

House Bill No. 1601

An act relating to electricity; amending s. 366.8255, F.S.; redefining the term “environmental compliance costs” to include certain costs relating to air quality; requiring the Florida Public Service Commission to perform a study concerning renewable resources; providing definitions; providing an effective date.

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

Section 1. Section 366.8255, Florida Statutes, is amended to read:

366.8255 Environmental cost recovery.—

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

(a) “Electric utility” or “utility” means any investor-owned electric utility that owns, maintains, or operates an electric generation, transmission, or distribution system within the State of Florida and that is regulated under this chapter.

(b) “Commission” means the Florida Public Service Commission.

(c) “Environmental laws or regulations” includes all federal, state, or local statutes, administrative regulations, orders, ordinances, resolutions, or other requirements that apply to electric utilities and are designed to protect the environment.

(d) “Environmental compliance costs” includes all costs or expenses incurred by an electric utility in complying with environmental laws or regulations, including but not limited to:

1. Inservice capital investments, including the electric utility’s last authorized rate of return on equity thereon;

2. Operation and maintenance expenses;

3. Fuel procurement costs;

4. Purchased power costs;

5. Emission allowance costs; ~~and~~

6. Direct taxes on environmental equipment; and

7. Costs or expenses prudently incurred by an electric utility pursuant to an agreement entered into on or after the effective date of this act and prior to October 1, 2002, between the electric utility and the Florida Department of Environmental Protection or the United States Environmental Protection Agency for the exclusive purpose of ensuring compliance with ozone ambient air quality standards by an electrical generating facility owned by the electric utility.

(2) An electric utility may submit to the commission a petition describing the utility's proposed environmental compliance activities and projected environmental compliance costs in addition to any Clean Air Act compliance activities and costs shown in a utility's filing under s. 366.825. If approved, the commission shall allow recovery of the utility's prudently incurred environmental compliance costs, including the costs incurred in compliance with the Clean Air Act, and any amendments thereto or any change in the application or enforcement thereof, through an environmental compliance cost-recovery factor that is separate and apart from the utility's base rates. An adjustment for the level of costs currently being recovered through base rates or other rate-adjustment clauses must be included in the filing.

(3) The environmental compliance cost-recovery factor must be set periodically, but at least annually, based on projections of the utility's environmental compliance costs during the forthcoming recovery period, and must be adjusted for variations in line losses. The environmental compliance cost-recovery factor must provide for periodic true-up of the utility's actual environmental compliance costs with the projections on which past factors have been set, and must further require that any refund or collection made as part of the true-up process include interest.

(4) Environmental compliance costs recovered through the environmental cost-recovery factor shall be allocated to the customer classes using the criteria set out in s. 366.06(1), taking into account the manner in which similar types of investment or expense were allocated in the company's last rate case.

(5) Recovery of environmental compliance costs under this section does not preclude inclusion of such costs in base rates in subsequent rate proceedings, if that inclusion is necessary and appropriate; however, any costs recovered in base rates may not also be recovered in the environmental cost-recovery clause.

Section 2. (1) The Florida Public Service Commission in consultation with the Florida Department of Environmental Protection is directed to perform a study for the purpose of defining public policy with respect to the use of renewable resources in Florida. At a minimum, the study shall assess cost, feasibility, deployment schedules, and impacts on the environment of increased use of renewables. In addition, the study shall describe options and mechanisms to encourage the increased deployment of renewables within our state. The results of this study shall be submitted to the President of the Senate and the Speaker of the House by February 1, 2003.

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

(a) "Biomass" means a power source that is comprised of, but not limited to, combustible residues or gasses from forest products manufacturing, agricultural and orchard crops, waste products from livestock and poultry operations and food processing, urban wood waste, municipal solid waste, municipal liquid waste treatment operations, and landfill gas.

(b) "Green energy" means renewable energy.

(c) “Renewable energy” means electricity generated from any method or process that uses one or more of the following sources of energy, but not limited to: biomass; municipal solid waste; geothermal energy; solar energy; wind energy; wood waste; ocean thermal gradient power; hydroelectric power; landfill gas; and agricultural products and by-products.

Section 3. This act shall take effect upon becoming a law.

Approved by the Governor May 23, 2002.

Filed in Office Secretary of State May 23, 2002.