

By Senator Bean

4-01107A-17

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1                   A bill to be entitled  
2       An act relating to utility investments in gas  
3       reserves; amending s. 366.04, F.S.; revising the  
4       jurisdiction of the Public Service Commission over  
5       public utilities to include the approval of cost  
6       recovery for certain gas reserve investments;  
7       requiring the commission to adopt, by rule, standards  
8       by which it will determine the prudence of such  
9       investments; providing an effective date.

10  
11 Be It Enacted by the Legislature of the State of Florida:

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13       Section 1. Present paragraphs (d), (e), and (f) of  
14       subsection (2) of section 366.04, Florida Statutes, are  
15       redesignated as paragraphs (e), (f), and (g), respectively, and  
16       a new paragraph (d) is added to that subsection, to read:

17       366.04 Jurisdiction of commission.—

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

21       (d) To approve cost recovery by adjustment clause for a  
22       utility's prudent investments, including rate of return, and for  
23       prudently incurred expenses associated with such investments, in  
24       natural gas reserves if the utility has at least 65 percent  
25       natural-gas-fueled generation. The commission shall adopt by  
26       rule no later than December 31, 2017, standards by which it will  
27       determine the prudence of such gas reserve investments. The  
28       standards must require, at minimum, all of the following:

29       1. Each natural gas reserve investment is projected to

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30 generate savings for customers over the life of the investment.

31 2. The total volume of natural gas produced from all of a  
32 utility's natural gas reserve investments must not exceed the  
33 following percentages of the utility's average projected daily  
34 burn of natural gas:

35 a. 7.5 percent in 2018;

36 b. 10 percent in 2019;

37 c. 12.5 percent in 2020; and

38 d. 15 percent in 2021 and thereafter.

39 3. Each investment must be made in natural gas projects  
40 that have at least 50 percent of the wells within the project  
41 classified as proved gas reserves by the Securities and Exchange  
42 Commission.

43  
44 No provision of this chapter shall be construed or applied to  
45 impede, prevent, or prohibit any municipally owned electric  
46 utility system from distributing at retail electrical energy  
47 within its corporate limits, as such corporate limits exist on  
48 July 1, 1974; however, existing territorial agreements shall not  
49 be altered or abridged hereby.

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