

By the Committees on Infrastructure and Security; and Innovation, Industry, and Technology; and Senators Gruters, Bracy, Montford, and Broxson

596-03300-19

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1 A bill to be entitled
 2 An act relating to public utility storm protection
 3 plans; creating s. 366.96, F.S.; providing legislative
 4 findings; defining terms; requiring public utilities
 5 to individually submit to the Public Service
 6 Commission, for review and approval, a transmission
 7 and distribution storm protection plan; requiring
 8 utilities to update their respective plans on a
 9 specified basis; requiring the commission to approve
 10 or modify submitted plans within a specified
 11 timeframe, taking into consideration specified
 12 factors; requiring the commission to conduct an annual
 13 proceeding to allow utilities to justify and recover
 14 certain costs through a storm protection cost recovery
 15 clause; providing that a party may challenge the
 16 prudence of certain costs; providing that utilities
 17 may not include certain costs in their base rates;
 18 providing for the allocation of such costs;
 19 authorizing utilities to recover depreciation on
 20 certain capital costs through the recovery clause;
 21 requiring the commission to adopt rules; providing an
 22 effective date.

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

26 Section 1. Section 366.96, Florida Statutes, is created to
 27 read:

28 366.96 Storm protection plan cost recovery.-
 29 (1) The Legislature finds that:

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30 (a) During extreme weather conditions, high winds can cause
31 vegetation and debris to blow into and damage electrical
32 transmission and distribution facilities, resulting in power
33 outages.

34 (b) A majority of the power outages that occurred during
35 the recent extreme weather conditions in the state were caused
36 by vegetation blown by the wind.

37 (c) It is in the public interest to promote overhead
38 hardening of electrical transmission and distribution
39 facilities, the undergrounding of certain electrical
40 distribution lines, and vegetation management in this state.

41 (d) Protecting and strengthening transmission and
42 distribution electric utility infrastructure from extreme
43 weather conditions will reduce restoration costs and outage
44 times to customers and improve overall service reliability for
45 customers.

46 (e) When considering costs, reliability, storm protection
47 and restoration, and the public convenience, it is in the
48 state's best interest that utilities focus primarily on
49 distribution laterals when undergrounding electric distribution
50 lines.

51 (f) It is in the public interest for each utility to
52 mitigate additional costs to utility customers when developing
53 transmission and distribution storm hardening plans.

54 (g) All customers benefit from the reduced costs of storm
55 restoration.

56 (2) As used in this section, the term:

57 (a) "Public utility" or "utility" has the same meaning as
58 in s. 366.02(1), except that this section does not apply to a

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59 gas utility.

60 (b) "Transmission and distribution storm protection plan"
61 or "plan" means a plan for the overhead hardening of electric
62 transmission and distribution facilities, undergrounding of
63 electric distribution facilities, and vegetation management.

64 (c) "Transmission and distribution storm protection plan
65 costs" means the reasonable and prudent costs to implement an
66 approved transmission and distribution storm protection plan.

67 (d) "Vegetation management" means the actions a public
68 utility takes to prevent or curtail vegetation from interfering
69 with public utility infrastructure. The term includes the mowing
70 of vegetation, application of herbicides, trimming of trees, and
71 removal of trees or brush near and around electric transmission
72 and distribution facilities.

73 (3) Each public utility shall file for commission review, a
74 transmission and distribution storm protection plan that covers
75 the utility's immediate 10-year planning period. The commission
76 must approve or modify the plan within 6 months after the public
77 utility files the plan with the commission. The commission must
78 give due consideration to all of the following:

79 (a) Whether the plan enhances reliability, strengthens
80 infrastructure, and reduces restoration costs and outage times
81 in a prudent, practical, and cost-efficient manner, including
82 whether the plan prioritizes areas of lower reliability
83 performance.

84 (b) Whether storm protection of transmission and
85 distribution infrastructure is feasible, reasonable, or
86 practical in certain areas of the utility's service territory,
87 including in flood zones and rural areas.

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88 (c) The estimated rate impact that will result from the
89 implementation of the public utility's proposed transmission and
90 distribution storm protection plan during the first 3 years
91 addressed in the plan.

92 (4) Each public utility must submit an updated transmission
93 and distribution storm protection plan at least every 3 years
94 after commission approval of its most recent plan. The
95 commission shall approve or modify each updated plan pursuant to
96 the criteria set forth in subsection (3).

97 (5) After a storm protection plan has been approved, costs
98 to implement the plan are not subject to challenge unless the
99 commission finds that certain costs were imprudently incurred.
100 Proceeding with actions to implement the plan does not
101 constitute and is not evidence of imprudence. The commission
102 shall conduct an annual proceeding to allow a public utility to
103 recover prudently incurred transmission and distribution storm
104 protection plan costs through a storm protection cost recovery
105 clause. Once the commission determines that the costs were
106 prudently incurred, the costs are not subject to disallowance or
107 further prudence review, except for situations involving fraud,
108 perjury, or the intentional withholding of key information by
109 the public utility.

110 (6) The annual transmission and distribution storm
111 protection plan costs recoverable through the storm protection
112 cost recovery clause do not include costs recovered through the
113 public utility's base rates and must be allocated to customer
114 classes pursuant to the rate design most recently approved by
115 the commission.

116 (7) If a capital expenditure cost is recoverable through a

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117 storm protection cost recovery clause, the public utility may
118 recover the annual depreciation on such cost, calculated at the
119 public utility's current approved depreciation rates, and a
120 return on the undepreciated balance of the costs calculated at
121 the public utility's weighted average cost of capital using the
122 return on equity last approved by the commission in a rate case
123 or settlement order.

124 (8) The commission shall adopt rules to implement and
125 administer this section.

126 Section 2. This act shall take effect July 1, 2019.