

FECA's Florida Legislative Report

January 20, 2015

We are early in the bill filing process, but we already are engaged on several bills. In addition, there are 2 important bills that will be filed soon, one that we support and another on 3rd party sales that we probably will oppose. However, having a public discussion and proposing amendments to the 3rd party sales bill could be helpful in our effort to educate the public about the proposed solar constitutional amendment.

KEY BILLS THAT ARE YET TO BE FILED:

Facilities in Rights-of-way and Platted Utility Easements – This bill would require others to pay to relocate our facilities when we are located in a platted utility easement (addresses the LCEC case). It also would clarify that when our facilities are in a right-of-way the utility will be reimbursed for relocation expenses unless the situation falls into one of the enumerated exceptions.

Renewable Energy Third-Party Sales - The bill would allow businesses and contracted third party (“parties”) to install renewable generators and to sell the power to others that are located within the same parcel or on an immediately adjacent parcel. It does not matter whether the purchaser of the power is served by the same incumbent utility that serves the property where the generator is located, which could be a big issue if the generator is located on a very large tract of land. These sales would not be considered retail sales of electricity, meaning they would not be subject to the same taxes as utility sales such as the gross receipts tax, the public service tax, and possibly the sales tax. Of course they also would not be subject to franchise fees. The parties and the sales would not be subject to regulation by the PSC. IOUs would be allowed to be 3rd party sellers and participate under the same terms as an unregulated utility. The legislation attempts to keep the electric utilities whole, by allowing utilities to recover the cost of providing backup generation and transmission service, and by allowing utilities to charge a capacity fee for backup power. The capacity fee would be based on actual costs or projected costs instead of just allowing cost recovery, but the charges for all utilities must be approved by the Commission (even for electric cooperatives). Any related Commission rulemaking would be focused only on electric utilities

recovering their costs for providing the services. We are meeting with the sponsor on Thursday to see what our options are going forward. Obviously this would need a lot of amending before we could support the bill, but we are encouraged that the sponsor recognized the need for utilities to have special charges for customers that self-generate part of their needs.

OTHER BILLS (at the February meeting, staff will ask the board to take positions on some of the issues in these bills)

PSC Ethics Reform and IOU Billing Cycles/Deposits - SB 288 by Sen. Latvala (R), SB 203 by Sen. Dean (R), HB 219 by Rep. Peters (R), and HB 81 by Rep. Dudley (D) all broadly pertain to the PSC. SB 288 and HB 219 would subject more PSC proceedings to the prohibition against ex parte communications. If the Office of Public Council participates in a proceeding, a settlement agreement may not be submitted unless the Office of Public Council is a party to the agreement, giving them much greater leverage in settlement negotiations. SB 288 and HB 219 also would impose other PSC reforms such as requiring PSC Commissioners to undergo ethics training and requiring anyone who lobbies a member of the PSC nominating Council to register as a lobbyist. SB 288 and HB 219 also would require IOUs to notify their customers if more than one rate is available within their customer class and would prohibit deposits that exceed the average of the total charges for two months of usage. All four bills would prohibit IOUs from extending billing cycles on accounts that are served on tiered rates.

PSC Reform - SB 170 by Sen. Legg (R) and HB 199 by Rep. Sprowls (R) would require each PSC Commissioner to be appointed to a specific district and to reside in that district. This would inevitably require commissioners to become advocates for the ratepayers in the district. The five districts would match the boundaries of the district courts of appeal. The bill also would limit each Commissioner to two four-year terms. Elected officials would have to be out of office for 2 years before they can be appointed to the PSC.

Utility Rates for Large Child Care Homes - SB 7006 by Sen. Legg (R) would add “large family day care homes” to the law that dictates utilities must bill “family day care homes” on a residential rate, even though these homes clearly have a commercial activity.

BILLS THAT ONLY APPLY TO IOUS OR MUNICIPALS

Cost Recovery for Nuclear/IGCC Power Plants - HB 67 by Rep. Murphy (D), HB 4001 by Rep. Rehwinkle-Vasilinda (D) would repeal the pre-completion cost recovery clause that is available to IOUs to finance construction of nuclear and IGCC power plants and HB 353 by Rep. Burgess (R) would limit the recovery to one plant at a time. HB 67 also would require the utility to refund any unspent pre-completion funds to the ratepayers, and HB 353 would require the utility to refund all funds collected for the plant if the utility elects does not complete construction.

Indian River Co./City of Vero Beach - HB 337 by Rep. Mayfield (R) would allow a county to provide services and facilities to customers in unincorporated areas currently served by a municipality after a franchise or other consent agreement expires. This legislation is seeking to remedy the dispute between the City of Vero Beach and Indian River County, which is the subject of petitions for declaratory statements at the PSC, but would apply to all municipal utilities. In its current form, this legislation would undermine territorial agreements and the grid bill.