

By the Committee on Regulated Industries and Senators Bronson, Dyer, Horne, Casas, Holzendorf, Childers, Geller and Sullivan

315-1788A-99

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 within a
14 reasonable time in the future, not to exceed 24 months after
15 the end of the historic base year used to set final rates
16 unless a longer period is approved by the commission, to be
17 used and useful in the public service, if:

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

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

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

29
30 Notwithstanding the provisions of this paragraph, the
31 commission shall approve rates for service which allow a

1 utility to recover from customers the full amount of
2 environmental compliance costs. Such rates may not include
3 charges for allowances for funds prudently invested or similar
4 charges. For purposes of this requirement, the term
5 "environmental compliance costs" includes all reasonable
6 expenses and fair return on any prudent investment incurred by
7 a utility in complying with the requirements or conditions
8 contained in any permitting, enforcement, or similar decisions
9 of the United States Environmental Protection Agency, the
10 Department of Environmental Protection, a water management
11 district, or any other governmental entity with similar
12 regulatory jurisdiction.~~The commission shall also consider~~
13 ~~the investment of the utility in land acquired or facilities~~
14 ~~constructed or to be constructed in the public interest within~~
15 ~~a reasonable time in the future, not to exceed, unless~~
16 ~~extended by the commission, 24 months from the end of the~~
17 ~~historical test period used to set final rates.~~

18 Section 2. This act does not apply to rate cases
19 pending on March 11, 1999.

20 Section 3. This act shall take effect upon becoming a
21 law.

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23 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
24 COMMITTEE SUBSTITUTE FOR
25 SB 1352

26 Imposes a period of time not to exceed 24 months, unless
27 lengthened by the Commission, within which facilities to be
28 constructed in the future can be added to the rate base as
used and useful in the public service.

29 Sets the rate of growth for equivalent residential connections
30 in the new 5-year margin reserve period in an amount not to
exceed 5% per annum.

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