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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.

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

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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

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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  
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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.