

By Representatives Thrasher, Logan and Wasserman Schultz

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

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

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

16 367.081 Rates; procedure for fixing and changing.--

17 (2)(a)1. The commission shall, either upon request or
18 upon its own motion, fix rates which are just, reasonable,
19 compensatory, and not unfairly discriminatory. In every such
20 proceeding, the commission shall consider the value and
21 quality of the service and the cost of providing the service,
22 which shall include, but not be limited to, debt interest; the
23 requirements of the utility for working capital; maintenance,
24 depreciation, tax, and operating expenses incurred in the
25 operation of all property used and useful in the public
26 service; and a fair return on the investment of the utility in
27 property used and useful in the public service. However, the
28 commission shall not allow the inclusion of
29 contributions-in-aid-of-construction in the rate base of any
30 utility during a rate proceeding; and accumulated depreciation
31 on such contributions-in-aid-of-construction shall not be used

1 to reduce the rate base, nor shall depreciation on such
2 contributed assets be considered a cost of providing utility
3 service. The commission shall recognize
4 contributions-in-aid-of-construction only when paid by a third
5 party and actually received by the utility.

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

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

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

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

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

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

8 Section 2. This act shall take effect upon becoming a
9 law.

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12 HOUSE SUMMARY

13 Authorizes the Public Service Commission to recognize
14 contributions-in-aid-of-construction only when paid by a
15 third party and actually received by a utility.
16 Construes the term "used and useful in public service" as
17 applied to utility property for purposes of rate
18 proceedings. Requires the commission to approve rates
19 which allow a utility to recover environmental compliance
20 costs. See bill for details.
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