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LEGISLATIVE ACTION

Senate

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House

The Committee on Regulated Industries (Gaetz) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Subsection (1) of section 350.01, Florida
Statutes, is amended to read:

350.01 Florida Public Service Commission; terms of
commissioners; vacancies; election and duties of chair; quorum;
proceedings; public records and public meetings exemptions.—

(1) The Florida Public Service Commission shall be composed



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11 ~~consist~~ of seven ~~five~~ commissioners appointed pursuant to s.
12 350.031. One member must be a certified public accountant, and
13 one member must be a chartered financial analyst.

14 Section 2. Section 350.0615, Florida Statutes, is created
15 to read:

16 350.0615 Public Counsel; requirement to negotiate.—For
17 proceedings before the commission in which the Public Counsel is
18 participating as a party, any other group of parties to the
19 proceeding, before presenting a settlement of the proceeding to
20 the commission, must negotiate in good faith with the Public
21 Counsel the terms of such settlement.

22 Section 3. Section 350.129, Florida Statutes, is created to
23 read:

24 350.129 Orders of the Florida Public Service Commission.—
25 (1) All orders issued by the commission must contain
26 adequate support and rationale for the commission's conclusions,
27 including the specific facts and factors on which the
28 conclusions are based. While the commission may make conclusions
29 based upon the public interest, it shall specify in its orders a
30 rationale for such conclusions.

31 (2) For commission orders that affect substantial interests
32 pursuant to s. 120.569, when issuing an order accepting or
33 denying a settlement agreement reached by any of the parties to
34 a proceeding, all of the following requirements apply:

35 (a) The commission shall provide a reasoned explanation,
36 citing the specific facts and factors on which it relied. The
37 commission shall provide in its order a discussion of the major
38 elements of the settlement and a rationale for its conclusions.

39 (b) The Public Counsel is not a required party to such a



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40 settlement. However, the commission may not approve a settlement
41 presented by parties that have not negotiated the terms of such
42 settlement in good faith with the Public Counsel.

43 Section 4. Section 350.130, Florida Statutes, is created to
44 read:

45 350.130 Intervention into commission proceedings.—Persons
46 other than the original parties to a pending commission
47 proceeding, whose substantial interest will be affected by the
48 commission proceeding and who desire to become parties to the
49 proceeding, may make a motion to the commission for leave to
50 intervene in the proceeding pursuant to chapter 120.

51 (1) Any trade, professional, or similar association seeking
52 to intervene in a commission proceeding on the basis of the
53 impact of such proceeding on the association's membership must
54 include in such motion the nature of the association's
55 membership, the manner in which such membership will be
56 substantially impacted by the proceeding, and the number and
57 percentage of total members who will be substantially impacted
58 by the proceeding.

59 (2) In order to avoid any unnecessary rate case expense
60 resulting from a party participating in a proceeding in which it
61 does not have standing, the commission shall rule on any
62 challenge to a party's intervention in a proceeding on the basis
63 of standing on a timely basis and, at minimum, within 30 days
64 after receiving such challenge.

65 Section 5. Section 350.131, Florida Statutes, is created to
66 read:

67 350.131 Affordability.—The commission must consider and
68 address affordability in any proceeding before it that has the



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potential to impact utility rates.

Section 6. Present subsection (4) of section 366.06, Florida Statutes, is redesignated as subsection (5), a new subsection (4) is added to that section, and subsections (1) and (2) of that section are amended, to read:

366.06 Rates; procedure for fixing and changing.—

(1) A public utility shall not, directly or indirectly, charge or receive any rate not on file with the commission for the particular class of service involved, and no change shall be made in any schedule. All applications for changes in rates shall be made to the commission in writing under rules and regulations prescribed, and the commission shall have the authority to determine and fix affordable, fair, just, and reasonable rates that may be requested, demanded, charged, or collected by any public utility for its service. Any application for a change in rates which also includes a request for a change in return on equity must be made according to the schedule and procedure established by the commission pursuant to s. 366.07.

The commission shall investigate and determine the actual legitimate costs of the property of each utility company, actually used and useful in the public service, and shall keep a current record of the net investment of each public utility company in such property which value, as determined by the commission, shall be used for ratemaking purposes and shall be the money honestly and prudently invested by the public utility company in such property used and useful in serving the public, less accrued depreciation, and shall not include any goodwill or going-concern value or franchise value in excess of payment made therefor. In fixing affordable, fair, just, and reasonable rates



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for each customer class, the commission shall, to the extent practicable, consider the cost of providing service to the class, as well as the rate history, value of service, and experience of the public utility; the consumption and load characteristics of the various classes of customers; and public acceptance of rate structures.

