

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 288

INTRODUCER: Senator Rodriguez

SUBJECT: Rural Electric Cooperatives

DATE: January 16, 2026

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Schrader</u>	<u>Imhof</u>	<u>RI</u>	Favorable
2.	<u>Hackett</u>	<u>Fleming</u>	<u>CA</u>	Pre-Meeting
3.	<u> </u>	<u> </u>	<u>RC</u>	<u> </u>

I. Summary:

SB 288 revises the bill revises s. 425.041, F.S., which prohibits certain bylaws, tariffs, and policies to be utilized by rural electric cooperatives. The revisions limit the section's applicability to only those cooperatives that sell electricity at retail. It also revises types of actions to which the restrictions apply—eliminating the term “any other action” and adding “any fee, including a lot fee, developer fee, or surcharge.”

The section also eliminates electric investor-owned utilities, municipal electric utilities, and rural electric cooperatives from the entities covered by the restriction in s. 425.041(1), F.S., prohibiting the restriction or prohibition of “types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities...to serve customers that those entities would be authorized to serve.”

The bill becomes effective July 1, 2026.

II. Present Situation:

Florida Public Service Commission

The Florida Public Service Commission (PSC) is an arm of the legislative branch of government.¹ The role of the PSC is to ensure Florida's consumers receive utility services, including electric, natural gas, telephone, water, and wastewater, in a safe and reliable manner and at fair prices.² In order to do so, the PSC exercises authority over utilities in one or more of

¹ Section 350.001, F.S.

² See Florida Public Service Commission, *Florida Public Service Commission Homepage*, <http://www.psc.state.fl.us> (last visited Jan. 16, 2026).

the following areas: rate base or economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.³

Electric and Gas Utilities

The PSC monitors the safety and reliability of the electric power grid⁴ and may order the addition or repair of infrastructure as necessary.⁵ The PSC has broad jurisdiction over the rates and service of investor-owned electric and gas utilities⁶ (defined as “public utilities” under ch. 366, F.S.).⁷ However, the PSC does not fully regulate municipal electric utilities (utilities owned or operated on behalf of a municipality) or rural electric cooperatives. The PSC does have jurisdiction over these types of utilities with regard to rate structure, territorial boundaries, and bulk power supply operations and planning.⁸ Municipally-owned utility rates and revenues are regulated by their respective local governments or local utility boards. Rates and revenues for a cooperative utility are regulated by its governing body elected by the cooperative’s membership.

Municipal Electric and Gas Utilities, and Special Gas Districts, in Florida

A municipal electric or gas utility is an electric or gas utility owned and operated by a municipality. A “special gas district” is a dependent or independent special district, set up pursuant to ch. 189, F.S., to provide natural gas service.⁹ Chapter 366, F.S., provides the majority of electric and gas utility regulations for Florida. While ch. 366, F.S., does not provide a definition, per se, for a “municipal utility,” variations of this terminology and the concept of these types of utilities appear throughout the chapter. Currently, Florida has 33 municipal electric utilities that serve over 14 percent of the state’s electric utility customers.¹⁰ Florida also has 27 municipally-owned gas utilities and four special gas districts.¹¹

Rural Electric Cooperatives in Florida

At present, Florida has 18 rural electric cooperatives (cooperatives), with 16 of them being distribution cooperatives and two being generation and transmission cooperatives.¹² These cooperatives operate in 57 of Florida’s 67 counties and have more than 2.7 million customers.¹³ Florida rural electric cooperatives serve a large percentage of area, but have a low customer density. Specifically, Florida cooperatives serve approximately 10 percent of Florida’s total electric utility customers, but their service territory covers 60 percent of Florida’s total land

³ Florida Public Service Commission, *About the PSC*, <https://www.psc.state.fl.us/about> (last visited Jan. 16, 2026).

⁴ Section 366.04(5) and (6), F.S.

⁵ Section 366.05(1) and (8), F.S.

⁶ Section 366.05, F.S.

⁷ Section 366.02(8), F.S.

⁸ Florida Public Service Commission, *About the PSC*, *supra* note 3.

⁹ Section 189.012(6), F.S., defines a “special district” as “a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet.”

¹⁰ Florida Municipal Electric Association, *About Us*, <https://www.flpublicpower.com/about-us> (last visited Jan. 16, 2026).

¹¹ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, pg. 14, Apr. 2025 (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/FactsAndFigures/April%202025.pdf>).

¹² Florida Electric Cooperative Association, *Members*, <https://feca.com/members/> (last visited Jan. 16, 2026).

