

# Florida Public Service Commission

2007 ANNUAL REPORT



ELECTRICITY



TELEPHONE



NATURAL GAS



WATER & WASTEWATER

F L O R I D A  
P U B L I C  
S E R V I C E  
C O M M I S S I O N

**2007 Annual Report**

Reflecting Calendar Year 2007



## CHAIRMAN'S MESSAGE

The Florida Public Service Commission works diligently to ensure that Florida's residents receive reliable and safe utility services at fair prices. The Commission interacts with Florida's consumers, its utility companies, and local, state, and federal governmental entities to accomplish this mission. This report for 2007 describes the Commission's role in utility regulation and the actions taken during the year to improve the utility services relied on by Florida's residents.

Diverse factors – including population growth, weather, environmental issues, and technological change – affect the way Florida's regulated companies are able to deliver utility services. As Florida's population of approximately 18 million continues to grow, so does demand for electricity to power our lights and our air conditioners. Increasing use of rechargeable electric devices, ranging from MP3 players and wireless phones to electric lawn mowers or cars, further increases demand for electricity. Weather impacts on utility services range from drought to hurricanes. Policies designed to protect our air, water, and biodiversity also affect how our utilities design their systems to operate. While advances in technology, like remote meter reading, appliance efficiency, fiber optics, and solar generation all help to improve the delivery of utility services, how we, as regulators, treat their integration into a system can change the way a utility operates and how the customer feels their impact.

During 2007, the Commission took several major steps to improve electric service in Florida. For example, the Commission considered five petitions for a determination of need for power plants and two petitions for a determination of need for transmission lines. The Commission directed a study of the electric transmission grid in the state and determined that Peninsular Florida's utilities are planning to add an additional 1,109 miles of transmission lines to the system, at a cost of approximately \$1.7 billion, over the next five years. The Commission also adopted rules to encourage renewable power generation.

In its continuing effort to make sure that telephone service is affordable, the Commission has taken several steps in this past year to increase subscribership for the Lifeline Assistance program. The Public Service Commission has partnered with state agencies, telecommunications companies, and community organizations to make it simpler for eligible consumers to sign up for this money saving program. We have simplified the certification process, developed a one-step application process on the Commission's web site, and coordinated with the Florida Department of Children and Families to develop an automatic enrollment process. The number of eligible customers participating in the Lifeline program in Florida grew by 13% this year.

I invite you to read about Florida's progress in supplying and regulating utility service in this year's Annual Report. I hope that you will join me and my fellow commissioners as we do all we can together to make Florida a better place for ourselves and our children.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew M. Carter II".

Matthew M. Carter II  
Chairman

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# I Introduction

## Information Directory

The Florida Public Service Commission (FPSC or Commission) is an agency whose operations in utility regulation directly affect the public. The FPSC welcomes requests for information about utility regulation or utility-related matters. Inquiries may be made in writing to the address below or by telephone, e-mail, or toll-free fax.

Florida Public Service Commission  
2540 Shumard Oak Boulevard ♦ Tallahassee, Florida 32399-0850  
Toll-Free: 1-800-342-3552 (Nationwide)  
Toll-Free Fax: 1-800-511-0809 (Florida)

E-mail address: *contact@psc.state.fl.us*  
Internet home page: [www.floridapsc.com](http://www.floridapsc.com)

(Detailed telephone contact information is available at  
<http://www.floridapsc.com/about/contact/phonedirectory.aspx>.)

## District Offices

**Miami**  
3625 N.W. 82nd Ave.,  
Suite 400  
Miami, Florida 33166-7602  
(305) 470-5600

**Tampa**  
4950 W. Kennedy Blvd.,  
Suite 310  
Tampa, Florida 33609  
(813) 356-1444

# FPSC Organizational Chart

## COMMISSIONERS

Matthew M. Carter II, Chairman	Appointed through 01/01/10
Lisa Polak Edgar	Appointed through 01/05/09
Katrina J. McMurrian	Appointed through 01/01/10
Nancy Argenziano	Appointed through 01/01/11
Nathan A. Skop	Appointed through 01/01/11

**Inspector General**  
*Steven J. Stolting*

**General Counsel**  
*Michael G. Cooke*

**Executive Director**  
*Mary Andrews Bane*

- Sections:
- ◆ Appeals, Rules & Mediation
  - ◆ Economic Regulation
  - ◆ Competitive Markets & Enforcement

**Deputy Executive Director**  
*Charles H. Hill*

DIVISION OF  
**Administrative Services**  
*Apryl Lynn*

- Bureau:
- ◆ General Services

- Sections:
- ◆ Fiscal Services
  - ◆ Human Resources

DIVISION OF  
**Regulatory Compliance & Consumer Assistance**  
*Dan Hoppe\**

\* Supervises personnel in district offices:  
Tallahassee, Miami, and Tampa

- Bureaus:
- ◆ Auditing
  - ◆ Safety
  - ◆ Complaint Resolution

OFFICE OF  
**Commission Clerk**  
*Ann Cole*

- Sections:
- ◆ Hearing Reporter Services
  - ◆ Documents
  - ◆ Case Management Review

OFFICE OF  
**Information Technology Services**  
*Lee Kissell*

- Sections:
- ◆ Hardware Services
  - ◆ Network & Application Services
  - ◆ Custom Programming & Internet Services

OFFICE OF  
**Standards Control and Reporting**  
*Richard Tudor*

DIVISION OF  
**Competitive Markets & Enforcement**  
*Beth Salak*

- Bureaus:
- ◆ Telecommunications Arbitrations & Tariffs
  - ◆ Performance Analysis
  - ◆ Telecommunications Service Quality, Certification & Enforcement

DIVISION OF  
**Economic Regulation**  
*Timothy Devlin*

- Bureaus:
- ◆ Certification, Economics & Tariffs
  - ◆ Rate Filings, Surveillance, Finance & Tax

- Sections:
- ◆ Electric Reliability
  - ◆ Cost Recovery
  - ◆ Strategic Projects & Resource Planning

OFFICE OF  
**Public Information**  
*Cynthia Muir*

OFFICE OF  
**Strategic Analysis & Governmental Affairs**  
*Ryder Rudd*

## The Commissioners



COMMISSIONER

**Nancy Argenziano**  
(05/07 - 01/11)



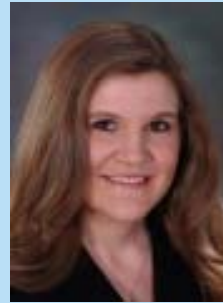
COMMISSIONER

**Lisa Polak Edgar**  
(01/05 - 01/09)



CHAIRMAN

**Matthew M. Carter II**  
(01/06 - 01/10)



COMMISSIONER

**Katrina J. McMurrian**  
(01/06 - 01/10)



COMMISSIONER

**Nathan A. Skop**  
(05/07 - 01/11)

**Matthew Mark Carter II** was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006 and was subsequently elected Chairman by his fellow commissioners for the years 2008 and 2009.

Chairman Carter serves on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Water, the Committee on Critical Infrastructure, and the Committee on International Relations. Chairman Carter is also active in NARUC activities designed to improve regulated companies' minority business procurement practices.

Chairman Carter sought appointment to the Committee on Water in particular because he recognizes the stress that Florida's rapid population growth is placing on existing water resources, and the important role water and wastewater utility regulation will have on the development of future conservation efforts and water supply alternatives in Florida, as well as the health and economic vitality of the State. Chairman Carter hopes to foster an open dialogue concerning water policies in the State with an aim toward maximizing the effectiveness of partnerships between various state agencies having regulatory jurisdiction over water use.

Chairman Carter is the son of the late Rev. Matthew and Pearl Carter. He was born in Douglas, Georgia and educated in the public schools there. He graduated from Atkinson County High School (in Pearson). After graduation from high school, he volunteered for the United States Army. In the Army, he served in the Presidential Honor Guard in Washington, D.C. and the First Armored Division in Germany.

After being honorably discharged from the Army, Chairman Carter attended Tallahassee Community College where he graduated with honors, and was later inducted into the TCC Alumni Association's Hall of Fame. He then attended Florida State University and graduated with a Bachelor's of Science in Mass Communications and was commissioned a Second Lieutenant in the United States Army Reserve and later the Florida National Guard.

After a tour of duty with the 124th Infantry in the Panama Canal Zone, Chairman Carter returned to Tallahassee where he set up a public relations firm that, for over ten years, concentrated on political campaigns. Afterward, he entered into the financial investment industry and worked as a financial consultant for Waddell & Reed, Florida Professional Services Group, and Merrill Lynch.

Chairman Carter left Merrill Lynch to complete law school at the Florida State University College of Law. After graduation, he became a member of the Florida Bar and a Minister of the Gospel of Jesus Christ. As an attorney, he specialized in business law. He also served as a communications consultant and senior manager for private industry and governmental agencies. Chairman Carter's prior government leadership includes service as the Director of Division of Land Sales, Deputy Director of the Department of Management Services, and multiple senior staff positions with the Florida House of Representatives.

Chairman Carter has a Master's degree in Theological Science from Smith Chapel Bible University, has recently completed coursework for the Doctor of Ministry degree, and was also awarded an honorary Doctor of Divinity degree from the St. Thomas Christian College. Chairman Carter is currently pastor of the Beulah Hill Missionary Baptist Church in Gretna, Florida, where he once served as President of the Congress of Christian Education (Union Baptist Association) and Vice Moderator for the Gadsden County Baptist Association (Southern Baptist Convention). He has also written the book *The 90% Rule – How to Get Out of Debt and Prosper and Why It's Important*.

Chairman Carter is married to the former Rita Taylor (of Enigma, Georgia) and they have two beautiful children.

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# The Commissioners

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*Continued from page 3*

**Lisa Polak Edgar** was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2005. She served as Chairman from January, 2006 to January, 2008.

Commissioner Edgar is a member of the National Association of Regulatory Utility Commissioners Board of Directors and the Telecommunications Committee, and serves on the Federal Communications Commission Universal Service Joint Board. Commissioner Edgar is a member of the Governor's Action Team on Energy and Climate Change and the U.S. Department of Transportation Technical Pipeline Safety Standards Committee. She is a member of Leadership Florida, Class XXIV.

Prior to joining the PSC, Commissioner Edgar served as Deputy Secretary for the Florida Department of Environmental Protection (DEP). Her responsibilities at DEP included oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including oil and gas drilling on the Outer Continental Shelf. Commissioner Edgar represented the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004, and she served on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals.

During her career in public service, Commissioner Edgar has also served as chief analyst on Environmental Policy for the Office of Policy and Budget, Executive Office of the Governor, senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government Program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University.

Commissioner Edgar received a Bachelor of Science and a Juris Doctorate from Florida State University and is a member of the Florida Bar. She studied in London during her undergraduate education and in Yugoslavia during law school.

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**Katrina J. McMurrian** was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006.

Commissioner McMurrian serves on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Consumer Affairs, the Committee on Electricity, the Subcommittee on Education and Research, and the FERC/State Competitive Procurement Collaborative. She also serves as Vice Chair of the Subcommittee on Nuclear Issues – Waste Disposal and on the Executive Committee of the Nuclear Waste Strategy Coalition.

Commissioner McMurrian has extensive experience in regulatory policy issues involving energy, water, and telecommunications. In the eleven years prior to appointment, Commissioner McMurrian used her interdisciplinary core competencies in leadership roles on numerous technical and complex matters before the Florida Public Service Commission.

Most recently, Commissioner McMurrian served consecutive terms as Chief Advisor to two different Florida Public Service Commissioners: Commissioner Charles M. Davidson (2003-2005) and Commissioner Michael A. Palecki (2001-2003). In this role, Commissioner McMurrian advised the commissioners on technical regulatory matters, financial methodologies, and an array of public policy issues in the areas of energy, communications, and water and wastewater.

Prior to becoming a Chief Advisor, Commissioner McMurrian managed the State Liaison Section of the Commission's Division of Policy Analysis & Intergovernmental Liaison. Here, she consulted with state and local government agencies on utility-related policy issues of common interest, such as "black water," reuse, universal service, and electric reliability.

For over three years prior to leading the State Liaison Section, Commissioner McMurrian served as the Commission's primary liaison on all nuclear energy matters. Commissioner McMurrian pursued nuclear waste reform through all plausible avenues - Congressional legislation, federal agency action, and litigation. Working with NARUC and the Nuclear Waste Strategy Coalition (an organization of state commissions, state consumer advocates, state attorneys general, and the nuclear industry), she sought the timely removal of nuclear waste from the state's two largest electric utilities, an undertaking financed by Florida's electric consumers. Additionally, Commissioner McMurrian was instrumental in drafting the Commission's positions on electric industry restructuring, which provided valuable input to Florida's Congressional delegation on how restructuring proposals would impact the state and its electric consumers. Commissioner McMurrian's experience in the electric area began in 1994 with a concentration in environmental and fuel cost recovery issues and territorial agreements and disputes.

Since 2001, Commissioner McMurrian has also been involved in policy formulation related to a multitude of communications matters such as unbundled network element pricing, implementation of the FCC's Triennial Review decisions, universal service, and Lifeline, all of which are impacting and being impacted by a changing competitive landscape. Commissioner McMurrian's work has afforded her the opportunity to develop a fluency in issues of advanced communications policy, especially those surrounding broadband, wireless, Voice over Internet Protocol (VoIP), and emerging technologies such as broadband over power lines (BPL).

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# The Commissioners

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*Continued from page 4*

Commissioner McMurrian was a recipient of the Florida Public Service Commission Extraordinary Accomplishment Award in 1999 and the Florida Public Service Commission Outstanding Achievement Award in 1997, both in recognition of her work on federal energy policy.

