



FLORIDA
PUBLIC
SERVICE
COMMISSION

2 0 1 4

ANNUAL REPORT



ELECTRIC



NATURAL GAS



WATER & WASTEWATER



TELECOMMUNICATIONS

CHAIRMAN'S MESSAGE

As Public Service Commissioners, we don't spend much time looking in the rear-view mirror, because we're too busy scanning the road ahead! Our decisions today set the regulatory environment for a very different tomorrow that comes at us faster and faster.

However, I'm proud to look back, just briefly, to share some accomplishments. In 2014 the Florida Public Service Commission:

- ◆ Continued to maintain residential electric rates below the national average.
- ◆ Reduced its operating budget for the sixth straight year.
- ◆ Approved Florida Power & Light Company's (FPL) voluntary solar partnership pilot program—open to all customer classes—providing an opportunity to help expand Florida's solar production.
- ◆ Examined a proposed Environmental Protection Agency rule on power plant carbon dioxide emissions and advised the EPA on rule improvements to minimize impacts on Florida customers' bills.
- ◆ Proposed rules to implement Senate Bill 272, giving investor-owned water utility customers a way to hold the utility accountable if they are not happy with their water service quality. The provisions originated in part from recommendations by The Study Commission on Investor-Owned Water & Wastewater Utility Systems, established by the 2012 Legislature and chaired by Commissioner Julie Brown.
- ◆ Was affirmed in every judicial appeal of its orders decided in 2014, continuing its record of being uniformly upheld by the courts in recent years.

We also received national recognition when Commissioner Lisa Polak Edgar became the first Florida Commissioner to be elected President of the National Association of Regulatory Utility Commissioners. In addition, Commissioner Ronald A. Brisé was appointed to the Federal-State Board on Universal Service by the Federal Communications Commission, and was elected First Vice President of the Southeast Association of Regulatory Utility Commissioners.

We welcome Commissioner Jimmy Patronis, an accomplished Florida legislator, and interim General Counsel Charlie Beck, who for 27 years was a highly regarded customer advocate in the Office of Public Counsel. We value their fresh perspectives as we pursue what's best for Florida not only today, but also for tomorrow.

Sincerely,



Art Graham

Chairman, January 1, 2014 - January 1, 2016

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CONTACT INFORMATION

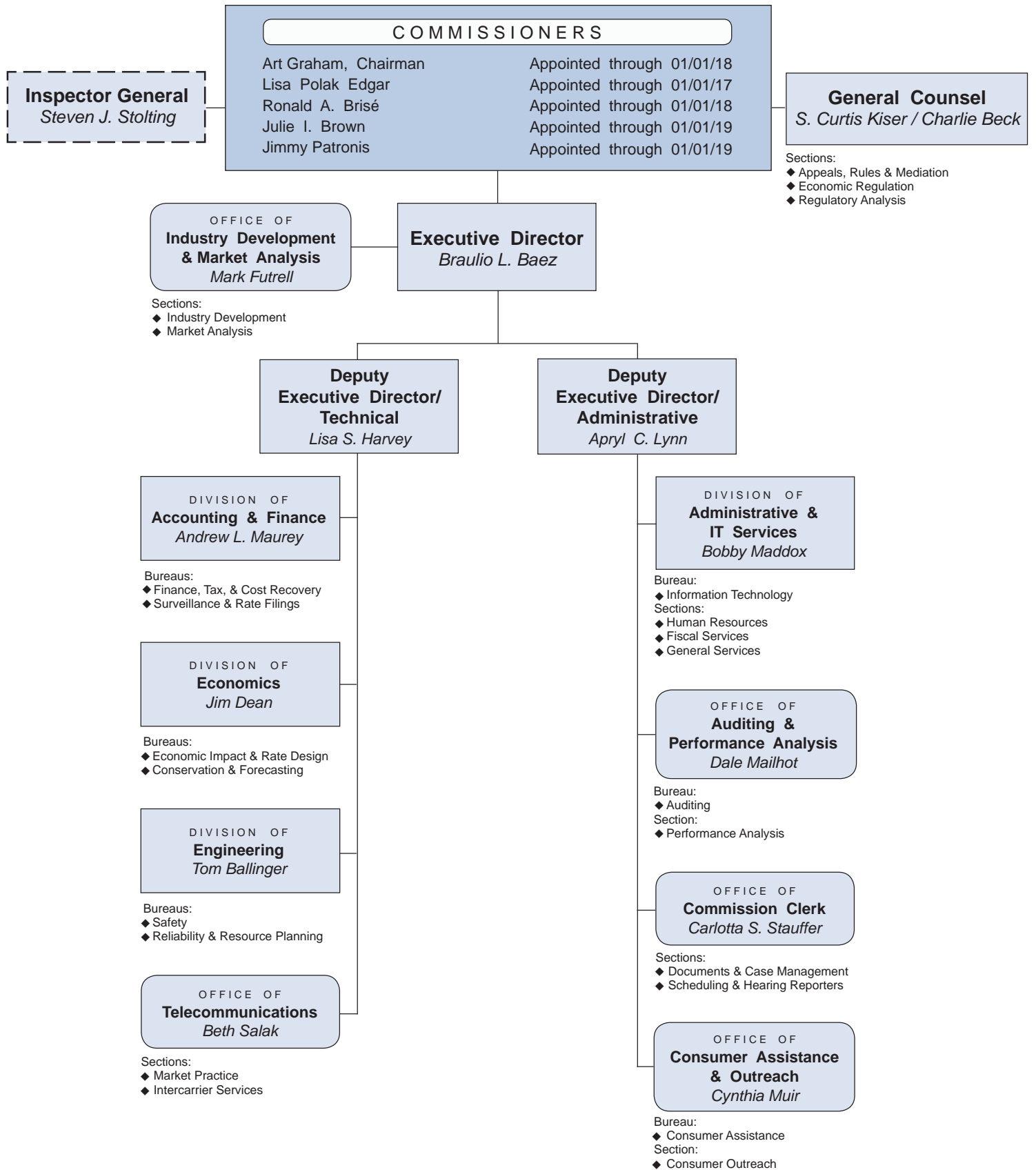
The Florida Public Service Commission's (FPSC or Commission) responsibilities in utility regulation directly affect the public. The FPSC welcomes requests for information about utility regulation or utility-related matters. Inquiries may be made in writing to the address below or by telephone, e-mail, or 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)

