

By Senator Horne

6-771-98

See HB 3185

1                                   A bill to be entitled  
 2           An act relating to the Public Service  
 3           Commission; amending s. 367.081, F.S.;  
 4           prohibiting the commission from considering  
 5           prospective future  
 6           contributions-in-aid-of-construction for  
 7           certain purposes; providing construction;  
 8           requiring the commission to approve rates for  
 9           certain services under certain circumstances;  
 10          providing construction; providing an effective  
 11          date.

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

14  
 15           Section 1. Paragraph (a) of subsection (2) of section  
 16 367.081, Florida Statutes, is amended to read:

17           367.081 Rates; procedure for fixing and changing.--

18           (2)(a)1. The commission shall, either upon request or  
 19 upon its own motion, fix rates which are just, reasonable,  
 20 compensatory, and not unfairly discriminatory. In every such  
 21 proceeding, the commission shall consider the value and  
 22 quality of the service and the cost of providing the service,  
 23 which shall include, but not be limited to, debt interest; the  
 24 requirements of the utility for working capital; maintenance,  
 25 depreciation, tax, and operating expenses incurred in the  
 26 operation of all property used and useful in the public  
 27 service; and a fair return on the investment of the utility in  
 28 property used and useful in the public service. However, the  
 29 commission shall not allow the inclusion of  
 30 contributions-in-aid-of-construction in the rate base of any  
 31 utility during a rate proceeding, nor shall it impute

1 prospective future contributions-in-aid-of-construction  
2 against the utility's investment in property used and useful  
3 in the public service; and accumulated depreciation on such  
4 contributions-in-aid-of-construction shall not be used to  
5 reduce the rate base, nor shall depreciation on such  
6 contributed assets be considered a cost of providing utility  
7 service.

8       2. For purposes of such proceedings, the commission  
9 shall consider utility property, including land acquired or  
10 facilities constructed or to be constructed, to be used and  
11 useful in the public service, if:

12       a. Such property is needed to serve current customers;

13       b. Such property is needed to serve customers 5 years  
14 after the expected date of the commission's entry of a final  
15 order on a rate request as provided in subsection (6); or

16       c. Such property is needed to serve customers more  
17 than 5 full years after the expected date of the commission's  
18 entry of a final order on a rate request as provided in  
19 subsection (6) only to the extent the utility presents clear  
20 and convincing evidence to justify such consideration.

21  
22 Notwithstanding the provisions of this paragraph, the  
23 commission shall approve rates for service that allow a  
24 utility to recover from customers the full amount of  
25 environmental compliance costs. Such rates shall not include  
26 charges for allowances for funds prudently invested or similar  
27 charges. For purposes of this requirement, the term  
28 "environmental compliance costs" includes all reasonable  
29 expenses and fair return on any prudent investment incurred by  
30 a utility in complying with the requirements or conditions  
31 contained in any permitting, enforcement, or similar decisions

1 of the United States Environmental Protection Agency, the  
2 Department of Environmental Protection, a water management  
3 district, or any other governmental entity with similar  
4 regulatory jurisdiction.~~The commission shall also consider~~  
5 ~~the investment of the utility in land acquired or facilities~~  
6 ~~constructed or to be constructed in the public interest within~~  
7 ~~a reasonable time in the future, not to exceed, unless~~  
8 ~~extended by the commission, 24 months from the end of the~~  
9 ~~historical test period used to set final rates.~~

10 Section 2. This act shall take effect upon becoming a  
11 law.

12 \*\*\*\*\*

13  
14 LEGISLATIVE SUMMARY

15 Prohibits the Public Service Commission from imputing  
16 future contributions-in-aid-of-construction against a  
17 utility's investment in property. Construes the term  
18 "used and useful in public service" as applied to utility  
19 property for purposes of rate proceedings. Requires the  
20 commission to approve rates which allow a utility to  
21 recover environmental compliance costs. (See bill for  
22 details.)  
23  
24  
25  
26  
27  
28  
29  
30  
31