

FECA's Florida Legislative Report

January 26, 2015

We are early in the bill filing process, but we already are engaged on several bills and one bill has already passed out of its first committee (SB 7006 - Utility Rates for Large Child Care Homes). We are still waiting for Sen. Brandes' bill regarding 3rd party sales, but we met with him on Thursday and we are encouraged that he understands the need to protect grid integrity and avoid cross subsidies. Several new bills were filed that we will track, including our platted easement bill and a resolution for a constitutional amendment to exempt commercial renewable equipment from ad valorem and TPP taxes.

KEY BILLS THAT ARE YET TO BE FILED:

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. 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.

NEW BILLS

Constitutional Amendment to Exempt Renewable Energy Devices from Ad Valorem and Tangible Personal Property Taxes - SJR 400 and SB 402 by Sen. Brandes (R). SJR 400 is a resolution to propose a constitutional amendment that would allow the Legislature to exempt from ad valorem taxation any improvements to commercial real property if the improvements are a renewable energy device and related tangible personal property. The amendments would only apply to work that begins on or after January 1, 2017. Presently the Constitution only allows an exemption for renewable device improvements to residential real property. If the resolution passes out of the Legislature, it would appear on the November general election ballot in 2016 for voter approval. SB 402 would implement the Constitutional amendment if it is approved by the voters.

Facilities in Rights-of-way and Platted Utility Easements - HB 391 by Rep. Ingram (R) would require others to pay to relocate our facilities when they 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.

PSC Ethics Reform/Banning Cost Recovery for Fracking - HB 399 by Rep. Dudley (D) would subject more PSC proceedings to the prohibition against ex parte communications and would prohibit IOUs from recovering costs associated with the exploration for oil or natural gas.

Cost Recovery for Nuclear/IGCC Power Plants - HB 473 by Rep. Ahern (R) would repeal the pre-completion cost recovery clause that is available to IOUs to finance construction of nuclear and IGCC power plants. The bill would prohibit IOUs from continuing to collect money for projects previously approved under this clause.

Siting Facilities - SB 484 by Sen. Simpson would require electric utilities to notify the affected county, rather than the regional planning council as currently required, of its plans to site substations, transmission lines and power plants.

Rebates for Solar Installations - HB 509 by Rep. Cortes (D) would revive the defunct Solar Energy System Incentives Program for purchases of solar photovoltaic, solar hot water heaters, and solar pool heating systems between July 1, 2015 and June 30, 2020. The bill would provide \$4 per watt rebates on solar photovoltaic systems that are 2kw or larger with caps of \$10,000 on residential property and \$100,000 on non-residential property. Additionally, the bill would reserve the first \$50 million of the rebate funds for residents installing photovoltaic systems on their homesteaded property. The bill would cap rebates for solar hot water heaters at \$500 per residence and \$5,000 for non-residential property and cap the rebate for solar pool heaters at \$100 per installation.

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. SB 7006 passed out of its first committee.

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 - SB 442 by Sen. Altman (R) and 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.