

**By Senator Smith**

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A bill to be entitled  
An act relating to the Florida Public Service Commission; amending s. 366.03, F.S.; providing legislative findings; requiring the commission to implement specified measures to improve transparency and accountability; amending s. 366.041, F.S.; requiring the commission to ensure that public utilities do not recover certain costs from ratepayers regardless of whether such costs take a specified form; authorizing the commission to adopt rules; requiring the commission, upon a certain determination, to order a utility to refund certain amounts plus interest to customers; authorizing the commission to assess certain penalties; providing requirements for such penalties; providing for relief; amending s. 366.06, F.S.; requiring the commission to ensure that the allowable return on equity for public utilities does not exceed certain metrics; amending s. 366.07, F.S.; requiring that certain cost-tracking mechanisms for a public utility to recover changes in electric supply costs provide a specified cost-sharing structure; amending s. 366.81, F.S.; providing a legislative directive to the commission to adopt certain rules and measures; providing requirements for such rules; making technical changes; amending s. 377.814, F.S.; conforming a cross-reference; providing an effective date.

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

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Section 1. Section 366.03, Florida Statutes, is amended to read:

33 366.03 General duties of public utility; transparency and  
34 accountability.-35 (1) Each public utility shall furnish to each person  
36 applying therefor reasonably sufficient, adequate, and efficient  
37 service upon terms as required by the commission. A ~~No~~ public  
38 utility is not ~~shall~~ be required to furnish electricity or gas  
39 for resale except that a public utility may be required to  
40 furnish gas for containerized resale. All rates and charges  
41 made, demanded, or received by any public utility for any  
42 service rendered, or to be rendered by it, and each rule and  
43 regulation of such public utility, must ~~shall~~ be fair and  
44 reasonable. A ~~No~~ public utility may not ~~shall~~ make or give any  
45 undue or unreasonable preference or advantage to any person or  
46 locality, or subject the same to any undue or unreasonable  
47 prejudice or disadvantage in any respect.48 (2) The Legislature finds that transparency and  
49 accountability in the form of clear reporting, accessible public  
50 hearings, and strong disclosure standards bolster the public  
51 trust in public utilities and ensure that decisions are made in  
52 the best interest of all residents. The commission shall  
53 implement measures to improve transparency and accountability by  
54 providing, at a minimum, all of the following:55 (a) At least one in-person public service hearing per every  
56 250,000 customers, held in a reasonable location near those  
57 customers, or at least one in-person public service hearing held  
58 in each county where the public utility provides service, if the

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59 county has fewer than 250,000 residents.

60 (b) Public access to information regarding the compensation  
61 of the executive officers of each public utility providing  
62 service, or the compensation of the executive officers of a  
63 public utility's subsidiaries.

64 Section 2. Section 366.041, Florida Statutes, is amended to  
65 read:

66 366.041 Rate fixing; adequacy of facilities as criterion; cost  
67 recovery prohibitions.—

68 (1) In fixing the just, reasonable, and compensatory rates,  
69 charges, fares, tolls, or rentals to be observed and charged for  
70 service within this ~~the~~ state by ~~any~~ and all public utilities  
71 under its jurisdiction, the commission is authorized to give  
72 consideration, among other things, to the efficiency,  
73 sufficiency, and adequacy of the facilities provided and the  
74 services rendered; the cost of providing such service and the  
75 value of such service to the public; the ability of the utility  
76 to improve such service and facilities; and energy conservation  
77 and the efficient use of alternative energy resources; provided  
78 that a ~~no~~ public utility is not ~~shall~~ be denied a reasonable  
79 rate of return upon its rate base in any order entered pursuant  
80 to such proceedings. In its consideration thereof, the  
81 commission has ~~shall~~ have authority, and it is ~~shall~~ be the  
82 commission's duty, to hear service complaints, if any, that may  
83 be presented by subscribers and the public during any  
84 proceedings involving such rates, charges, fares, tolls, or  
85 rentals; however, ~~no~~ service complaints may not ~~shall~~ be taken  
86 up or considered by the commission at any proceeding ~~proceedings~~  
87 involving rates, charges, fares, tolls, or rentals unless the

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88 utility has been given at least 30 days' written notice thereof,  
89 and any proceeding may be extended, before prior to final  
90 determination, for such period; further, an no order hereunder  
91 is not shall be made effective until a reasonable time has been  
92 given for the utility involved to correct the cause of service  
93 complaints, considering the factor of growth in the community  
94 and availability of necessary equipment.

