

FECA Florida Legislative Report

February 14, 2014

Bills continue to pour out of bill drafting, and we have several new bills to report. In addition to the bills below, we are expecting local bills dealing with the Gainesville Regional Utilities (GRU) and Vero Beach's electric utility. According to reports, the GRU local bill would mandate a referendum among the customers to decide if GRU oversight should remain with the City Commission or whether a new nine member utility authority should be created. We have been told the Vero Beach local bills would place the utility under the PSC and would mandate a survey of the customers outside the city limits to determine their preferred electricity provider. Note that we already have one bill that has been withdrawn from consideration, which means it is dead, and it is now listed at the end of the report under a separate heading.

The bills that are of concern to co-ops are listed below. More information on each bill can be found by visiting either www.myfloridahouse.gov or www.flsenate.gov.

NEW BILLS

PSC Regulation of Certain Municipal Electric Utilities - HB 861 by Rep. Mayfield would expand the definition of public utility to include municipal electric utilities that purchases power from the Florida Municipal Power Agency (FMPA). Those utilities would become subject to the PSC's full regulation. The bill would not directly affect electric co-ops.

Retail Wheeling for Renewable Generators - HJR 695 by Rep. Dudley is a proposed Constitutional amendment that would exempt renewable energy systems from the definition of public utility. These generators would not be regulated by the PSC and could sell electricity to existing utility customers. If the resolution passes out of the Legislature, it would appear on the November general election ballot for voter approval.

Power Plant Cost Recovery - HJR 693 by Rep. Dudley is a proposed Constitutional amendment that would prohibit electric utilities, including cooperatives, from collecting the cost of new power plants before the plant begins commercial

operation. If the resolution passes out of the Legislature, it would appear on the November general election ballot for voter approval.

Sales and Gross Receipt Taxes - HB 899 by Rep. Hill would eliminate the 7% sales tax imposed on commercial accounts and raise the gross receipts tax by 3.5%, over three years starting in 2015. The increase in the gross receipts tax rate would not apply to sales to residential accounts and some other sales that currently are exempt from sales taxes. Additionally, the bill would create a sales tax holiday for energy efficient appliances designated as Energy Star or WaterSense by the U.S. Dept. of Energy. The sales tax holiday would span 19-21 September 2014 and apply on the first \$1500 of qualifying purchases. This proposal is part of Commissioner Putnam's energy package for 2014.

PSC Reform - SB 964 by Sen. Legg would carve Florida into five districts and require PSC Commissioners to represent a specific district. The bill also would impose term limits of eight years on the Commissioners. The changes would affect PSC Commissioners appointed after 1 July 2014.

Secondary Metal Recyclers - HB 771 by Rep. Combee would transfer oversight of the secondary metal recycler's law from the Dept. of Revenue to the Dept. of Agriculture and Consumer Services. The bill gives law enforcement officials additional tools to investigate recyclers. In addition, secondary metal recyclers would be prohibited from disposing of property for a specified period if notified by law enforcement that the property is being investigated. Purchases of regulated metals on Sundays also would be prohibited. A recycler would be charged with a second-degree felony if money is received for restricted regulated metals. The list of regulated metals has been expanded to include metal electric light poles, jelly wire, underground cable, and heavy-gauge copper or aluminum wire (over 0.75 inches in diameter). It appears that the wire diameter would not include most of the electric utilities' current infrastructure. Further, the bill does not include pole bonds in the list of restricted metals. We will be working with the other utilities and the recyclers to revise this definition.

GHG Performance Standards - HB 703 by Rep. Patronis would address a proposed rule by the U.S. Environmental Protection Agency that could regulate emissions from existing coal-fired power plants. The bill would require the Florida Department of Environmental Protection (DEP) to establish performance standards based on proven emission reduction systems for the impacted power plants, the

cost, the non-air factors such as the potential environmental impact of storing the emission control by-products such as CO₂, and the associated energy requirements. In addition, the bill would direct DEP to implement less stringent standards or longer compliance periods based on certain factors. Further, the bill would not allow implementation of any plan that does not comply with the stated criteria. It appears that the GHG provisions in the bill will not survive.

Energy Efficient Appliances - SB 740 by Sen. Sobel and HB 769 by Rep. Rehwinkle-Vasilinda would create a sales tax exemption during October on purchases of up to \$1,500 on energy efficient appliances for residential purposes. The bill would define an energy efficient appliance as meeting or exceeding the energy efficiency guidelines provided by the U.S. Department of Energy.

Ad Valorem Exemptions - SJR 916/SB 922 by Sen. Brandes and HJR 825/HB 827 by Rep. La Rosa would prohibit the taxation of improvements to real property if the improvements are a renewable energy device. For purposes of the bill, real property includes commercial and residential property. If the resolution passes out of the Legislature, it would appear on the November general election ballot for voter approval. The exemptions would only apply to work done on or after January 1, 2015.

