE close to the risk-free rate of return and requires a utility seeking a tariff modification to specifically justify any upward deviations from that rate.

In establishing ROE in a base rate proceeding, the Commission considers the risk-free rate of return, which is based upon the average of the forecasted yields on 30-year U.S. Treasury bonds and adjusts upward based on a number of factors, including the various risks faced by the utility and the current returns of similarly situated utilities. Numerous factors go into ROE, and the Commission analyzes multiple models and potential scenarios to create a range of potential ROE figures that incorporate the factors affecting the risk that the utility faces. Factors such as storm damage and a volatile business environment can increase the amount of risk the company faces, while factors such as higher-than-typical equity or a stable business environment can lower that risk. The Commission strives to establish an ROE for a given company that properly reflects the risk that company faces.

Public utilities may seek approval for new tariffs or to modify existing tariffs in the various rate setting proceedings described in section II, and as part of discrete, stand alone requests to the Commission. The bill suggests that a public utility need only seek to modify a tariff in order to initiate a review of its authorized ROE and range. This could occur in the annual cost recovery clause proceedings, annual natural gas infrastructure surcharge proceedings, interim rate setting proceedings, or stand alone tariff modification proceedings. Revising ROE annually introduces increased regulatory risk and instability that could increase risk to the financial integrity of the

utility. Such increased risk could negatively impact investor expectations and potentially increase the cost of capital.

Section 4 – Section 366.82, F.S.

The bill amends Section 366.82, F.S., to significantly expand the Commission’s Annual Report on Activities pursuant to FEECA (FEECA Report). At present, the FEECA Report is solely concerned with activities directly related to FEECA, such as the programs utilities have undertaken and their success with those programs. The bill expands the FEECA Report to include numerous subjects outside of FEECA, including:

- An investigation of contemporary economic analysis related to rate changes in Florida;
- An analysis of potential cost impacts to Florida utility customers if excess ROEs have occurred, and potential cost savings, if any, to customers if the excess ROEs have not occurred at a significant rate;
- An analysis of alternative rate-of-return scenarios, including an investigation of the rationale for why such scenarios were not chosen in the past, and an investigation of the applicability of such scenarios for the future;
- An assessment of long-term impacts and economic repercussions of rising rates of regulated ROEs to utilities and their customers in the future;
- A summary detailing the compensation of the executive officers of all public utilities servicing Florida, or the executive officers of their affiliated companies or parent company, including but not limited to, salaries, benefits, stock options, bonuses, stock buybacks, and other taxable payments, expressed both as dollar amounts and as a percentage of the entity’s total revenue. The summary must include the profits and losses of each entity as reported in its financial statements and highlight any compensation exceeding the industry average. The office shall also include in the report any rationale provided by the insurer justifying compensation exceeding the industry average and, for each insurer, an explanation of how specific data gathered during the creation of the report informed the office’s decisions on that insurer’s rate change requests; and
- Benchmarking that compares public utilities servicing Florida with public utilities servicing other states, including commentary on all findings.

It would be helpful to have further clarification on the references to “insurer” in lines 143-146, as well as which “office” is intended in line 146.

As explained earlier, the apparent concept behind the topics outlined above in the annual report is used and considered by the Commission in establishing the authorized ROE and range in a base rate proceeding. For example, the Commission routinely monitors public utility earnings

and has authority to initiate a proceeding to adjust rates whenever earnings are excessive or insufficient. Second, the Commission establishes a substantial record of evidence of alternative rate of return model results based on the assumptions of various expert witnesses in a base rate proceeding. Third, the returns of similarly situated utilities in and out of Florida are considered by the Commission in establishing the authorized ROE and range.

During a base rate proceeding, compensation is reviewed and established at an aggregate level. The additional reporting requirements involving “detailing the compensation of the executive officers of all public utilities servicing Florida, or the executive officers of their affiliated companies or parent company, including but not limited to, salaries, benefits, stock options, bonuses, stock buybacks, and other taxable payments” would require extensive discovery sent to public utilities. Much of this information would likely be considered proprietary business information that necessitates confidential treatment by the Commission under Section 366.093, F.S. It would be helpful to have further clarification on how this confidential information could be disseminated in a public report to the Legislature and remain consistent with current law.

The bill will take effect on July 1, 2025.

IV. ESTIMATED FISCAL IMPACTS ON STATE AGENCIES:

The bill is expected to have a significant fiscal impact on the Commission. Section 1 of the bill requires the Commission to add six FTEs: two Commissioners, two advisors, and two executive assistants, for an annual increase of \$762,353. The Commission will also need to conduct renovations in the Gerald Gunter and Betty Easley buildings to accommodate the additional Commissioners, at a non-recurring cost of \$1,000,000 - \$2,000,000. The actual construction cost will be provided once the legislation passes.

	(FY 25-26) <u>Amount / FTE</u>	(FY 26-27) <u>Amount / FTE</u>	(FY 27-28) <u>Amount / FTE</u>
A. Revenues			
1. Recurring	\$0/0 FTE	\$0/0 FTE	\$0/0 FTE
2. Non-Recurring	\$0/0 FTE	\$0/0 FTE	\$0/0 FTE
B. Expenditures			
1. Recurring	\$762,353/6 FTE	\$762,353/6 FTE	\$762,353/6 FTE
2. Non-Recurring	\$31,838/0 FTE	\$0/0 FTE	\$0/0 FTE
3. Non-Recurring (Construction)*	\$1-\$2M/0 FTE		

* The building renovations will be required to accommodate additional staff. In consultation with Department of Management Services (DMS) the estimated range of construction cost is \$1-\$2M.

V. ESTIMATED FISCAL IMPACTS ON LOCAL GOVERNMENTS:

The bill is not expected to have any significant effects on local governments.

VI. ESTIMATED IMPACTS ON PRIVATE SECTOR:

The bill is not expected to have any significant effect on the private sector.

VII. LEGAL ISSUES:

A. Does the proposed legislation conflict with existing federal law or regulations? If so, what laws and/or regulations?

No conflicts with existing federal laws or regulations have been identified.

B. Does the proposed legislation raise significant constitutional concerns under the U.S. or Florida Constitutions (e.g., separation of powers, access to the courts, equal protection, free speech, establishment clause, and impairment of contracts)?

Utilities do not currently file rate requests on a set schedule. Section 366.06(2), F.S., which currently governs the timing of rate requests, provides in full as follows:

Whenever the commission finds, upon request made or upon its own motion, that the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law; that such rates are insufficient to yield reasonable compensation for the services rendered; that such rates yield excessive compensation for services rendered; or that such service is inadequate or cannot be obtained, the commission shall order and hold a public hearing, giving notice to the public and to the public utility, and shall thereafter determine just and reasonable rates to be thereafter charged for such service and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used.

Under this statute, fluctuations in revenues drive rate requests. The underlying events that drive these fluctuations are not predictable. This statute allows the Commission and the utility the ability to coordinate rate requests with revenues as circumstances dictate. The inherent statutory flexibility has operated as intended over time, with utilities maintaining rates that are neither excessive nor inadequate.

Adopting a set schedule directly conflicts with this statute. The dates adopted in the rate request schedule would drive the filings. Whether revenues are sufficient or excessive, the utility would have to wait for its scheduled date.

In addition to creating a statutory conflict, establishing by rule a schedule applicable to all utilities could have significant financial consequences for utilities and ratepayers. For example, under the current situation with no set schedule, a utility with sufficient revenues can delay the expense of a rate request until circumstances change. With a set schedule, that same utility would be forced to file an unnecessary rate request and incur those expenses, which are ultimately passed along to the ratepayers. Also, with no set schedule, a utility has the ability to file a rate

request as soon as a revenue increase or decrease indicates a near-term deficiency or excess. With a set schedule, that utility would have to wait for its scheduled submission date, which could make a bad situation worse.

A utility that is earning revenues below its adopted range is “underearning.” Under the proposed bill, a utility that is underearning would have to continue to do so until allowed to seek a rate increase pursuant to the “rate change request” schedule. Forcing a utility to maintain this position may result in a claim for a “regulatory taking.”

The rate of return which public utility companies may be allowed to earn is a question of vital importance to both rate payers and investors. An inadequate return may prevent satisfactory services to the public and concomitantly disappoint investors who will look for alternative sources of investment. The Public Service Commission is given the power to fix the return within certain limits. That return cannot be set so low as to confiscate the property of the utility, nor can it be made so high as to provide greater than a reasonable rate of return, thereby prejudicing the consumer.⁴

The phrase “rate change request” is not defined. The broader the interpretation of this phrase and wider the effect of the schedule, the more likely such a scenario is to occur.

On the other side of this spectrum, a utility that is earning revenues above its adopted range is “overearning.” A utility that is subject to the rule and is overearning at a time that does not coincide with its “rate change request” schedule would be prohibited from lowering its rates. Ratepayers would not receive the rate relief to which they are entitled in a timely manner. The utility would be compelled to accept and hold the overearnings, calculate refunds as part of its schedule “rate change request,” and deal with the potential of Commission sanctions for overearning.

The existing statutory framework avoids these scenarios. Utilities currently project revenues and seek rate adjustments either in the normal course of business or in reaction to unanticipated or sudden events or opportunities. An established schedule removes this maneuverability.

C. Is the proposed legislation likely to generate litigation and, if so, from what interest groups or parties?

The schedule for utilities to make a “rate change request” must be established by the Commission, presumably by rule adoption. Because the phrase “rate change request” is not defined in the legislation, it may be appropriate to provide a definition in that same rule. This definition and the establishment of the schedule may generate a rule challenge from utilities or affected ratepayers.

The potential for regulatory takings litigation was addressed immediately above in Section B.

⁴ *United Telephone Company v. Mayo*, 345 So. 2d 648, 653 (Fla. 1977)(emphasis added); see U.S. Const. amend. V; Fla. Const. art. X, § 6.

D. Other

There are a number of issues raised in Section 3 of the bill:

1. Section 3 amends the intent section of the Florida Energy Efficiency and Conservation Act (“FEECA”), Section 366.81, F.S., to include a new requirement regarding the utility’s Return on Equity (“ROE”). Placement of the new provision within Section 366.81, F.S., creates inherent confusion because that section of law is the legislative intent section of the FEECA statutes regarding demand side management (“DSM”) plans and programs. Because there are no tariffs adopted to implement legislative intent, the scope, application, and meaning of this provision could benefit from further clarification.
2. Section 3 interjects the placement of the substantive requirements for ROE in the FEECA statute and thus conflicts with the historic practice and application of Chapter 366, F.S. This is because ROE has consistently been litigated as an issue in base rate proceedings only. Return on common equity, once established in a base rate proceeding, is applied uniformly across the utility’s rate base until the utility’s next base rate proceeding.
3. Section 3 of the bill (notwithstanding that the new requirement is in the intent section of the FEECA statute) could be construed to require a full-blown analysis of ROE in a DSM proceeding, which could lead to a substantial change in the scope, magnitude, and cost of a DSM proceeding, especially since the DSM docket involves all electric IOUs (which could mean a review of the ROE of all utilities simultaneously). Of course, presumably it would apply only to those utilities “seeking a tariff modification” in connection with implementing their proposed DSM plans and programs. But any analysis of ROE is an involved undertaking and potentially costly to customers.
4. Section 3 could also benefit from further clarification as to whether the new language is intended to direct the Commission to establish generally-applicable ROE requirements in a DSM proceeding (i.e. applicable to all utilities).

VIII. COMMENTS:

Section 4 of the bill includes references to “insurer” and “office,” which do not have clear meaning or relevance within Chapter 366, F.S.

Prepared by: Benjamin Crawford and Shaw Stiller
Date: February 23, 2025

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 288

INTRODUCER: Senator Rodriguez

SUBJECT: Rural Electric Cooperatives

DATE: December 8, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Schrader	Imhof	RI	Pre-meeting
2.			CA	
3.			RC	

I. Summary:

SB 288 revises the bill revises s. 425.041, F.S., which prohibits certain bylaws, tariffs, and policies to be utilized by rural electric cooperatives. The revisions limit the section’s applicability to only those cooperatives that sell electricity at retail. It also revises types of actions to which the restrictions apply—eliminating the term “any other action” and adding “any fee, including a lot fee, developer fee, or surcharge.”

The section also eliminates electric investor-owned utilities, municipal electric utilities, and rural electric cooperatives from the entities covered by the restriction in s. 425.041(1), F.S., prohibiting the restriction or prohibition of “types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities...to serve customers that those entities would be authorized to serve.”

The bill becomes effective July 1, 2026.

