

1 A bill to be entitled
2 An act relating to electricity; amending s.
3 366.8255, F.S.; redefining the term
4 "environmental compliance costs" to include
5 certain costs relating to air quality;
6 requiring the Florida Public Service Commission
7 to perform a study concerning renewable
8 resources; providing definitions; providing an
9 effective date.

10

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

12

13 Section 1. Section 366.8255, Florida Statutes, is
14 amended to read:

15 366.8255 Environmental cost recovery.--

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

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

22 (b) "Commission" means the Florida Public Service
23 Commission.

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

29 (d) "Environmental compliance costs" includes all
30 costs or expenses incurred by an electric utility in complying

31

1 with environmental laws or regulations, including but not
2 limited to:

- 3 1. Inservice capital investments, including the
- 4 electric utility's last authorized rate of return on equity
- 5 thereon;
- 6 2. Operation and maintenance expenses;
- 7 3. Fuel procurement costs;
- 8 4. Purchased power costs;
- 9 5. Emission allowance costs; ~~and~~
- 10 6. Direct taxes on environmental equipment; and
- 11 7. Costs or expenses prudently incurred by an electric
- 12 utility pursuant to an agreement entered into on or after the
- 13 effective date of this act and prior to October 1, 2002,
- 14 between the electric utility and the Florida Department of
- 15 Environmental Protection or the United States Environmental
- 16 Protection Agency for the exclusive purpose of ensuring
- 17 compliance with ozone ambient air quality standards by an
- 18 electrical generating facility owned by the electric utility.

19 (2) An electric utility may submit to the commission a
20 petition describing the utility's proposed environmental
21 compliance activities and projected environmental compliance
22 costs in addition to any Clean Air Act compliance activities
23 and costs shown in a utility's filing under s. 366.825. If
24 approved, the commission shall allow recovery of the utility's
25 prudently incurred environmental compliance costs, including
26 the costs incurred in compliance with the Clean Air Act, and
27 any amendments thereto or any change in the application or
28 enforcement thereof, through an environmental compliance
29 cost-recovery factor that is separate and apart from the
30 utility's base rates. An adjustment for the level of costs
31

1 currently being recovered through base rates or other
2 rate-adjustment clauses must be included in the filing.

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

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

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

25 Section 2. (1) The Florida Public Service Commission
26 in consultation with the Florida Department of Environmental
27 Protection is directed to perform a study for the purpose of
28 defining public policy with respect to the use of renewable
29 resources in Florida. At a minimum, the study shall assess
30 cost, feasibility, deployment schedules, and impacts on the
31 environment of increased use of renewables. In addition, the

1 study shall describe options and mechanisms to encourage the
2 increased deployment of renewables within our state. The
3 results of this study shall be submitted to the President of
4 the Senate and the Speaker of the House by February 1, 2003.

5 (2) As used in this section, the term:

6 (a) "Biomass" means a power source that is comprised
7 of, but not limited to, combustible residues or gasses from
8 forest products manufacturing, agricultural and orchard crops,
9 waste products from livestock and poultry operations and food
10 processing, urban wood waste, municipal solid waste, municipal
11 liquid waste treatment operations, and landfill gas.

12 (b) "Green energy" means renewable energy.

13 (c) "Renewable energy" means electricity generated
14 from any method or process that uses one or more of the
15 following sources of energy, but not limited to: biomass;
16 municipal solid waste; geothermal energy; solar energy; wind
17 energy; wood waste; ocean thermal gradient power;
18 hydroelectric power; landfill gas; and agricultural products
19 and by-products.

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