A North Florida native, Commissioner McMurrian graduated from Chipley High School. In 1994, she received a Bachelor's degree in finance from Florida State University, followed by a Master of Business Administration degree from Florida State University in 1998.

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**Commissioner Nancy Argenziano.** Before her appointment to the Florida Public Service Commission in May of 2007, Commissioner Argenziano served more than 10 years in the Florida legislature. She was first elected to the Florida House of Representatives in 1996 (District 43) and served there until her election in 2002 to the Florida Senate (District 3).

While serving in the legislature, she served on many different committee and council assignments including Environmental Preservation, Governmental Oversight (Chair), Comprehensive Planning, Criminal Justice (Chair), Criminal Justice Appropriations, Regulated Industries, Rules and Calendar, Agriculture (Chair), Administrative Procedure, Public Service Commission Oversight, Ethics and Elections, Health Policy, Elder Affairs (Chair), Healthcare Council (Chair), Crime and Punishment, Water Resource Management, and Utilities and Communication.

Senator Argenziano's legislative career has focused on protection of the elderly and other vulnerable citizens, resource protection, and full participation of the citizens in their government. Notable legislation which she has sponsored includes nursing home reform, "local sources first" (water use), two pharmacy discount programs, a law providing for clearing the courtroom for victim sex crime testimony, enhanced penalties for crimes against the elderly, Public Counsel representation in utility rates cases, protection of our springs, a "scambusters" program for the protection of consumers, and protection for our children from sexual predators (the Jessica Lunsford Act), just to mention a few.

Commissioner Argenziano has one son, Joseph, who has proudly served his country for 14 years in the United States Air Force. Commissioner Argenziano is a member of the National Association of Regulatory Utility Commissioners (NARUC).

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**Commissioner Nathan A. Skop** was appointed to the Florida Public Service Commission by Governor Charlie Crist for a four-year term beginning January 2007.

Prior to his appointment, Commissioner Skop gained over thirteen years of engineering, manufacturing, operations, program management, and financial management experience working for Fortune 500 corporations.

Commissioner Skop began his professional career as a nuclear project engineer with the Electric Boat Division of General Dynamics Corporation in Groton, Connecticut. As a member of the Advanced Propulsion Plant Technology Program he participated in the design, integration and qualification testing of propulsion system turbomachinery for the USS SEAWOLF (SSN 21), and participated in the initial criticality and power range testing of the USS SANTA FE (SSN 763) reactor plant.

Commissioner Skop continued his professional career as a specialist engineer with the Propulsion Systems and Customer Service divisions of the Boeing Commercial Airplane Group in Seattle, Washington. While serving in these positions he participated in the design, integration, and test of Engine Build-Up installations for Pratt & Whitney engines installed on Boeing 777 aircraft, and supported General Electric aircraft engines installed on Boeing 747, 767, and 777 aircraft.

Prior to attending law school, Commissioner Skop gained substantial renewable energy and energy industry experience as a business manager with FPL Energy (an unregulated subsidiary of FPL Group) through managing nine renewable wind energy projects located in Altamont Pass, California, and a coal fired co-generation plant located in Stockton, California.

Commissioner Skop's extensive power generation experience includes renewable energy (wind and solar), fossil fuel (combined cycle, gas turbine, co-generation, and coal), and nuclear power.

Commissioner Skop graduated from the University of Florida with a BS in Aerospace Engineering in 1991. He later earned an MBA with concentrations in finance management and investment analysis from Rensselaer Polytechnic Institute in 1996, and a JD from the University of Florida in 2006. Commissioner Skop also holds a graduate level certificate in environmental management from the Hartford Graduate Center and attended an executive education program focusing on mergers and acquisitions at the Wharton School of Business at the University of Pennsylvania.

Commissioner Skop is a member of the Florida Bar and recently had a case comment published in the Journal of Technology Law & Policy for the Levin College of Law at the University of Florida.

Commissioner Skop was raised in Sanford, Florida. Prior to relocating to Tallahassee to serve in his current position, Commissioner Skop previously lived in Gainesville and Palm Beach Gardens, Florida.

## Executive Management



EXECUTIVE DIRECTOR

### **Mary Andrews Bane**

The Executive Director is, essentially, the chief of staff of the Commission with responsibility for directing, planning, and administering the overall activities of the Commission staff, except the Office of the General Counsel. She consults with and advises the Commissioners on regulatory, internal management, and budgetary matters and acts as an interagency liaison. Reporting directly to her are the Deputy Executive Director and the directors of the Division of Competitive Markets and Enforcement, the Division of Economic Regulation, the Office of Public Information, and the Office of Strategic Analysis and Governmental Affairs.



DEPUTY EXECUTIVE DIRECTOR

### **Charles H. Hill**

The Deputy Executive Director assists the Executive Director in providing direction and leadership for the staff and is delegated full authority in her absence. He has direct line authority over the Division of Administrative Services, the Division of Regulatory Compliance and Consumer Assistance, the Office of Commission Clerk, the Office of Information Technology Services, and the Office of Standards Control and Reporting.



GENERAL COUNSEL

### **Michael G. Cooke**

The General Counsel is the Florida Public Service Commission's chief legal counsel. He supervises the FPSC's legal personnel and is charged with the administration and delegation of responsibilities to the lead attorneys in his office. The General Counsel also is responsible for advising the FPSC on the legal aspects of its regulatory responsibilities, providing legal representation in court and before federal agencies, providing legal counsel to the Office of the Executive Director, and assisting in interagency liaison activities.

## II

# Defining the FPSC's Role

## MISSION STATEMENT:

*The Mission of the Public Service Commission is to facilitate the efficient provision of safe and reliable utility services at fair prices.*

The work of the Commission is a balancing act. The Commission must balance the needs of a utility and its shareholders with the needs of consumers. Traditionally, the Commission achieved this goal by establishing exclusive utility service territories, regulating the rates and profits of a utility, and requiring the utility to provide service to all who requested it. For electric and water customers in the state, many of the Commission's traditional methods for achieving the balance continue today. Legislative action during the 1995 session to open up the local telephone market to increased competition, however, has required the Commission to facilitate entry of new firms into the local telephone market, while at the same time ensuring that neither the new entrant nor the incumbent local exchange company is unfairly advantaged or disadvantaged. Section 364.01(4), F.S., calls for the Commission to exercise its jurisdiction to encourage and promote competition.

The Commission has quasi-legislative and quasi-judicial responsibilities, as well as some executive powers and duties. In its quasi-legislative capacity, the FPSC makes rules governing utility operations. In its quasi-judicial capacity, the FPSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the 1st District Court of Appeals and the Florida Supreme Court. As an executive agency, the FPSC enforces state laws affecting the utility industries.

The Public Service Commission is committed to making sure that Florida's consumers receive some of their most essential services — electric, natural gas, telephone, water, and wastewater — in a safe, affordable, and reliable manner. In doing so, the FPSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues. Those areas are briefly described as follows:

- ◆ Rate base/economic regulation involves analyzing requested rate changes and conducting earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return.
- ◆ Competitive market oversight entails facilitating the development of competitive markets and issues associated with them.



*The Florida Public Service Commission must balance the needs of a utility and its shareholders with the needs of consumers.*

- ◆ Safety, reliability, and service monitoring promotes an uninterrupted supply of utility services to the general public, and confirms that such services are provided in a reasonable and timely manner with minimal risks.

In each of these areas, the Commission provides consumer assistance, protection, and education, services which include responding to consumer questions and complaints and distributing information about using utility services.

A more detailed description of the FPSC's role in these key areas follows.

## Rate Base / Economic Regulation

The FPSC establishes and monitors earnings levels for regulated electric, natural gas, water, and wastewater companies. In addition, one telephone company is under rate-of-return regulation. Whenever a company believes that its earnings are below a reasonable level, the company can petition the FPSC for a change in rates. The Commission conducts an extensive review of the company's earnings and determines its fair levels of rates and earnings.. The review analyzes the company's books and records in order to determine a reasonable rate of return. The review also includes an analysis of the actual rates charged by the company, allocates revenue requirements between classes of customers, and develops appropriate rate structures within rate classes.

In addition to reviewing a company's request for a rate increase, the FPSC also monitors each company's earnings levels to reduce the likelihood that any company generates excessive earnings. Companies file annual reports which are reviewed to determine the amount of earnings for the prior year. If, based on prior year earnings, it appears that a company will experience excessive earnings in the coming year, the FPSC fully analyzes that company's books and records and, when appropriate, reduces its rates. The FPSC may place earnings subject to refund if the review indicates the company is overearning.

### ***Energy***

In addition to annual reports, the investor-owned electric and natural gas companies also file earnings information quarterly, semi-annually, or monthly, depending upon their size. These more frequent filings allow the FPSC to monitor earnings levels on an ongoing basis. Customer rates can be adjusted more quickly if it appears that a company may be overearning.

Annually, the FPSC critically reviews each regulated utility's fuel, capacity, conservation, and environmental costs and authorizes recovery of the prudently incurred expenses. Other areas of economic regulatory action for the energy industry include special contracts, new tariff offerings, conservation program approvals and revisions, depreciation, amortization, nuclear decommissioning studies, and fossil fuel dismantlement studies.

## **Water and Wastewater**

In the water and wastewater industries, the FPSC processes a significant number of rate related cases. The majority of these cases involve rate increases or limited-proceeding increases resulting from the increased costs of providing service. Other cases involve overearnings investigations in which the FPSC determines whether a rate reduction is necessary.

The Commission also processes requests related to certification. The majority of these cases involve the transfer or amendment of certificates of authorization. A smaller number of cases concern the original certification of a new utility. In certification cases, the Commission issues certificates and sets initial rates and charges for new utilities, transfers or amends existing certificates, acknowledges abandonments, and cancels certificates for systems transferred to exempt entities.

The issue of reuse (using effluent water for a beneficial purpose, such as irrigation) has significant implications in the area of rate base/economic regulation. The Legislature has recognized the benefit of reuse to Florida and has enacted provisions in the governing statutes for the Florida Department of Environmental Protection (DEP), the five water management districts (WMD), and wastewater utilities to employ reuse as a means of effluent disposal and as a method of water conservation. The FPSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with these statewide goals. In meeting this charge, Commission staff participates on a Reuse Coordinating Committee along with staff from the DEP, the Water Management Districts, the Florida Department of Agriculture and Consumer Services, the Florida Department of Health, and the Florida Department of Transportation.

Water conservation is another area with major economic implications. As an economic regulator, the FPSC is actively involved in demand-side water conservation through rate level and rate structure review. Rates and rate structure have a direct bearing on water usage and, therefore, on water resource allocation. The FPSC has a Memorandum of Understanding with the DEP and the five WMDs in order to coordinate efforts to advance statewide water quality and meet statewide conservation goals. Both agencies are frequently called upon to testify on water quality and conservation issues in rate cases before the FPSC. Whenever feasible, the FPSC allows utilities to recover expenses related to conservation programs and establishes conservation rates to reduce water consumption.



*The Legislature has recognized the benefit of reuse as a method of water conservation. It is the FPSC's charge to identify reuse issues. The use of "Purple Pipes" identifies reuse projects.*



*The FPSC is actively involved in demand-side water conservation through rate level and rate structure review, which has a direct bearing on water usage.*

## Competitive Market Oversight



*The FPSC has been reviewing both existing Internet access technology and backbone infrastructure.*

The FPSC addresses competitive market structure and regulatory issues in industries that were traditionally considered monopolies but are now transitioning into competitive markets, e.g. telecommunications. New technologies and customer choice are two catalysts for the change to competition. The advent of innovative technologies allows new market entrants and opportunities for established regulated companies. In addition, customers may benefit from increased competition by having more options for choosing services. As we transition from monopoly to the competitive provision of utility services, the FPSC must ensure that regulatory barriers are removed and that customers continue to receive quality service.

In the telecommunications industry, a key focus of the FPSC has been facilitating the development of competition in the local telephone market. This focus has included arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. The FPSC is also active in monitoring and assessing the status of local competition, processing negotiated agreements, interpreting agreements and tariffs, providing input on legislative and Federal Communications Commission (FCC) initiatives, and conducting generic proceedings to implement approved initiatives and address recurring issues.

Another responsibility related to competitive market oversight in the telecommunications industry includes conducting regular reviews of industry practices to determine whether entities are engaging in practices that could dampen the development of competition. Other major areas involve processing area code relief cases and providing oversight of numbering resources.

The FPSC has been reviewing both existing and emerging Internet access technology and backbone infrastructure. In doing so, the Commission recognizes the blurring distinction between the traditional telephone network and the data transmission networks. The FPSC has worked to identify the different technologies involved, assess the direction of those technologies, analyze pricing differences between voice and data networks, and determine what, if any, policy actions the Commission should consider.

Reviewing and maintaining the retail tariffs or price lists filed by the telecommunications companies, as well as setting certain wholesale prices such as for ILEC unbundled network elements used by CLECs to provide service are also FPSC responsibilities. In addition, the Commission establishes reciprocal compensation policies to guide the compensation to companies which terminate local traffic from other companies.

Another critical aspect of competitive market oversight in the telecommunications industry is the certification process. Most telecommunications companies doing business in Florida are required to be certificated by the FPSC. The exception

to the certification requirement is Interexchange Companies (IXCs) which are not required to be certificated but are required to register with the Commission, file tariffs, provide a point of contact for the company, and pay regulatory assessment fees.

## Reliability, Safety, and Service Issues

Through performance and operations investigations, the FPSC obtains information on reliability, service quality, and service availability for review and enforcement.