95 (2) The power and authority herein conferred upon the  
96 commission does shall not cancel or amend any existing punitive  
97 powers of the commission but is shall be supplementary thereto  
98 and must shall be construed liberally to further the legislative  
99 intent that adequate service be rendered by public utilities in  
100 this the state in consideration for the rates, charges, fares,  
101 tolls, and rentals fixed by said commission and observed by such  
102 said utilities under its jurisdiction.

103 (3) The term "public utility" as used herein means all  
104 persons or corporations which the commission has the authority,  
105 power, and duty to regulate for the purpose of fixing rates and  
106 charges for services rendered and requiring the rendition of  
107 adequate service.

108 (4) An No electric utility may not collect impact fees  
109 designed to recover capital costs in initiating new service  
110 unless the utility can demonstrate and the commission finds that  
111 such fees are fair, just, and reasonable and are collected from  
112 the ultimate utility customer of record at such time as or after  
113 permanent electric service is provided. This prohibition does  
114 shall not apply to underground electric distribution lines or  
115 line extension charges collected pursuant to approved tariffs.

116 (5) The commission shall ensure that public utilities do

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117 not recover any of the following costs from ratepayers, whether  
118 as part of the proposed base rate costs, a rider, or other  
119 charges:

120 (a) More than 50 percent of annual total compensation or of  
121 expense reimbursement for commissioners.

122 (b) Tax penalties or fines issued against the public  
123 utility.

124 (c) Investor-relations expenses.

125 (d) Advertising or public relations expenses that do not  
126 directly relate to a purpose or program that is required or  
127 authorized under law or commission rule or order. Such expenses  
128 include any of the following:

129 1. Communications to promote the public utility's brand.

130 2. Expenses related to lobbying or other activities meant  
131 to influence the outcome of legislation.

132 (e) Organizational or membership dues, or other  
133 contributions, to any organization, association, institution,  
134 corporation, or other entity that engages in lobbying or similar  
135 activities intended to influence the outcome of any local,  
136 state, or federal legislation, ordinance, resolution, rule,  
137 ballot measure, or other regulatory decision, including, but not  
138 limited to, business or industry trade associations.

139 (f) Any amount expended to compensate attorneys or  
140 technical experts, who are not public utility company staff, to  
141 prepare and litigate a general rate case filing. The commission  
142 shall adopt rules for determining whether additional costs  
143 associated with rate case filings are recoverable.

144 (6) (a) If the commission determines that a utility  
145 improperly recovered costs pursuant to subsection (5), the

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146 commission must order the utility to refund the amount  
147 improperly recovered, plus interest, to customers. Upon such  
148 determination, the commission may also assess a nonrecoverable  
149 penalty against the utility. The penalty may not exceed the  
150 greater of the following:

151 1. Three times the amount of the expenditure made in  
152 violation of paragraph (5)(a).

153 2. A fine of \$5,000 per violation of paragraph (5)(a) or  
154 paragraph (5)(b), which may be inflation-adjusted annually.

155 (b) If the commission determines that a utility, or any of  
156 its subsidiaries, has violated any provision of this section,  
157 the commission may refer the case to the Attorney General. The  
158 Attorney General may bring action to obtain any appropriate  
159 relief.

160 Section 3. Present subsection (4) of section 366.06,  
161 Florida Statutes, is redesignated as subsection (5), and a new  
162 subsection (4) is added to that section, to read:

163 366.06 Rates; procedure for fixing and changing.—

164 (4) The commission shall ensure that the allowable return  
165 on equity for public utilities does not exceed the national  
166 average authorized return on equity for comparable public  
167 utilities across the country.

168 Section 4. Section 366.07, Florida Statutes, is amended to  
169 read:

170 366.07 Rates; adjustment.—

171 (1) Whenever the commission, after public hearing either  
172 upon its own motion or upon complaint, finds that any of shall  
173 find the rates, rentals, charges, or classifications, or any of  
174 them, proposed, demanded, observed, charged, or collected by any

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175 public utility for any service, or in connection therewith, or  
176 any of the rules, regulations, measurements, practices, or  
177 contracts, ~~or any of them~~, relating thereto, are unjust,  
178 unreasonable, insufficient, excessive, or unjustly  
179 discriminatory or preferential, or ~~in anywise~~ in violation of  
180 law, or any service is inadequate or cannot be obtained, the  
181 commission shall determine and by order fix the fair and  
182 reasonable rates, rentals, charges, or classifications, and  
183 reasonable rules, regulations, measurements, practices,  
184 contracts, or service, to be imposed, observed, furnished, or  
185 followed in the future.

