

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

576-04170-19

2019796c3

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 utilities may not include
16 certain costs in their base rates; providing for the
17 allocation of such costs; authorizing utilities to
18 recover depreciation on certain capital costs through
19 the recovery clause; requiring the commission to adopt
20 rules; requiring the commission to propose a rule for
21 adoption within a specified timeframe; providing a
22 directive to the Division of Law Revision; providing
23 appropriations and authorizing positions; providing an
24 effective date.

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

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28 Section 1. Section 366.96, Florida Statutes, is created to
29 read:

576-04170-19

2019796c3

30 366.96 Storm protection plan cost recovery.-

31 (1) The Legislature finds that:

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

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

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

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

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

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

56 (g) All customers benefit from the reduced costs of storm
57 restoration.

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

576-04170-19

2019796c3

59 (a) "Public utility" or "utility" has the same meaning as
60 "public utility" in s. 366.02(1), except that this section does
61 not apply to a gas utility.

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

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

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

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

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

87 (b) Whether storm protection of transmission and

576-04170-19

2019796c3

88 distribution infrastructure is feasible, reasonable, or
89 practical in certain areas of the utility's service territory,
90 including in flood zones and rural areas.

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

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

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

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

576-04170-19

2019796c3

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

125 (8) The commission shall adopt rules to implement and
126 administer this section, and shall propose a rule for adoption
127 as soon as practicable after the effective date of this act, but
128 not later than October 31, 2019.

129 Section 2. The Division of Law Revision is directed to
130 replace the phrase "the effective date of this act" wherever it
131 occurs in this act with the date this act becomes a law.

132 Section 3. For the 2019-2020 fiscal year, the sums of
133 \$261,270 in recurring funds and \$15,020 in nonrecurring funds
134 from the Regulatory Trust Fund are appropriated to the Public
135 Service Commission, and four full-time equivalent positions with
136 an associated salary rate of 180,583 are authorized for the
137 purpose of implementing this act.

138 Section 4. This act shall take effect upon becoming a law.