

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: July 7, 2023

TO: Braulio L. Baez, Executive Director

FROM: Lance Watson, Legislative Director
Katherine Pennington, Government Liaison

RE: 2023 Legislative Wrap-Up – Summary of Bills

The Florida Legislature concluded the 2023 Legislative Session on May 5, 2023. During this Session, the Florida Public Service Commission's Legislative Affairs team tracked 42 bills of the 1,828 general and local bills initially filed. Of the bills filed this Session, approximately 356 passed both chambers of the Legislature. Of those that passed, the Governor has approved all but seven which received a veto.

This report includes bills that have a direct or indirect impact on the PSC and concludes with bills of interest that did not pass. This document is for informational purposes only and requires no action by the Commission.

KEY BILLS THAT PASSED

HB 125- Utility System Rate Base Values by Representative McClain

House Bill 125 creates Section 367.0811, F.S., to authorize a public water or wastewater utility to petition the Public Service Commission (Commission) to establish the rate base of a purchased system using an alternative valuation methodology based on the lesser of purchase price or appraisals.

PSC Impact: The bill states the Commission must maintain a list of licensed appraisers. The bill provides requirements for the alternative valuation methodology and lists the information the acquiring utility must provide to the Commission. The Commission must make a final determination of the value within eight months after the date a complete petition is filed. The Commission may grant the petition, in whole or in part, or with modifications. The Commission

may also deny the petition if in the public interest. In future rate cases, the Commission may set rates for the acquired utility and classify that system as a separate entity for ratemaking purposes if in the public interest.

Status: HB 125 was approved by the Governor on June 26th.

Floor Vote: Senate 38-0; House 112-2.

SB 250- Natural Emergencies by Senator Martin

Senate Bill 250 prohibits counties and municipalities, respectively, from prohibiting temporary shelters on residential property for a specified timeframe under certain circumstances; requires the Division of Emergency Management to post a model contract for debris removal on its website by a specified date; requires the model contract to be annually updated by a specified date; requires the division to administer a revolving loan fund for certain local government projects; increases the timeframe to exercise rights under a permit or other authorization.

PSC Impact: The bill creates Section 366.98, F.S., providing liability protection for public utilities in certain circumstances and authorizing the Commission to resolve certain issues; providing applicability. Under this bill, A public utility is not liable for damages based in whole or in part on changes in the reliability, continuity, or quality of utility services which arise in any way out of an emergency or disaster, including, but not limited to, a state of emergency declared under s. 252.36. Consistent with the commission's jurisdiction over public utility rates and service, issues relating to the sufficiency of a public utility's disaster preparedness and response shall be resolved by the commission.

Status: SB 250 was approved by the Governor on June 28th.

Floor Vote: Senate 39-0; House 109-4.

HB 1221- Broadband Internet Service Providers by Representative Tomkow

House Bill 1221 authorizes a rural electric cooperative (co-op) to expand its existing powers to provide communications services if certain conditions are met. If a co-op elects to provide these additional services, then all poles owned by the co-op are subject to regulation by the Public Service Commission (Commission) pursuant to s. 366.04(8), F.S., and regulated on the same basis as if the co-op is a public utility

PSC Impact: The bill specifies that poles of rural electric cooperatives that provide broadband service are subject to PSC regulation and allows the PSC access to books and records for specific purposes. The bill creates Section 425.04(13), F.S. to extend a co-op's powers to allow a co-op to provide communication services, if one of the following conditions exists:

- The co-op provides broadband service directly.
- The co-op provides broadband service in partnership with a third party, or

- The co-op receives broadband grant funding pursuant to s. 288.9962, F.S., or from any other federal or state program offering grants to expand broadband Internet service to unserved areas of the state.

If a co-op opts to provide communications services pursuant to this section, all poles owned by the co-op are subject to regulation under S. 366.04(8), F.S.

Other than the broadband provision requirements above, the bill does not limit the types of communications services co-ops can provide. If a co-op offers broadband services as defined in Section 350.81(1), F.S., then the co-op can offer other “communications services”, as broadly defined in the statute.

The bill requires that all poles owned by a co-op that opts to offer services pursuant to the bill would be subject to regulation under Section 366.04(8), F.S., on the same basis as if it were a public utility. Disputes involving the co-op’s pole attachment rates, charges, terms, and conditions would be subject to the Commission’s jurisdiction.

Status: HB 1221 was approved by the Governor on June 5th.

Floor Vote: Senate 39-0; House 105-0

HB 1645- City of Gainesville, Alachua County by Representative Clemons

House Bill 1645 creates Gainesville Regional Utilities Authority; establishes authority as governing board of GRU.

PSC Impact: None.