### ***Energy***

#### ***Reliability***

In the electric industry, the FPSC reviews regulated utilities' ten-year site plans to assess the utilities' abilities to meet Florida's energy needs over a ten-year planning horizon. The FPSC also considers petitions for the determination of need for electric power plants and transmission lines so that adequate generation and transmission facilities will be available to meet the state's power needs.

The FPSC also participates in formal and informal proceedings relating to long-range electric utility bulk power supply operations and planning; power plant and transmission line siting; electric and natural gas safety and service quality, including complaints; electric utility conservation goals and programs; and emergencies due to operational events or weather.

#### ***Electric Safety***

The FPSC is statutorily responsible for electric safety. The Commission, by rule, has adopted the National Electrical Safety Code as the applicable safety standard for transmission and distribution facilities subject to the FPSC's safety jurisdiction. In addition, the rule sets requirements for accident reporting, quarterly utility compliance reports, and random FPSC inspections of facilities. Electric safety engineers inspect utility electric transmission and distribution construction sites that are randomly selected from utility work orders. Any variances from the National Electrical Safety Code that are found are later inspected again to verify that the code variances have been corrected.

#### ***Natural Gas Pipeline Safety***

Safety compliance evaluations are conducted annually on all natural gas systems. These evaluations focus on corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training, employee qualification, maintenance, operation, and new construction. Also, Commission staff supports and assists the state's Emergency Operation Center in energy related matters.

The Commission's gas safety staff evaluates natural gas systems covering thousands of miles of pipeline and customer service lines. These evaluations



*Safety compliance evaluations are conducted annually on all natural gas systems.*

generally result in issuing written notifications of gas safety violations such as failure to repair gas leaks, failure to odorize natural gas, or failure to use qualified welders. All violations must be corrected or scheduled for corrective action pursuant to the Commission's enforcement procedures.

On March 14, 2005, the Federal Communications Commission designated the 811 code as the national abbreviated dialing code to be used by state One Call notification systems for providing advance notice of excavation activities to underground facility operators. The Order stated that the 811 abbreviated dialing code would be deployed ubiquitously by April 13, 2007, by carriers throughout the United States for use by all telecommunications carriers, including wireline, wireless, and payphone service providers that provide access to state One Call centers. By its Order dated December 20, 2006, the FPSC required Florida carriers to cease using 811 for commercial services by February 14, 2007, and make their switches available and operational for 811 access by March 15, 2007.

### ***Telecommunications***

In the telecommunications industry, the FPSC monitors telephone safety through inspection of the local telephone companies' central offices and outside facilities for compliance with the National Electrical Safety Code and the National Electric Code. This monitoring is done to protect the safety of the companies' workers as well as customers.

Network reliability is monitored through call completion tests and service outage reports from the local telephone companies. Service quality is monitored through inspections of the local telephone companies' installation and repair records, billing accuracy tests, and pay telephone inspections. During pay telephone evaluations, access to 911 and the accuracy of the pay telephone address are verified.

### ***Water and Wastewater***

In the water and wastewater industries, the FPSC oversees quality-of-service issues such as water pressure and capacity. When a consumer complaint regarding water and/or wastewater quality of service is received, a staff engineer is assigned to work with the consumer and utility personnel to determine the cause of the concern.

Service quality issues are also addressed when a utility files an application for a rate change. The Commission conducts customer meetings or service hearings as a part of the rate case process. Consumer comments at these meetings typically include service quality issues. Staff reviews consumer concerns and works with the utility to resolve service issues. In some cases, a complaint may result from possible violations of Department of Environmental Protection (DEP) public health rules. In these cases, FPSC staff works with the DEP to resolve the issue.



## Consumer Assistance, Protection, and Education

By providing effective consumer assistance, protection, and education, the FPSC's consumer information program addresses important consumer issues and educates the public about the changing regulatory environment.

While the FPSC manages the transition to more competitive markets, the agency also continues to make sure that customers receive safe, reliable utility service, particularly through its enforcement efforts. The enforcement function is a pivotal component of the Commission's consumer protection mandate. The agency monitors the offerings by utility providers and guides consumers through anticipated changes so they receive the best service and rates for their needs.

The FPSC participates in a variety of outreach events such as consumer forums, community meetings, customer meetings and hearings, and develops consumer publications and presentations. The FPSC continues to improve its outreach methods to provide access to information, such as electronic access, so that consumers have accurate and understandable information to make informed decisions about utility services.

The telecommunications industry continues to change at a rapid pace. Innovative technologies, market structure changes, and demand changes have all contributed to the industry's transformation, causing an increase in the number of telecommunications companies offering services, and the number and types of service offerings in local markets. Where consumers once had to deal with just a local telephone company and a long distance carrier, they now have to deal with such entities as competitive local exchange companies, operator service providers, billing agents, equipment vendors, and private owners of pay telephones. With these service providers and the emergence of competition from unregulated service providers, the FPSC serves an important role in resolving service quality issues and in implementing policies that promote competition, universal service, and technological advancement.

Although the statutes governing the FPSC's electric and natural gas responsibilities have not materially changed in recent years, specific consumer concerns are a growing focus as these industries address concerns such as fuel cost volatility and hurricane damage. Furthermore, the FPSC has a statutory obligation to protect the consumer by ensuring safety compliance and is responsible for providing assistance in addressing consumers' service quality concerns.

Another aspect of consumer assistance relates to customer issues such as billing. The FPSC assists consumers with analyzing their utility bills and verifying the accuracy of charges.



*The FPSC participates in a variety of outreach events such as consumer forums, community meetings, customer meetings and hearings, and develops consumer publications and presentations.*



*The FPSC resolves consumer complaints by investigating the facts and circumstances of the case with the customer and the company.*

The FPSC intends that disputes between regulated companies and their customers be resolved in a fair and efficient manner. The Commission's Transfer Connect system is one way it resolves a portion of the consumer complaints the Commission receives. When a consumer calls the FPSC's toll-free telephone number (1-800-342-3552) with a question or a complaint regarding utility services, a FPSC staff member, with the customer's approval, will transfer the call directly to the utility for its handling. Once the consumer's call is transferred, the utility pays for the call until completion. Each company that subscribes to Transfer Connect must provide live customer service personnel to handle the transferred calls. Consumers benefit when they can have all of their needs met with a single toll-free call. The Transfer Connect option also enables FPSC staff to consult with a utility representative and pass on information about the caller without the caller needing to repeat the information.

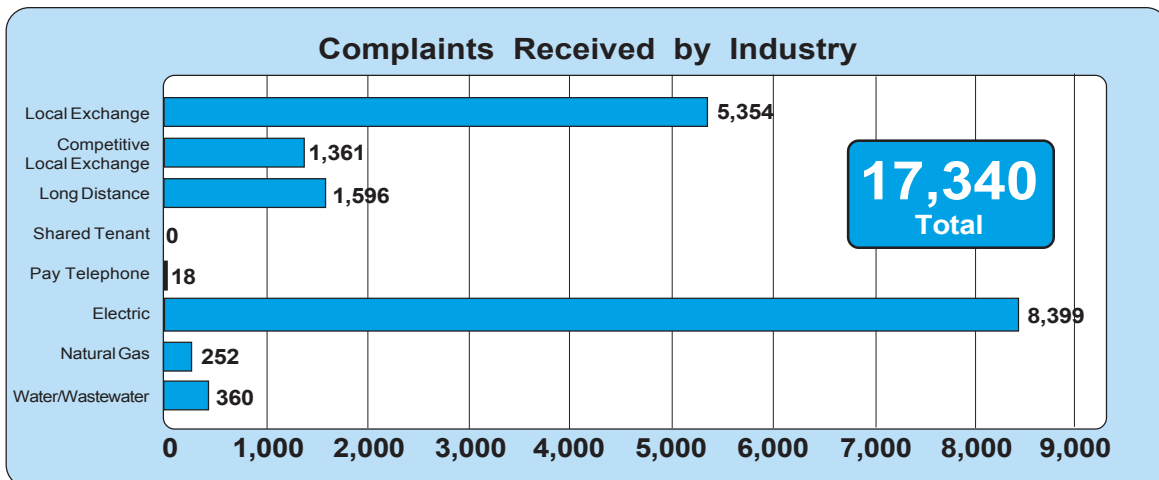
### **Complaint Activity**

Consumer complaints are resolved by investigating the facts and circumstances of the case with the customer and the company. In addition, service provision issues, along with applicable statutes, rules, and tariffs, are reviewed for compliance.

Consumers may contact the FPSC to file complaints or inquire about any regulated utility company in several ways:

- ◆ Calling toll-free at 1-800-342-3552;
- ◆ Faxing toll-free at 1-800-511-0809;
- ◆ Mailing inquiries to the Florida Public Service Commission, Division of Regulatory Compliance and Consumer Assistance, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850;
- ◆ E-mailing to [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us); or
- ◆ Visiting the FPSC's Web site at [www.floridapsc.com](http://www.floridapsc.com) and completing an online complaint form.

During 2007, over 17,000 complaints were logged with the FPSC against utility companies. The following chart identifies those complaints received by industry.



*Note: Includes non-certificated complaints logged, complaints transferred via the telephone transfer-connect or e-transfer process, and complaints logged and resolved under the three-day rule.*

## ***Consumer Education***

Since consumer service and protection are integral to the FPSC's mission, the Commission encourages early, continuous, and meaningful public participation throughout its regulatory process. As part of the FPSC's education program, information is compiled and relayed to consumers who are offered many opportunities to express comments and ideas to the Commissioners before final decisions occur.

The FPSC closely monitors informal consumer inquiries and complaints to identify trends that may affect consumers and then produces related outreach materials to address those needs. Although the industries the FPSC regulates have experienced significant technological and regulatory changes in the last few years, the FPSC continues to provide consumers with the information they need to realize the benefits of competition and to know their rights as utility customers.

The FPSC uses a variety of ways to inform consumers, including its Internet site, news releases, toll-free phone and fax numbers, consumer publications, the media, brochures, regularly scheduled FPSC meetings open to the public, and community events. The FPSC's home page, [www.floridapsc.com](http://www.floridapsc.com), is continually updated to make the site more accessible and navigable. The Web site contains information about the industries regulated by the FPSC, press releases, and FPSC publications. In addition to obtaining information, consumers may file online complaints and inquiries about their utility services. Commission events and meetings are frequently accessible online as live video and/or audio broadcasts.

One of the Commission's more effective consumer education programs is the Library Outreach program. Through this program, the Commission provides more than 280 public and branch libraries across the state with publications highlighting practical energy and water conservation measures. Results from periodic surveys to library administrators indicate their continuing support for the program.

In February 2007, the Commission participated in National Consumer Protection Week, which highlighted consumer protection and education efforts across the United States. During this week, the FPSC encouraged consumers to make a difference by reaching out to those in their community who might be eligible for the Lifeline and Link-Up Florida programs. FPSC staff also held informal briefings at 20 libraries and talked with consumers about discounted telephone service programs and other issues related to telecommunications, electric, natural gas, and water and wastewater services.

In its continuing effort to educate Floridians on energy efficiency and water conservation, the FPSC is an important consumer resource for information on green power and green pricing, peak shifting, fuel diversity, and residential water conservation. The FPSC has also partnered with local schools to present energy and water conservation plays in recognition of Energy Awareness Month in October and National Drinking Water Week in May. The Commissioners have been teaching students how to conserve energy and water as part of school

assembly programs. By teaching Florida's students about the importance of energy and water conservation now, the FPSC is encouraging them to choose and use energy wisely for years to come.

To assist Florida legislators and other government officials whose constituents may be affected by a specific case before the FPSC, the Commission produces an informational report, the *Florida Public Service Commission Bulletin*. The *Bulletin* provides a case background and helps answer constituent inquiries.

Throughout the year, FPSC Commissioners and/or staff attend customer hearings and meetings around the state. Public meetings provide an inclusive process that allows Florida consumers to participate and share their views with Commissioners. For each hearing or meeting, customers receive a *Special Report* that explains the case information being reviewed and encourages consumer participation. FPSC staff distribute brochures and address citizen questions and concerns. Additional brochures, which can also be read on the FPSC's Web site, are available to consumers who contact the Commission.

## HIGHLIGHTS OF THE



# FPSC's Regulatory Efforts for Calendar Year 2007

In 2007, the FPSC regulated five investor-owned electric companies, seven investor-owned natural gas utilities, and more than 160 investor-owned water and/or wastewater utilities. The FPSC also regulated one rate base regulated telephone company and had competitive market oversight for more than 1,250 telecommunications companies in Florida.

The number of certificated telecommunications companies or registered interexchange companies as of December 2007, was as follows:

- ◆ 10 incumbent local exchange companies (ILECs)
- ◆ 370 competitive local exchange companies (CLECs)
- ◆ 576 interexchange companies (IXCs)
- ◆ 233 pay telephone service companies (PATs)
- ◆ 35 alternative access vendors (AAVs)
- ◆ 27 shared tenant service providers (STS)

While the FPSC does not fully regulate publicly owned municipal or cooperative electric utilities, the Commission does have jurisdiction, with regard to rate structure, territorial boundaries, bulk power supply operations, and planning, over 34 municipally owned electric systems and 18 rural electric cooperatives. The FPSC has jurisdiction, with regard to territorial boundaries and safety, over 27 municipally owned natural gas utilities and also exercises safety authority over all electric and natural gas systems operating in the state. During 2007, a number of significant issues presented challenges for the Commission and are summarized below.

