

## Committee on Innovation, Industry, And Technology

### **CS/CS/CS/SB 796 — Public Utility Storm Protection Plans**

by Appropriations Committee; Infrastructure and Security Committee; Innovation, Industry, and Technology Committee; and Senators Gruters, Bracy, Montford, and Broxson

The bill requires each public utility to file, pursuant to Florida Public Service Commission (commission) rule, a transmission and distribution storm protection plan 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. The commission is required to adopt rules to specify the elements that must be included in a utility's filing.

In reviewing a proposed transmission and distribution storm protection plan, the commission must consider the following:

- The extent to which the plan is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability, including whether the plan 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 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 plan during the first 3 years addressed in the plan.

If a utility-filed proposed plan contains all the elements required by commission rule, the commission must determine whether it is in the public interest to approve, approve with modification, or deny the proposed plan no later than 180 days after the utility filing of the plan.

At least every 3 years after approval of a utility's plan, the utility must file for commission review an updated protection plan that addresses each element specified by commission rule. The commission must approve, modify and approve, or deny each updated plan pursuant to the criteria used for the initial plan.

The commission is required to conduct an annual proceeding to determine the utility's prudently incurred plan costs and allow the utility to recover such costs through a charge separate and apart from its base rates, to be referred to as the storm protection plan cost recovery clause. After commission approval of a utility's plan, proceeding with actions to implement the plan is not evidence of imprudence. If the commission determines that costs were prudently incurred, those costs will not be subject to disallowance or further prudence review except for fraud, perjury, or intentional withholding of key information by the public utility.

The annual transmission and distribution storm protection plan costs may not include costs recovered through the public utility's base rates and must be allocated to customer classes pursuant to the rate design most recently approved by the commission.

If a capital expenditure is recoverable as a plan cost, the public utility may recover the annual depreciation on the cost and a return on the undepreciated balance of the costs using the last approved return on equity.

The bill requires that, beginning December 1 of the year after the first full year of implementation of a transmission and distribution storm protection plan and annually thereafter, the commission must submit to the Governor, the President of the Senate, and the Speaker of the House of Representatives a report on the status of utilities' storm protection activities. The report must include, but is not limited to, identification of all storm protection activities completed or planned for completion, the actual costs and rate impacts associated with completed activities as compared to the estimated costs and rate impacts for those activities, and the estimated costs and rate impacts associated with activities planned for completion.

The bill requires the commission to adopt rules to implement and administer these requirements, and to propose a rule for adoption as soon as practicable after the effective date of the act, but not later than October 31, 2019.

The bill provides that, for the 2019-2020 fiscal year, the sums of \$261,270 in recurring funds and \$15,020 in nonrecurring funds from the Regulatory Trust Fund are appropriated to the Public Service Commission, and 4 full-time equivalent positions with associated salary rate of 180,583 are authorized for the purpose of implementing this act.

If approved by the Governor, these provisions take effect upon becoming law.

*Vote: Senate 39-1; House 110-3*