Status: HB 1645 was approved by the Governor on June 28th.

Floor Vote: Senate 30-9; House 81-33.

BILLS OF INTEREST THAT DID NOT PASS

SB 1162/ HB 821-Renewable Energy Cost Recovery by Senator DiCeglie & Representative Yeager

Both bills amended Section 366.91(9), Florida Statutes (F.S.), to include, as eligible for cost recovery along with renewable natural gas, contracts for the purchase of hydrogen in which the purchase price exceeds the market price for natural gas. The bills established new criteria for the eligibility of such contracts for cost recovery. The bills created language that provided a public utility may recover, through the appropriate cost-recovery mechanism administered by the Commission, prudently incurred costs for renewable natural gas and hydrogen fuel infrastructure projects.

PSC Impact: The bill amended Section 366.91(9), F.S., to include contracts for the purchase of hydrogen as eligible for cost recovery. The amendment removed language that cost recovery may be approved for a gas public utility, but did not identify the utilities subject to this subsection. It was not clear if the intent of this language was applicable to all public utilities (investor-owned electric or natural gas utilities). The bill did not define hydrogen or specify the means by which it must be produced.

The bill established new criteria for eligibility of cost recovery for renewable natural gas and hydrogen purchase contracts, and deleted language that required the Commission to deem the incurred costs as reasonable and prudent for cost recovery. Contracts for the purchase of renewable natural gas and hydrogen in which the pricing provisions exceed the current market price of natural gas are currently eligible for cost recovery, but only if the commission finds that the contract meets the overall goals of subsection (1) by promoting the development or use of renewable energy resources in this state and providing fuel diversification. Under the bill, it is unclear to what extent the Commission may exercise its authority in reviewing utility costs to ensure rates are fair, just and reasonable. The plain language of the bill appears to constrain the Commission's authority to limit costs to be recovered from customers.

The bill created Section 366.91(10), F.S., to provide that a public utility could recover, through the appropriate cost-recovery mechanism administered by the commission, prudently incurred costs for renewable natural gas and hydrogen fuel infrastructure projects.

The bill also allowed for the recovery of costs associated with the production of a fuel used to generate electricity or used in the natural gas distribution system for service to end-use customers.

Status: SB 1162 was heard in all three of its Senate committee stops, passed unanimously on the Senate Floor, but ultimately died in House Messages.

HB 821 died in its final House Committee stop.

SB 1176/HB 1591-Electric Vehicle Infrastructure by Senator Simon & Representative Maggard

Both bills would have required the Public Service Commission to adopt rules for an Electric Vehicle (EV) transportation electrification plan to facilitate the deployment of EV charging infrastructure in a competitively neutral manner.

PSC Impact: SB 1176 and HB 1591 would have required the PSC to propose rules that promote investment in publicly available EV charging stations to encourage private investment and private ownership of EV charging infrastructure. Additionally, the PSC would have been required to establish policies that stimulate innovation, competition, private investment, and customer choice in EV charging infrastructure.

Status: SB 1176 and HB 1591 were not heard at all during the 2023 Legislative Session.

SB 1380/HB 1331-Municipal Electric Utilities by Senator Martin & Representative Busatta Cabrera

Both bills would have authorized a municipality to fund or finance general government functions with a portion of revenues from utility operations. The bill also established limits on utility revenue transfers for municipal utilities; modified provisions relating to permissible rates, fees, & charges imposed by municipal water & sewer utilities on customers located outside municipal boundaries.

PSC Impact: None.

Status: SB 1380 was not heard at all during the 2023 Legislative Session. HB 1331 died in its final House Committee stop.

Budget Info

In total, the budget totaled \$117 billion. Florida's reserves total \$10.9 billion, more than 9.32 percent of the total budget for Fiscal Year 2023-2024. The overall budget includes a 5 percent pay raise for state employees, as well as Agency Discretion Pay Increase Plans to address compression, recruitment, and retentions. The Retirement System saw the following enhanced benefits. Retiree Health Insurance Subsidy increase of up to \$75 per month. The DROP Program has an extension from 5 to 8 years for all Employees, and from 8 to 10 years for Teachers. The Special Risk category sees a reduced normal retirement to age 55 or 25 years of service. The Investment Plan has a 2% increase to employer contributions.

The FPSC budget was fully funded at \$28,903,778 and 272 positions, per the FPSC Legislative Budget Request.

In an effort to reduce Floridians' tax burden, the budget also includes tax relief efforts totaling up to \$1.38 billion and includes a pair of two week Back-to-School sales tax holidays, and a pair of two week disaster preparedness sales tax holidays.

cc: Mark Futrell
Apryl Lynn
Keith Hetrick
Mary Anne Helton