

1 A bill to be entitled
 2 An act relating to prudent utility investments in
 3 natural gas reserves; amending s. 366.04, F.S.;
 4 authorizing the Public Service Commission to approve
 5 cost recovery for prudent natural gas reserve
 6 investments and prudently incurred expenses associated
 7 with such investments for electric utilities that
 8 generate a specified percentage of electricity using
 9 natural gas; requiring the commission to adopt rules
 10 by a specified date to determine the prudence of such
 11 investments; providing an effective date.

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 13 Be It Enacted by the Legislature of the State of Florida:
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15 Section 1. Subsection (2) of section 366.04, Florida
 16 Statutes, is amended to read:

17 366.04 Jurisdiction of commission.—

18 (2) In the exercise of its jurisdiction, the commission
 19 has ~~shall have~~ power over electric utilities for the following
 20 purposes:

21 (a) To prescribe uniform systems and classifications of
 22 accounts.

23 (b) To prescribe a rate structure for all electric
 24 utilities.

25 (c) To require electric power conservation and reliability

26 | within a coordinated grid, for operational as well as emergency
27 | purposes.

28 | (d) To approve cost recovery through an adjustment clause
29 | for an electric utility's prudent investments in natural gas
30 | reserves, including a rate of return, and prudently incurred
31 | expenses associated with such investments, if the utility
32 | generates at least 65 percent of its electricity using natural
33 | gas. To determine the prudence of natural gas reserve
34 | investments, the commission shall adopt rules by December 31,
35 | 2017, to require that:

36 | 1. Each natural gas reserve investment be projected to
37 | generate savings for customers over the life of the investment.

38 | 2. The total volume of natural gas produced from all of
39 | the utility's natural gas reserve investments does not exceed
40 | the following percentages of the utility's average projected
41 | daily burn: 7.5 percent in 2018, 10 percent in 2019, 12.5
42 | percent in 2020, and 15 percent in 2021 and each year
43 | thereafter.

44 | 3. Each natural gas reserve investment be made in gas
45 | reserve projects where at least 50 percent of the wells in the
46 | projects are classified as proved oil and gas reserves by the
47 | Securities and Exchange Commission.

48 | (e)~~(d)~~ To approve territorial agreements between and among
49 | rural electric cooperatives, municipal electric utilities, and
50 | other electric utilities under its jurisdiction. However,

51 nothing in this chapter shall be construed to alter existing
52 territorial agreements ~~as~~ between the parties to such
53 agreements.

54 (f)~~(e)~~ To resolve, upon petition of a utility or on its
55 own motion, any territorial dispute involving service areas
56 between and among rural electric cooperatives, municipal
57 electric utilities, and other electric utilities under its
58 jurisdiction. In resolving territorial disputes, the commission
59 may consider, but not be limited to consideration of, the
60 ability of the utilities to expand services within their own
61 capabilities and the nature of the area involved, including
62 population, the degree of urbanization of the area, its
63 proximity to other urban areas, and the present and reasonably
64 foreseeable future requirements of the area for other utility
65 services.

66 (g)~~(f)~~ To prescribe and require the filing of periodic
67 reports and other data as may be reasonably available and as
68 necessary to exercise its jurisdiction hereunder.

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70 No provision of this chapter shall be construed or applied to
71 impede, prevent, or prohibit any municipally owned electric
72 utility system from distributing at retail electrical energy
73 within its corporate limits, as such corporate limits exist on
74 July 1, 1974; however, existing territorial agreements shall not
75 be altered or abridged hereby.

HB 1043

2017

76 | Section 2. This act shall take effect July 1, 2017. |