II. Present Situation:

Florida Public Service Commission

The Florida Public Service Commission (PSC) is an arm of the legislative branch of government.¹ The role of the PSC is to ensure Florida’s consumers receive utility services, including electric, natural gas, telephone, water, and wastewater, in a safe and reliable manner and at fair prices.² In order to do so, the PSC exercises authority over utilities in one or more of

¹ Section 350.001, F.S.

² See Florida Public Service Commission, *Florida Public Service Commission Homepage*, <http://www.psc.state.fl.us> (last visited Dec. 3, 2025).

the following areas: rate base or economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.³

Electric and Gas Utilities

The PSC monitors the safety and reliability of the electric power grid⁴ and may order the addition or repair of infrastructure as necessary.⁵ The PSC has broad jurisdiction over the rates and service of investor-owned electric and gas utilities⁶ (defined as “public utilities” under ch. 366, F.S.).⁷ However, the PSC does not fully regulate municipal electric utilities (utilities owned or operated on behalf of a municipality) or rural electric cooperatives. The PSC does have jurisdiction over these types of utilities with regard to rate structure, territorial boundaries, and bulk power supply operations and planning.⁸ Municipally-owned utility rates and revenues are regulated by their respective local governments or local utility boards. Rates and revenues for a cooperative utility are regulated by its governing body elected by the cooperative’s membership.

Municipal Electric and Gas Utilities, and Special Gas Districts, in Florida

A municipal electric or gas utility is an electric or gas utility owned and operated by a municipality. A “special gas district” is a dependent or independent special district, set up pursuant to ch. 189, F.S., to provide natural gas service.⁹ Chapter 366, F.S., provides the majority of electric and gas utility regulations for Florida. While ch. 366, F.S., does not provide a definition, per se, for a “municipal utility,” variations of this terminology and the concept of these types of utilities appear throughout the chapter. Currently, Florida has 33 municipal electric utilities that serve over 14 percent of the state’s electric utility customers.¹⁰ Florida also has 27 municipally-owned gas utilities and four special gas districts.¹¹

Rural Electric Cooperatives in Florida

At present, Florida has 18 rural electric cooperatives (cooperatives), with 16 of them being distribution cooperatives and two being generation and transmission cooperatives.¹² These cooperatives operate in 57 of Florida’s 67 counties and have more than 2.7 million customers.¹³ Florida rural electric cooperatives serve a large percentage of area, but have a low customer density. Specifically, Florida cooperatives serve approximately 10 percent of Florida’s total electric utility customers, but their service territory covers 60 percent of Florida’s total land

³ Florida Public Service Commission, *About the PSC*, <https://www.psc.state.fl.us/about> (last visited Dec. 3, 2025).

⁴ Section 366.04(5) and (6), F.S.

⁵ Section 366.05(1) and (8), F.S.

⁶ Section 366.05, F.S.

⁷ Section 366.02(8), F.S.

⁸ Florida Public Service Commission, *About the PSC*, *supra* note 3.

⁹ Section 189.012(6), F.S., defines a “special district” as “a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet.”

¹⁰ Florida Municipal Electric Association, *About Us*, <https://www.flpublicpower.com/about-us> (last visited Dec. 3, 2025).

¹¹ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, pg. 14, Apr. 2025 (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/FactsAndFigures/April%202025.pdf>).

¹² Florida Electric Cooperative Association, *Members*, <https://feca.com/members/> (last visited Dec. 3, 2025).

¹³ Florida Electric Cooperative Association, *Our History*, <https://feca.com/our-history/> (last visited Dec. 3, 2025).

mass. Each cooperative is governed by a board of cooperative members elected by the cooperative's membership.¹⁴

Public Electric and Gas Utilities in Florida

There are four investor-owned electric utility companies (electric IOUs) in Florida: Florida Power & Light Company (FPL), Duke Energy Florida (Duke), Tampa Electric Company (TECO), and Florida Public Utilities Corporation (FPUC).¹⁵ In addition, there are five investor-owned natural gas utility companies (gas IOUs) in Florida: Florida City Gas, FPUC, Peoples Gas System, Sebring Gas System, and St. Joe Natural Gas Company. Of these five gas IOUs, four engage in the merchant function servicing residential, commercial, and industrial customers: Florida City Gas, FPUC, Peoples Gas System, and St. Joe Natural Gas Company. Sebring Gas System is only engaged in firm transportation service.¹⁶

Electric IOU and Gas IOU rates and revenues are regulated by the PSC and the utilities must file periodic earnings reports. These reports allow the PSC to monitor earnings levels on an ongoing basis and adjust customer rates quickly if a company appears to be overearning.¹⁷ If a utility believes it is earning below a reasonable level, it can petition the PSC for a change in rates.¹⁸

Section 366.041(2), F.S., requires public utilities to provide adequate service to customers. As compensation for fulfilling that obligation, s. 366.06, F.S., requires the PSC to allow the IOUs to recover honestly and prudently invested costs of providing service, including investments in infrastructure and operating expenses used to provide electric service.¹⁹

Utility Service Restrictions

Municipal Utilities

Section 366.032(1), F.S., provides that “municipality, county, board, agency, commission, or authority of any county, municipal corporation, or political subdivision, special district, community development district created pursuant to chapter 190, or other political subdivision of the state may not enact or enforce a resolution, ordinance, rule, code, or policy or take any action that restricts or prohibits or has the effect of restricting or prohibiting the types or fuel sources of energy production which may be used, delivered, converted, or supplied” by the following:²⁰

- Investor-owned electric utilities;
- Municipal electric utilities;
- Rural electric cooperatives;
- Entities formed by interlocal agreement to generate, sell, and transmit electrical energy;
- Investor-owned gas utilities;

¹⁴ *Id.*

¹⁵ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, *supra* note 11, at 4.

¹⁶ *Id.* at 15. Firm transportation service is offered to customers under schedules or contracts which anticipate no interruption under almost all operating conditions. *See* Firm transportation service, 18 CFR s. 284.7.

¹⁷ PSC, *2024 Annual Report*, p. 6, (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/AnnualReports/2024.pdf>) (last visited Dec. 5, 2025).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ To the extent of serving the customers they are authorized to serve.

- Gas districts;
- Municipal natural gas utilities;
- Natural gas transmission companies; and
- Category I liquefied petroleum gas dealers, category II liquefied petroleum gas dispensers, or category III liquefied petroleum gas cylinder exchange operators as defined in s. 527.01, F.S.

Section 366.032(2), F.S., also prohibits (except to enforce the Florida Building Code and Florida Fire Prevention Code) a municipality, county, board, agency, commission, or authority of any county, municipal corporation, or political subdivision, special district, development district, or other political subdivision of the state from restricting or prohibiting the use of an appliance using the fuels or energy types used, delivered, converted, or supplied by the entities above.

The section also provides that it acts retroactively to any provision that existed before its enactment in 2021.

Cooperative Utilities

In 2025, the Legislature passed HB 1137, which, in part, created s. 425.041, F.S., prohibiting certain bylaws, tariffs, and policies to be utilized by cooperatives.²¹ Specifically, the section provides that a cooperative may not adopt, enact, or enforce any bylaw, tariff, or policy, or take any other action, that restricts or prohibits or has the effect of restricting or prohibiting the following:

- The types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities listed in s. 366.032(1), F.S.,²² to serve customers that those entities would be authorized to serve.²³
- The use of an appliance,²⁴ including a stove or grill, which uses the types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities listed in s. 366.032(1), F.S.²⁵

III. Effect of Proposed Changes:

Section 1 of the bill revises s. 425.041, F.S., to limit the section’s applicability to only those cooperatives that sell electricity at retail.²⁶ It also revises types of actions to which the restrictions apply—eliminating the term “any other action” and adding “any fee, including a lot fee, developer fee, or surcharge.”

²¹ The bill also, in part, expanded the applicability of ss. 366.032(1) and (2), F.S., to apply to a “board, agency, commission, or authority of any county, municipal corporation, or political subdivision,” as detailed above.

²² As provided above, these entities would be: a) investor-owned electric utilities; b) municipal electric utilities; c) rural electric cooperatives; entities formed by interlocal agreement to generate, sell, and transmit electrical energy; d) investor-owned gas utilities; e) gas districts; f) municipal natural gas utilities; g) natural gas transmission companies; and h) category I liquefied petroleum gas dealers, category II liquefied petroleum gas dispensers, or category III liquefied petroleum gas cylinder exchange operators as defined in s. 527.01, F.S.

²³ Section 425.041(1), F.S.

²⁴ As used in this subsection the term “appliance” is defined as “a device or apparatus manufactured and designed to use energy and for which the Florida Building Code or the Florida Fire Prevention Code provides specific requirements.”

²⁵ Section 425.041(2), F.S.

²⁶ Florida currently has two cooperatives that are generation and transmission cooperatives and, thus, do not sell electricity at retail.

The section also eliminates electric IOUs, municipal electric utilities, and rural electric cooperatives from the entities covered by the restriction in s. 425.041(1), F.S., prohibiting the restriction or prohibition of “types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities...to serve customers that those entities would be authorized to serve.”

Section 2 of the bill provides an effective date of July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends s. 425.041 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

By Senator Rodriguez

40-00142A-26 2026288

1 A bill to be entitled

2 An act relating to rural electric cooperatives;

3 amending s. 425.041, F.S.; prohibiting a cooperative

4 that sells electricity at retail from adopting,

5 enacting, or enforcing a fee meeting specified

6 criteria; revising the applicability of such

7 prohibition on the types or fuel sources of energy

8 production which may be used, delivered, converted, or

9 supplied by specified entities; providing an effective

10 date.

11

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

13

14 Section 1. Section 425.041, Florida Statutes, is amended to

15 read:

16 425.041 Prohibited fees, bylaws, tariffs, and policies.—A

17 cooperative which sells electricity at retail may not adopt,

18 enact, or enforce any fee, including a lot fee, developer fee,

19 or surcharge, or any bylaw, tariff, or policy, ~~or take any other~~

20 action, that restricts or prohibits or has the effect of

21 restricting or prohibiting:

22 (1) The types or fuel sources of energy production which

23 may be used, delivered, converted, or supplied by the entities

24 listed in s. 366.032(1)(b)-(e) ~~s. 366.032(1)~~ to serve customers

25 that such entities are authorized to serve.

26 (2) The use of an appliance, including a stove or grill,

27 which uses the types or fuel sources of energy production which

28 may be used, delivered, converted, or supplied by the entities

29 listed in s. 366.032(1). As used in this subsection, the term

40-00142A-26 2026288

30 "appliance" means a device or apparatus manufactured and

31 designed to use energy and for which the Florida Building Code

32 or the Florida Fire Prevention Code provides specific

33 requirements.

34 Section 2. This act shall take effect July 1, 2026.



The Florida Senate

Committee Agenda Request

To: Senator Jennifer Bradley, Chair
Committee on Regulated Industries

Subject: Committee Agenda Request

Date: December 1, 2025

I respectfully request that **SB 288**, relating to Rural Electric Cooperatives, be placed on the:

- ☒ committee agenda at your earliest possible convenience.
- ☐ next committee agenda.

A handwritten signature in black ink, appearing to read "Ana Maria Rodriguez".

Senator Ana Maria Rodriguez
Florida Senate, District 40

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 364

INTRODUCER: Senator Gruters and others

SUBJECT: Public Accountancy

DATE: December 8, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Oxamendi	Imhof	RI	Pre-meeting
2.			RC	

I. Summary:

SB 364 revises the regulation of certified public accountants (CPAs) by the Florida Board of Accountancy (board) within the Department of Business and Professional Regulation (department).

The bill allows the board to, by a majority vote, delegate duties to the appropriate division within the department, and to further provide that the board may delegate duties by contract pursuant to corporations not for profit organized before 2024 under ch. 617, F.S.

The bill revises the requirements for licensure of CPAs, including licensure by endorsement and of international applicants, by providing four separate pathways to qualify for a license based on education and work experience criteria. Under the bill, a person may qualify for a CPA license if he or she:

- Completes at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by an accredited college or university, with a concentration in accounting and business as prescribed by the board, and has one year of work experience;
- Holds a master's degree in accounting or finance conferred by an accredited college or university with a concentration in accounting and business as prescribed by the board, and has one year of work experience;
- Holds a baccalaureate degree in accounting or finance conferred by an accredited college or university with a concentration in accounting and business as prescribed by the board, and has two years of work experience; or
- Holds a baccalaureate degree in any major course of study conferred by an accredited college or university, has completed coursework required for a concentration in accounting and business as prescribed by the board, and has two years of work experience.