(2) Whenever the commission finds, upon request made or upon its own motion, that the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unaffordable, unjust, unreasonable, unjustly discriminatory, or in violation of law; that such rates are insufficient to yield reasonable compensation for the services rendered; that such rates yield excessive compensation for services rendered; or that such service is inadequate or cannot be obtained, the commission shall order and hold a public hearing, giving notice to the public and to the public utility, and shall thereafter determine affordable, just, and reasonable rates to be thereafter charged for such service and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used. Any request made by a public utility pursuant to this section which involves a request for a change in return on equity must be made according to the schedule and procedure established by the commission pursuant to s. 366.07.

(4) In setting and evaluating the return on equity for a public utility as part of a rate proceeding:

(a) Any financial model used by the commission must be:

1. Financially logical; and



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127 2. Generally used and accepted by finance practitioners
128 both within and outside of the regulated utility industry; and
129 (b) The commission shall specifically consider and address
130 the financial benefits and the reduction in regulatory, weather,
131 disaster, and general financial risk to the public utility
132 provided by all of the following which are relevant to the
133 public utility:
134 1. Environmental cost recovery under s. 366.8255.
135 2. Storm-recovery financing under s. 366.8260.
136 3. Interim storm-recovery cost recovery under s. 366.8261.
137 4. Cost recovery for the siting, design, licensing, and
138 construction of nuclear and integrated gasification combined
139 cycle power plants under s. 366.93.
140 5. Financing for certain nuclear generating asset
141 retirement or abandonment costs under s. 366.95.
142 6. Storm protection plan cost recovery under s. 366.96.
143 7. Public utility liability arising out of emergencies and
144 disasters under s. 366.98.
145 8. Natural gas facilities relocation costs under s. 366.99.
146 Section 7. Section 366.07, Florida Statutes, is amended to
147 read:
148 366.07 Rates; adjustment.—
149 (1) Whenever the commission, after public hearing either
150 upon its own motion or upon complaint, shall find the rates,
151 rentals, charges or classifications, or any of them, proposed,
152 demanded, observed, charged or collected by any public utility
153 for any service, or in connection therewith, or the rules,
154 regulations, measurements, practices or contracts, or any of
155 them, relating thereto, are unaffordable, unjust, unreasonable,



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insufficient, excessive, or unjustly discriminatory or preferential, or in anywise in violation of law, or any service is inadequate or cannot be obtained, the commission shall determine and by order fix the affordable, fair, and reasonable rates, rentals, charges or classifications, and reasonable rules, regulations, measurements, practices, contracts or service, to be imposed, observed, furnished or followed in the future.

(2) The commission shall establish a schedule by which requests for changes to a public utility's return on equity may be submitted to the commission by each public utility. The commission may not accept a request from a public utility to modify its return on equity outside of this established schedule, except as provided in subsection (3).

(3) A public utility may petition the commission to deviate from the return on equity revision schedule established by the commission under subsection (2). The commission shall grant such petition if:

(a) The public utility's rates are insufficient to yield reasonable compensation for the services it is rendering;

(b) This insufficiency is due to circumstances that are outside of the control of the public utility; and

(c) Such circumstances were not reasonably foreseeable by the public utility during the last proceeding in which its return on equity was approved by the commission.

(4) The commission shall adopt rules to implement this section.

Section 8. Section 366.077, Florida Statutes, is created to read:



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185 366.077 Report on rates.—The commission shall submit an
186 annual report to the Governor and the Legislature by March 1.

187 (1) The report must include all of the following:

188 (a) An investigation of contemporary economic analyses
189 related to rate changes in this state.

190 (b) An analysis of potential cost impacts to utility
191 customers in this state if excess returns on equity have
192 occurred and, if such excess returns have not occurred at a
193 significant rate, any resulting cost savings to such customers.

194 (c) An analysis of returns on equity models presented by
195 public utilities and used by the commission to determine
196 approved returns on equity for public utilities in this state.
197 Such analysis must:

198 1. Compare models used by federal agencies and other state
199 utility regulatory bodies with those used by the commission;

200 2. Determine whether the models used are generally
201 financially logical; and

202 3. Determine whether the models used comport with generally
203 accepted economic theory both inside and outside of the utility
204 industry.

205 (d) An assessment of long-term impacts, including the
206 economic repercussions of rising rates of returns on equity, to
207 utilities and their future customers.