186 (2) Any form of cost-tracking mechanism for a public  
187 utility to recover electricity supply costs must provide for a  
188 sharing of those costs whereby customers are responsible for not  
189 more than 80 percent of any cost and the public utility is  
190 responsible for not less than 20 percent of any cost, in  
191 accordance with s. 366.81(4)(a), (b) and (c).

192 Section 5. Section 366.81, Florida Statutes, is amended to  
193 read:

194 366.81 Legislative findings and intent.—

195 (1) The Legislature finds and declares that it is critical  
196 to use utilize the most efficient and cost-effective demand-side  
197 renewable energy systems and conservation systems in order to  
198 protect the health, prosperity, and general welfare of the state  
199 and its citizens. Reduction in, and control of, the growth rates  
200 of electric consumption and of weather-sensitive peak demand are  
201 of particular importance.

202 (2) The Legislature further finds that the Florida Public  
203 Service Commission is the appropriate agency to adopt goals and

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204 approve plans related to the promotion of demand-side renewable  
205 energy systems and the conservation of electric energy and  
206 natural gas usage.

207 (3) The Legislature directs the commission to develop and  
208 adopt overall goals, and authorizes the commission to require  
209 each utility to develop plans and implement programs for  
210 increasing energy efficiency and conservation and demand-side  
211 renewable energy systems within its service area, subject to the  
212 approval of the commission.

213 (4) The Legislature directs the commission to develop and  
214 adopt performance- and incentive-based rules, multiyear rate  
215 plans, and other regulatory mechanisms, to achieve fair, just,  
216 reasonable, and sufficient rates for electric utilities. The  
217 rules must:

218 (a) Align the financial incentives of an electric utility  
219 with the interests of the utility's customers regarding incurred  
220 fuel costs;

221 (b) Protect customers from the volatility of fuel costs and  
222 improve an electric utility's management of fuel costs;

223 (c) Ensure that the electric utilities provide their  
224 rationale for the metrics used to establish fuel costs;

225 (d) Establish performance incentives and penalty mechanisms  
226 that link an electric utility's return on equity to the  
227 achievement of performance metrics related to energy efficiency,  
228 grid reliability, and cost effectiveness;

229 (e) Require reduction of an electric utility's return on  
230 equity by 10 basis points per percent deviation upon such  
231 utility's failure to operate within a 10 percent margin of the  
232 annual national average for electricity consumption, as measured

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233 by the United States Energy Information Administration, through  
234 energy cost efficiency; and

235 (f) Provide guidelines for a 50-50 debt-to-equity ratio  
236 structure for electric utilities.

237 (5) Since solutions to this state's ~~our~~ energy problems are  
238 complex, the Legislature intends that the use of solar energy,  
239 renewable energy sources, highly efficient systems,  
240 cogeneration, and load-control systems be encouraged.  
241 Accordingly, in exercising its jurisdiction, the commission may  
242 ~~shall~~ not approve any rate or rate structure which discriminates  
243 against any class of customers on account of the use of such  
244 facilities, systems, or devices.

245 (6) This expression of legislative intent may ~~shall~~ not be  
246 construed to preclude experimental rates, rate structures, or  
247 programs.

248 (7) The Legislature further finds and declares that ss.  
249 366.80-366.83 and 403.519 must ~~are to~~ be liberally construed in  
250 order to meet the complex problems of reducing and controlling  
251 the growth rates of electric consumption and reducing the growth  
252 rates of weather-sensitive peak demand; increasing the overall  
253 efficiency and cost-effectiveness of electricity and natural gas  
254 production and use; encouraging further development of demand-  
255 side renewable energy systems; and conserving expensive  
256 resources, particularly petroleum fuels.

257 Section 6. Paragraph (b) of subsection (5) of section  
258 377.814, Florida Statutes, is amended to read:

259 377.814 Municipal Solid Waste-to-Energy Program.—

260 (5) FUNDING.—

261 (b) Funds awarded under the grant programs set forth in

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262 this section may not be used to support, subsidize, or enable  
263 the sale of electric power generated by a municipal solid waste-  
264 to-energy facility to any small electric utility eligible to  
265 petition the commission under s. 366.06(5) ~~s. 366.06(4)~~.

266 Section 7. This act shall take effect July 1, 2026.