The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on General Government

BILL: SB 230

INTRODUCER: Senators Dean and Gaetz

SUBJECT: Public Utilities

DATE: March 3, 2015 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	**Favorable**
2.	Betta	DeLoach	AGG	**Recommend: Favorable**
3.			FP	

I. Summary:

SB 230 prohibits a public utility from charging a higher rate based on an increase in energy usage when that increased usage is attributable solely to an extension in the billing cycle. It also prohibits a public utility from making any change in a billing cycle without obtaining approval from the Florida Public Service Commission (PSC) at least one month before the effective date of the change. In reviewing a proposed billing cycle change, the PSC must consider the impact on the public. It cannot approve more than a seven-day extension of a billing cycle.

These provisions do not apply to a change in a billing cycle necessitated by a state of emergency declared by the Governor.

The bill has no fiscal impact.

The bill will be effective July 1, 2015.

II. Present Situation:

Section 366.05, F.S, provides the powers of the Florida Public Service Commission including the power to prescribe fair and reasonable rates and charges.

Public utilities[1] are allowed to use tiered billing, in which a higher rate is charged for higher levels of use, as a way to encourage conservation. They also are allowed to vary their billing period from the standard month-long period. Recently, a utility adjusted its billing period for one billing cycle "as part of an ongoing process started in May 2013 to streamline the company's

[1] The term "public utility," is defined to mean every person or legal entity supplying electricity to or for the public within this state, expressly excluding both a rural electric cooperative and a municipality or any agency thereof. Section 366.02(1), F.S.

routes for meter-reading throughout central and northern Florida."[2] The extended billing period meant that some customers' total usage for the extended billing period increased such that a tiered rate was applicable, even though their average daily use did not increase during that period. After many complaints, the utility agreed to refund all increased charges.[3]

III. Effect of Proposed Changes:

The bill amends s. 366.05, F.S., relating to the powers of the PSC. It prohibits a public utility from charging a higher rate based on an increase in energy usage when that increased usage is attributable solely to an extension in the billing cycle. It also prohibits a public utility from making any change in a billing cycle without obtaining approval from the PSC at least one month before the effective date of the change. In reviewing a proposed billing cycle change, the PSC must consider the impact on the public. It cannot approve more than a seven-day extension of a billing cycle.

The provisions related to the change in a billing cycle do not apply when necessitated by a state of emergency declared by the Governor.

The bill takes effect July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Under SB 230, public utilities' ratepayers will be protected against imposition of higher, tiered rates in situations where total usage over the extended billing cycle was high

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[2] Jim Turner, *Duke Energy called to explain billing change*, Tallahassee Democrat, August 25, 2014, http://www.tallahassee.com/story/news/politics/2014/08/25/duke-energy-called-explain-billing-change/14594563/

[3] Ivan Penn, *Duke Energy refunds $1.7 million to customers because of meter issue*, Tampa Bay Times, September 10, 2014, http://www.tampabay.com/news/business/energy/duke-energy-refunds-17-million-to-customers-because-of-meter-issue/2197029.

enough for imposition of the tiered rate, but the average daily usage during that period did not increase. A public utility may find it more difficult to change a billing cycle and may incur costs by being required to file a request for approval each time with the commission. Such costs would be passed on to its ratepayers.

C. Government Sector Impact:

The PSC has indicated the bill does not have a fiscal impact and any additional workload can be absorbed with existing staff.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill states: "These provisions do not apply to a change in a billing cycle necessitated by a state of emergency declared by the Governor." The effect of this exclusion is unclear. One possibility is that it may simply exempt a change in billing cycle resulting from a declared state of emergency from the requirement of obtaining approval at least one month before the effective date of the change. Alternatively, it may fully exempt from the prohibition any application of tiered rates resulting from a declared emergency, even if the increased usage is due solely to the extended billing period. Additionally, the specific language of the exemption may preempt the PSC review under its current, general authority over rates and billing.

VIII. Statutes Affected:

This bill substantially amends section 366.05 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.