## Energy

### ***Electric Utility Storm Cost Recovery***

During the 2004 and 2005 storm seasons, FPL's service territory was impacted by a total of seven hurricanes. On January 13, 2006, FPL filed a petition for a storm recovery financing order and requested storm recovery bonds in the amount of up to \$1.05 billion pursuant to Section 366.8260, Florida Statutes. According to FPL's petition, this amount would enable FPL to (1) recover the remaining unrecovered balance of its 2004 storm recovery costs; (2) recover its prudently incurred 2005 storm recovery costs, less capital costs and insurance proceeds; (3) replenish its storm recovery reserve; and (4) recover issuance costs associated with the storm recovery bonds.



*FPL's service territory was impacted by a total of seven hurricanes during the 2004 and 2005 storm seasons.*



*A Bond Team (consisting of representatives of FPL, the Commission, and their designated advisors and legal counsel) was established to ensure that the structuring, marketing, and pricing of the Storm Recovery Bonds would achieve the lowest cost objective and would include adequate protections for the ratepayers.*

Pursuant to Orders Nos. PSC-06-0464-FOF-EI issued May 30, 2006 and PSC-06-0626-FOF-EI issued July 21, 2006, collectively known as the Financing Order, the Commission approved the issuance of Storm Recovery Bonds in an amount up to \$708 million provided that the initial retail cents per kilowatt hours (kWh) storm recovery charge would not exceed the retail cents per kWh 2004 storm surcharge then in effect.

As required by the Financing Order, a Bond Team (consisting of representatives of FPL, the Commission, and their designated advisors and legal counsel) was established to ensure that the structuring, marketing, and pricing of the Storm Recovery Bonds would achieve the lowest cost objective and would include adequate protections for the ratepayers. After exploring and pursuing numerous alternatives for providing the lowest cost to ratepayers, the Bond Team concluded that ratepayers could best obtain the benefits of these alternatives through use of a competitive sale of the Storm Recovery Bonds.

On May 15, 2007, members of the Bond Team monitored the auction of the Storm Recovery Bonds in New York. The total amount of bonds sold was \$652 million. Wachovia Capital Markets, LLC beat out bids from more than a dozen investment banks with an all-inclusive cost of 5.23 percent. The initial storm surcharge approved following the 2004 storm season was \$1.65 per 1,000 kWh. As a result of the bond issuance, FPL lowered the monthly storm recovery charge each residential customer pays to \$1.02 per 1,000 kWh.

On August 31, 2007, FPL filed a request to lower its storm recovery charge. The adjustment was requested pursuant to Section 366.8260(2)(b), Florida Statutes, and the Financing Order to ensure that the storm recovery charges will recover only amounts sufficient to timely provide for payments of debt service and other required amounts in connection with the Storm Recovery Bonds. The primary reasons for the adjustment were lower ongoing administrative costs for the period and greater interest income on the collections than what was originally forecasted. As a result of this adjustment, the total storm recovery charge for residential customers decreased from \$1.02 to \$0.98 per 1,000 kWh effective November 1, 2007.

### ***Power Plant and Transmission Line Need Determinations***

The Commission considered five petitions for a determination of need for power plants and two petitions for a determination of need for transmission lines during 2007.

On September 19, 2006, a group of municipal utilities filed a petition for a determination of need for the proposed Taylor Energy Center. The unit would be a coal-fired generating unit with a capacity of approximately 765 MW and a projected in-service date of 2012. The Commission held a formal administrative hearing on January 10 - 12 and 18, 2007. Prior to the Commission making a decision on this petition, on March 9, 2007, the applicants filed a motion to

supplement the record and waived any applicable deadlines for Commission action. Subsequently, on July 12, 2007, the applicants withdrew their request for a determination of need.

On September 22, 2006, Progress Energy Florida (PEF) filed a need determination petition for the 180 MW uprate of PEF's Crystal River 3 nuclear unit. A hearing for that filing was held on January 18, 2007. In February 2007, the Commission determined the additional plant was needed. At the end of 2007, final certification from the Governor and Cabinet was pending. The uprate is expected to be completed by the end of 2011.

On February 1, 2007, Florida Power & Light Company (FPL) filed a petition for a determination of need for proposed Glades Power Park Units 1 and 2. The units would be coal-fired generating units with a capacity of approximately 980 MW each and projected in-service dates of 2013 and 2014, respectively. The Commission held a five-day formal administrative hearing in April 2007 to hear testimony on whether the proposed plants were the most cost-effective means to meet projected demand for power. On July 2, 2007, based on the evidence developed during the hearing, the Commission denied FPL's petition. The Commission's decision was based on uncertainty over fossil fuel prices and possible carbon legislation, as well as the high capital costs associated with coal plants and FPL's failure to demonstrate that the plants would be the most cost-effective alternative.

On June 21, 2007, the Commission approved the need for TECO's Willow Oak-Davis transmission line, a 230 KV line approximately 30 miles long. The proposed line has an expected in-service date of June 2012. At the end of 2007, final certification from the Governor and Cabinet was pending.

On July 20, 2007, Tampa Electric Company (TECO) filed a petition for a determination of need for its proposed Polk Unit 6. The unit would be an integrated coal-gasification combined cycle unit with a capacity of approximately 630 MW and a projected in-service date of 2013. The Commission scheduled a formal hearing for October 10 -11, 2007; however, on October 4, 2007, TECO withdrew its petition for a determination of need.

On September 17, 2007, FPL filed a petition for a determination of need for uprates at the St. Lucie and Turkey Point nuclear units. The total capacity uprate is approximately 400 MW with projected in-service dates of 2011 and 2012. On December 10, 2007, the Commission voted to approve the uprates.

On September 26, 2007, the Commission approved the need for the Lake Agnes-Gifford transmission line. The proposed transmission line will be owned by TECO and PEF and is projected to be approximately 32 miles long with an in-service date of 2011. At the end of 2007, final certification from the Governor and Cabinet was pending.

## ***Fuel Diversity***

Utility efforts to develop cost-effective alternatives to traditional generation resources, such as energy conservation, demand side management (DSM), and renewable supply-side technologies make an important contribution to fuel diversity. In 2007, the Commission approved several new and revised DSM programs offered by TECO, which are expected to save approximately 66 MW over the planning horizon. The Commission also approved a contract between PEF and BG&E, the developer of a 75 MW biomass facility, a renewable generation source.

Over the past few years, the Legislature and the Commission have stressed the importance of utilities maintaining a balanced fuel supply. The 2007 Ten-Year Site Plans contained several proposed solid fuel units in order to reduce utility dependence on natural gas. Because of fossil fuel cost uncertainties and potential carbon emission regulations, four coal-fired projects were either denied or withdrawn from the certification process. FPL and PEF have announced long-term plans to investigate the addition of new nuclear units to the state's generation mix, but these facilities will not be available until 2016-2020. In the interim, utilities are evaluating options to increase fuel source diversity within fuel types, such as use of LNG (liquefied natural gas), alternate gas pipelines, and natural gas storage. PEF recently contracted to purchase LNG from the Elba Island terminal near Savannah, Georgia. PEF will take delivery of the LNG via the new Cypress pipeline connecting Elba Island to the Florida Gas Transmission System. Several interstate pipeline companies have proposed new pipeline projects and expansions to deliver natural gas to the state from diverse sources.

## ***Transmission Reliability***

Chapter 2006-230, Laws of Florida, enacted by the 2006 Florida Legislature, required that the Florida Public Service Commission direct a study of the electric transmission grid in the state. The study was to look at electric system reliability to examine the efficiency and reliability of power transfer and emergency contingency conditions. In addition, the study was to examine the hardening of infrastructure to address issues arising from the 2004 and 2005 hurricane seasons.

At the direction of the Commission, Peninsular Florida's utilities completed a ten-year long-range transmission study. The 2006-2015 Long Range Transmission Reliability Study is an assessment of Peninsular Florida's transmission system to ensure that it remains stable under normal and emergency conditions. Overall, the results of the 2006-2015 Long Range Transmission Reliability Study indicate that Peninsular Florida's transmission system is adequate to provide reliable service to retail customers. The Commission found that the planning methods and criteria used in the study are based on sound utility practices and procedures. In order to maintain a transmission system that will reliably serve the state's increasing need for electricity, Peninsular Florida's utilities plan to add an additional 1,109 miles of transmission lines to the system, at a cost of approximately \$1.7 billion, over the next five years.



*The results of the 2006-2015 Long Range Transmission Reliability Study indicate that Peninsular Florida's transmission system is adequate to provide reliable service to retail customers.*



On March 1, 2007, the Commission provided the Governor, the President of the Senate, and the Speaker of the House of Representatives a report on electric system reliability based upon the 2006-2015 Long Range Transmission Reliability Study. This report concludes that Florida's transmission system is adequate to provide reliable service to retail customers and describes progress made by the Commission in establishing storm hardening procedures.

On July 1 2007, the Commission provided the Governor and President of the Senate, and the Speaker of the House of Representatives a report on "Enhancing the Reliability of Florida's Distribution and Transmission Grids During Extreme Weather." In this report, the Commission identified several initiatives taken in response to the damage caused by the 2004 and 2005 hurricanes. The report also identified areas of ongoing Commission activity such as the implementation of new rules on conversion to underground facilities. In order to keep the Governor and Legislature informed of its progress, the Commission will provide an addendum to this report by February 1, 2008 and a final report with recommendations for any legislative action by July 2008.

### ***Storm Hardening***

During 2006 and 2007, the Commission required investor-owned utilities to implement certain system hardening initiatives such as increased vegetation management and more frequent pole inspections. These activities are system-wide in nature and are expected to improve the day-to-day reliability of the electric grid as well as provide some protection against storm related outages.

On December 5, 2006, the Commission approved rules that require investor-owned utilities to file comprehensive storm hardening plans for review and approval by the Commission once every three years. The rules also require the IOUs to install distribution facilities in locations which allow easier service access and thus faster service restoration after storms. The focused attention to system hardening plans allows the Commission and interested parties to provide input and suggested changes as more information is gathered on the costs and benefits of hardening. The utilities filed their first hardening plans on May 7, 2007. The Commission held a formal administrative hearing on October 3-4, 2007. On December 18, 2007, the Commission approved the utilities' hardening plans as filed.

### ***Fuel Cost Recovery***

In July, 2007, the Commission required PEF to refund \$12.4 million in fuel revenues, plus interest, associated with the utility's historical recovery of 2003-2005 coal costs. The Commission's refund decision was based on its finding that PEF failed to purchase the most economic coal type (i.e. Powder River Basin coal) for its Crystal River Units 4 and 5. The Commission's decision was contested by the Office of Public Counsel (OPC), which has argued in its filings that the Commission's refund amount is insufficient. The Commission will consider OPC's petition in early 2008.



*The Commission required investor-owned utilities to implement certain system hardening initiatives such as increased vegetation management and more frequent pole inspections.*



*Section 366.91, Florida Statutes, requires the FEECA (Florida Energy Efficiency and Conservation Act) utilities to continuously provide a contract for purchasing capacity and energy from renewable energy resources.*

In September 2007, the Commission approved FPUC’s request for mid-course correction to its fuel rates for both its Fernandina Beach and Marianna divisions to reduce the level of underrecoveries carried over to 2008. The underrecoveries were due primarily to FPUC’s significant underestimates of power purchases.

At the November 2007 fuel hearing, the Commission approved 2008 fuel rates for the five investor-owned electric utilities. FPL’s 2008 fuel rates decreased slightly compared to 2007. PEF’s fuel rates decreased compared to 2007, due in part to a significant overrecovery carried forward to 2008. Also, the aforementioned coal refund was included in PEF’s 2008 factors. TECO’s 2008 fuel rates decreased compared to 2007, also based upon an overrecovery carried forward to 2008. Gulf Power Company’s 2008 fuel rates increased slightly. Gulf has replaced the favorably priced contract coal with a spot priced coal which is significantly more costly. Gulf is litigating the contract default. Finally, FPUC’s favorable contract with Gulf for purchased power at its Marianna Division was replaced with a new contract that is more market based. As a result, 2008 fuel rates for that division are significantly higher than they were in 2007. Meanwhile, FPUC’s 2008 fuel rates for its Fernandina Beach Division increased compared to 2007, reflecting the second year phase-in of rates under the new market based contract approved in 2006 for that division.

**Renewable Energy Initiatives**

**Renewable Standard Offer Contracts** - Section 366.91, Florida Statutes, requires the FEECA (Florida Energy Efficiency and Conservation Act) utilities to continuously provide a contract for purchasing capacity and energy from renewable energy resources. On April 1, 2007, the investor-owned utilities filed petitions for approval of standard offer contracts for renewables pursuant to Commission’s rules adopted in January 2007. Contracts were filed based on each generating technology type in a utility’s Ten-Year Site Plan (also filed annually on April 1) that could no longer be avoided. On June 11, 2007, the Commission approved the utilities’ standard offer contracts for renewable energy. On July 30, 2007, the Commission’s order was protested and a hearing will be held in March 2008.

**Commission Renewables Workshop** - In January 2007, the Commission held a workshop to explore opportunities for further development of renewable energy in Florida. The Commission heard comments from a wide range of interested parties, including renewable generators, environmentalists, Florida utilities, and financial experts. In particular, the Commission heard speakers on (1) the current status of renewables in Florida, (2) possible strategies to further encourage renewables, and (3) facilitating the financing of renewable generation projects. Based on the information gained during the workshop, the Commission has pursued further efforts to encourage the deployment of renewable generation in Florida. These efforts revised rules on expedited interconnection and net metering of customer-owned renewable generating facilities and exploration of a renewable portfolio standard for Florida. These topics are discussed further below.