In addition, the bill requires the board to prescribe the coursework required for a concentration in accounting and business. Under the bill, an applicant may satisfy the coursework requirement if the applicant receives a baccalaureate or higher degree in accounting or finance conferred by an

accredited college or university in a state or territory of the United States. If the applicant has received a baccalaureate or higher degree with a major course of study other than accounting or finance, the applicant must complete the coursework required for a concentration in accounting and business as prescribed by the board.

The bill revises the licensure by endorsement requirements for applicants who are licensed in any state or territory of the United States. Under the bill, a person holding a license in another state or a territory of the United States may qualify for licensure by endorsement if they have maintained good moral character and, at the time of licensure by the other state or territory, were required to show evidence of having obtained at least a baccalaureate degree from an accredited college or university and having passed the Uniform CPA Examination.

The requirements for the licensure of an international applicant are revised by the bill by providing the following two pathways for licensure. To qualify, an international applicant must hold an active license in good standing to practice public accounting, or its equivalent, in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy¹ has determined, and:

- The license standards are equal to those in the United States and the international applicant has passed an examination pursuant to s. 473.306(5), F.S.; or
- The licensure standards are not equal to those in the United States but the international applicant has met Florida's requirements for education, work experience, and good moral character and has passed the Uniform CPA exam.

Regarding continuing education, the bill requires the continuing education requirement to be administered by reputable providers determined and provided by the board. The board must give preference to corporations not for profit organized under ch. 617, F.S., that are exempt from taxation under s. 501(c)(6) of the Internal Revenue Code and that demonstrate their experience, integrity, knowledge, practice, professional responsibility, and representation of the largest numbers of CPAs in this state.

The bill has an indeterminate fiscal impact on the department. See Section V., Fiscal Impact Statement.

The bill takes effect July 1, 2026.

II. Present Situation:

Certified Public Accountants

The Florida Board of Accountancy (board) within the Department of Business and Professional Regulation (department) is responsible for regulating and licensing of nearly 38,625 active and 2,432 inactive certified public accountants (CPAs) and 5,282 CPA firms.² The Division of

¹ The National Association of State Boards of Accountancy is a forum for the 55 State Boards of Accountancy, which administer the Uniform CPA Examination. See National Association of State Boards of Accountancy, *About Us*, at <https://nasba.org/about/> (last visited Dec. 4, 2025).

² Email from Sam Kerce, Chief of Staff, Department of Business and Professional Regulation (Dec. 3, 2025) (on file with the Senate Committee on Regulated Industries).

Certified Public Accounting provides administrative support to the nine-member board, which consists of seven CPAs and two laypersons.³

A CPA is an individual who holds a license to practice public accounting in this state under ch. 473, F.S., or an individual who is practicing public accounting in this state pursuant to the practice privilege granted in s. 473.3141, F.S.⁴

Section 473.302(8), F.S., defines the practice of public accounting to include offering to the public the performance of services involving audits, reviews, compilations, tax preparation, management advisory or consulting services, or preparation of financial statements. To engage in the practice of public accounting,⁵ an individual or firm must be licensed pursuant to s. 473.308, F.S., or s. 473.3101, F.S., and business entities must meet the requirements of s. 473.309, F.S.

CPA Licensing

Section 473.308, F.S., provides licensing requirements for CPAs. To be licensed as a CPA, a person must be of good moral character, pass the licensure exam, and have at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by an accredited college or university with a concentration in accounting and business in the total education program to the extent specified by the board.⁶

An applicant for a CPA license must also have at least one year of work experience.⁷ If the applicant completed the education requirements by December 31, 2008, and passed the licensure examination on or before December 31, 2010, he or she was exempt from the work experience requirement.

An applicant must also have good moral character.⁸ Section 473.308(7)(a), F.S., defines “good moral character” to mean “a personal history of honesty, fairness, and respect for the rights of others and for the laws of this state and nation.”

CPA licenses must be renewed on a biennial basis through procedures adopted by the department.⁹

Licensure by Endorsement

Section 473.308(8), F.S., provides for licensure of certified public accountants by endorsement.

The board may certify for licensure by endorsement an applicant who:

- Is not licensed in another state or territory, and:

³ Section 473.303, F.S.

⁴ See s. 473.302(4), F.S. Section 473.3141, F.S., permits a person who does not have an office in Florida to practice public accountancy in this state without obtaining a license under ch. 473, F.S., notifying or registering with the board, or paying a fee if the person meets the required criteria.

⁵ Section 473.302(8), F.S., defines the terms “practice of,” “practicing public accountancy,” and “public accounting.”

⁶ Sections 473.308(2)-(4), F.S.

⁷ Sections 473.308(5), F.S.

⁸ Sections 473.308(6) and (7), F.S.

⁹ Section 473.311(2), F.S.

- Meets the requirements for education, work experience, and good moral character; and
- Passed a national, regional, state, or territorial licensing examination that is substantially equivalent to the examination required by s. 473.306, F.S.;¹⁰
- Holds a valid license to practice public accounting in another state or territory, and has satisfied licensing criteria that were substantially equivalent to the licensure criteria in this state at the time the license was issued;
- If the licensing criteria was not substantially equivalent to Florida's, has met the education, work experience, good moral character requirements, and has passed a national, regional, state or territorial licensing examination with examination criteria that was substantially equivalent to the examination criteria required in Florida; or¹¹
- Has a valid license in another state or territory for at least 10 years before applying for a license in Florida, has passed a national, regional, state, or territorial licensing examination with examination criteria that were substantially equivalent to the examination criteria required in this state, and has met the good moral character requirement.¹²

Section 473.308(9), F.S., provides that the board may issue a licensure by endorsement and waive education requirements that exceed the baccalaureate degree requirement if the applicant has:

- At least five years of experience in the practice of public accountancy in the United States or in the practice of public accountancy or its equivalent in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has determined has licensure standards that are substantially equivalent to those in the United States; or
- At least five years of work experience that meets the requirements of s. 473.308(5), F.S.

The work experience that is used as a basis for waiving the education requirements of s. 473.308(4), F.S., must be while licensed as a certified public accountant by another state or territory of the United States or while licensed in the practice of public accountancy or its equivalent in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has determined has licensure standards that are substantially equivalent to those in the United States.

The board has the authority to establish standards for this work experience.¹³

Continuing Education

As a part of the license renewal procedure, CPAs are required to submit proof satisfactory to the board that, during the two years prior to the application for renewal, they have successfully completed not less than 48 or more than 80 hours of continuing professional education programs in public accounting subjects approved by the board.¹⁴ The board has the authority to prescribe by rule additional continuing professional education hours, not to exceed 25 percent of the total

¹⁰ Section 473.308(8)(a), F.S.

¹¹ Section 473.308(8)(b), F.S.

¹² Section 473.308(8)(c), F.S.

¹³ Section 473.308(9), F.S.

¹⁴ Section 473.312(1)(a), F.S.

hours required, for failure to complete the hours required for renewal by the end of the two-year period.¹⁵

Not less than 10 percent of the total continuing education hours required by the board shall be in accounting-related and auditing-related subjects, as distinguished from federal and local taxation matters and management services.¹⁶

Not less than five percent of the continuing education must be in ethics applicable to the practice of public accounting, including a review of the provisions of ch. 455, F.S., relating to the regulations of businesses and professions, ch. 473, F.S., and the related administrative rules. This requirement must be administered by providers approved by the board.¹⁷

CPA Mobility

Section 473.3141, F.S., provides what is known as “CPA mobility” or practice mobility for CPAs. CPA mobility permits a CPA in another state who is not licensed in Florida, but is licensed in another state, to perform limited accounting services in Florida without obtaining a Florida license, notifying or registering with the board, or paying a fee.

An out-of-state CPA is not required to be licensed in Florida to provide accounting services from outside the state. The types of accounting services that may be provided are limited to the services in ss. 473.302(8)(b) and (c), F.S. If the CPA provides the types of services described in s. 473.302(8)(a), F.S., the CPA must first obtain a Florida license. For example, under practice mobility, the out-of-state CPA could provide tax advisory services or consulting services in Florida from out-of-state, but he or she could not provide the types of services that require the expression of an opinion or an attestation. Section 473.3141, F.S., requires that an individual who provides accountancy services that require the expression of an opinion must obtain a firm license from the board as required by s. 473.3101, F.S.

Certified public accountants in another state who practice in Florida under practice mobility consent, as a condition for the privilege, are subject to the personal and subject matter jurisdiction and disciplinary authority of the board. They also must comply with ch. 473, F.S., and the applicable board rules.

Section 473.3141(1), F.S., provides the following minimum requirements for CPAs in other states who may practice accountancy in Florida through practice mobility. The individual must:

- Hold a valid CPA license in another state that the board has determined has adopted standards that are substantially equivalent to the certificate requirements in the Uniform Accountancy Act; and
- Have satisfied license qualifications that are substantially equivalent to the license qualifications in the Uniform Accountancy Act.

¹⁵ *Id.*

¹⁶ Section 473.312(1)(b), F.S.

¹⁷ Section 473.312(1)(c), F.S.

Under current law, the CPA mobility provision does not apply to CPAs who are licensed in the territories of the United States.¹⁸

International Applicants

Section 473.306(5), F.S., authorizes the board to adopt an alternative licensure examination for persons who have been licensed to practice public accountancy or its equivalent in a foreign country so long as the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has ratified an agreement with that country for reciprocal licensure.

III. Effect of Proposed Changes:

Definition

The bill amends s. 473.302, F.S., to delete the definition of the term “Uniform Accountancy Act.”¹⁹

Division of Certified Public Accounting

The bill amends s. 473.3035(1), F.S., which provides that the board may, by a majority vote, delegate a duty or duties to the appropriate division within the Department of Business and Professional Regulation (department), to further provide that the board may delegate duties by contract pursuant to part I of ch. 287, F.S.,²⁰ for the performance of such duties by corporations not for profit organized under ch. 617, F.S.²¹

Licensure

Education

The bill amends s. 473.308, F.S., to revise the requirements for licensure of a CPA, including licensure by endorsement and of international applicants.

The bill amends s. 473.308(4), F.S., to revise the education requirements for a CPA license by providing four separate pathways to qualify for a license. A person may qualify for a CPA license if they:

- Complete at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by an accredited college or university, with a concentration in accounting and business as prescribed by the board;

¹⁸ The territories of the United States include American Samoa, Guam, Republic of the Marshall Islands, Federated States of Micronesia, Commonwealth of the Northern Mariana Islands, Republic of Palau, Puerto Rico, and the U.S. Virgin Islands. See U.S. Department of the Interior, *Insular Areas of the United States and Freely Associated States*, available at: <https://www.doi.gov/library/internet/insular> (last visited Dec. 4, 2025).

¹⁹ Section 473.302(9), F.S., defines the term “Uniform Accountancy Act” to mean the Uniform Accountancy Act, Eighth Edition, dated January 2018 and published by the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy.

²⁰ Part I of ch. 287, F.S., relates to the state’s procurement of commodities, insurance, and contractual services.

²¹ Chapter 617, F.S., relates to corporations not for profit.

- Hold a master's degree in accounting or finance conferred by an accredited college or university with a concentration in accounting and business as prescribed by the board;
- Hold a baccalaureate degree in accounting or finance conferred by an accredited college or university with a concentration in accounting and business as prescribed by the board; or
- Hold a baccalaureate degree in any major course of study conferred by an accredited college or university and have completed coursework required for a concentration in accounting and business as prescribed by the board.

In addition, the bill requires the board to prescribe the coursework required for a concentration in accounting and business. Under the bill, an applicant may satisfy the coursework requirement if the applicant receives a baccalaureate or higher degree in accounting or finance conferred by an accredited college or university in a state or territory of the United States.

If the applicant has received a baccalaureate or higher degree with a major course of study other than accounting or finance, the applicant must complete the coursework required for a concentration in accounting and business as prescribed by the board.

Work Experience

The bill also amends s. 473.308(5), F.S., to require a CPA license applicant to have at least one year of work experience if the applicant education requirement is based on:

- Having completed at least 150 semester hours of college education, including a baccalaureate or higher degree, with a concentration in accounting and business; or
- Holding a master's degree in accounting or finance conferred by an accredited college or university with a concentration in accounting and business.

Under the bill, a CPA license applicant must have at least two years of work experience if the applicant education requirement is based on holding:

- A baccalaureate degree in accounting or finance conferred by an accredited college or university with a concentration in accounting and business as prescribed by the board; or
- A baccalaureate degree in any major course of study conferred by an accredited college or university and having completed coursework required for a concentration in accounting and business as prescribed by the board.