¹³ Florida Electric Cooperative Association, *Our History*, <https://feca.com/our-history/> (last visited Jan. 16, 2026).

mass. Each cooperative is governed by a board of cooperative members elected by the cooperative's membership.¹⁴

Public Electric and Gas Utilities in Florida

There are four investor-owned electric utility companies (electric IOUs) in Florida: Florida Power & Light Company (FPL), Duke Energy Florida (Duke), Tampa Electric Company (TECO), and Florida Public Utilities Corporation (FPUC).¹⁵ In addition, there are five investor-owned natural gas utility companies (gas IOUs) in Florida: Florida City Gas, FPUC, Peoples Gas System, Sebring Gas System, and St. Joe Natural Gas Company. Of these five gas IOUs, four engage in the merchant function servicing residential, commercial, and industrial customers: Florida City Gas, FPUC, Peoples Gas System, and St. Joe Natural Gas Company. Sebring Gas System is only engaged in firm transportation service.¹⁶

Electric IOU and Gas IOU rates and revenues are regulated by the PSC and the utilities must file periodic earnings reports. These reports allow the PSC to monitor earnings levels on an ongoing basis and adjust customer rates quickly if a company appears to be overearning.¹⁷ If a utility believes it is earning below a reasonable level, it can petition the PSC for a change in rates.¹⁸

Section 366.041(2), F.S., requires public utilities to provide adequate service to customers. As compensation for fulfilling that obligation, s. 366.06, F.S., requires the PSC to allow the IOUs to recover honestly and prudently invested costs of providing service, including investments in infrastructure and operating expenses used to provide electric service.¹⁹

Utility Service Restrictions

Municipal Utilities

Section 366.032(1), F.S., provides that “municipality, county, board, agency, commission, or authority of any county, municipal corporation, or political subdivision, special district, community development district created pursuant to chapter 190, or other political subdivision of the state may not enact or enforce a resolution, ordinance, rule, code, or policy or take any action that restricts or prohibits or has the effect of restricting or prohibiting the types or fuel sources of energy production which may be used, delivered, converted, or supplied” by the following:²⁰

- Investor-owned electric utilities;
- Municipal electric utilities;
- Rural electric cooperatives;
- Entities formed by interlocal agreement to generate, sell, and transmit electrical energy;
- Investor-owned gas utilities;

¹⁴ *Id.*

¹⁵ Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, *supra* note 11, at 4.

¹⁶ *Id.* at 15. Firm transportation service is offered to customers under schedules or contracts which anticipate no interruption under almost all operating conditions. *See* Firm transportation service, 18 CFR s. 284.7.

¹⁷ PSC, *2024 Annual Report*, p. 6, (available at: <https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/AnnualReports/2024.pdf>) (last visited Jan. 16, 2026).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ To the extent of serving the customers they are authorized to serve.

- Gas districts;
- Municipal natural gas utilities;
- Natural gas transmission companies; and
- Category I liquefied petroleum gas dealers, category II liquefied petroleum gas dispensers, or category III liquefied petroleum gas cylinder exchange operators as defined in s. 527.01, F.S.

Section 366.032(2), F.S., also prohibits (except to enforce the Florida Building Code and Florida Fire Prevention Code) a municipality, county, board, agency, commission, or authority of any county, municipal corporation, or political subdivision, special district, development district, or other political subdivision of the state from restricting or prohibiting the use of an appliance using the fuels or energy types used, delivered, converted, or supplied by the entities above.

The section also provides that it acts retroactively to any provision that existed before its enactment in 2021.

Cooperative Utilities

In 2025, the Legislature passed HB 1137, which, in part, created s. 425.041, F.S., prohibiting certain bylaws, tariffs, and policies to be utilized by cooperatives.²¹ Specifically, the section provides that a cooperative may not adopt, enact, or enforce any bylaw, tariff, or policy, or take any other action, that restricts or prohibits or has the effect of restricting or prohibiting the following:

- The types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities listed in s. 366.032(1), F.S.,²² to serve customers that those entities would be authorized to serve.²³
- The use of an appliance,²⁴ including a stove or grill, which uses the types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities listed in s. 366.032(1), F.S.²⁵

III. Effect of Proposed Changes:

Section 1 of the bill revises s. 425.041, F.S., to limit the section’s applicability to only those cooperatives that sell electricity at retail.²⁶ It also revises types of actions to which the restrictions apply—eliminating the term “any other action” and adding “any fee, including a lot fee, developer fee, or surcharge.”

²¹ The bill also, in part, expanded the applicability of ss. 366.032(1) and (2), F.S., to apply to a “board, agency, commission, or authority of any county, municipal corporation, or political subdivision,” as detailed above.

²² As provided above, these entities would be: a) investor-owned electric utilities; b) municipal electric utilities; c) rural electric cooperatives; entities formed by interlocal agreement to generate, sell, and transmit electrical energy; d) investor-owned gas utilities; e) gas districts; f) municipal natural gas utilities; g) natural gas transmission companies; and h) category I liquefied petroleum gas dealers, category II liquefied petroleum gas dispensers, or category III liquefied petroleum gas cylinder exchange operators as defined in s. 527.01, F.S.

²³ Section 425.041(1), F.S.

²⁴ As used in this subsection the term “appliance” is defined as “a device or apparatus manufactured and designed to use energy and for which the Florida Building Code or the Florida Fire Prevention Code provides specific requirements.”

²⁵ Section 425.041(2), F.S.

²⁶ Florida currently has two cooperatives that are generation and transmission cooperatives and, thus, do not sell electricity at retail.

The section also eliminates electric IOUs, municipal electric utilities, and rural electric cooperatives from the entities covered by the restriction in s. 425.041(1), F.S., prohibiting the restriction or prohibition of “types or fuel sources of energy production which may be used, delivered, converted, or supplied by the entities...to serve customers that those entities would be authorized to serve.”

Section 2 of the bill provides an effective date of July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends s. 425.041 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