### **Interconnection and Net Metering of Customer-Owned Renewables**

**Rulemaking** - A rulemaking proceeding was initiated to expand the Commission's existing small solar photovoltaic interconnection rules to all renewable energy sources and to allow net metering to further encourage development of renewable resources. The Commission has existing rules in Chapter 25-17, Florida Administrative Code, on the interconnection, metering, and billing for large cogenerators and small power producers. These systems are normally used by large commercial and industrial customers and may involve the sell-back of significant amounts of power to the host utility. The Commission also has an existing rule in Chapter 25-6, Florida Administrative Code, on the interconnection of small customer-owned solar photovoltaic systems. The rule also allows, but does not require, investor-owned utilities to net-meter the energy produced by these systems.

Following the January 2007 renewables workshop, Commission staff held workshops in April 2007 to explore whether net metering should be required, and if so, for what size and type of renewable generators. Also, information was gathered on the potential to interconnect renewable generators to the utilities' electric grid on an expedited basis. The Commission held a workshop on August 30, 2007, during which a draft rule on net metering and expedited interconnection was discussed by stakeholders and the Commissioners. Commission staff held a further rule development workshop on October 15, 2007, where stakeholders discussed a revised draft rule. On December 18, 2007, the Commission proposed rules that would require the investor-owned electric utilities to net meter customer-owned renewable generation. Eligible customers would be allowed to carry forward any excess electricity delivered to the grid for use in reducing their future electric bills for a period of up to one year. Under the proposed rules, renewable energy systems of all types up to two megawatts in capacity would be eligible. The proposed rules also provide for the expedited interconnection of these systems with the utility. Various fees and insurance requirements for small systems would not be required. Finally, the rule references national standards to insure safety in the interconnection and operation of renewable systems.

**Renewable Portfolio Standard for Florida** - Section 366.92, Florida Statutes, gives the Commission authority to set goals for renewable energy. On July 26, 2007, the Commission conducted a workshop to hear from interested persons on how to design a renewable portfolio standard (RPS) for Florida. Over 30 speakers from the renewable industry, electric utilities, and government entities made presentations. An RPS generally requires electric utilities to generate or purchase an established percentage of electricity from a defined set of resources. The purposes of an RPS may include reduction in greenhouse gas emissions, development of renewable resources, fuel supply reliability, and fuel price stability. The Commission continued its efforts to develop more detailed information on design and implementation of an RPS by holding staff workshops on September 27 and December 6, 2007.

### ***Emergency Operations Center***

FPSC staff supports and assists the state's Emergency Operations Center in energy related matters, such as energy security, natural gas explosions, natural disasters, or when any utility related threat is detected threatening life and property. This assistance regularly involves supplying expert advice during the emergency and coordinating activities of the gas and electric utilities along with fire, police departments, and other public and private agencies.

The Commission is designated as the "Key Response Agency" for power and natural gas emergencies for the Governor's Office through the Division of Emergency Management at the state's Emergency Operations Center (EOC) for Emergency Support Function – 12 Energy (ESF-12). In this capacity, the FPSC provides 24 hour/7 days a week staffing of the State Emergency Operations Center during state emergencies. The primary purpose of ESF-12 is coordinating responses to electric and natural gas energy emergencies and providing information and assistance to a variety of federal and state agencies at the EOC. The Commission is also responsible for maintaining contact with electric and natural gas utilities serving the affected areas in order to assess damage and service restoration efforts. The data collected and maintained from these coordination efforts include such information as the areas affected, number of customers without electrical power or natural gas, status of generation fuel, and the estimated restoration time for normal service. This information is used by the EOC to determine the most efficient allocation of resources in response to the regional recovery efforts. The EOC was activated in 2007 for several tornadoes and numerous wildfires.

### ***Conservation Activities for Electric and Natural Gas Utilities***

In 1980, the FPSC required Florida's larger electric utilities and natural gas utilities to adopt cost-effective conservation, or demand-side management programs, to meet the requirements of the Florida Energy Efficiency and Conservation Act. Since that time, Florida's utilities have implemented a wide array of programs, primarily targeted at reducing both the growth rate of peak demand and the state's dependence on oil as a generator fuel. All consumers benefit from cost-effective utility conservation programs. The FPSC evaluates the cost-effectiveness of all utility-proposed programs to ensure that the savings in avoided power plants, fuel for existing plants, and any wholesale power purchases exceed the cost of the conservation program. The policy is that electric rates should be lower than what they otherwise would have been without the conservation program.

Major electric utilities offer many forms of energy conservation education, as well as free audits which are mandated by Florida law. Educational programs and announcements give consumers basic information on conserving energy and the various energy programs available through the utility. Energy audits provide the cornerstone of energy conservation by helping consumers determine which utility-sponsored conservation programs may be appropriate

*The FPSC evaluates the cost-effectiveness of all utility-proposed programs to ensure that the savings in avoided power plants, fuel for existing plants, and any wholesale power purchases exceed the cost of the conservation program.*

for their needs. Free audits are available to all classes of consumers: commercial, industrial, and residential. Many utilities conduct more comprehensive audits for a fee, upon request. Some of the major utilities also educate the construction industry on the Florida Energy Efficiency Code for Building Construction to help both designers and builders more efficiently employ energy conservation efficiency measures.

Utilities offer programs for repairs or improvements including low-cost fix-up, weatherization, heating/air conditioning tune-up, and duct-leak testing, with the utility paying a portion of the costs for repairs or improvements. Investor-owned utilities (IOUs) are permitted to recover prudent and reasonable expenses for FPSC-approved conservation and demand-side management programs. Actual conservation expenditures over a 12-month period may be recovered through the Energy Conservation Cost Recovery Clause. Since the enactment of the Florida Energy Efficiency and Conservation Act, Florida's IOUs have implemented programs that have reduced peak demand approximately 5,600 MW, a reduction which has avoided the need to construct several large power plants. Florida's IOUs have spent more than \$4 billion on programs designed to help consumers save on their electricity bills.

On November 29, 2007, the Commission held a public workshop to begin a process of identifying options for expanding energy efficiency programs. The workshop explored how the Commission can encourage additional energy efficiency and conservation. A wide range of stakeholders discussed the Commission's implementation of the Florida Energy Efficiency and Conservation Act (FEECA), the economic tests used to analyze utility energy efficiency programs, the efforts of the investor-owned electric utilities in demand-side management, incentives that may encourage further conservation efforts, and measures used in other states.

## Telecommunications

### ***ILEC Wholesale Performance Measures***

In Docket No. 000121-TP, the Commission developed wholesale performance measurement plans for the ongoing evaluation of operations support systems (OSS) provided by incumbent local exchange carriers (ILECs) for competitive local exchange carriers' (CLECs) use. The performance measurement plans provide a standard against which CLECs and the Commission can measure performance over time to detect and correct any degradation of service provided to CLECs. The Commission adopted performance measurements for AT&T (formerly BellSouth) in August 2001, for Embarq in January 2003, and for Verizon in June 2003.

For AT&T, the Commission adopted a Performance Assessment Plan comprised of a Service Quality Measurement Plan (SQM) and a Self-Effectuating Enforcement Mechanism (SEEM) Administrative Plan. The SQM is a detailed

description of AT&T's wholesale performance measurements. Under the SEEM Plan, payments are made by AT&T if the company fails to meet performance standards for key measurements as set by the Commission. AT&T's current Performance Assessment Plan, effective July 1, 2007, is the result of an extensive review conducted by AT&T, the CLECs, and staff. The current plan consists of 49 measurements, with each related to a specific portion of AT&T's Operations Support Systems. AT&T's SEEM Plan includes 32 measures. From January through August 2007, BellSouth paid \$1.75 million in SEEM remedies to CLECs and the State of Florida. AT&T furnishes monthly performance reports to the Commission for review and assessment.

For Embarq, the Commission adopted a Performance Measure Plan in 2003. The current plan, effective January 2007, is the result of a staff initiated review in October 2006 to assess proposed changes to the plan. Embarq's current plan contains 44 measures to ascertain if the ILEC is providing nondiscriminatory service to CLECs. Embarq furnishes monthly performance reports to the Commission for review and assessment.

Verizon operates in Florida under a common set of performance and administrative measures contained in a Joint Partial Settlement Agreement derived from a process in California and used, with some state-specific variation, in several states. In September 2007, Verizon filed a request with the Commission to approve changes to its Florida Performance Measurement Plan that were recently approved by the California Public Utilities Commission. The changes were approved by the Commission in October 2007 and will be effective beginning with Verizon's March 2008 data. The revised plan contains over 40 measures. Verizon furnishes monthly performance reports to the Commission for review and assessment.



*Commission staff evaluates the quality of service provided by telecommunications companies and conducts periodic on-site inspections of telecommunications facilities.*

### ***Service Quality***

The Commission, in accordance with Rule 25-4.085 Service Guarantee Program, has approved three companies to provide service guarantee programs (SGP) that are in the public interest. AT&T Florida, Embarq, and a small local exchange company, Windstream, operate under SGPs applicable to residential service. The SGPs provide for automatic credit to a customer's account when service objectives are not met as defined within the SGP.

For fiscal year 2007 (July 2006-June 2007), AT&T Florida credited customers \$1,110,808 for out-of-service repairs that extended beyond 24 hours. AT&T Florida also credited \$153,105 to customers for not providing initial telephone service to residential customers within three days or the agreed upon date. During AT&T Florida's 2007 Service Quality Evaluation, the company was properly issuing automatic credits to its customers when it failed to meet the objectives of the SGP. The Community Service Fund, which is used to promote Lifeline service, did not receive any credits for FY 2007; AT&T Florida exceeded

the answer time objectives for the business office and repair center, and no credits to the fund were required.

For the same fiscal year, Embarq credited customers \$461,707 for out-of-service repairs that extended beyond 24 hours and \$394,425 for missing installation appointments. Embarq also placed \$58,000 in a Community Service Fund for missing the answer time requirements. Overall, Embarq's SGP credited customers \$856,132.

Windstream, formerly known as Alltel, petitioned the Commission for approval of an SGP in Docket No. 050938-TP. The SGP became effective at the beginning of fiscal year 2007. Windstream has credited \$5,027 to residential customers whose telephone service outage extended beyond 24 hours. The company also credited customers \$6,325 when it failed to install service on the agreed upon date. The Windstream SGP also included credits to the Community Service Fund used to promote its Lifeline program. The fund received \$4,000 for FY 2007 when the company's answer time for the business and repair offices fell below 90 percent.

During the Verizon 2006 Service Quality Evaluation, it was determined that Verizon was not providing automatic rebates to some of its customers whose service was interrupted for more than 24 hours. Docket No. 070150-TL was established to determine the appropriate method for issuing the out-of-service credits to the customer's account. The Commission directed Verizon to remit the credits to customers' accounts, and for those customers it could not locate, the resulting unclaimed funds were to be deposited in the general revenue fund. On September 17, 2007, Verizon submitted its final report and a check for \$4,875.75 for the unclaimed funds.

Global Crossing Telecommunications, Inc. (Global Crossing) is a registered interexchange company offering long distance telecommunications service in Florida. During a 2007 service quality evaluation, it was discovered that Global Crossing was overcharging customers who were using its Homesaver 1+ and calling card programs. The Commission approved a \$50.00 rebate to the affected customers, resulting in a refund of \$2,950. Global Crossing will issue a final report to the Commission by February 12, 2008.

### **Carrier-of-Last Resort (COLR) – Multitenant Environment**

The COLR obligation is based on the traditional policy directive of universal telephone service availability to all consumers. COLR obligations require the incumbent local exchange companies (ILECs) to provide basic local telecommunications services within a reasonable time to any person requesting such service within the company's service territory until January 1, 2009. In 2006, the Legislature amended Section 364.025, Florida Statutes, Universal Service, to automatically allow an ILEC, otherwise obligated to serve as a COLR, to be relieved of its obligation to provide basic local telecommunications service to any customers in a multitenant business or residential property (including,

but not limited to, apartments, condominiums, subdivisions, office buildings, or office parks) under certain conditions. An ILEC is no longer obligated as a COLR for multitenant business or residential properties when the owner or developer:

- ◆ Permits only one communications service provider to install its communications service-related facilities or equipment during the construction phase of the project;
- ◆ Accepts or agrees to accept incentives or rewards from a communications service provider that are contingent upon the provision of any or all communications services by one or more communications service providers to the exclusion of the ILEC;
- ◆ Collects from the occupants or residents of the property charges for the provision of any communications service, provided by a communications service provider other than the ILEC, to the occupants or residents in any manner, including, but not limited to, collection through rent, fees, or dues; or
- ◆ Enters into an agreement with a communications service provider that grants incentives or rewards to such owner or developer contingent upon restriction or limitation of the ILEC's access to the property.

To date, ILECs have filed more than 80 notices with the Commission claiming automatic waivers. The estimated number of households associated with these automatic waiver notices is in excess of 28,000.

In amending Section 364.025, Florida Statutes, the Legislature realized that there might be other facts and circumstances wherein ILECs could be relieved of their COLR obligations. An ILEC that is not automatically relieved of its COLR obligation by any of the criteria above may seek a waiver for good cause shown, based on the facts and circumstances of provision of service to the multitenant business or residential property.

Five petitions have been filed by ILECs seeking waiver of COLR obligations pursuant to Section 364.025(6)(d), Florida Statutes. The pertinent information and the Commission's decision (where applicable), are as follows:

- ◆ **060763-TL:** Petition for waiver of carrier of last resort obligations for multitenant property in Collier County known as **Treviso Bay**, by Embarq Florida, Inc. The Commission denied Embarq Florida, Inc.'s petition, finding that the company had not presented sufficient evidence to justify the relief.
- ◆ **060822-TL:** Petition for relief from carrier-of-last-resort (COLR) obligations pursuant to Florida Statutes 364.025(6)(d) for two private subdivisions in **Nocatee** development, by BellSouth Telecommunications, Inc. d/b/a AT&T Florida. The Commission approved AT&T Florida's petition based on several factors. The Commission found that residents will have access to



an alternative telephone service provider. AT&T Florida demonstrated that the anticipated take rate of its telephone service would most likely result in an uneconomic situation where the company would not be able to recover its infrastructure costs in a reasonable amount of time. Plus, the company would be precluded by easement restrictions from selling video and data services over its network.

