

By Senators Bronson, Dyer, Horne, Casas, Holzendorf and Childers

18-751A-99

See HB

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 imputing  
5           prospective future  
6           contributions-in-aid-of-construction against  
7           certain utility investments in certain rate  
8           proceedings; providing construction; requiring  
9           the commission to approve rates for certain  
10          services under certain circumstances; providing  
11          construction; deleting a requirement that the  
12          commission consider a utility's investments in  
13          certain lands or facilities in setting final  
14          rates; providing an effective date.

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

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18           Section 1. Paragraph (a) of subsection (2) of section  
19 367.081, Florida Statutes, is amended to read:

20           367.081 Rates; procedure for fixing and changing.--

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

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

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

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

16 b. Such property is needed to serve customers 5 years  
17 after the end of the test year used in the commission's final  
18 order on a rate request as provided in subsection (6); or

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

24  
25 Notwithstanding the provisions of this paragraph, the  
26 commission shall approve rates for service which allow a  
27 utility to recover from customers the full amount of  
28 environmental compliance costs. Such rates may not include  
29 charges for allowances for funds prudently invested or similar  
30 charges. For purposes of this requirement, the term  
31 "environmental compliance costs" includes all reasonable

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

13 Section 2. This act shall take effect upon becoming a  
14 law.

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17 LEGISLATIVE SUMMARY

18 Prohibits the Public Service Commission from imputing  
19 prospective future contributions-in-aid-of-construction  
20 against the utility's investment in property used and  
21 useful in the public service. Construes the term "used  
22 and useful in the public service" as applied to utility  
23 property for purposes of rate proceedings. Requires the  
24 commission to approve rates that allow a utility to  
25 recover environmental compliance costs and defines the  
26 term "environmental compliance costs." Deletes a  
27 requirement that the commission consider, in setting  
28 final rates, a utility's investment in lands acquired or  
29 facilities constructed or to be constructed in the public  
30 interest. (See bill for details.)  
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