208 (e) A summary providing detailed information regarding the
209 compensation of the executive officers of each public utility
210 providing service to the residents of this state, or the
211 executive officers of a public utility's affiliated companies or
212 parent company. Such information must include, but need not be
213 limited to, salaries, benefits, stock options, bonuses, stock



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buybacks, and other taxable payments, expressed both as dollar amounts and as a percentage of the entity's total revenue. The summary must include the profits and losses of each entity as reported in its financial statements and highlight any compensation that exceeds the industry average. The commission shall also include any rationale provided by a public utility justifying compensation exceeding the industry average and, for each public utility, an explanation as to the manner in which specific data gathered during the compiling of information informed the commission's decisions on the public utility's rate change requests.

(2) The report must provide benchmarking, comparing public utilities providing service to the residents of this state with public utilities providing service to the residents of other states, and include commentary on all findings.

Section 9. Section 366.8261, Florida Statutes, is created to read:

366.8261 Interim storm-recovery cost.—

(1) As used in this section, the term:

(a) "Electric utility" has the same meaning as in s. 366.8255.

(b) "Storm" has the same meaning as in s. 366.8260.

(c) "Storm-recovery charge" has the same meaning as in s. 366.8260.

(d) "Storm-recovery costs" has the same meaning as in s. 366.8260.

(2) The commission shall permit an electric utility to implement a storm-recovery charge to recover reasonably estimated storm-recovery costs within 60 days after filing a



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petition with the commission for the recovery from one or more storms, subject to all of the following conditions:

(a) Such charge must be on an interim basis. The commission's approval of interim storm-recovery costs and a related storm-recovery charge must be on a preliminary basis and is subject to refund pending further review once the total actual storm-recovery costs are known. After the actual costs are reviewed for prudence and reasonableness and are compared to the actual amount recovered through the interim storm-recovery charge, the commission shall determine whether any over or under recovery has occurred. The disposition of any over or under recovery, and associated interest, must be considered by the commission at a separate true-up proceeding.

(b) Storm-recovery costs may not include any expenses already being recovered by the utility in its base rates.

(c) The commission may require a utility to secure funds collected pursuant to this section to ensure timely refund to customers in the event of over recovery.

(3) In approving an application for interim storm-recovery costs pursuant to subsection (2), the commission shall also establish a recovery period for such interim costs. This recovery period shall be based upon a reasonable balancing of all of the following factors:

(a) The financial impact of the length of the recovery period on the utility.

(b) Timeliness of recovery.

(c) Affordability to ratepayers.

(d) Avoiding sudden substantial bill increases to ratepayers.



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(4) Funds collected pursuant to this section are subject to true-up. The commission shall require that any refund to or additional collection from ratepayers made as a part of the true-up include interest.

(5) Nothing in this section shall be construed to prevent a public utility from applying for, or the commission approving, storm-recovery financing pursuant to s. 366.8260.

(6) The commission shall adopt rules to implement this section as soon as practicable, but no later than January 1, 2027.

Section 10. Paragraph (a) of subsection (2) and subsection (3) of section 367.081, Florida Statutes, are amended to read:

367.081 Rates; procedure for fixing and changing.—

(2)(a)1. The commission shall, either upon request or upon its own motion, fix rates which are affordable, just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the commission shall consider the value and quality of the service and the cost of providing the service, which shall include, but not be limited to, debt interest; the requirements of the utility for working capital; maintenance, depreciation, tax, and operating expenses incurred in the operation of all property used and useful in the public service; and a fair return on the investment of the utility in property used and useful in the public service. However, the commission shall not allow the inclusion of contributions-in-aid-of-construction in the rate base of any utility during a rate proceeding, nor shall the commission impute prospective future contributions-in-aid-of-construction against the utility's investment in property used and useful in the public



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service; and accumulated depreciation on such contributions-in-aid-of-construction shall not be used to reduce the rate base, nor shall depreciation on such contributed assets be considered a cost of providing utility service.

2. For purposes of such proceedings, the commission shall consider utility property, including land acquired or facilities constructed or to be constructed within a reasonable time in the future, not to exceed 24 months after the end of the historic base year used to set final rates unless a longer period is approved by the commission, to be used and useful in the public service, if:

a. Such property is needed to serve current customers;

b. Such property is needed to serve customers 5 years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) at a growth rate for equivalent residential connections not to exceed 5 percent per year; or

c. Such property is needed to serve customers more than 5 full years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) only to the extent that the utility presents clear and convincing evidence to justify such consideration.

