

Amendment No. 2

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u>      </u>	(Y/N)
ADOPTED AS AMENDED	<u>      </u>	(Y/N)
ADOPTED W/O OBJECTION	<u>      </u>	(Y/N)
FAILED TO ADOPT	<u>      </u>	(Y/N)
WITHDRAWN	<u>      </u>	(Y/N)
OTHER	<u>      </u>	

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1 Committee/Subcommittee hearing bill: Energy & Utilities  
2 Subcommittee

3 Representative Eisnaugle offered the following:

**Amendment (with title amendment)**

6 Remove everything after the enacting clause and insert:

7 Section 1. Subsection (19) is added to section 163.01,  
8 Florida Statutes, to read:

9 163.01 Florida Interlocal Cooperation Act of 1969.—

10 (19) (a) Any entity created pursuant to this section that  
11 supplies electricity through an interlocal agreement to its  
12 member municipalities shall annually submit to the Public  
13 Service Commission and each member municipality that  
14 participates in the electric power project an independently  
15 prepared financial statement for each individual generation  
16 asset. The financial statement must include:

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17 1. A balance sheet that reflects assets and liabilities  
18 associated with each generation asset, including the plant in  
19 service, accumulated additions and removals, net plant,  
20 depreciation, operations and maintenance expenses, allocations,  
21 and any other material asset and liability categories.

22 2. An income statement that reflects each generation  
23 asset's operational and financial activities for the reporting  
24 period, including revenues, expenses, gains, and losses. Any  
25 gains or losses from hedging activities associated with the  
26 generation asset shall be separately itemized.

27 3. A statement of cash flows that identifies changes in  
28 the generation asset's cash flows during the reporting period.

29 4. The current fair market value for each generation  
30 asset. The current fair market value shall be determined  
31 assuming the price that a willing buyer would pay a willing  
32 seller for the generation asset, with neither party being under  
33 any compulsion to buy or sell and both having reasonable  
34 knowledge of relevant facts, and assuming all risk of ownership,  
35 loss, and decommissioning, as applicable. The current fair  
36 market value statement shall include the overall fair market  
37 value of the generation asset as a whole and each member  
38 municipality's equity position net of the entity's debt, based  
39 on the current fair market generation asset value. The current  
40 fair market value statement shall include, after considering the  
41 market value of the generation assets, the net return of equity  
42 or the cost to exit the entity for each member municipality.

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43       (b) To serve as a member of the governing body of an  
44 entity created pursuant to this section for the purpose of  
45 supplying electricity to its member municipalities, each member  
46 of the governing body must be an elected official from one of  
47 the entity's member municipalities. Current members of a  
48 governing body of such an entity who are not elected officials  
49 may continue to serve until expiration of their terms but no  
50 later than July 1, 2018.

51       Section 2. This act shall take effect July 1, 2016.

52  
53       -----  
54                   **T I T L E   A M E N D M E N T**

55       Remove everything before the enacting clause and insert:

56                   A bill to be entitled

57 An act relating to municipal power regulation; amending s.  
58 163.01, F.S.; requiring certain entities created under the  
59 Interlocal Cooperation Act of 1969 to submit independently  
60 prepared financial statements for certain electric power  
61 projects to specified public entities; providing statement  
62 requirements; providing eligibility requirements for membership  
63 on the governing body of certain entities created under the  
64 Interlocal Cooperation Act of 1969; providing an effective date.

65  
66       WHEREAS, The Florida Municipal Power Agency is a joint-use  
67 action agency created pursuant to a series of interlocal  
68 agreements with the state's municipalities to finance, acquire,

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69 contract, manage, and operate its own electric power projects or  
70 jointly accomplish the same purposes with other public or  
71 private utilities, and

72 WHEREAS, the Florida Municipal Power Agency is governed by  
73 a board of directors, consisting of one board member from each  
74 member municipality, which decides all issues concerning each  
75 project except for the "All-Requirements" power supply project,  
76 and

77 WHEREAS, the All-Requirements power supply project is  
78 governed by an executive committee, with each All-Requirements  
79 project member municipality that purchases power from the  
80 project appointing one executive committee member, and

81 WHEREAS, the Auditor General conducted an operational audit  
82 of the of Florida Municipal Power Agency and released Report No.  
83 2015-165 to the Joint Legislative Auditing Committee on March  
84 30, 2015, which included findings and recommendations, and

85 WHEREAS, the Auditor General found many of the Florida  
86 Municipal Power Agency's hedging activities to be inconsistent  
87 with other joint-use action agencies, leading to net losses of  
88 \$247.6 million over the past 12 fiscal years, and

89 WHEREAS, the Auditor General concluded that several of the  
90 Florida Municipal Power Agency's personnel and payroll  
91 administration activities may negatively affect future rates,  
92 including the Chief Executive Officer's employment contract that  
93 provides severance pay and lifetime benefits even if employment  
94 is terminated for cause, and

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95 WHEREAS, the Florida Municipal Power Agency did not  
96 consistently follow its own procurement and competitive  
97 selection policies, one of which may increase the cost of future  
98 bond issues, and

99 WHEREAS, the Florida Municipal Power Agency's All-  
100 Requirements project agreement to curtail peak-shaving  
101 activities is primarily voluntary, relies on self-reporting, and  
102 contains no penalties for noncompliance, and

103 WHEREAS, certain All-Requirements project contract  
104 provisions relating to the withdrawal of members are ambiguous,  
105 use a fixed discount rate rather than one based on current  
106 capital costs, and do not provide for independent verification  
107 by a withdrawing member, and

108 WHEREAS, even though the Florida Municipal Power Agency is  
109 a governmental entity, many of the laws that apply to local  
110 governments do not apply to the agency, and

111 WHEREAS, the Florida Municipal Power Agency is not subject  
112 to any rate-setting authority, including by the Public Service  
113 Commission, and

114 WHEREAS, there exists a need to promote transparency and  
115 consistency and to increase public understanding and confidence  
116 in the operation of the Florida Municipal Power Agency by the  
117 member municipalities and the public, including those electric  
118 ratepayers who are not residents of the municipality supplying  
119 electric power but who are subject to a municipality that is  
120 receiving power from the agency, NOW, THEREFORE,

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