- ◆ **070126-TL:** Petition for relief from carrier-of-last-resort (COLR) obligations pursuant to Section 364.025(6)(d), F.S., for Villages of **Avalon**, Phase II, in Hernando County, by BellSouth Telecommunications, Inc. d/b/a AT&T Florida. The Commission found that residents will have access to an alternative telephone service provider. AT&T Florida demonstrated that the anticipated take rate of its telephone service would most likely result in an uneconomic situation where the company would not be able to recover its infrastructure costs in a reasonable amount of time. Plus, the company would be precluded by easement restrictions from selling video and data services over its network.
- ◆ **070357-TL:** Petition for relief from carrier-of-last-resort (COLR) obligations pursuant to Florida Statutes 364.025(6)(d) for **Cabana** South Beach Apartments, Phase II, in Alachua County, by BellSouth Telecommunications, Inc. d/b/a AT&T Florida d/b/a AT&T Southeast (AT&T Florida). (Apartments – College Students) The Commission approved AT&T Florida’s petition. AT&T Florida provided sufficient evidence that the take rate for its service would be very low effectively preventing it from recovering its infrastructure investment in a reasonable amount of time. Additionally, construction was to the point that the developer selected another carrier to provide telephone service in lieu of having further construction occur on the newly completed property.
- ◆ **070678-TL:** Petition for waiver of carrier of last resort obligations in **Greater Lakes/Sawgrass Bay** subdivisions in Lake County, by Embarq Florida, Inc. This petition was filed on November 7, 2007, and the Commission will address this matter in 2008.

### ***Link-Up and Lifeline Service for Low-Income Consumers***

In May 2003, the Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 became law. The 2003 Act requires that each state agency that provides benefits to people eligible for the Lifeline Assistance Program (Lifeline) shall, in cooperation with the Department of Children and Families (DCF), the FPSC, and telecommunications companies providing Lifeline service, develop procedures to promote participation in Lifeline. In July 2003, the FPSC initiated a joint Lifeline project with other state and federal agencies, organizations, and ILECs to implement the new statutory requirements. Senate Bill 1322 was signed into law in 2005, expanding the 2003 Act to include the Department of Education and the Office of Public Counsel (OPC).



*Link-Up Florida and Lifeline Assistance are programs designed to ensure that the initial telephone hook-up and monthly service remain affordable for all residents of Florida.*

The number of eligible customers participating in the Lifeline program in Florida grew 13 percent during the 2006-2007 program year. As of September 2007, 164,626 eligible customers were participating in the Lifeline program. Recent statutory and policy developments impacting the program are discussed below.

During 2007, House Bill 529, amended Section 364.10, F.S., requiring that any state agency that determines a person is eligible for Lifeline service to immediately forward the information to the FPSC to ensure that the person is automatically enrolled in the Lifeline program. This section specifically requires the Commission to adopt rules by December 31, 2007, creating procedures to automatically enroll eligible customers in Lifeline service. At the September 25, 2007, Agenda Conference, the Commission approved adoption of Rule 25-4.0665 F.A.C., Lifeline Service (Docket No. 070572-TL). On November 8, 2007, the Joint Administrative Procedures Committee was provided notice that the Commission had approved the adoption of Rule 25-4.0665 without changes. The FPSC is also in the process of developing comprehensive rules for Florida's Lifeline and Link-Up programs.

House Bill 529 also amended Section 364.10 to require the FPSC, the DCF, and the OPC to enter into a Memorandum of Understanding (MOU) with respect to automatic enrollment procedures. A draft MOU was approved by the Commission at the August 20, 2007 Internal Affairs and was signed by the FPSC, DCF, and OPC on September 27, 2007.

**Simplified Lifeline Certification Process** - On February 8, 2005, the FPSC implemented a simplified Lifeline and Link-Up certification process for AT&T-Florida f/k/a BellSouth, Embarq-Florida, and Verizon-Florida. This process allows Lifeline eligible customers to check a box on the application form indicating which eligible program they participate in and submit the form via mail or fax to the appropriate Eligible Telecommunications Carrier (ETC) to be enrolled in Lifeline. On August 7, 2006, the Commission expanded the simplified certification enrollment process to include all ETCs in Florida.

**Lifeline Automated Online Application Process** - The Commission, on October 13, 2006, launched an electronic enrollment one-step process on the FPSC's Web site which eliminates the need for an applicant to print, fill out, and mail or fax a request for the benefit. Electronic enrollment makes the application process easier and faster for both eligible consumers and organizations assisting in the enrollment effort. The consumer simply completes the application and clicks the submit button. An automatic e-mail is then sent to the appropriate ETC notifying it that an application is ready to be retrieved from the secure Commission Web site. The ETC then retrieves the application and enrolls the applicant in Lifeline. All 18 designated ETCs, including three wireless ETCs, participate in this process. Between October 1, 2006, and October 15, 2007, 3,575 Lifeline applications were filed with the Commission through the Commission's online process.

**Lifeline Automatic Enrollment Process.** In April 2007, the FPSC and the Florida Department of Children and Families (DCF) formally renewed efforts to develop a process whereby the names of potential Lifeline customers, once certified through a DCF program, would be automatically forwarded to the FPSC, and ultimately to the appropriate ETC for possible enrollment. From the perspective of the DCF client, the automatic enrollment process is seamless from filling out the DCF Web application to receiving the Lifeline discount. Between April 1, 2007 and December 31, 2007, 75,382 Lifeline applications were filed through the FPSC/DCF automatic enrollment process.

The FPSC continued to work with its Lifeline Partners (other agencies, organizations, and companies) to promote the Link-Up Florida and Lifeline programs in 2007. Promotional activities focused on “grass roots” efforts to increase awareness about the automatic enrollment and automated online application processes. Highlights included the Connect Florida Campaign; expansion of the program-based Lifeline application to include all CLEC, wireless, and prepaid phone service providers; implementation of additional Web site links from various agency Web sites to the Commission’s Lifeline Web page; and educational presentations at community events and conferences. In addition, the FPSC’s Lifeline recording on the toll free number was updated to offer more information about Lifeline and advise callers about the online application. The Commission’s Lifeline Partners include the AARP, Agency for Health Care Administration, Agency for Workforce Innovation, DCF, Florida Department of Community Affairs, Florida Department of Education, Florida Department of Elder Affairs, Florida Office of the Public Counsel, Florida Department of Revenue, Federal Social Security Administration - Tallahassee District, Workforce Florida, Inc., and a number of Florida’s telecommunications companies. A complete list of project participants and additional information about Link-Up Florida and Lifeline Assistance is available in the PSC’s 2007 Lifeline report entitled “Number of Customers Subscribing to Lifeline Service and the Effectiveness of Any Procedures to Promote Participation” on the FPSC’s Web site at <http://www.psc.state.fl.us/publications/pdf/telecomm/tele-lifelinereport2007.pdf>.

Enrollment of new Lifeline customers by competitive local exchange carrier (CLEC) ETCs continues to have a positive impact. In total, CLEC Lifeline enrollment was 9,834, representing 6 percent of the total Lifeline customer enrollment as of September 30, 2007.

The following CLEC and wireless ETC applications were filed with the FPSC during 2007 for approval:

- ◆ ALLTEL Communications, Inc. On October 13, 2005, ALLTEL Communications, Inc. filed a petition for ETC status for rural areas of Florida with the FCC (ALLTEL Communications, Inc., Petition for Designation as an Eligible Telecommunications Carrier for Rural Areas of Florida, CC

Docket No. 96-45.) An identical petition was filed by ALLTEL with the FPSC on August 8, 2006. This item is scheduled for hearing in early 2008.

- ◆ Connect Paging, Inc. d/b/a Get A Phone. On March 20, 2007, Connect Paging filed a petition for ETC status in non-rural areas of Florida. The petition is pending.
- ◆ Global Connection, Inc. of America. On April 30, 2007, Global Connection filed a petition for ETC status in non-rural areas of Florida. The petition is pending.
- ◆ Swiftel, LLC. On May 30, 2007, Swiftel filed a petition for ETC status in non-rural areas of Florida. The petition is pending.
- ◆ TracFone Wireless, Inc. On September 6, 2007, TracFone filed a petition for ETC status in rural and non-rural areas of Florida stating it has no intention of requesting any universal service high-cost funds. TracFone states its sole purpose of obtaining ETC status is to provide Lifeline service to low-income consumers. The petition is pending.
- ◆ Florida Telephone Company (FLATEL). On November 9, 2007, FLATEL filed a petition for ETC status in non-rural areas of AT&T Florida and Verizon. The petition is pending.

### ***Hurricane/Storm Telecommunications Cost Recovery***

Subsection 364.051(4)(b), F.S., permits the recovery of costs and expenses related to damage occurring to the lines, plant, or facilities of a local exchange telecommunications company that are results of a tropical system named by the National Hurricane Center and occurring after June 1, 2005.

On March 31, 2006, GTC, Inc. (GT Com) filed a petition for approval of storm recovery costs associated with costs of repairing its lines, plants and facilities damaged by Hurricane Dennis in 2005 (Docket No. 060300-TL). In its petition, GT Com requested recovery of storm costs of \$281,166, or \$0.50 per access line per month for one year, the maximum recovery allowed GT Com under Florida law. On July 18, 2006, Commissioners reduced that amount to \$4,950, after identifying several cost categories requiring adjustments and amounts to be recovered from the Federal Universal Service Fund. The Commission approved a one-time surcharge of \$0.11 per access line. On September 6, 2006, GT Com appealed the Commission's Order to the Supreme Court of Florida. On September 6, 2007, the Florida Supreme Court affirmed the Commission's Order (No. PSC-06-0681-FOF-TL). On October 31, 2007, GT Com notified the Commission that it had decided to forego imposing the one-time storm surcharge from Docket No. 060300-TL.



*Local exchange telecommunications companies have filed requests for recovery of storm related costs.*

On September 1, 2006, BellSouth Telecommunications, Inc. (BellSouth) filed a petition to recover 2005 tropical system related costs and expenses incurred due to Tropical Storm Arlene and Hurricanes Cindy, Dennis, Katrina, Rita, and Wilma (Docket No. 060598-TL). BellSouth asserted that the intrastate portion of the total incremental expenses relating to repairing, restoring, or replacing BellSouth's lines, plants, and facilities damaged by the 2005 storms was \$95.5 million. Of this total, BellSouth requested recovery of \$34.6 million resulting from a \$0.50 surcharge for 12 months, which is the maximum allowed by law. By Order No. PSC-07-0036-FOF-TL, issued on December 19, 2006, the Commission approved a \$0.50 surcharge per customer line for a period of 12 months. In its decision, the Commission excluded Lifeline service customers from the surcharge. Following the Commission decision, the matter was appealed to the Florida Supreme Court by the Competitive Carriers of the South, but the appeal was withdrawn on June 19, 2007. Appeal was also made to the Federal District Court for the Northern District of Florida on the issue of imposition of the surcharge on unbundled network elements (wholesale). Oral argument was conducted on October 18, 2007, and a decision is pending. The \$0.50 surcharge began February 2, 2007 and is scheduled to end February 1, 2008.

On September 25, 2006, Embarq Florida, Inc. (Embarq) filed a petition to recover 2005 tropical system related costs and expenses incurred due to Hurricanes Dennis, Katrina, and Wilma (Docket No. 060644-TL). Embarq stated that the intrastate portion of the total incremental expenses relating to repairing, restoring, or replacing Embarq's lines, plants, and facilities damaged by the 2005 storms was \$15.47 million. Of this total, Embarq requested recovery of \$10 million resulting from a \$0.50 surcharge for 12 months which is the maximum allowed by law. A formal hearing was conducted by the Commission in early 2007 to permit parties to present testimony and exhibits relative to Embarq's petition. The Commission determined that Embarq's total 2005 storm costs exceeded the maximum amount that can be recovered per subsection 364.051(4)(b)5, F.S. (Order No. PSC-07-0126-FOF-TL, issued February 12, 2007). Based on this finding, Embarq was allowed to recover 2005 storm costs through the maximum surcharge of \$0.50 per month per customer line for a period of not more than 12 months. The Competitive Carriers of the South filed an appeal of this decision with the Federal District Court for the Northern District of Florida on the issue of imposition of the surcharge on unbundled network elements (wholesale). Oral argument was conducted on October 18, 2007, and a decision is pending. The \$0.50 surcharge began October 7, 2007 and is scheduled to end October 6, 2008.

### ***Infrastructure Storm Hardening Efforts***

**Wood Pole Inspections** - During 2007, local exchange carriers filed their initial annual wood pole inspection reports with the Commission. Inspections of wood poles are required on an eight-year cycle to detect either deteriorated or overburdened poles. Staff compiled and analyzed the inspection results and verified that the companies' plans were executed satisfactorily. Unexpectedly high failure rates from the 2006 inspections confirmed that these inspections

are needed to ensure the safety of telephone poles, which often also bear electric lines.

**Storm Hardening Plans** - Each investor-owned electric utility filed a three-year storm hardening plan with the Commission. In separate dockets, each plan was examined for acceptance by the Commission. These dockets considered the potential impact of the hardening efforts on local exchange telecommunications carriers who lease pole space from electric companies. Though telecommunications customers may benefit from increased reliability from system hardening, LECs were concerned they might be forced to bear a disproportionate share of costs for these improvements. Negotiations between the electric and telecommunications parties resulted in the stipulation of many issues in these dockets and development of an information-sharing process to assist in the sharing of hardening plans as they are developed.

