

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government-The bill creates the Electric Utilities Task Force to evaluate multiple aspects of Florida's electric distribution and transmission systems. This task force dissolves after submitting its report on September 1, 2005.

B. EFFECT OF PROPOSED CHANGES:

Background

During August and September 2004, Hurricanes Charley, Frances, Ivan, and Jeanne struck Florida causing significant power outages and damage throughout the state. This eventful storm season intensified the focus on placing electric utility transmission and distribution systems underground, as well as evaluating other electric issues.

Installation of underground electric service is already occurring in approximately 80 percent of new residential construction. The cost of undergrounding new residential construction is typically rolled into the cost of new homes. With respect to conversion of existing overhead facilities to underground, some communities around the state have initiated undergrounding projects and will pay the incumbent utility the project cost. Studies on the cost of undergrounding are in agreement that in general undergrounding is significantly more costly than traditional overhead construction.

The Public Service Commission (PSC) has promulgated rules governing cost recovery and utility construction practices with regard to underground electric facilities. As a result, utilities periodically file updated tariffs which reflect the most recent information as to the cost differentials for underground service. These tariffs are approved by the PSC. At this time, retail rates for investor owned utilities have embedded in them the cost of installing overhead facilities as the basic standard.

Proposed Changes

The bill creates the Electric Utility Task Force. The purpose of the task force is to evaluate multiple aspects of Florida's electric transmission and distribution systems including performing a number of evaluations on the types and performance characteristics of various components of the systems. Moreover, the task force is to evaluate future load growth and potential climate condition changes. Finally, the task force is to perform an economic analysis of the cost of undergrounding all new transmission and to perform an economic analysis of the cost of converting all existing overhead transmission and distribution facilities to underground at the time of replacement.

The task force consists of nine members, including, but not limited to, power company representatives, electrical contractors, scientists who specialize in the transmission of power, engineers, and consumer representatives. Three persons shall be appointed by the Governor, three by the President of the Senate, and three by the Speaker of the House of Representatives. The task force members shall appoint a chairperson.

Task force members will serve at the pleasure of the appointing official, and any vacancy shall be filled in the same manner as the original appointment. Upon notification to the chair prior to the beginning of any scheduled meeting, a task force member may, in his or her absence, appoint an alternate to represent the member on the task force, including voting on the task force business. Task force members are also entitled to receive per diem and travel expenses as provided under s. 112.061, F.S.

All meetings and proceedings of the task force shall be staffed by the PSC and are subject to ss. 119.07 (inspection and copying of public records) and 286.011, F.S. (public records and meetings).

The bill requires the task force to:

- Evaluate and analyze current electric utility transmission systems and determine whether the utility equipment being used is appropriate for use in this state.
- Consider the feasibility and costs of continuing maintenance, upgrading, and protecting the current electric utility transmission system.
- Determine whether the current electric utility system can be improved to withstand the severe natural forces that buffet the state.
- Evaluate the current and future anticipated needs caused by an increased population and changing climate conditions.
- Analyze electrical transformers and the best methods by which to protect them.
- Evaluate the current electrical needs of facilities providing critical services, such as nursing homes and assisted living facilities, and determine whether on-site emergency systems should be required for these facilities.
- Determine the cost-effectiveness of requiring that electric utility distribution and transmission facilities be installed underground for all new construction and the cost-effectiveness of converting overhead distribution and transmission facilities are replaced or relocated.

When considering the practical feasibility of underground electric utility systems, the task force shall:

- Consider the cost of placing some or all electric transmission systems underground;
- Determine the advantages to the public and to the utility company employees which are expected, including, but not limited to: the expected reduction in accidental electrocutions, temporary and permanent disabilities, and vehicular accidents, and the expected reduction in the ascertainable and measurable costs of adverse health effects;
- Determine the cost differential between underground and overhead for right-of-way acquisition, tree-trimming, and repairs arising from storm damage.
- Estimate the loss incurred by the private and public sectors as a result of electric outages due to storm damage.

The bill requires the task force to present a report of its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by September 1, 2005. The task force is dissolved after submitting its report.

C. SECTION DIRECTORY:

Section 1. Creates the Electric Utility Task Force

Section 2. This act shall take effect upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill provides that members of the task force are entitled to per diem and travel expenses related to membership on the task force. There will also be travel costs associated PSC staffing the task force meetings.

Due to the magnitude and breadth of the study objectives, the PSC has not been able to determine the staffing resources needed to execute the directives in this bill.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill provides that each member of the task force is entitled to receive per diem and travel expenses, but there is no provision in the bill to provide a funding source for these expenses.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES