

By Senator Bennett

21-622A-03

1                                   A bill to be entitled  
2           An act relating to water and wastewater  
3           systems; amending s. 367.081, F.S.; authorizing  
4           the Florida Public Service Commission to  
5           approve rates allowing utilities to recover the  
6           full costs of alternative water supply  
7           facilities; amending s. 367.0814, F.S.;  
8           increasing the limitation on gross annual  
9           revenues under which a water or wastewater  
10          utility may qualify to obtain staff assistance  
11          from the Florida Public Service Commission in  
12          changing rates and charges; providing an  
13          effective date.

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

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17           Section 1. Subsection (2) of section 367.081, Florida  
18 Statutes, is amended to read:

19           367.081 Rates; procedure for fixing and changing.--

20           (2)(a)1. The commission shall, either upon request or  
21 upon its own motion, fix rates which are just, reasonable,  
22 compensatory, and not unfairly discriminatory. In every such  
23 proceeding, the commission shall consider the value and  
24 quality of the service and the cost of providing the service,  
25 which shall include, but not be limited to, debt interest; the  
26 requirements of the utility for working capital; maintenance,  
27 depreciation, tax, and operating expenses incurred in the  
28 operation of all property used and useful in the public  
29 service; and a fair return on the investment of the utility in  
30 property used and useful in the public service. Pursuant to s.  
31 373.1961(2)(k), the commission shall allow recovery for the

1 full, prudently incurred costs of alternative water supply  
2 facilities. However, the commission shall not allow the  
3 inclusion of contributions-in-aid-of-construction in the rate  
4 base of any utility during a rate proceeding, nor shall the  
5 commission impute prospective future  
6 contributions-in-aid-of-construction against the utility's  
7 investment in property used and useful in the public service;  
8 and accumulated depreciation on such  
9 contributions-in-aid-of-construction shall not be used to  
10 reduce the rate base, nor shall depreciation on such  
11 contributed assets be considered a cost of providing utility  
12 service.

13         2. For purposes of such proceedings, the commission  
14 shall consider utility property, including land acquired or  
15 facilities constructed or to be constructed within a  
16 reasonable time in the future, not to exceed 24 months after  
17 the end of the historic base year used to set final rates  
18 unless a longer period is approved by the commission, to be  
19 used and useful in the public service, if:

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

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

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

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1 Notwithstanding the provisions of this paragraph, the  
2 commission shall approve rates for service which allow a  
3 utility to recover from customers the full amount of  
4 environmental compliance costs. Such rates may not include  
5 charges for allowances for funds prudently invested or similar  
6 charges. For purposes of this requirement, the term  
7 "environmental compliance costs" includes all reasonable  
8 expenses and fair return on any prudent investment incurred by  
9 a utility in complying with the requirements or conditions  
10 contained in any permitting, enforcement, or similar decisions  
11 of the United States Environmental Protection Agency, the  
12 Department of Environmental Protection, a water management  
13 district, or any other governmental entity with similar  
14 regulatory jurisdiction.

15 (b) In establishing initial rates for a utility, the  
16 commission may project the financial and operational data as  
17 set out in paragraph (a) to a point in time when the utility  
18 is expected to be operating at a reasonable level of capacity.

19 Section 2. Subsection (1) of section 367.0814, Florida  
20 Statutes, is amended to read:

21 367.0814 Staff assistance in changing rates and  
22 charges; interim rates.--

23 (1) The commission may establish rules by which a  
24 water or wastewater utility whose gross annual revenues are  
25 \$200,000~~\$150,000~~ or less may request and obtain staff  
26 assistance for the purpose of changing its rates and charges.  
27 A utility may request staff assistance by filing an  
28 application with the commission.

29 Section 3. This act shall take effect upon becoming a  
30 law.

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SENATE SUMMARY

Provides for rates approved by the Florida Public Service Commission to allow for the recovery of the full, prudently incurred costs of alternative water supply facilities. Provides that a water or wastewater utility may obtain staff assistance for changing its rates and charges from the Florida Public Service Commission if the gross annual revenues of the utility are \$200,000 or less rather than \$150,000 or less.