

By Representative Maygarden

1                                   A bill to be entitled  
2           An act relating to environmental cost recovery  
3           for electric utilities; amending s. 366.8255,  
4           F.S.; redefining the term "environmental  
5           compliance costs" to include certain costs  
6           relating to air quality; providing an effective  
7           date.

8

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

10

11           Section 1. Section 366.8255, Florida Statutes, is  
12 amended to read:

13           366.8255 Environmental cost recovery.--

14           (1) As used in this section, the term:

15           (a) "Electric utility" or "utility" means any  
16 investor-owned electric utility that owns, maintains, or  
17 operates an electric generation, transmission, or distribution  
18 system within the State of Florida and that is regulated under  
19 this chapter.

20           (b) "Commission" means the Florida Public Service  
21 Commission.

22           (c) "Environmental laws or regulations" includes all  
23 federal, state, or local statutes, administrative regulations,  
24 orders, ordinances, resolutions, or other requirements that  
25 apply to electric utilities and are designed to protect the  
26 environment.

27           (d) "Environmental compliance costs" includes all  
28 costs or expenses incurred by an electric utility in complying  
29 with environmental laws or regulations, including but not  
30 limited to:

31

- 1           1. Inservice capital investments, including the  
2 electric utility's last authorized rate of return on equity  
3 thereon;
- 4           2. Operation and maintenance expenses;
- 5           3. Fuel procurement costs;
- 6           4. Purchased power costs;
- 7           5. Emission allowance costs; ~~and~~
- 8           6. Direct taxes on environmental equipment; and
- 9           7. Costs or expenses incurred by an electric utility  
10 pursuant to an agreement entered into prior to January 1,  
11 2003, between the electric utility and the Florida Department  
12 of Environmental Protection or the United States Environmental  
13 Protection Agency for the purpose of preventing imminent  
14 noncompliance with applicable ozone ambient air quality  
15 standards by an electrical generating facility owned by the  
16 electric utility.
- 17           (2) An electric utility may submit to the commission a  
18 petition describing the utility's proposed environmental  
19 compliance activities and projected environmental compliance  
20 costs in addition to any Clean Air Act compliance activities  
21 and costs shown in a utility's filing under s. 366.825. If  
22 approved, the commission shall allow recovery of the utility's  
23 prudently incurred environmental compliance costs, including  
24 the costs incurred in compliance with the Clean Air Act, and  
25 any amendments thereto or any change in the application or  
26 enforcement thereof, through an environmental compliance  
27 cost-recovery factor that is separate and apart from the  
28 utility's base rates. An adjustment for the level of costs  
29 currently being recovered through base rates or other  
30 rate-adjustment clauses must be included in the filing.  
31

1           (3) The environmental compliance cost-recovery factor  
2 must be set periodically, but at least annually, based on  
3 projections of the utility's environmental compliance costs  
4 during the forthcoming recovery period, and must be adjusted  
5 for variations in line losses. The environmental compliance  
6 cost-recovery factor must provide for periodic true-up of the  
7 utility's actual environmental compliance costs with the  
8 projections on which past factors have been set, and must  
9 further require that any refund or collection made as part of  
10 the true-up process include interest.

11           (4) Environmental compliance costs recovered through  
12 the environmental cost-recovery factor shall be allocated to  
13 the customer classes using the criteria set out in s.  
14 366.06(1), taking into account the manner in which similar  
15 types of investment or expense were allocated in the company's  
16 last rate case.

17           (5) Recovery of environmental compliance costs under  
18 this section does not preclude inclusion of such costs in base  
19 rates in subsequent rate proceedings, if that inclusion is  
20 necessary and appropriate; however, any costs recovered in  
21 base rates may not also be recovered in the environmental  
22 cost-recovery clause.

23           Section 2. This act shall take effect upon becoming a  
24 law.

25  
26           \*\*\*\*\*

27           HOUSE SUMMARY

28           Provides that the costs for expenses incurred by an  
29 electric utility pursuant to certain agreements with  
30 state or federal environmental agencies to prevent  
31 imminent noncompliance with ozone ambient air quality  
standards may be recovered by the utility.