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LEGISLATIVE ACTION

Senate	.	House
Comm: FAV	.	
04/06/2009	.	
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The Committee on Environmental Preservation and Conservation
(Jones) recommended the following:

Senate Amendment

Delete lines 323 - 455

and insert:

Section 3. Section 366.99, Florida Statutes, is created to
read:

366.99 Natural gas delivery; surcharge for carbon
reduction.—

(1) This section may be cited as the "Natural Gas Act."

(2) It is the intent of the Legislature to promote the
expanded direct end use of natural gas for its inherent energy



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12 efficiency and environmental benefits.

13 (3) As used in this section, the term "eligible
14 installations" means natural gas utility facilities that:

15 (a) Connect supply sources of natural gas to a distribution
16 system that serves primarily residential customers;

17 (b) Are in service and used and useful in providing utility
18 service;

19 (c) Were not included in the utility's rate base for
20 purposes of determining the utility's base rate in the most
21 recent general base-rate proceedings; and

22 (d) Consist of mains that are greater than or equal to 4
23 inches in diameter or that are certified to operate at a maximum
24 allowable operating pressure greater than 60 pounds per square
25 inch gauge, together with associated valves, regulator stations,
26 vaults, transmission line taps, and other pipeline system
27 components.

28 (4) Notwithstanding any provision in this chapter or rule
29 to the contrary, a public utility as defined in section 366.02,
30 Florida Statutes, that is providing natural gas service may
31 petition the commission to establish or modify a carbon
32 reduction surcharge to be used to construct eligible
33 installations in areas of this state which are unserved or
34 underserved with natural gas service. The surcharge is to be
35 recovered through a cost-recovery clause, separate and distinct
36 from a utility's base rates, using the same allocation
37 methodology applicable to the utility's recovery of costs
38 recoverable pursuant to the Energy Conservation Cost Recovery
39 Rule, rule 25-17.015, Florida Administrative Code. The surcharge
40 is to recover the utility's revenue requirement relevant to



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41 construction of the eligible installations and is to be in the
42 amount of the pretax revenues equal to:

43 (a) The utility's weighted average cost of capital allowed
44 in the most recent rate proceeding multiplied by the 13-month
45 average net book value of eligible installations, including
46 recognition of accumulated depreciation associated with eligible
47 installations;

48 (b) State, federal, and local income taxes;

49 (c) Ad valorem taxes; and

50 (d) Depreciation expenses on eligible installations.

51 (5) When a petition is filed by a utility, the commission
52 shall conduct a limited proceeding and determine the utility's
53 revenue requirements and the surcharge to be charged in the
54 following year.

55 (6) The petition must contain:

56 (a) An estimation of the utility's revenue requirements and
57 carbon reduction surcharge collections for the following year.

58 (b) If a carbon reduction surcharge has previously been
59 established, an annual true-up filing showing the actual
60 eligible installation costs and actual carbon reduction
61 surcharge revenues for the most recent 12-month period from
62 January 1 through December 31 which ends before the annual
63 petition filing, including a comparison of the actual eligible
64 installation costs and carbon reduction surcharge revenues to
65 the estimated total eligible installation costs and carbon
66 reduction surcharge revenues previously reported for the same
67 period. The filing shall also include the over-or-under recovery
68 of total carbon reduction surcharge revenue requirements for the
69 true-up period.



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70 (7) The utility shall establish separate accounts or
71 subaccounts for each eligible installation for purposes of
72 recording the costs incurred for each project. The utility shall
73 also establish a separate account or subaccount for any revenues
74 derived from specific carbon reduction surcharges.

75 (8) An eligible installation shall be included for the
76 purposes of calculating revenue requirements for no more than 5
77 years.

78 (9) The total amount of carbon reduction surcharge revenue
79 in effect in any 1 year may not exceed 2 percent of the
80 utility's total annual nonfuel revenue for the previous year.

81 (10) This section expires December 31, 2014, unless
82 reviewed and reenacted by the Legislature before that date.
83 However, the procedures and other applicable provisions in this
84 section and the carbon reduction surcharges approved pursuant to
85 this section shall remain in effect for the full term of all
86 eligible installations approved by the commission before
87 December 31, 2014.

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