The bill also amends s. 473.308(5), F.S., to delete the work experience exception for applicants who completed the education requirements by December 31, 2008, and passed the licensure examination on or before December 31, 2010.

Licensure by Endorsement

Section 473.308(7), F.S., is amended by the bill to revise the licensure by endorsement requirements for applicants who are licensed in any state or territory of the United States. Under the bill, a person holding an active license in another state or a territory of the United States may qualify for licensure by endorsement if they have maintained good moral character and, at the time of licensure by the other state or territory, were required to show evidence of having obtained at least a baccalaureate degree from an accredited college or university and having passed the Uniform CPA Examination.

The bill deletes provisions allowing a person to be licensed if he or she holds a valid license in another state or territory and has met the requirements of the section for education, work experience, good moral character, and passed a national, regional, state, or territorial licensing examination substantially equivalent to s. 473.306, F.S. It also deletes the provisions allowing a person to be licensed if they had been licensed in another jurisdiction for 10 years.

International Applicants

Section 473.308(8), F.S., is amended by the bill to revise the requirements for the licensure of international applicants by providing the following two pathways for licensure. To qualify, an international applicant must hold an active license in good standing to practice public accounting, or its equivalent, in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has determined, and:

- The licensure standards are equal to those in the United States and has passed an examination pursuant to s. 473.306(5), F.S.; or
- The license standards are not equal to those in the United States but the international applicant has met the Florida requirements for education, work experience, and good moral character and has passed the Uniform CPA exam.

The bill deletes the current provision allowing licensure of applicants with five years' experience in the United State or experience in public accountancy or its equivalent in a foreign country that the International Qualifications Appraisal Board of the National Association of State Boards of Accountancy has determined has licensure standards that are substantially equivalent to those in the United States. It also deletes the provision requiring the board to waive education requirements over and above a baccalaureate degree.

Continuing Education

The bill amends s. 473.312(1)(c), F.S., to require the continuing education requirement to be administered by reputable providers to be provided by the board. The bill requires the board to give preference to corporations not for profit organized under ch. 617, F.S., who are exempt from taxation under s. 501(c)(6) of the Internal Revenue Code and who demonstrate their experience, integrity, knowledge, practice, professional responsibility, and representation of the largest numbers of CPAs in this state.

Cross-reference Correction and Republication

The bill amends s. 473.306(3)(a), F.S., relating to examinations, to correct a cross-reference to the license requirements in s. 473.308, F.S., as revised by the bill.

Section 473.311(1)(b), F.S., relating to license renewal, is republished by the bill to incorporate the amendment made by the bill to s. 473.312, F.S.

Effective Date

The bill takes effect July 1, 2026.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The department may incur an indeterminate increase in costs related to contracting delegated duties to certain authorized corporations; however, it's expected that any contract costs could be handled with existing resources. To date, no analysis by the department of the impact of the bill on its operations, revenue, and expenditures has been provided.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 473.301, 473.302, 473.3035, 473.306, 473.308, and 473.312.

This bill republishes section 473.311 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



716558

LEGISLATIVE ACTION

Senate

.
. .
. .
. .
. .

House

The Committee on Regulated Industries (Rodriguez) recommended the following:

Senate Amendment (with title amendment)

Between lines 283 and 284
insert:

Section 7. Subsections (1) and (3) of section 473.3141, Florida Statutes, are amended to read:

473.3141 Certified public accountants licensed in other states.—

(1) ~~Except as otherwise provided in this chapter,~~ An individual who holds an active license in good standing to



716558

11 practice public accounting in another state or a territory of
12 the United States and who does not have an office in this state
13 has the privileges of Florida certified public accountants and
14 may provide public accounting services in this state without
15 obtaining a license under this chapter or notifying or
16 registering with the board or paying a fee if, at the time of
17 licensure by such other state or territory, the individual was
18 required to show evidence of having obtained at least a
19 baccalaureate degree and having passed the Uniform CPA
20 Examination.

21 ~~(a) Holds a valid license as a certified public accountant~~
22 ~~from a state that the board or its designee has determined by~~
23 ~~rule to have adopted standards that are substantially equivalent~~
24 ~~to the certificate requirements in s. 5 of the Uniform~~
25 ~~Accountancy Act in the issuance of licenses; or~~

26 ~~(b) Holds a valid license as a certified public accountant~~
27 ~~from a state that has not been approved by the board as having~~
28 ~~adopted standards in substantial equivalence with s. 5 of the~~
29 ~~Uniform Accountancy Act, but obtains verification from the~~
30 ~~board, or its designee, as determined by rule, that the~~
31 ~~individual's certified public accountant qualifications are~~
32 ~~substantially equivalent to the certificate requirements in s. 5~~
33 ~~of the Uniform Accountancy Act. The board shall define by rule~~
34 ~~what constitutes an office.~~

35 (3) An individual certified public accountant from another
36 state or a territory of the United States who practices pursuant
37 to this section, and the firm that employs that individual, must
38 ~~shall~~ both consent, as a condition of the privilege of
39 practicing in this state:



716558

(a) To the ~~personal and subject matter~~ jurisdiction and disciplinary authority of the board;

(b) To comply with this chapter and the applicable board rules;

(c) That if the individual's license as a certified public accountant from another ~~the~~ state or a territory of the United States becomes invalid ~~of the individual's principal place of business is no longer valid~~, the individual must ~~will~~ cease offering or rendering public accounting services in this state, individually and on behalf of a firm; and

(d) To the appointment of the ~~state~~ board that issued the individual's license as the agent upon whom process may be served in any action or proceeding by the board or department against the individual or firm.

Section 8. Paragraph (c) of subsection (1), paragraph (d) of subsection (2), and paragraph (c) of subsection (3) of section 473.309, Florida Statutes, are amended to read:

473.309 Practice requirements for partnerships, corporations, and limited liability companies; business entities practicing public accounting.—

(1) A partnership may not engage in the practice of public accounting, as defined in s. 473.302(8)(a), or meet the requirements of s. 473.3101(1)(b), unless:

(c) At least one general partner is a certified public accountant of this state and holds an active license or, in the case of a firm that must have a license pursuant to s. 473.3101(1)(c), at least one general partner is a certified public accountant in some state and meets the requirements of s. 473.3141 ~~s. 473.3141(1)(a) or (b)~~.



716558

(2) A corporation may not engage in the practice of public accounting, as defined in s. 473.302(8)(a), or meet the requirements of s. 473.3101(1)(b), unless:

(d) At least one shareholder of the corporation is a certified public accountant and holds an active license in this state or, in the case of a firm that must have a license pursuant to s. 473.3101(1)(c), at least one shareholder is a certified public accountant in some state and meets the requirements of s. 473.3141 ~~s. 473.3141(1)(a) or (b)~~.

(3) A limited liability company may not engage in the practice of public accounting, as defined in s. 473.302(8)(a), or meet the requirements of s. 473.3101(1)(b), unless:

(c) At least one member of the limited liability company is a certified public accountant and holds an active license in this state or, in the case of a firm that must have a license pursuant to s. 473.3101(1)(c), at least one member is a certified public accountant in some state and meets the requirements of s. 473.3141 ~~s. 473.3141(1)(a) or (b)~~.

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

And the title is amended as follows:

Between lines 26 and 27
insert:

amending s. 473.3141, F.S.; revising requirements for certified public accountants licensed in another state or a territory of the United States to practice in this state without obtaining a license; amending s. 473.309, F.S.; conforming cross-references;

By Senator Gruters

22-00295A-26

2026364

A bill to be entitled

1 An act relating to public accountancy; amending s.
2 473.301, F.S.; making a technical change regarding the
3 purpose of ch. 473, F.S.; amending s. 473.302, F.S.;
4 deleting the definition of the term "Uniform
5 Accountancy Act"; amending s. 473.3035, F.S.;
6 authorizing the Board of Accountancy to competitively
7 procure contracted services with certain corporations
8 not for profit for the performance of certain duties
9 assigned to the Division of Certified Public
10 Accounting of the Department of Business and
11 Professional Regulation; authorizing the board to
12 rescind such contracted services at any time by a
13 majority vote; amending s. 473.306, F.S.; conforming a
14 cross-reference; making a technical change; amending
15 s. 473.308, F.S.; revising the education and work
16 experience requirements for a certified public
17 accountant license; directing the board to prescribe
18 specified coursework for licensure; revising
19 requirements for licensure by endorsement; revising
20 requirements for licensure of international
21 applicants; deleting obsolete language; amending s.
22 473.312, F.S.; revising requirements for the approval
23 of providers who administer continuing education on
24 ethics for certified public accountants; requiring the
25 board to give preference to certain providers;
26 reenacting s. 473.311(1)(b), F.S., relating to renewal
27 of license, to incorporate the amendment made to s.
28 473.312, F.S., in a reference thereto; providing an
29

Page 1 of 11

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

22-00295A-26

2026364

effective date.

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

31
32
33
34 Section 1. Section 473.301, Florida Statutes, is amended to
35 read:

36 473.301 Purpose.—The Legislature recognizes that there is a
37 public need for independent and objective certified public
38 accountants and that it is necessary to regulate the practice of
39 public accounting to assure the minimum competence of
40 practitioners and the accuracy of audit statements upon which
41 the public relies and to protect the public from dishonest
42 practitioners and, therefore, deems it necessary in the interest
43 of public welfare to regulate the practice of public accountancy
44 in this state.

45 Section 2. Subsection (9) of section 473.302, Florida
46 Statutes, is amended to read:

47 473.302 Definitions.—As used in this chapter, the term:
48 ~~(9) "Uniform Accountancy Act" means the Uniform Accountancy~~
49 ~~Act, Eighth Edition, dated January 2018 and published by the~~
50 ~~American Institute of Certified Public Accountants and the~~
51 ~~National Association of State Boards of Accountancy.~~

52
53 However, these terms shall not include services provided by the
54 American Institute of Certified Public Accountants or the
55 Florida Institute of Certified Public Accountants, or any full
56 service association of certified public accounting firms whose
57 plans of administration have been approved by the board, to
58 their members or services performed by these entities in

Page 2 of 11

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

22-00295A-26 2026364
 reviewing the services provided to the public by members of these entities.
 Section 3. Subsection (1) of section 473.3035, Florida Statutes, is amended to read:
 473.3035 Division of Certified Public Accounting.—
 (1) All services concerning this chapter, including, but not limited to, recordkeeping services, examination services, legal services, and investigative services, and those services in chapter 455 necessary to perform the duties of this chapter are shall be provided by the Division of Certified Public Accounting. The board may, by majority vote, delegate a duty or duties to the appropriate division within the department or competitively procure contracted services pursuant to part I of chapter 287 for the performance of such duties, except for investigative services. All such contracted services must be fulfilled by corporations organized under chapter 617. The board may, by majority vote, rescind any such delegation of duties or contracted services at any time.
 Section 4. Subsection (3) of section 473.306, Florida Statutes, is amended, and subsection (4) of that section is republished, to read:
 473.306 Examinations.—
 (3) An applicant is entitled to take the licensure examination to practice in this state as a certified public accountant if:
 (a) The applicant has completed 120 semester hours or 180 quarter hours from an accredited college or university with a concentration in accounting and business ~~courses~~ as prescribed by the board by rule; and

Page 3 of 11

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

22-00295A-26 2026364
 (b) The applicant shows that she or he has good moral character. For purposes of this paragraph, the term "good moral character" has the same meaning as provided in s. 473.308(6)(a) ~~s. 473.308(7)(a)~~. The board may refuse to allow an applicant to take the licensure examination for failure to satisfy this requirement if:
 1. The board finds a reasonable relationship between the lack of good moral character of the applicant and the professional responsibilities of a certified public accountant; and
 2. The finding by the board of lack of good moral character is supported by competent substantial evidence.
 If an applicant is found pursuant to this paragraph to be unqualified to take the licensure examination because of a lack of good moral character, the board must shall furnish to the applicant a statement containing the findings of the board, a complete record of the evidence upon which the determination was based, and a notice of the rights of the applicant to a rehearing and appeal.
 (4) The board shall have the authority to establish the standards for determining and shall determine:
 (a) What constitutes a passing grade for each subject or part of the licensure examination;
 (b) Which educational institutions, in addition to the universities in the State University System of Florida, shall be deemed to be accredited colleges or universities;
 (c) What courses and number of hours constitute a major in accounting; and

Page 4 of 11

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

22-00295A-26

2026364

117 (d) What courses and number of hours constitute additional
 118 accounting courses acceptable under s. 473.308 (4).

119 Section 5. Subsections (4) through (10) of section 473.308,
 120 Florida Statutes, are amended to read:

121 473.308 Licensure.—

122 (4) (a) An applicant for licensure must meet at least one of
 123 the following requirements:

124 1. Complete ~~have~~ at least 150 semester hours of college
 125 education, including a baccalaureate or higher degree conferred
 126 by an accredited college or university, with a concentration in
 127 accounting and business as prescribed in the total educational
 128 ~~program to the extent specified by the board.~~

129 2. Hold a master's degree in accounting or finance
 130 conferred by an accredited college or university with a
 131 concentration in accounting and business as prescribed by the
 132 board.

133 3. Hold a baccalaureate degree in accounting or finance
 134 conferred by an accredited college or university with a
 135 concentration in accounting and business as prescribed by the
 136 board.

137 4. Hold a baccalaureate degree in any major course of study
 138 conferred by an accredited college or university and have
 139 completed coursework required for a concentration in accounting
 140 and business as prescribed by the board.

141 (b) The board shall prescribe the coursework required for a
 142 concentration in accounting and business. The board may deem an
 143 applicant to have satisfied requirements for such coursework if
 144 the applicant receives a baccalaureate or higher degree in
 145 accounting or finance conferred by an accredited college or

Page 5 of 11

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

22-00295A-26

2026364

146 university in a state or territory of the United States. An
 147 applicant receiving a baccalaureate or higher degree with a
 148 major course of study other than accounting or finance must
 149 complete the coursework required for a concentration in
 150 accounting and business as prescribed by the board.

151 (5) (a) An applicant for licensure who completes the
 152 education requirements under subparagraph (4) (a) 1. or
 153 subparagraph (4) (a) 2. ~~after December 31, 2008,~~ must show that he
 154 or she has had 1 year of work experience. An applicant who
 155 completes the education requirements under subparagraph (4) (a) 3.
 156 or subparagraph (4) (a) 4. must show 2 years of work experience.

157 (b) Such work this experience includes shall include
 158 providing any type of service or advice involving the use of
 159 accounting, attest, compilation, management advisory, financial
 160 advisory, tax, or consulting skills, all of which must be
 161 verified by a certified public accountant who is licensed by a
 162 state or territory of the United States. This experience is
 163 acceptable if it was gained through employment in government,
 164 industry, academia, or public practice; constituted a
 165 substantial part of the applicant's duties; and was verified by
 166 a certified public accountant licensed by a state or territory
 167 of the United States. The board shall adopt rules specifying
 168 standards and providing for the review and approval of the work
 169 experience required by this subsection section.

170 ~~(b) However, an applicant who completed the requirements of~~
 171 ~~subsection (4) on or before December 31, 2008, and who passes~~
 172 ~~the licensure examination on or before June 30, 2010, is exempt~~
 173 ~~from the requirements of this subsection.~~

174 (6) (a) An applicant for licensure must ~~shall~~ show that he

Page 6 of 11

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

22-00295A-26 2026364
 or she ~~the applicant~~ has good moral character. For purposes of
 this paragraph, the term
~~(7)(a)~~ "good moral character" means a personal history of
 honesty, fairness, and respect for the rights of others and for
 the laws of this state and nation.
 (b) The board may refuse to certify an applicant for
 failure to satisfy this requirement if:
 1. The board finds a reasonable relationship between the
 lack of good moral character of the applicant and the
 professional responsibilities of a certified public accountant;
 and
 2. The finding by the board of lack of good moral character
 is supported by competent substantial evidence.
 (c) When an applicant is found to be unqualified for a
 license because of a lack of good moral character, the board
 shall furnish to the applicant a statement containing the
 findings of the board, a complete record of the evidence upon
 which the determination was based, and a notice of the rights of
 the applicant to a rehearing and appeal.
~~(7)(b)~~ The board shall certify as qualified for a license
 by endorsement an applicant who
~~(a)~~ Is not licensed and has not been licensed in any state
 or territory and who has met the requirements of this section
 for education, work experience, and good moral character and has
 passed a national, regional, state, or territorial licensing
 examination that is substantially equivalent to the examination
 required by s. 473.306; or
~~(b)~~ 1. holds an active a valid license in good standing to
 practice public accounting issued by another state or a

Page 7 of 11

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

22-00295A-26 2026364
 territory of the United States, if the applicant has maintained
 good moral character and, at the time of licensure by such other
 state or territory, the applicant was required to show evidence
 of having obtained at least a baccalaureate degree from an
 accredited college or university and having passed the Uniform
 CPA Examination criteria for issuance of such license were
 substantially equivalent to the licensure criteria that existed
 in this state at the time the license was issued;
 2. Holds a valid license to practice public accounting
 issued by another state or territory of the United States but
 the criteria for issuance of such license did not meet the
 requirements of subparagraph 1.; has met the requirements of
 this section for education, work experience, and good moral
 character; and has passed a national, regional, state, or
 territorial licensing examination that is substantially
 equivalent to the examination required by s. 473.306; or
 3. Holds a valid license to practice public accounting
 issued by another state or territory of the United States for at
 least 10 years before the date of application; has passed a
 national, regional, state, or territorial licensing examination
 that is substantially equivalent to the examination required by
 s. 473.306; and has met the requirements of this section for
 good moral character.
~~(8)(a)~~ An international applicant who seeks licensure as a
 certified public accountant in this state must meet at least one
 of the following requirements:
~~(a)~~ Hold an active license in good standing to if the
 applicant has at least 5 years of experience in the practice of
 public accountancy in the United States or in the practice of

Page 8 of 11

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

22-00295A-26 2026364

233 ~~public accountancy or its equivalent in a foreign country that~~
 234 ~~the International Qualifications Appraisal Board of the National~~
 235 ~~Association of State Boards of Accountancy has determined has~~
 236 ~~licensure standards that are substantially equivalent to those~~
 237 ~~in the United States, or has at least 5 years of work experience~~
 238 ~~that meets the requirements of subsection (5), the board must~~
 239 ~~waive the requirements of subsection (4) which are in excess of~~
 240 ~~a baccalaureate degree. All experience that is used as a basis~~
 241 ~~for waiving the requirements of subsection (4) must be while~~
 242 ~~licensed as a certified public accountant by another state or~~
 243 ~~territory of the United States or while licensed in the practice~~
 244 ~~of public accounting, accountancy or its equivalent, in a~~
 245 ~~foreign country that the International Qualifications Appraisal~~
 246 ~~Board of the National Association of State Boards of Accountancy~~
 247 ~~has determined has licensure standards equal that are~~
 248 ~~substantially equivalent to those in the United States, and the~~
 249 ~~international applicant has passed an exam pursuant to s.~~
 250 ~~473.306(5).~~
 251 (b) Hold an active license in good standing to practice
 252 public accounting, or its equivalent, in a foreign country that
 253 the International Qualifications Appraisal Board of the National
 254 Association of State Boards of Accountancy has not determined
 255 has licensure standards equal to those in the United States, and
 256 the international applicant has met the requirements for
 257 education, work experience, and good moral character under
 258 subsections (4), (5), and (6) and has passed the Uniform CPA
 259 Examination. The board shall have the authority to establish the
 260 standards for experience that meet this requirement.
 261 (9)(10) The board may refuse to certify for licensure any

Page 9 of 11

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

22-00295A-26 2026364

262 applicant who is under investigation in another state for any
 263 act that would constitute a violation of this act or chapter
 264 455, until such time as the investigation is complete and
 265 disciplinary proceedings are ~~have been~~ terminated.
 266 Section 6. Paragraph (c) of subsection (1) of section
 267 473.312, Florida Statutes, is amended to read:
 268 473.312 Continuing education.—
 269 (1)
 270 (c) At least not less than 5 percent of the total hours
 271 required by the board must shall be in ethics applicable to the
 272 practice of public accounting. This requirement shall be
 273 administered by providers approved by the board, and a majority
 274 of the hours must shall include a review of the provisions of
 275 chapter 455 and this chapter and the related administrative
 276 rules. Such requirement must be administered by reputable
 277 providers approved by the board. The board shall give preference
 278 to corporations not for profit organized under chapter 617 which
 279 are exempt from taxation under s. 501(c)(6) of the Internal
 280 Revenue Code and which demonstrate their experience, integrity,
 281 knowledge, practice, professional responsibility, and
 282 representation of the largest numbers of certified public
 283 accountants in this state.
 284 Section 7. For the purpose of incorporating the amendment
 285 made by this act to section 473.312, Florida Statutes, in a
 286 reference thereto, paragraph (b) of subsection (1) of section
 287 473.311, Florida Statutes, is reenacted to read:
 288 473.311 Renewal of license.—
 289 (1)
 290 (b) A nonresident licensee seeking renewal of a license in

Page 10 of 11

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

22-00295A-26

2026364

291 this state shall be determined to have met the continuing
292 education requirements in s. 473.312, except for the
293 requirements in s. 473.312(1)(c), if the licensee has complied
294 with the continuing education requirements applicable in the
295 state in which his or her office is located. If the state in
296 which the nonresident licensee's office is located has no
297 continuing education requirements for license renewals, the
298 nonresident licensee must comply with the continuing education
299 requirements in s. 473.312.

300 Section 8. This act shall take effect July 1, 2026.



The Florida Senate

Committee Agenda Request

To: Chair Bradley
Committee on Regulated Industries

Subject: Committee Agenda Request

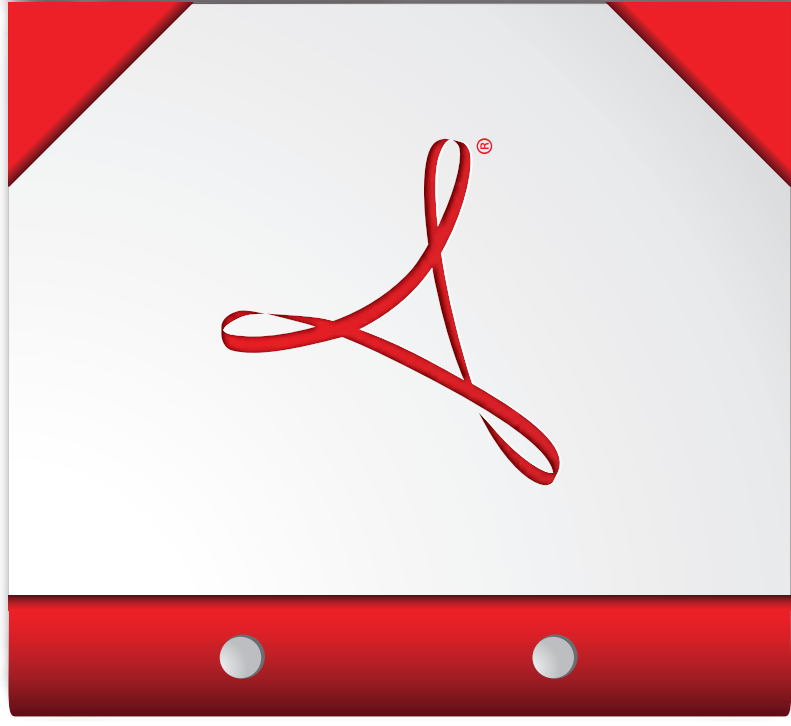
Date: December 1, 2025

I respectfully request that **Senate Bill # 364**, relating to Public Accountancy, be placed on the:

- ☐ committee agenda at your earliest possible convenience.
- ☒ next committee agenda.

A handwritten signature in black ink that reads "Joe Gruters".

Senator Joe Gruters
Florida Senate, District 22



**For the best experience, open this PDF portfolio in
Acrobat X or Adobe Reader X, or later.**

Get Adobe Reader Now!

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 200

INTRODUCER: Senators Bradley and Gaetz

SUBJECT: Utilities

DATE: December 8, 2025

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Schrader	Imhof	RI	Pre-meeting
2. _____	_____	CA	_____
3. _____	_____	FP	_____

I. Summary:

SB 200 makes several revisions to Florida law regarding the Florida Public Service Commission (PSC). The bill:

- Authorizes counties to adopt ordinances requiring decommissioning of solar facilities at the end of such facilities' useful life;
- Authorizing counties to require financial assurance for such decommissioning;
- Amends the procedure and requirements for the PSC to approve public utility storm protection plans;
- Requires the Department of Environmental Protection to develop best management practices for the construction of solar facilities and requires solar facility operators to implement the same; and
- Requires the PSC to adopt rules as soon as practicable, but not later than October 31, 2026.

The bill has an effective date of July 1, 2026.