The hardening plans submitted by Tampa Electric and Progress Energy were approved by the Commission during the October 2007 hearings after all parties reached a stipulated agreement. The plans submitted by Florida Power and Light and Gulf Power were approved by the Commission at its December 4, 2007 agenda conference. The plan submitted by Florida Public Utilities Company is being addressed in combination with that utility's pending rate case. Hearings in the combined dockets are scheduled for February 2008.

**Storm Season Preparation** - Staff performed a review of the 2007 tropical storm season preparation efforts by all Florida local exchange telecommunications carriers. From most companies staff obtained a formal Storm Preparedness Plan addressing topics such as deployment of recovery forces and equipment, contractor management, and emergency procedures. Where no such formal plan existed, staff sought to obtain equivalent information about the LECs' preparations and capabilities.

Staff verified that the major Florida carriers (AT&T, Embarq, and Verizon) had extensively addressed the key problem areas identified in post-Hurricane Katrina studies: flooding of company facilities, lack of power and fuel, and failure of redundant pathways for communications traffic.

These preparatory efforts were compared to industry standards established through the Alliance for Telecommunications Industry Solutions (ATIS.) All Florida incumbent local carriers, and nearly all the competitive local carriers examined attested to their adherence to ATIS standards.

## Water and Wastewater

### ***The Governor's Drought Action Plan/ Water Conservation Initiative***

Renamed Conserve Florida, the Statewide Conservation Initiative continues to explore ways to encourage utilities to implement cost effective conservation. In 2003, the Department of Environmental Protection, the five water management districts, the Florida Public Service Commission, the Utility Council of the American Water Works Association (Florida Section), the Utility Council of the Florida Water Environment Association, and the Florida Rural Water Association signed a Joint Statement of Commitment (JSOC) to cooperatively develop such a program. Subsequent to the signing of the JSOC, and based upon it, the 2004 regular session of the Florida Legislature enacted House Bill 293. The bill creates a new section 373.227, Florida Statutes, encouraging the use of efficient, effective, and affordable water conservation measures, and states that a goal based, accountable, and tailored water conservation program should be emphasized for public water supply utilities in cooperation with the water management districts and other stakeholders.

The Work Plan adopted in early 2005 to implement the JSOC and the new legislation called for a three pronged approach: (1) develop standardized definitions and performance measures for water conservation data collection and analysis, (2) establish a clearinghouse for water conservation programs and practices, and (3) develop and maintain a Florida-specific water conservation guidance document to assist public water suppliers in the design and implementation of utility-specific water conservation programs. Standardized measures will allow compatibility of program analysis across utilities. The clearinghouse includes a water conservation library, a database for the collection and analysis of information on water conservation programs and also offers technical assistance and research. The guidance document is an interactive computer program which allows utilities to provide utility specific information and receive information on recommended conservation measures to meet their overall conservation goals.

The initial phase of all three tasks has been completed. A contract was signed with the University of Florida (UF) to house the clearinghouse. UF is working with DEP, the water management districts, and utilities to refine the initial format of the clearinghouse and expand its usage and availability to interested parties. Similarly, UF is integrating the guidance document with the clearinghouse data collection and evaluation functions to create a more user-friendly tool to assist utilities in developing water conservation projects. The Commission continues to participate in the discussions so that the practices developed are user-friendly to the many small water utilities the Commission regulates.

In response to the serious water shortage in the state, the Department of Environmental Protection issued Recommendations for a Drought Resistant Florida 2007 in July. The report addressed a wide variety of water conservation



*CONSERVE FLORIDA -  
FPSC staff works with the DEP  
in implementing drought  
pricing measures .*

measures including the concept of drought pricing. Drought pricing would impose a surcharge in areas experiencing extreme water shortages. FPSC staff, as financial regulators, will continue to work with the DEP in implementing any drought pricing measures adopted, consistent with the statutory requirements in Chapter 367, Florida Statutes.

### ***Water and Wastewater Rate Cases***

In 2007, the Commission processed a large number of water and wastewater rate cases. Of these cases, sixteen were processed as staff assisted rate cases pursuant to Chapter 367.0814, Florida Statutes. Among these Class "C" utilities were Useppa Utility Company, County Wide Utility Co., Inc., Mink Associates II, LLC, Vantage Development Corporation, LWV Utility, and Hidden Cove, Ltd. In addition to the staff assisted rate cases, the Commission processed nineteen rate cases filed by larger water and wastewater companies. These cases included Sanlando Utilities Corp., Alafaya Utilities, Inc., Gold Coast Utility Corp., Utilities Inc. of Florida, and Aqua Utilities Florida, Inc. The Aqua Utilities Florida, Inc. rate case consisted of 80 separate systems in fifteen counties throughout Florida. As a part of processing these cases, staff conducted thirteen customer meetings and participated in twelve service hearings, as well as handled the audits, field examination, and discovery for each case.

In addition to the large rate case load, staff performed the normal surveillance activity during 2007 of the companies regulated by the Public Service Commission. The Commission also processed 74 index applications and 30 pass-through applications for water and wastewater companies.

### ***Water and Wastewater Certification Cases***

In 2007, utilities that were granted original certificates and initial rates and charges were D & E Water Resources, LLC, Four Points Utility Corporation, and Silver Lake Utilities, Inc. Utilities granted original certificates with rates and charges still pending were Grove Utilities, Inc., Orange Blossom Utilities, Inc., and Town and Country Utilities Company.

Utilities granted transfers of certificates to regulated entities were Del Tura Phase I, LLC, d/b/a Del Tura Utilities and St. John's River Club, LLC. Utilities granted transfers of majority control with name changes were Country Club of Sebring, Inc. and MSM Utilities, LLC. Colony Park Utilities, Inc. was granted a transfer of majority control without a change in name.

Ocala Springs Utilities, Inc. was transferred to the Internal Improvement Trust Fund of the State of Florida. Other utilities granted transfers to governmental entities were Harder Hall - Howard, Inc. and Ranch Mobile WWTP, Inc.

Columbia County rescinded Commission jurisdiction resulting in the cancellation of certificates for C.S.M. Enterprises, Inc.; College Manor Water Company, Inc.; Consolidated Water Works, Inc.; Gator Utilities; Kirby D. Morgan, Inc.; and Lenvil H. Dicks. Charlotte County rescinded Commission jurisdiction



resulting in the cancellation of certificates for Bocilla Utilities, Inc.; Little Gasparilla Water Utility, Inc.; NHC Utilities, Inc.; Sun River Utilities, Inc.; and Utilities, Inc. of Sandalhaven.

Amendments of territory were granted to Aqua Utilities Florida, Inc.; Cypress Lakes Utilities, Inc.; Mad Hatter Utility, Inc.; St. James Island Utility Company; and Utilities, Inc. in Lake, Marion, Orange, Pasco, and Seminole Counties.

Finally, AquaSource Utility, Inc. and its subsidiary corporations of Arredondo Utility Company, Inc.; Crystal River Utilities, Inc.; Jasmine Lakes Utilities Corporation; and Ocala Oaks Utilities, Inc.; which were doing business as Aqua Utilities Florida, Inc., changed their names to become Aqua Utilities Florida, Inc. resulting in numerous amended and cancelled certificates.

## IV Agency Organization

The Commission consists of five members appointed by the Governor and confirmed by the Senate. Commissioners serve terms of four years, as provided in Chapter 350, Florida Statutes.

The Public Service Commission consists of members selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the Commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs, and law.

The FPSC, created by the Florida Legislature in 1887, was originally called the Florida Railroad Commission. The primary purpose of the board was the regulation of railroad passenger and freight rates and operations. As Florida grew, the Commission expanded.

- ◆ In 1911, the Legislature conferred on the Commission the responsibility of regulating telephone and telegraph companies.
- ◆ In 1929, jurisdiction was given over motor carrier transportation.
- ◆ In 1951, the Commission began regulating investor-owned electric companies.
- ◆ In 1952, jurisdiction was extended to the regulation of natural gas utilities.
- ◆ In 1959, the Commission began regulating privately owned water and wastewater systems.

The following pages describe each of the Commission's divisions/offices. After those descriptions is a list of people who are serving or have served as Florida Public Service Commissioners since the creation of the agency.

## ***Division of Administrative Services***

The Division of Administrative Services oversees all financial transactions and maintains the Commission's accounting records which are handled primarily in the Fiscal Services Section. The division is responsible for coordinating and preparing the Commission's Legislative Budget Requests, monitoring the operating budget, coordination and maintenance of the performance measures and outcome/output standards, and preparing budget amendments as necessary. The Human Resources Section is responsible for the administration of all agency human resources programs which include recruitment, selection, classification and pay, attendance and leave, performance evaluations, training and staff development, variable work week schedules, employee relations, payroll, insurance, and other employee benefit programs.

The division also manages the Facilities Management & Purchasing Section and the Imaging and Distribution Center. The division is responsible for processing all agency purchasing, security and safety related issues, leasing, surplus property, and fleet management. It also provides administrative support in the areas of imaging, duplicating, mail distribution, audio-visual, hearing and conference room operations, telephones, fax systems, agency-wide administrative procedures manual, forms inventory and tracking system, and project management.

## ***Division of Competitive Markets and Enforcement***

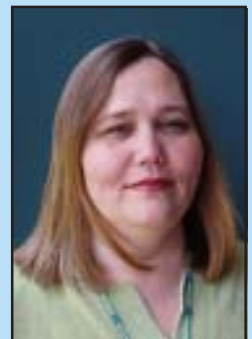
The Division of Competitive Markets and Enforcement monitors and facilitates the development of competitive markets in the telecommunications industry.

The division's *Bureau of Telecommunications Arbitrations and Tariffs* sets prices and requirements for wholesale offerings (i.e., unbundled network elements and resale), whether in the context of an arbitration or a generic proceeding. In addition, this bureau arbitrates operational issues between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) that cannot be resolved by the parties. This bureau must also resolve complaints of an interpretive nature pertaining to existing contracts. This bureau also processes ILEC, CLEC, and interexchange company (IXC) tariff and price list filings and negotiated agreements.

The *Bureau of Performance Analysis* reviews utility performance and operations, investigates and documents current processes and results, and identifies areas for improvement. These reviews may be limited to one company or made on a comparative basis between several companies. Areas for investigation include competitive performance analysis, electric reliability, service quality, service availability, systems analysis, and consumer protection. Also, special investigations are conducted relating to systemic utility fraud such as slamming and cramming. This bureau reviews wholesale service quality performance measures that relate to the operating systems support provided by BellSouth, Verizon and Embarq to CLECs. Additionally, this bureau prepares the Annual Report to the Legislature on the Status of Competition in the Telecommunications Industry in Florida and assists in the Commission's legislative monitoring efforts.



*Apryl Lynn*



*Beth Salak*

The *Bureau of Telecommunications Service Quality, Certification and Enforcement* evaluates the quality of service provided by telecommunications companies and conducts periodic on-site inspections of telecommunications facilities. During field evaluations, tests are done to ensure network reliability and evaluate the billing accuracy of long distance companies. Pay telephones and call aggregators (hotels/motels) are also inspected. This bureau monitors the quality of service provided by the telecommunications relay system to people who are hearing or speech impaired. This bureau processes all certification/registration filings, including new certificates/registrations, name changes, transfers, and cancellations for incumbent local exchange companies (ILECs), competitive local exchange companies (CLECs), interexchange companies (IXCs), pay telephone service (PATs) providers, alternative access vendor (AAVs), and shared tenant service (STS) providers. This bureau processes cases involving area code relief, number conservation plans, reclaiming numbering resources from carriers that have failed to activate central office codes, and numbering code denials. This bureau also addresses issues related to local number portability and the telecommunications Lifeline Assistance Program. This bureau provides input on legislative and federal initiatives and processes cases that involve alleged barriers to entry.

### ***Division of Economic Regulation***

The Division of Economic Regulation investigates the earnings of rate base regulated companies and also works to resolve consumer complaints concerning service quality and billing issues in the electric, natural gas, water and wastewater industries. This division makes recommendations concerning electric utility plant siting and cost recovery clauses. This division also reviews the earnings of the one remaining rate base regulated local telecommunications company.

The *Bureau of Rate Filings, Surveillance, Finance and Tax* is responsible for reviewing the revenue requirements of rate base regulated utilities. It processes rate cases and monitors earnings for these industries. Processing earnings cases includes analyzing filings, expert testimony, and exhibits; developing cross-examination questions and presenting staff testimony; holding customer meetings; and preparing and presenting recommendations to the Commission. This bureau also is responsible for the annual report process including all mailings, extensions, filings, delinquency notices, penalty letters, and show causes. This bureau also reviews the regulatory assessment fee (RAF) returns of utilities and processes storm cost recovery and associated securitization filings. Other responsibilities include processing security applications for investor owned natural gas and electric utilities, evaluating requests for corporate undertaking from water and wastewater utilities, and calculating the interest on refunds.

The *Bureau of Certification, Economics and Tariffs* is responsible for certification filings and tariff filings for water and wastewater companies. In proceedings such as rate cases or electric plant need determination cases, the bureau's primary responsibilities focus on analyzing any economic or demographic forecast issues, developing rates and rate structure by customer class, and estimating any repression effects on customer demand resulting from higher rates. In addition to rate case activity, this bureau analyzes rate structure for



*Tim Devlin*

municipal electric utilities and rural electric cooperatives. This bureau also makes recommendations on electric utility territorial agreements and disputes. This bureau is involved in rate and rate structure issues such as billing practices, master metering, reconnect policies, cost recovery clauses, and merger effects on rates.

