

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; prohibiting the commission from approving
 10 natural gas reserve investments for cost recovery or
 11 costs to operate and maintain the investment under
 12 certain circumstances; requiring the commission to
 13 adopt rules by a specified date to determine the
 14 prudence of such investments; providing an effective
 15 date.

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

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 19 Section 1. Subsection (2) of section 366.04, Florida
 20 Statutes, is amended to read:

21 366.04 Jurisdiction of commission.—

22 (2) In the exercise of its jurisdiction, the commission
 23 has ~~shall have~~ power over electric utilities for the following
 24 purposes:

25 (a) To prescribe uniform systems and classifications of

26 | accounts.

27 | (b) To prescribe a rate structure for all electric
28 | utilities.

29 | (c) To require electric power conservation and reliability
30 | within a coordinated grid, for operational as well as emergency
31 | purposes.

32 | (d) To approve cost recovery through an adjustment clause
33 | for an electric utility's prudent investments in natural gas
34 | reserves, including a rate of return, and prudently incurred
35 | expenses associated with such investments, if the utility
36 | generates at least 65 percent of its electricity using natural
37 | gas. To determine the prudence of natural gas reserve
38 | investments, the commission shall adopt rules by December 31,
39 | 2017, to require that:

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

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

48 | 3. Each natural gas reserve investment be made in gas
49 | reserve projects where at least 50 percent of the wells in the
50 | projects are classified as proved oil and gas reserves by the

51 Securities and Exchange Commission.

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53 The commission may not approve an electric utility's natural gas
54 reserve investment, including a rate of return, for cost
55 recovery over the life of the investment if it determines the
56 investment is imprudent, and it may not approve recovery of
57 costs to operate and maintain the investment if it determines
58 the costs are unreasonable.

59 (e)~~(d)~~ To approve territorial agreements between and among
60 rural electric cooperatives, municipal electric utilities, and
61 other electric utilities under its jurisdiction. However,
62 nothing in this chapter shall be construed to alter existing
63 territorial agreements ~~as~~ between the parties to such
64 agreements.

65 (f)~~(e)~~ To resolve, upon petition of a utility or on its
66 own motion, any territorial dispute involving service areas
67 between and among rural electric cooperatives, municipal
68 electric utilities, and other electric utilities under its
69 jurisdiction. In resolving territorial disputes, the commission
70 may consider, but not be limited to consideration of, the
71 ability of the utilities to expand services within their own
72 capabilities and the nature of the area involved, including
73 population, the degree of urbanization of the area, its
74 proximity to other urban areas, and the present and reasonably
75 foreseeable future requirements of the area for other utility

76 services.

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

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

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