Notwithstanding the provisions of this paragraph, the commission shall approve rates for service which allow a utility to recover from customers the full amount of environmental compliance costs. Such rates may not include charges for allowances for funds prudently invested or similar charges. For purposes of this requirement, the term "environmental compliance costs"



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includes all reasonable expenses and fair return on any prudent investment incurred by a utility in complying with the requirements or conditions contained in any permitting, enforcement, or similar decisions of the United States Environmental Protection Agency, the Department of Environmental Protection, a water management district, or any other governmental entity with similar regulatory jurisdiction.

(3) The commission, in fixing rates, may determine the prudent cost of providing service during the period of time the rates will be in effect following the entry of a final order relating to the rate request of the utility and may use such costs to determine the revenue requirements that will allow the utility to earn a fair rate of return on its rate base. Any financial model used by the commission in setting and evaluating the return on equity for a utility as part of a proceeding fixing rates must be:

(a) Financially logical; and

(b) Generally used and accepted by finance practitioners both within and outside of the regulated utility industry.

Section 11. Paragraph (b) of subsection (5) of section 377.814, Florida Statutes, is amended to read:

377.814 Municipal Solid Waste-to-Energy Program.—

(5) FUNDING.—

(b) Funds awarded under the grant programs set forth in this section may not be used to support, subsidize, or enable the sale of electric power generated by a municipal solid waste-to-energy facility to any small electric utility eligible to petition the commission under s. 366.06(5) ~~s. 366.06(4)~~.

Section 12. This act shall take effect July 1, 2026.



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===== T I T L E A M E N D M E N T =====

And the title is amended as follows:

Delete everything before the enacting clause
and insert:

A bill to be entitled
An act relating to the Florida Public Service
Commission; amending s. 350.01, F.S.; revising the
membership of the Florida Public Service Commission;
creating s. 350.0615, F.S.; requiring a group of
parties to certain proceedings to negotiate the terms
of a settlement with the Public Counsel before
presenting such settlement to the commission; creating
s. 350.129, F.S.; requiring that orders issued by the
commission contain adequate support and rationale for
any conclusions made by the commission; requiring the
commission to provide an explanation and a discussion
of major elements and rationale of the settlement when
the commission issues an order accepting or denying
certain settlement agreements; providing that the
Public Counsel is not a required party to any such
settlements; prohibiting the commission from approving
certain settlements that are not negotiated with the
Public Counsel; creating s. 350.130, F.S.; authorizing
certain persons to make a motion to intervene in a
pending commission proceeding; providing requirements
for an association's motion to intervene in certain
commission proceedings; requiring the commission to
make certain rulings in a specified timeframe to avoid
certain expenses; creating s. 350.131, F.S.; requiring



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the commission to consider and address the
affordability of proceedings that have certain
potential impacts; amending s. 366.06, F.S.;
authorizing the commission to fix affordable, in
addition to fair, just, and reasonable, rates;
requiring that certain applications for changes in
rates be made according to a certain schedule and
procedure; requiring that certain requests for a
change in return on equity be made according to a
certain schedule and procedure; conforming provisions
to changes made by the act; providing requirements for
any financial model used by the commission to set and
evaluate the return on equity for a public utility;
requiring the commission to consider and address
certain financial benefits and reductions of certain
risks provided by specified cost financing systems or
other processes when setting and evaluating the return
on equity for a public utility; amending s. 366.07,
F.S.; conforming provisions to changes made by the
act; requiring the commission to establish a schedule
by which requests for changes to a public utility's
return on equity may be submitted to the commission by
each public utility company; prohibiting the
commission from accepting certain requests from a
public utility to modify its return on equity outside
of its schedule; providing an exception; authorizing a
public utility to petition the commission to deviate
from the return on equity revision schedule; requiring
the commission to grant the petition under certain



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circumstances; requiring the commission to adopt rules; creating s. 366.077, F.S.; requiring the commission to provide a report to the Governor and the Legislature by a specified date annually; providing requirements for the report; creating s. 366.8261, F.S.; defining terms; requiring the commission to permit an electric utility to implement a certain charge within a specified timeframe after the electric utility files a certain petition, subject to specified conditions; requiring the commission to establish a recovery period for interim storm-recovery costs, based upon a reasonable balancing of certain factors; subjecting certain funds to true-up; providing construction; requiring the commission to adopt rules; amending s. 367.081, F.S.; providing requirements for financial models used by the commission in setting and evaluating the return on equity for a utility; conforming provisions to changes made by the act; amending s. 377.814, F.S.; conforming a cross-reference; providing an effective date.