II. Present Situation:

Local Government Authority

The Florida Constitution grants local governments broad home rule authority. Specifically, non-charter county governments may exercise those powers of self-government that are provided by general or special law.¹ Those counties operating under a county charter have all powers of local self-government not inconsistent with general law or special law approved by the vote of the electors.² Likewise, municipalities have those governmental, corporate, and proprietary powers

¹ FLA. CONST. art. VIII, s. 1(f).

² FLA. CONST. art. VIII, s. 1(g).

that enable them to conduct municipal government, perform their functions and provide services, and exercise any power for municipal purposes, except as otherwise provided by law.³

Renewable Energy

Section 366.91, F.S., establishes a number of renewable policies for the state. The purpose of these policies, as established in statute, is that it is in the public interest to promote the development of renewable energy resources in this state.⁴ Further, the statute is intended to encourage fuel diversification to meet Florida's growing dependency on natural gas for electric production, minimize the volatility of fuel costs, encourage investment within the state, improve environmental conditions, and make Florida a leader in new and innovative technologies.⁵

The section defines "renewable energy" to mean:

[E]lectrical energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen produced or resulting from sources other than fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and hydroelectric power. The term includes the alternative energy resource, waste heat, from sulfuric acid manufacturing operations and electrical energy produced using pipeline-quality synthetic gas produced from waste petroleum coke with carbon capture and sequestration.⁶

Solar Energy

Solar energy is a form of renewable energy by which power is produced from the sun. The sun emits solar radiation in the form of light. Solar energy technologies capture this emitted radiation and convert it into energy.⁷ The two main types of solar energy technologies are:

- Photovoltaics (PV), which is the technology that is familiar to most people. PV is used in solar panels. When sunlight (i.e. radiation) hits a solar panel, the energy from that sunlight is absorbed by the PV cells in the panel. This absorbed energy creates electrical charges which move in response to an electrical field internal to the PV cell. These charges then allow electricity to flow from the panel.⁸ Solar panels can be used in small scale (such as home rooftop solar) up to large utility-scale operations; and
- Concentrating solar-thermal power (CSP), which uses a system of mirrors to reflect and concentrate sunlight onto a receiver. This concentrated sunlight heats a high temperature fluid in the receiver to create thermal energy. This thermal energy can be used to spin a turbine (similar to how any coal or gas-fired power plant would work) or power an engine to create energy. The heat can also be used in industrial applications such as water desalination, enhanced oil recovery, food processing, chemical production, and mineral processing. CSP-

³ FLA. CONST. art. VIII, s. 2(b). *See also* s. 166.021(1), F.S.

⁴ Section 366.91(1), F.S.

⁵ *Id.*

⁶ Section 366.91(2)(e), F.S.

⁷ United States Office of Energy Efficiency and Reliability, *Solar Energy*, <https://www.energy.gov/topics/solar-energy> (last visited Dec. 4, 2025).

⁸ United States Department of Energy, *How Does Solar Work*, <https://www.energy.gov/eere/solar/how-does-solar-work> (last visited Dec. 4, 2025).

based systems are generally used for utility-scale operations. However, some single receptor and engine systems can be as small as 5 to 25 kilowatts and be used for distributed power applications.⁹

Florida Energy Consumption and Generation

Florida is the third-largest energy consuming state; however, it uses less energy per capita than all but six other states. Florida is also the second-largest producer of electricity in the nation (behind Texas). Natural gas is, by far, the largest energy source in Florida, and has been since 2003 when it surpassed coal.¹⁰ As of January 1, 2025, the energy sources, as a percentage of all energy sources in Florida, are as follows:

- Natural gas: 74.77 percent
- Nuclear: 10.91 percent
- Coal: 3.41 percent
- Renewables: 8.13 percent
- Other: 0.8 percent
- Firm Inter-Region Interchange: 1.61 percent
- Distillate (i.e. fuel oil/diesel fuel): 0.07 percent
- Residual: 0.00 percent¹¹

Approximately 86 percent of Florida's renewables generation is from solar.¹² Of that solar generation, approximately four-fifths are from utility-scale operations. As of September 2024, Florida is the 3rd largest generator of solar energy in the United States (behind California and Texas).¹³

The Florida Reliability Coordinating Council expects approximately a four-fold increase in solar as a percentage of Florida's total energy production (increasing from nearly 7.04 percent in 2024 to 28.22 percent in 2034).¹⁴

⁹ United States Department of Energy, *Concentrating Solar-Thermal Power Basics*, <https://www.energy.gov/eere/solar/concentrating-solar-thermal-power-basics> (last visited Dec. 3, 2025).

¹⁰ United States Energy Information Administration, *Florida Profile Analysis*, Mar. 20, 2025, <https://www.eia.gov/state/analysis.php?sid=FL#:~:text=Solar%20energy%20and%20biomass%20provide,generation%20> (last visited Dec. 3, 2025).

¹¹ Florida Reliability Coordinating Council, *2025 Regional Load & Resource Plan FRCC-MS-PL-586 Version: 1*, 60, Jun. 13, 2025 (available at: https://www.floridapsc.com/pscfiles/website-files/PDF/Utilities/Electricgas/TenYearSitePlans/2025/FRCC_RLRP.pdf).

¹² *Id.* at 59.

¹³ United States Energy Information Administration, *Electricity Data Browser*, <https://www.eia.gov/electricity/data/browser/#/topic/0?agg=1,2,0&fuel=004&geo=00fvvvvvvvvo&sec=g&linechart=ELEC.GEN.SUN-CT-99.M&columnchart=ELEC.GEN.SUN-CT-99.M&map=ELEC.GEN.SUN-CT-99.M&freq=M&start=202411&end=202412&ctype=linechart<ype=pin&rtype=s&maptype=0&rse=0&pin=> (last visited Dec. 3, 2025).

¹⁴ Florida Reliability Coordinating Council, *supra* note 11.

Solar Facility Development in Agricultural Areas

A utility-scale solar generation system requires larger quantities of land per unit of power produced than traditional power plants.¹⁵ Solar generation facilities require “at least [ten] times as much land per unit of power produced than coal or natural gas-fired power plants.”¹⁶ Solar facilities are generally located where resource availability (i.e. suitably large-enough land at reasonable prices) is highest, instead of where it is most convenient for people and infrastructure. As a result, these projects tend to end up in less industrially-developed areas—such as agricultural areas. Siting such facilities can be challenging and the facilities are sometimes viewed as unpopular by those who do not want these large projects near their homes.¹⁷

There has been, especially over the last several years, growing concern and sentiment against widespread development of solar facilities in agricultural areas. These concerns include:

- Aesthetic impacts.¹⁸ Some are concerned that the solar facilities negatively impact the visual character of agricultural areas and negatively impact historical, eco, and agricultural tourism. This may have long-term impacts on the character of rural and agriculture areas and property values.¹⁹
- Impact on the agricultural industry by reducing the “prime” areas available for agricultural production.²⁰ This could have a negative impact on agricultural supply chain resiliency²¹ and could increase prices or competition for agricultural land.²²
- Impacts on local agricultural-related industry.²³
- Environmental impacts such as runoff of water and topsoil, erosion, flood control, damage from materials used in solar power facilities, dust, noise and light pollution, and loss of wildlife habitat.²⁴

¹⁵ Samantha Gross, *Renewables, land use, and local opposition in the United States*, Jan. 2020, (available at: <https://www.brookings.edu/research/renewables-land-use-and-local-opposition-in-the-united-states/>).

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Nichola Groom, REUTERS, *U.S. solar expansion stalled by rural land-use protests*, Apr. 7, 2022 (available at <https://www.reuters.com/world/us/us-solar-expansion-stalled-by-rural-land-use-protests-2022-04-07/#:~:text=As%20solar%20developers%20propose%20new,farm%20culture%2C%20or%20wildlife%20habitat>).

¹⁹ *Id.* and Inhwan Ko, *Rural opposition to landscape change from solar energy: Explaining the diffusion of setback restrictions on solar farms across South Korean counties*, ENERGY RESEARCH & SOCIAL SCIENCE, Volume 99, 2023, 103073 (available at <https://www.sciencedirect.com/science/article/pii/S2214629623001330>).

²⁰ Zachary A. Goldberg, *Solar energy development on farmland: Three prevalent perspectives of conflict, synergy and compromise in the United States*, ENERGY RESEARCH & SOCIAL SCIENCE, Vol. 101, pg. 4, 2023 (available at <https://www.sciencedirect.com/science/article/pii/S2214629623002050>).

²¹ *Id.* and Fred Pearce, ‘Green Grab’: Solar and Wind Boom Sparks Conflicts on Land Use, YALE ENVIRONMENT 360, Feb. 20, 2025 (available at <https://e360.yale.edu/features/solar-land-grabs-agrovoltaics>).

²² Tom Daniels and Hannah Wagner, KLEINMAN CENTER FOR ENERGY POLICY, *Regulating Utility-Scale Solar Projects on Agricultural Land*, Aug. 11, 2022 (available at <https://kleinmanenergy.upenn.edu/research/publications/regulating-utility-scale-solar-projects-on-agricultural-land/#:~:text=Some%20people%2C%20however%2C%20oppose%20using,agricultural%20production%20will%20likely%20increase>).

²³ *Id.*

²⁴ Programmatic Environmental Impact Statement for Solar Energy Development in Six Southwestern States, Solar Energy Development Environmental Considerations, 2012 (available at <https://solareis.anl.gov/guide/environment/>) and, Julia Simon, *In some fights over solar, it's environmentalist vs. environmentalist*, NATIONAL PUBLIC RADIO, Jun. 18, 2023.

- Perception that rural areas bear greater burden, without benefit, to provide power for far-away more densely populated urban and suburban areas.²⁵
- The complexity and cost of connecting potentially far-flung agricultural areas producing power to power-consuming urban and suburban areas. Extensive rural solar development requires significant upgrades to transmission infrastructure (which can be a very time-consuming process) and construction of new transmission lines can cause costly disruptions to agricultural operations.²⁶
- Future decommissioning procedures, responsibilities, and costs.²⁷

Development of Solar Facilities in Agricultural Areas in Florida

In 2021, the Florida Legislature passed SB 896 (ch. 2021-178, Laws of Florida). The bill, in part, specified that solar facilities are a permitted use in all agricultural land use categories in a local government comprehensive plan and all agricultural zoning districts within an unincorporated area.²⁸ It required such facilities to comply with the setback and landscaped buffer area criteria for other similar uses in the agricultural district.²⁹ It also authorized counties to adopt ordinances specifying buffer and landscaping requirements for such facilities if the requirements do not exceed those for similar uses involving the construction of other facilities that are permitted uses in agricultural land use categories and zoning districts.³⁰ The intended effect of this legislation was to increase solar development in Florida “in various locations throughout this state in order to ensure the availability of renewable energy production, which is critical to this state’s energy and economic future.”³¹

State Solar Decommissioning Requirements

Solar panels are generally designed to have a lifespan of approximately 25 to 35 years.³² Solar panels will not fail, per se, after this time, however its energy generation will likely be significantly less than the manufacturer intended after the end of that “lifespan.” Most solar panels have a yearly degradation in power production of approximately 0.5 percent;³³ thus, over the course of 25 to 35 years, the power production of a panel could be expected to drop to approximately 87.5 percent to 82.5 percent of its original generating capacity.

²⁵ Krishna Ramanujan, *Lack of local benefits fuels upstate opposition to solar farms*, CORNELL CHRONICLE, May 3, 2023 (available at <https://news.cornell.edu/stories/2023/05/lack-local-benefits-fuels-upstate-opposition-solar-farms>).

²⁶ Betty Resnick and Arica Hamilton, *Solar Energy Expansion and its Impacts on Rural Communities*, AMERICAN FARM BUREAU FEDERATION, Aug. 8, 2024 (available at <https://www.fb.org/market-intel/solar-energy-expansion-and-its-impacts-on-rural-communities>).

²⁷ *Id.*

²⁸ Section 163.3205(3), F.S.

²⁹ *Id.*

³⁰ Section 163.3205(4), F.S.

³¹ Section 163.3205(1), F.S.

³² Environmental Protection Agency, *End-of-Life Solar Panels: Regulations and Management*, Aug. 13, 2025 (available at <https://www.epa.gov/hw/end-life-solar-panels-regulations-and-management>).

³³ U.S. Light Energy, *How Long Do Solar Farms Last?*, Nov. 17, 2023, <https://uslightenergy.com/how-long-do-solar-farms-last/#:~:text=What%20is%20the%20Typical%20Life,while%20reducing%20the%20degradation%20rate>.

