

By Representatives Arnall, Wasserman Schultz and Logan

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 certin 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 the utility presents clear
23 and convincing evidence to justify such consideration.

24
25 Notwithstanding the provisions of this paragraph, the
26 commission shall approve rates for service that allow a
27 utility to recover from customers the full amount of
28 environmental compliance costs. Such rates shall 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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16 HOUSE SUMMARY

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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 public service" as applied to utility
23 property for purposes of rate proceedings. Requires the
24 commission to approve rates which allow a utility to
25 recover environmental compliance costs and defines the
26 term "environmental compliance costs." Deletes a
27 requirement the the commission consider, in setting final
28 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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