

By Senator Smith

17-00432B-26

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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:

17-00432B-26

20261532\_\_

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

366.03 General duties of public utility; transparency and accountability.—

(1) Each public utility shall furnish to each person applying therefor reasonably sufficient, adequate, and efficient service upon terms as required by the commission. A ~~No~~ public utility is not ~~shall be~~ required to furnish electricity or gas for resale except that a public utility may be required to furnish gas for containerized resale. All rates and charges made, demanded, or received by any public utility for any service rendered, or to be rendered by it, and each rule and regulation of such public utility, must ~~shall~~ be fair and reasonable. A ~~No~~ public utility may not ~~shall~~ make or give any undue or unreasonable preference or advantage to any person or locality, or subject the same to any undue or unreasonable prejudice or disadvantage in any respect.

(2) The Legislature finds that transparency and accountability in the form of clear reporting, accessible public hearings, and strong disclosure standards bolster the public trust in public utilities and ensure that decisions are made in the best interest of all residents. The commission shall implement measures to improve transparency and accountability by providing, at a minimum, all of the following:

(a) At least one in-person public service hearing per every 250,000 customers, held in a reasonable location near those customers, or at least one in-person public service hearing held in each county where the public utility provides service, if the

17-00432B-26

20261532\_\_

county has fewer than 250,000 residents.

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

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

366.041 Rate fixing; adequacy of facilities as criterion; cost recovery prohibitions.-

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

17-00432B-26

20261532\_\_

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

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

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

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

(5) The commission shall ensure that public utilities do

17-00432B-26

20261532\_\_

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

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

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

(c) Investor-relations expenses.

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

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

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

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

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

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

17-00432B-26

20261532\_\_

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

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

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

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

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

366.06 Rates; procedure for fixing and changing.—

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

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

366.07 Rates; adjustment.—

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

17-00432B-26

20261532\_\_

public utility for any service, or in connection therewith, or  
any of the rules, regulations, measurements, practices, or  
~~contracts, or any of them,~~ relating thereto, are unjust,  
unreasonable, 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 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) Any form of cost-tracking mechanism for a public  
utility to recover electricity supply costs must provide for a  
sharing of those costs whereby customers are responsible for not  
more than 80 percent of any cost and the public utility is  
responsible for not less than 20 percent of any cost, in  
accordance with s. 366.81(4) (a), (b) and (c).

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

366.81 Legislative findings and intent.—

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

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

17-00432B-26

20261532\_\_

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



17-00432B-26

20261532\_\_

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

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

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

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

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

Section 6. 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

17-00432B-26

20261532\_\_

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.