Most of the solar PV systems in the world are young—according to the United States Department of Energy, approximately 70 percent of solar systems in existence have been installed since 2017. Thus, while some solar equipment has entered the waste stream, significantly more systems will be reaching their end-of-life stage in the next few decades.³⁴

At the end of the useful life of a solar facility, operators generally have three choices:

- Refurbishing the plant by correcting any deficiencies;
- Repowering the plant with new PV modules and inverters; or
- Decommissioning the plant and removing all the hardware from the site.³⁵

Abandoning in place is also a potential option, however, this is often unacceptable to landholders and, increasingly, regulators.³⁶

Solar decommissioning is the process of deconstructing and removing facilities used for the generation of solar energy after a facility has reached the end of its useful life. Decommissioning generally involves the removal of a facility itself, along with ancillary equipment and related structures (such as solar panels, racking systems, posts, electric wiring, fencing, inverters and transformers, and access roads) from a site used for solar energy generation and returning the site to its state before being used for such generation.³⁷

Presently, there is no consistent standard for solar facility decommissioning in the United States—as relatively few solar projects have reached end-of-life.³⁸ However, 33 states now have some type of solar decommissioning policy (Florida does not currently have such a policy).³⁹ This has increased significantly from 2016 when only 9 states had some sort of solar decommissioning policy.⁴⁰

The North Carolina Clean Energy Technology Center (NCCETC) has identified 5 types of solar decommissioning statewide policy models:

- Local Option Only: States with no statewide policy, giving local governments the sole jurisdiction to implement solar decommissioning rules;
- Local Option with State Model Template: States in which there is no statewide policy, giving local governments the sole jurisdiction to implement solar decommissioning rules, but are

³⁴ United States Department of Energy, *End-of-Life Management for Solar Photovoltaics*, <https://www.energy.gov/eere/solar/end-life-management-solar-photovoltaics#:~:text=Read%20about%20SETO's%20PV%20End%2Dof%2DLife%20Action%20Plan%20.&text=Most%20PV%20systems%20are%20young,may%20produce%20power%20much%20longer> (last visited Dec. 14, 2025).

³⁵ Taylor Curtis, et al., *Best Practices at the End of the Photovoltaic System Performance Period*, NATIONAL RENEWABLE ENERGY LABORATORY, pg. 1, Feb 2021 (available at <https://www.nrel.gov/docs/fy21osti/78678.pdf>).

³⁶ *Id.*

³⁷ North Carolina Clean Energy Technology Center, *The 50 States of Solar Decommissioning: 2024 Snapshot*, pg. 4, January 2025 (available at <https://nccleantech.ncsu.edu/wp-content/uploads/2025/01/50-States-of-Solar-Decommissioning-2024-Snapshot.pdf>).

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Emily Apadula, *The State of Solar Decommissioning Policy: Then and Now*, NORTH CAROLINA CLEAN ENERGY TECHNOLOGY CENTER, Oct. 29, 2023. <https://www.dsireinsight.com/blog/2023/10/27/the-state-of-solar-decommissioning-policy-then-and-now>.

provided with a model template for requirements by the state government that localities can use;

- Statewide/Local Hybrid: States with a statewide decommissioning statute or rule that may give local governments the option to impose stricter requirements;
- Statewide: States in which statewide decommissioning statutes or rules are required; and
- Statewide Optional: States with decommissioning statutes or rules that can be administered in lieu of local regulations.⁴¹

As of January 2025, the NCCETC has identified 20 states as having a statewide policy, 11 states having a statewide/local hybrid policy, 1 state having a statewide optional policy, and 1 state having an official model template that local governments may adopt.⁴²

Florida Public Service Commission

The PSC is an arm of the legislative branch of government.⁴³ The role of the PSC is to ensure Florida’s consumers receive utility services, including electric, natural gas, telephone, water, and wastewater, in a safe and reliable manner and at fair prices.⁴⁴ In order to do so, the PSC exercises authority over utilities in one or more of the following areas: rate base or economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.⁴⁵

Electric and Gas Utilities

The PSC monitors the safety and reliability of the electric power grid⁴⁶ and may order the addition or repair of infrastructure as necessary.⁴⁷ The PSC has broad jurisdiction over the rates and service of investor-owned electric and gas utilities⁴⁸ (defined as “public utilities” under ch. 366, F.S.).⁴⁹ However, the PSC does not fully regulate municipal electric utilities (utilities owned or operated on behalf of a municipality) or rural electric cooperatives. The PSC does have jurisdiction over these types of utilities with regard to rate structure, territorial boundaries, and bulk power supply operations and planning.⁵⁰ Municipally-owned utility rates and revenues are regulated by their respective local governments or local utility boards. Rates and revenues for a cooperative utility are regulated by its governing body elected by the cooperative’s membership.

Municipal Electric and Gas Utilities, and Special Gas Districts, in Florida

A municipal electric or gas utility is an electric or gas utility owned and operated by a municipality. Chapter 366, F.S., provides the majority of electric and gas utility regulations for Florida. A “special gas district” is a dependent or independent special district, set up pursuant to

⁴¹ North Carolina Clean Energy Technology Center, *The 50 States of Solar Decommissioning: 2024 Snapshot*, *supra* note 37 at 6.

⁴² *Id.* at 11.

⁴³ Section 350.001, F.S.

⁴⁴ See Florida Public Service Commission, *Florida Public Service Commission Homepage*, <http://www.psc.state.fl.us> (last visited Dec. 3, 2025).

⁴⁵ Florida Public Service Commission, *About the PSC*, <https://www.psc.state.fl.us/about> (last visited Dec. 3, 2025).

⁴⁶ Section 366.04(5) and (6), F.S.

⁴⁷ Section 366.05(1) and (8), F.S.

⁴⁸ Section 366.05, F.S.

⁴⁹ Section 366.02(8), F.S.

⁵⁰ Florida Public Service Commission, *About the PSC*, *supra* note 45.

ch. 189, F.S., to provide natural gas service.⁵¹ While ch. 366, F.S., does not provide a definition, per se, for a “municipal utility,” variations of this terminology and the concept of these types of utilities appear throughout the chapter. Currently, Florida has 33 municipal electric utilities that serve over 14 percent of the state’s electric utility customers.⁵² Florida also has 27 municipally-owned gas utilities and four special gas districts.⁵³

Rural Electric Cooperatives in Florida

At present, Florida has 18 rural electric cooperatives, with 16 of these being distribution cooperatives and two being generation and transmission cooperatives.⁵⁴ These cooperatives operate in 57 of Florida’s 67 counties and have more than 2.7 million customers.⁵⁵ Florida rural electric cooperatives serve a large percentage of area, but have a low customer density. Specifically, Florida cooperatives serve approximately 10 percent of Florida’s total electric utility customers, but their service territory covers 60 percent of Florida’s total land mass. Each cooperative is governed by a board of cooperative members elected by the cooperative’s membership.⁵⁶

Public Electric and Gas Utilities in Florida

There are four investor-owned electric utility companies (electric IOUs) in Florida: Florida Power & Light Company (FPL), Duke Energy Florida (Duke), Tampa Electric Company (TECO), and Florida Public Utilities Corporation (FPUC).⁵⁷ In addition, there are five investor-owned natural gas utility companies (gas IOUs) in Florida: Florida City Gas, FPUC, Peoples Gas System, Sebring Gas System, and St. Joe Natural Gas Company. Of these five gas IOUs, four engage in the merchant function servicing residential, commercial, and industrial customers: Florida City Gas, FPUC, Peoples Gas System, and St. Joe Natural Gas Company. Sebring Gas System is only engaged in firm transportation service.⁵⁸

Electric IOU and Gas IOU rates and revenues are regulated by the PSC and the utilities must file periodic earnings reports. These allow the PSC to monitor earnings levels on an ongoing basis and adjust customer rates quickly if a company appears to be overearning.⁵⁹ If a utility believes it is earning below a reasonable level, it can petition the PSC for a change in rates.⁶⁰

⁵¹ Section 189.012(6), F.S., defines a “special district” as “a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet.”

⁵² Florida Municipal Electric Association, *About Us*, <https://www.flpublicpower.com/about-us> (last visited Dec. 3, 2025).

⁵³ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, pg. 14, Apr. 2025 (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/FactsAndFigures/April%202025.pdf>).

⁵⁴ Florida Electric Cooperative Association, *Members*, <https://feca.com/members/> (last visited Dec. 3, 2025).

⁵⁵ Florida Electric Cooperative Association, *Our History*, <https://feca.com/our-history/> (last visited Dec. 3, 2025).

⁵⁶ *Id.*

⁵⁷ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, *supra* note 53, at 4.

⁵⁸ *Id.* at 15. Firm transportation service is offered to customers under schedules or contracts which anticipate no interruption under almost all operating conditions. See Firm transportation service, 18 CFR s. 284.7.

⁵⁹ PSC, *2024 Annual Report*, p. 6, (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/AnnualReports/2024.pdf>) (last visited Dec., 2025).

⁶⁰ *Id.*

Section 366.041(2), F.S., requires public utilities to provide adequate service to customers. As compensation for fulfilling that obligation, s. 366.06, F.S., requires the PSC to allow the IOUs to recover honestly and prudently invested costs of providing service, including investments in infrastructure and operating expenses used to provide electric service.⁶¹

Storm Protection Plans

Section 366.96, F.S., requires public electric utilities to file with the PSC “a transmission and distribution storm protection plan (SPP) that covers the immediate 10-year planning period. Each plan must explain the systematic approach the utility will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability.”⁶² Public electric utilities file, for PSC review and approval, an updated SPP every three years.⁶³ In its review of SPPs, s. 366.96(4), F.S., requires the PSC to consider:

- The extent to which the SPP is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability, including whether the SPP prioritizes areas of lower reliability performance;
- The extent to which storm protection of transmission and distribution infrastructure is feasible, reasonable, or practical in certain areas of the utility’s service territory, including, but not limited to, flood zones and rural areas;
- The estimated costs and benefits of the SPP to the utility and its customers of making the improvements proposed in the plan; and
- The estimated annual rate impact resulting from implementation of the SPP during the first three years addressed in the plan.

Section 366.96(7), F.S., also includes an annual cost-recovery clause mechanism that allows these utilities to recover transmission and distribution storm protection plan costs through a charge separate and apart from that utility’s base rates. This annual recovery is called the SPP cost recovery clause docket. Once a utility’s SPP has been approved, the utility may proceed with implementing the plan. If the PSC determines that SPP costs were prudently incurred (actions taken to implement the approved SPP cannot be taken as evidence of imprudence), then SPP implementation costs are not subject to disallowance or further prudence review except for fraud, perjury, or intentional withholding of key information by the public utility.

A public utility may recover SPP capital expenditures by recovering the annual depreciation on the cost, calculated at the public utility’s current approved depreciation rates, and a return on the undepreciated balance of the costs calculated at the public utility’s weighted average cost of capital using the last approved return on equity.⁶⁴

III. Effect of Proposed Changes:

Section 1 of the bill amends s. 163.3205, F.S., to revise the legislative intent for that section. It adds a statement that it is the intent of the Legislature that agricultural land used for a solar

⁶¹ *Id.*

⁶² Section 366.96(3), F.S.

⁶³ Section 366.96(6), F.S.

⁶⁴ Section 366.96(9), F.S.

facility be returned to its original state and be viable for agricultural use at the end of the life of the solar facility.

The bill also creates a definition for “agricultural land” to mean:

- An area categorized as agricultural land in a local government comprehensive plan. Such categorization includes any agricultural land use category; or
- An agricultural zoning district within an unincorporated area.

It creates a definition for “decommissioned” to mean the removal of a solar facility and return of agricultural land that was used for such solar facility to an agriculturally useful condition similar to that which existed before construction of the solar facility. This would include the removal of above-ground facilities and infrastructure that do not serve a continuing purpose.

The bill authorizes that, for any solar facility⁶⁵ over 1 megawatt, counties may adopt an ordinance requiring that such solar facilities be properly decommissioned within 24 months upon notice to the solar facility has reached the end of its useful life. The bill provides that a solar facility has reached the end of its useful life if:

- The solar facility fails to produce power for a period of 12 months after construction of the solar facility has been completed. This 12-month period does not include a period in which the solar facility does not produce power due to a disaster or other event beyond the control of the facility owner; or
- The solar facility has been abandoned. A solar facility is considered abandoned if:
 - After commencement of the solar facility’s construction but before completion, no significant construction of the facility occurs for a period of 24 months; or
 - After becoming nonoperational due to a disaster or other event beyond the control of the facility owner, no significant reconstruction of the solar facility occurs for a period of 12 months.