Economic Opportunities for Minority Businesses – SB 636 by Sen. Braynon would enhance economic opportunities for minority and female owned businesses by encouraging regulated utilities to purchase from, and contract with, these types of businesses. Further, the bill would require the PSC to provide guidelines to assist regulated utilities in developing such a program, and would require each regulated utility to annually submit a plan to the PSC for increasing procurements from minority businesses. Electric cooperatives and other non-regulated utilities would not be required to submit a procurement plan but would be encouraged to voluntarily adopt such a plan.

Utility Projects - SB 910 by Senator Legg would allow “publicly owned utilities” who provide water, wastewater, electric or stormwater services to finance the costs of utility projects using the proceeds of utility cost containment bonds. As defined in this proposal, a “publicly owned utility” must already be owned and operated by a local governmental entity.

Ratepayer Representation Act/Water/Wastewater - HB 813 by Rep. Mayfield would give the PSC regulatory authority over municipalities that provide water or wastewater services in unincorporated area of a county. Any water and sewer utility rates, fees, charges and surcharges imposed by a municipality on customers outside of the city's boundaries would be limited (cannot exceed 25% of the rates and fees of ratepayers within the city limits) and would need to be approved by the PSC.

Water & Wastewater Utilities - SB 272 by Senator Simpson would authorize the PSC to revoke a water/wastewater utility's certificate of authorization if the customers file a petition that is signed by at least 65% of the utility's customers. The bill would also add secondary water standards to the criteria the PSC must consider when setting rates for water/wastewater services.

SB 1050 by Sen. Hays and HB 357 by Rep. Santiago would expand the availability of low-interest loans to IOU water utilities. In addition, the bill would provide a sales tax exemption for sales or leases to IOU water utilities. The bill would authorize the PSC to create an individual IOU reserve fund to be used for projects identified by the IOU's capital improvement plan and prohibits the recovery of certain rate case expenses.

Energy Policy Revisions - SB 1044 by Sen. Simpson would revise the energy resources statute. The bill would replace the word solar with "renewable energy source" throughout the chapter. This would require DACS to promote all renewables instead of just solar. Additionally, the bill would remove the requirement that the Florida Solar Energy Center set standards for all solar systems manufactured or sold in Florida. Lastly, the bill would delete language relating to expired programs such as the PV solar rebates and previous sales tax holidays on energy efficient appliances.

PREVIOUSLY REPORTED BILLS

Sales Tax Refund - HB 611 by Rep. Beshears would allow qualifying new businesses in designated rural areas to apply for refunds of up to 50% of the sales tax paid on electricity. The bill caps the amount paid for eligible refunds at \$10,000,000.

Move Over Act - SB 478 by Sen. Evers and HB 469 by Rep. Raschein would require drivers to either move over or slow down to a certain speed when utility vehicles are working along roadsides. Therefore, utility vehicles would be entitled to the same protection as law enforcement vehicles. The penalty would be a noncriminal infraction.

Cyber Security - SB 364 by Sen. Brandes and HB 641 by Rep. La Rosa would create a third-degree felony for anyone who knowingly, willingly and without authorization gains access to a public utility's computer systems. Further, the bill would create a second-degree felony for a perpetrator who, after gaining access, tampers with the computer system either by physical or electronic means. Each bill has passed its first committee of reference.

Government Owned Utility Facilities - SB 218 by Sen. Grimsley and HB 345 by Rep. Beshears would allow FDOT to pay for the relocation of municipal or county owned utility facilities on public roads in counties designated as rural areas of economic concern. If FDOT determines the government-owned facility is unable to pay for the relocation, the FDOT may pay some or all of the relocation costs. SB 218 passed out its second referenced committee and HB 345 passed out of its first committee.

Southern States Energy Board (SSEB) - HB 4007 by Rep. Jose Diaz would remove the Dept. of Agriculture and Consumer Services' responsibility to represent Florida on the SSEB.

Cost Recovery for Nuclear/IGCC Power Plants - HB 4001 by Rep. Rehwinkle-Vasilinda would repeal the pre-completion cost recovery clause that is available to IOUs to finance construction of nuclear and IGCC facilities.

Assault or Battery on Utility Workers - SB 100 by Sen. Soto would increase the criminal penalties for committing assault or battery on a utility worker. SB 100 passed out its first committee of reference.

Tangible Personal Property - SB 818 by Sen. Margolis and HB 217 by Rep. Rehwinkle-Vasilinda would allow counties to impose a discretionary sales surtax on the entire sale of tangible personal property. Currently, there is a \$5,000 cap on which the surtax can apply. This bill would remove the cap on electricity sales and

everything else except sales involving a motor vehicle, aircraft, boat, manufactured home, modular home, or mobile home.

WITHDRAWN BILLS

Underground Facilities/Sunshine State One-Call (SSOC) - SB 288 by Sen. Richter and HB 213 by Rep. Santiago would require members with state-owned underground facilities in state highway ROWs to be notified of excavations. Additionally, the bill would allow underground facility owners to declare all or parts of their system as high-priority. The bill would expand the definition of pre-mark to include electronic marking or other industry-approved methods. Finally, the bill would provide a noncriminal infraction for failure to notify facility owners of excavations using hand tools. Both bills have been withdrawn from further consideration.