The *Electric Reliability Section* makes recommendations to the Commission on proposed power plants with a steam cycle greater than 75 megawatts, including non-utility-owned power plants and certain 230 kilovolt or higher electric transmission lines. This section also analyzes the utility ten-year site plans required by Florida Statutes. Responsibilities include making recommendations on utility conservation plans and administering the conservation cost recovery clause.

The *Cost Recovery Section* makes recommendations to the Commission on electric utility fuel, purchased power, capacity, and environmental cost recovery petitions and administers a power plant efficiency incentive factor as part of the fuel clause. This section also makes recommendations to the Commission regarding electric utility storm hardening, distribution reliability rulemaking, and related enforcement actions. This section reviews annual distribution reliability reports and resolves technical consumer complaints relating to distribution reliability. Finally, this section makes recommendations on the purchase gas adjustments (PGA) of local distribution companies (LDC).

The *Office of Strategic Projects and Resource Planning* identifies and evaluates strategies and economic incentives to increase the efficient use of energy and water resources within the state. This office identifies and develops regulatory mechanisms which will diversify the fuels used in generation of electric power, including renewable energy sources and conservation as an alternative to traditional generation. This office also identifies strategies and mechanisms to enhance the long run reliability of the electric supply in the state, including generation, transmission and distribution. In addition, it identifies strategies for increased conservation and efficient use of water resources by utilities subject to Commission jurisdiction and their customers.

### ***Division of Regulatory Compliance and Consumer Assistance***

The Division of Regulatory Compliance and Consumer Assistance is responsible for electric and gas safety, audits and reviews in all industries, the consumer complaint process, and consumer outreach. For auditing and safety purposes this division operates out of three district offices: Tallahassee, Miami, and Tampa.

The types of audits and reviews this division's *Bureau of Auditing* performs include financial, compliance, billing, and verification. The auditors conduct examinations of utility-related financial and operating records and provide the FPSC with an independent verification of the supporting documentation for any statements or filings made by the regulated companies.

The *Bureau of Safety* conducts safety evaluations of natural gas pipeline operations and new electric construction in Florida. This bureau is also the lead contact for the Commission's participation in the State's Emergency Operations Center activities.



*Dan Hoppe*



*Ann Cole*

The *Bureau of Complaint Resolution* receives, processes, and resolves complaints and facilitates resolution of informal disputes between consumers and utilities. This resolution process may result in preparation of testimony for rate cases on complaint activity and participation in or initiating other dockets on consumer matters.

### ***Office of the Commission Clerk***

The Office of Commission Clerk is responsible for accepting and certifying official filings, maintaining the official docket files, and functions as the official keeper of the public records of the Commission. It records, prepares, and maintains the official minutes of Commission conferences and internal affairs meetings. Pursuant to applicable rules, it is authorized to issue subpoenas in proceedings before the Commission and is responsible for issuing non-Commissioner signed orders and notices. The Commission Clerk is designated as the Agency Clerk and the Department of State Records Management Liaison Officer and is responsible for coordinating the FPSC's records management program.

The *Documents Section* is responsible for coordinating requests for information, invoicing for services, and upon applicable payment, providing the responsive documents. It is responsible for establishing and maintaining the mailing list of parties and people interested in Commission proceedings and for preparing, certifying, and transmitting records on appeal to the upper tribunal.

The *Case Management Review Section* prepares and notices Commission conferences, internal affairs meetings, workshops, and rulemaking in the Florida Administrative Weekly. This section manages the Commission case management information system, the Master Commission Directory, issues reports, and assists in the coordination of case management activities.

The *Hearing Reporter Services Section* records and prepares the official transcripts of hearings, depositions, agenda conferences, and workshops for placement in the official record and for distribution to participants. The hearing reporters attend all FPSC hearings, both in Tallahassee and throughout the state, and receive exhibits for official filing.

### ***Office of the General Counsel***

The Office of the General Counsel provides legal counsel to the Commission on all matters under the Commission's jurisdiction. This office also supervises the procedural and legal aspects of all cases before the Commission.

The Office of the General Counsel's *Appeals, Rules and Mediation Section* is responsible for defending Commission orders on appeal, for defending Commission rules challenged before the Division of Administrative Hearings, and for representing the Commission before state and federal courts. This section supports the Office of Strategic and Governmental Affairs in making filings with, or presentations to, other federal, state, or local agencies. The section advises in the promulgation of rules and attends or conducts rulemaking hearings at the direction of the Commis-



*Michael G. Cooke*

sion. This section also reviews procurement contracts and provides counsel to the Commission on personnel, contractual, public records, and other administrative legal matters. It also offers mediation services to parties to Commission proceedings.

In cases involving evidentiary hearings before the Commission or an Administrative Law Judge, the *Economic Regulation Section* (for the electric, natural gas, water and wastewater industries) and the *Competitive Markets and Enforcement Section* (for the telecommunications industry) are responsible for conducting discovery, presenting staff positions, presenting any staff testimony, and cross-examining other parties' witnesses. In conjunction with the appropriate technical staff, this office prepares recommendations to the Commission and prepares written Commission orders.

### ***Office of Information Technology Services***

The Office of Information Technology Services is responsible for monitoring and evaluating the information processing needs of the FPSC, proposing enhancements to information processing resources to management, and providing technical support services for the FPSC. This office also provides technical and administrative support services in the areas of imaging, duplicating, mail and distribution, audio-visual, hearing and conference room operations, telephones, and fax systems.

### ***Office of Inspector General***

The Office of Inspector General is established by law to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government. Reporting directly to the Chairman, this office's major responsibilities include conducting audits and internal investigations, assessing the validity and reliability of data and information produced by the Commission, and monitoring corrective actions undertaken to address identified deficiencies. This office routinely reviews Commission programs to identify priorities for audits based on risk of fraud or nonperformance. Results of these audits are submitted to agency management to provide an objective basis for improving the efficiency and effectiveness of Commission operations to help ensure that the Commission can achieve its mission and goals.



*Lee Kissell*



*Steven Stolting*



*Cynthia Muir*



*Richard Tudor*



*Ryder Rudd*

### ***Office of Public Information***

The Office of Public Information is responsible for media relations and consumer outreach. As the liaison with local, state, and national media representatives, the office ensures that the public receives Commission decisions and consumer-related information. To encourage consumer education, interaction and feedback, the office distributes information and *addresses citizen concerns* at customer meetings across the state and develops community partnerships with governmental entities, consumer groups, and many other organizations.

### ***Office of Standards Control and Reporting***

The Office of Standards Control and Reporting (SCR) drafts and edits operating procedures so that procedures are implemented consistently across all Commission divisions and offices. SCR also oversees production of FPSC reports for the purpose of consistency with agency position and to eliminate duplication among reports. This office maintains a listing of Commission reports and other publications as well as electronic or paper copies of many of those documents. SCR also coordinates responses to surveys concerning utility regulation which are received from other state or federal agencies as well as various research groups. Another role of this office is to oversee the FPSC Web site ensuring that the Web site is useful, current, accurate, and easy to use.

### ***Office of Strategic Analysis and Governmental Affairs***

The Office of Strategic Analysis and Governmental Affairs (SGA) has two primary functions. First, this office is responsible for the FPSC's long range program planning including critically assessing the evolving utility regulatory roles of the FPSC and developing proposed strategies which focus the agency's regulatory efforts on those areas which most benefit Florida's citizens. To help accomplish this goal, this office serves as liaison with other state agencies, federal regulatory agencies, and the Governor's Office of Planning and Budgeting as new program initiatives arise. Second, this office also is responsible for maintaining official liaison with the Legislature on all matters affecting the Florida Public Service Commission. The intent is to avoid uncoordinated representation before the Legislature on matters affecting the Commission's program areas. This office reviews relevant bills, provides analysis, and monitors committee meetings. When members of the Legislature or legislative staff request information from a Commission employee, or when contact between the Legislature and an employee is made, SGA ensures any requested information is provided.



## Florida Public Service Commissioner History

Commissioner	Years Served	Replaced By	Appointed By
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George G. McWhorter	08/17/1887 - 06/13/1891		
E.J. Vann	08/17/1887 - 06/13/1891		
William Himes	08/17/1887 - 06/13/1891		

The Commission was abolished by the Legislature in 1891, recreated 1897

R. H. M Davidson	07/01/1897 - 01/03/1899	John L. Morgan	
John M. Bryan	07/01/1897 - 01/06/1903	Jefferson B. Brown	
Henry E. Day	07/01/1897 - 10/01/1902	R. Hudson Burr	
John L. Morgan	01/03/1899 - 01/08/1907	Royal C. Dunn	
R. Hudson Burr	10/01/1902 - 01/04/1927	R. L. Eaton	
Jefferson B. Brown	01/06/1903 - 01/08/1907	Newton A. Blich	
Newton A. Blich	01/08/1907 - 10/30/1921	A. D. Campbell	
Royal C. Dunn	01/04/1909 - 01/04/1921	A. S. Wells	
A. S. Wells	01/04/1921 - 12/16/1930	L. D. Reagin	
A. D. Campbell	11/12/1922 - 02/10/1924	E. S. Mathews	
E. S. Mathews	02/25/1924 - 01/16/1946	Wilbur C. King	
R. L. Eaton	01/04/1927 - 02/27/1927	Mamie Eaton-Greene	
Mamie Eaton-Greene	02/27/1927 - 01/08/1935	Jerry W. Carter	
L. D. Reagin	12/16/1930 - 07/06/1931	Tucker Savage	
Tucker Savage	07/06/1931 - 01/03/1933	W. B. Douglass	
W. B. Douglass	01/03/1933 - 08/04/1947	Richard A. Mack	
Jerry W. Carter	01/08/1935 - 01/05/1971	William H. Bevis	
Wilbur C. King	01/08/1947 - 07/18/1964	William T. Mayo	
Richard A. Mack	09/15/1947 - 01/05/1955	Alan S. Boyd	
Alan S. Boyd	01/05/1955 - 12/01/1959	Edwin L. Mason	
Edwin L. Mason	12/01/1959 - 01/06/1969	Jess Yarborough	
William T. Mayo	09/01/1964 - 12/31/1980	Katie Nichols	Graham*
Jess Yarborough	01/06/1969 - 01/02/1973	Paula F. Hawkins	
William H. Bevis	01/05/1971 - 01/03/1978	Robert T. Mann	
Paula F. Hawkins	01/02/1973 - 03/21/1979	John R. Marks, III	
Robert T. Mann***	01/04/1978 - 01/03/1981	Susan Leisner	Graham**

The Commission became appointive January 1, 1979

Joseph P. Cresse***	01/02/1979 - 12/31/1985	John T. Herndon	Askew/Graham
Gerald L. Gunter***	01/02/1979 - 06/12/1991	Susan F. Clark	Askew/Graham/PSC Nominating Council
John R. Marks, III***	03/22/1979 - 03/02/1987	Thomas M. Beard	Graham**
Katie Nichols***	01/02/1981 - 01/03/1989	Betty Easley	Graham
Susan Leisner	02/16/1981 - 04/02/1985	Michael McK. Wilson	Graham
Michael McK. Wilson***	07/12/1985 - 11/22/1991	Luis J. Lauredo	Graham/Martinez
John T. Herndon	01/07/1986 - 04/17/1990	Frank S. Messersmith	Graham
Thomas M. Beard***	03/03/1987 - 08/13/1993	Diane K. Kiesling	Martinez
Betty Easley	01/03/1989 - 01/05/1993	Julia L. Johnson	Martinez
Frank S. Messersmith	06/19/1990 - 02/05/1991	J. Terry Deason	Martinez
J. Terry Deason***	02/06/1991 - 01/01/2007	Ken Littlefield	PSC Nominating Council/Chiles/Bush
Susan F. Clark***	08/15/1991 - 07/31/2000	Michael A. Palecki	Chiles/Bush
Luis J. Lauredo	01/23/1992 - 05/16/1994	Jose "Joe" Garcia	Chiles
Julia L. Johnson***	01/05/1993 - 11/15/1999	Lila A. Jaber	Chiles
Diane K. Kiesling	12/07/1993 - 01/05/1998	E. Leon Jacobs, Jr.	Chiles
Jose "Joe" Garcia***	08/19/1994 - 06/30/2000	Braulio L. Baez	Chiles
E. Leon Jacobs, Jr.***	01/06/1998 - 01/07/2002	Rudolph K. "Rudy" Bradley	Chiles
Lila A. Jaber***	02/29/2000 - 12/02/2004	Lisa Polak Edgar	Bush
Braulio L. Baez***	09/01/2000 - 01/01/2006	Katrina J. Tew	Bush
Michael A. Palecki	12/19/2000 - 01/06/2003	Charles Davidson	Bush
Rudolph K. "Rudy" Bradley***	01/02/2002 - 01/01/2006	Matthew M. Carter II	Bush
Charles M. Davidson	01/07/2003 - 06/01/2005	Isilio Arriaga	Bush
Lisa Polak Edgar***	01/02/2005 - 01/05/2009		Bush
Isilio Arriaga	10/06/2005 - 01/31/2007	Nathan A. Skop	Bush
Matthew M. Carter II***	01/02/2006 - 01/01/2010		Bush
Katrina J. McMurrrian	01/02/2006 - 01/01/2010		Bush
Ken Littlefield	01/02/2007 - 01/31/2007	Nancy Argenziano	Bush
Nancy Argenziano	05/02/2007 - 01/01/2012		Crist
Nathan A. Skop	05/02/2007 - 01/01/2012		Crist

\* 2 year initial term

\*\* 3 year initial term

\*\*\* Served/Serving as Chairman