These presumptions may be rebutted if the owner of the facility can provide the county with a plan, schedule, and adequate assurances for the continuing construction or operation of the solar facility.

Counties, under the bill, may also require financial assurance for the decommissioning of a solar facility in the form of a bond, an irrevocable letter of credit established pursuant to ch. 675, F.S., a guarantee by the solar facility owner’s parent company, or another financial device deemed adequate by the county to cover the estimated cost of decommissioning the solar facility.

If a solar facility owner does not complete the decommissioning as required by county ordinance, counties may take action to complete the decommissioning (this would include taking action to require forfeiture of the financial assurance). Counties, however, must allow owners at

⁶⁵ Section 163.3205, F.S., defines “solar facility” to mean a production facility for electric power which: (a) uses photovoltaic modules to convert solar energy to electricity that may be stored on site, delivered to a transmission system, and consumed primarily offsite; (b) consists principally of photovoltaic modules, a mounting or racking system, power inverters, transformers, collection systems, battery systems, fire suppression equipment, and associated components, and (c) may include accessory administration or maintenance buildings, electric transmission lines, substations, energy storage equipment, and related accessory uses and structures.

least 12 months to commence decommissioning and 24 months to complete decommissioning before taking such a forfeiture action.

The bill also requires the Department of Environmental Protection (DEP) to develop best management practices (BMPs) for the construction of solar facilities. These BMPs must include, but are not limited to:

- Requirements for percolation testing on the premises of a proposed solar facility;
- Requirements for stormwater runoff management during the construction of a solar facility; and
- Requirements for construction design that would enable a solar facility to withstand a 100-year storm event.

The bill requires the DEP to update and revise these BMPs annually. During this update and revision process, the DEP must review all settlements, consent decrees, judgments, and resolutions of civil cases since 2020 which relate to the construction of a solar facility. Operators of a solar facility or proposed solar facility must implement these BMPs.

Section 2 of the bill amends s. 366.96, F.S., regarding storm protection plans (SPP) and storm protection plan cost recovery (SPPCRC). The bill requires that, for any improvement included in an SPP, such improvement must have forecasted benefit exceeding its forecasted cost. The bill also adds a new requirement that the PSC consider, in addition to the existing considerations listed in s. 366.96(4), F.S., the following in reviewing and approving SPPs:

- Whether the cost of implementing the SPP is reasonable and prudent given the expected benefit; and
- The performance of previously approved SPP improvements in reducing outage times and storm restoration costs.

The bill also deletes an obsolete provision in s. 366.96, F.S., requiring the PSC to adopt rules by a certain date.

Section 3 of the bill requires the PSC to submit a proposed rule for adoption as soon as possible after the effective date of the bill, but no later than October 31, 2026.

Section 4 of the bill provides an effective date of July 1, 2026, for the bill.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Section 1 of the bill will have an indeterminate financial impact on the cost of opening new solar facilities in the state, in part, depending on the number of local jurisdictions that put into place decommissioning requirements as authorized under the bill. It also may increase local regulatory approval costs for persons wishing to construct new solar facilities on agricultural land.

Section 2 of the bill will have an indeterminate financial impact on public electric utilities and the ratepayers of those utilities due to additional economic scrutiny of storm protection plans and resulting projects.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The PSC has indicated that it would need additional time beyond the timeframe called for in Section 3 of the bill to submit a proposed rule for adoption.⁶⁶ The PSC also raised concerns, regarding Section 2 of the bill, that the “use of the phrase ‘reasonable and prudent’ at the planning stage [of an SPP] may create unintended consequences under the doctrine of administrative finality.”⁶⁷

⁶⁶ Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 200*, (Dec. 3, 2025).

⁶⁷ *Id.*

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 163.3205 and 366.96.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

By Senator Bradley

6-00460-26

2026200

1 A bill to be entitled
2 An act relating to utilities; amending s. 163.3205,
3 F.S.; revising legislative intent; defining terms;
4 authorizing a county to adopt an ordinance for the
5 decommissioning of certain solar facilities that have
6 reached the end of their useful life; providing for
7 the rebuttal of certain presumptions; authorizing a
8 county to require financial assurance from a solar
9 facility owner to establish that the solar facility
10 owner has the capability to satisfy the estimated cost
11 of decommissioning the solar facility; authorizing a
12 county to decommission a solar facility under certain
13 circumstances; requiring the Department of
14 Environmental Protection to develop best management
15 practices (BMPs) for the construction of a solar
16 facility; specifying requirements for the BMPs;
17 requiring the department to review certain information
18 to revise and update such BMPs annually; requiring a
19 solar facility operator to implement specified BMPs;
20 amending s. 366.96, F.S.; requiring that improvements
21 included in certain transmission and distribution
22 storm protection plans have forecasted customer
23 benefits that exceed their forecasted cost; revising
24 the factors that the Public Service Commission must
25 consider in reviewing such plans; deleting obsolete
26 language; requiring the commission to submit a
27 proposed rule for adoption by a specified date;
28 providing an effective date.
29

6-00460-26

2026200

30 Be It Enacted by the Legislature of the State of Florida:
31
32 Section 1. Section 163.3205, Florida Statutes, is amended
33 to read:
34 163.3205 Solar facility approval process; decommissioning
35 requirements; construction requirements.—
36 (1) LEGISLATIVE INTENT.—It is the intent of the Legislature
37 to encourage renewable solar electrical generation throughout
38 this state, while ensuring that agricultural land used for a
39 solar facility be returned to its original state and be viable
40 for agricultural use at the end of the solar facility's useful
41 life. It is essential that solar facilities and associated
42 electric infrastructure be constructed and maintained in various
43 locations throughout this state in order to ensure the
44 availability of renewable energy production, which is critical
45 to this state's energy and economic future.
46 (2) DEFINITIONS.—As used in this section, the term:
47 (a) "Agricultural land" means land within:
48 1. An area categorized as agricultural land in a local
49 government comprehensive plan. Such categorization includes any
50 agricultural land use category; or
51 2. An agricultural zoning district within an unincorporated
52 area.
53 (b) "Decommission" means the removal of a solar facility
54 and return of agricultural land that was used for the solar
55 facility to an agriculturally useful condition similar to that
56 which existed before construction of the solar facility,
57 including the removal of above-ground facilities and
58 infrastructure that do not serve a continuing purpose.

6-00460-26

2026200

59 (c) "Solar facility" means a production facility for
60 electric power which:

61 1.~~(a)~~ Uses photovoltaic modules to convert solar energy to
62 electricity that may be stored on site, delivered to a
63 transmission system, and consumed primarily offsite.

64 2.~~(b)~~ Consists principally of photovoltaic modules, a
65 mounting or racking system, power inverters, transformers,
66 collection systems, battery systems, fire suppression equipment,
67 and associated components.

68 3.~~(c)~~ May include accessory administration or maintenance
69 buildings, electric transmission lines, substations, energy
70 storage equipment, and related accessory uses and structures.

71 (3) PERMITTED USE.—A solar facility is ~~shall be~~ a permitted
72 use in all agricultural land use categories in a local
73 government comprehensive plan and all agricultural zoning
74 districts within an unincorporated area and must comply with the
75 setback and landscaped buffer area criteria for other similar
76 uses in the agricultural district.

77 (4) LANDSCAPE REQUIREMENTS.—A county may adopt an ordinance
78 specifying buffer and landscaping requirements for solar
79 facilities. Such requirements may not exceed the requirements
80 for similar uses involving the construction of other facilities
81 that are permitted uses in agricultural land use categories and
82 zoning districts.

83 (5) DECOMMISSIONING.—A county may adopt an ordinance
84 requiring that a solar facility with a generating capacity of 1
85 megawatt or more be properly decommissioned within 24 months
86 after notice to the solar facility owner that the facility has
87 reached the end of its useful life.

Page 3 of 7

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

6-00460-26

2026200

88 (a) It is presumed that a solar facility has reached the
89 end of its useful life if:

90 1. The solar facility fails to produce power for a period
91 of 12 months after construction of the solar facility has been
92 completed. This 12-month period does not include a period in
93 which the solar facility does not produce power due to a
94 disaster or other event beyond the control of the facility
95 owner; or

96 2. The solar facility has been abandoned. A solar facility
97 is considered abandoned if:

98 a. After commencement of the solar facility's construction
99 but before its completion, no significant construction of the
100 facility occurs for a period of 24 months; or

101 b. After becoming nonoperational due to a disaster or other
102 event beyond the control of the facility owner, no significant
103 reconstruction of the solar facility occurs for a period of 12
104 months.

105 (b) A solar facility owner may rebut the presumption that a
106 solar facility has reached the end of its useful life by
107 submitting to the county a plan, a schedule, and adequate
108 assurances that construction or operation of the solar facility
109 will continue.

110 (c) A county may require financial assurance from a solar
111 facility owner in the form of a bond, an irrevocable letter of
112 credit established pursuant to chapter 675, a guarantee by the
113 solar facility owner's parent company, or another financial
114 device deemed adequate by the county to establish that the solar
115 facility owner has the capability to satisfy the estimated cost
116 of decommissioning the solar facility.

Page 4 of 7

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

6-00460-26

2026200

117 (d) If a facility owner does not complete decommissioning
 118 in the timeframe required by county ordinance, the county may
 119 take action to complete the decommissioning, including action to

120 require forfeiture of the financial assurance provided under
 121 paragraph (c). A county must allow a solar facility owner at
 122 least 12 months to commence decommissioning and 24 months to
 123 complete decommissioning before taking such action.

124 (6) CONSTRUCTION BEST MANAGEMENT PRACTICES.—

125 (a) The Department of Environmental Protection shall
 126 develop best management practices (BMPs) for the construction of
 127 a solar facility. Such BMPs must include, but are not limited
 128 to, all of the following:

129 1. Requirements for percolation testing on the premises of
 130 a proposed solar facility.

131 2. Requirements for stormwater runoff management during the
 132 construction of a solar facility.

133 3. Requirements for construction design that would enable a
 134 solar facility to withstand a 100-year storm event.

135 (b) The Department of Environmental Protection shall update
 136 and revise its BMPs annually. As part of the update and revision
 137 process, the department shall review all settlements, consent
 138 decrees, judgments, and resolutions of civil cases since 2020
 139 which relate to the construction of a solar facility.

140 (c) An operator of a solar facility or a proposed solar
 141 facility shall implement all BMPs developed pursuant to
 142 paragraph (a).

143 (7) ~~(5)~~ APPLICABILITY.—This section does not apply to any
 144 site that was the subject of an application to construct a solar
 145 facility submitted to a local governmental entity before July 1,

Page 5 of 7

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

6-00460-26

2026200

146 2021.

147 Section 2. Subsections (4) and (11) of section 366.96,
 148 Florida Statutes, are amended to read:

149 366.96 Storm protection plan cost recovery.—

150 (4) At a minimum, any improvement included in a
 151 transmission and distribution storm protection plan filed
 152 pursuant to this section must have a forecasted customer benefit
 153 that exceeds its forecasted cost. In addition, in its review of
 154 each ~~transmission and distribution storm protection~~ plan filed
 155 pursuant to this section, the commission shall consider:

156 (a) The extent to which the plan is expected to reduce
 157 restoration costs and outage times associated with extreme
 158 weather events and enhance reliability, including whether the
 159 plan prioritizes areas of lower reliability performance and
 160 whether the cost of implementing the plan is reasonable and
 161 prudent, given the expected benefit.

162 (b) The extent to which storm protection of transmission
 163 and distribution infrastructure is feasible, reasonable, or
 164 practical in certain areas of the utility's service territory,
 165 including, but not limited to, flood zones and rural areas.

166 (c) The estimated costs and benefits to the utility and its
 167 customers of making the improvements proposed in the plan.

168 (d) The estimated annual rate impact resulting from
 169 implementation of the plan during the first 3 years addressed in
 170 the plan.

171 (e) The performance of previously approved plan
 172 improvements in reducing outage times and storm restoration
 173 costs.

174 (11) The commission shall adopt rules to implement and

Page 6 of 7

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

6-00460-26

2026200

175 administer this section and shall propose a rule for adoption as
176 soon as practicable after the effective date of this act, but
177 not later than October 31, 2019.

178 Section 3. The Public Service Commission shall submit a
179 proposed rule for adoption which implements the amendments made
180 by this act to s. 366.96, Florida Statutes, as soon as
181 practicable after the effective date of this act, but not later
182 than October 31, 2026.

183 Section 4. This act shall take effect July 1, 2026.