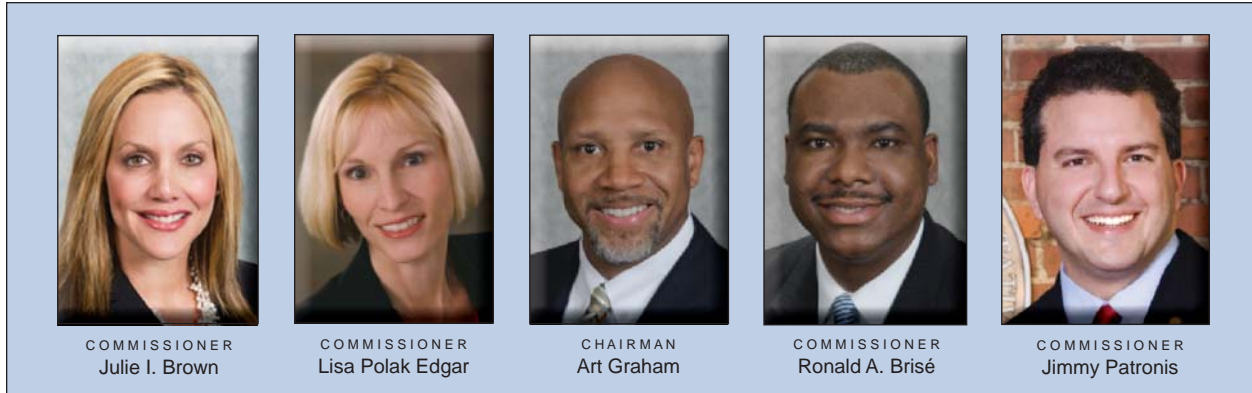
E-mail address: contact@psc.state.fl.us
Internet home page: www.FloridaPSC.com
Twitter: @FloridaPSC

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

FPSC ORGANIZATIONAL CHART



FPSC COMMISSIONERS



Art Graham was appointed to the Florida Public Service Commission by Governor Charlie Crist in July 2010 and was reappointed by Governor Rick Scott for a term through January 2018. He is also Commission Chairman, serving his second term. Previously he chaired the Commission from October 2010 through January 1, 2012 and worked with his colleagues and industry representatives to find ways to hold down rates for Florida's consumers and businesses. ♦ Chairman Graham is a member of the National Association of Regulatory Utility Commissioners (NARUC). In January 2015, he was appointed Co-Vice Chair of the NARUC Committee on Water, which he has served on since 2010. Prior to his appointment as Commissioner, he served on the Jacksonville City Council. Among his duties as Council Member, Chairman Graham helped oversee the budget of JEA, a publicly owned electric, water, and wastewater utility, and chaired the Transportation, Energy, and Utilities Committee. He also served on the Jacksonville Beach City Council from 1998 to 2002. ♦ He is a past chair of the North Florida Transportation Planning Organization and vice president of the Northeast Florida Regional Council. He was President of ART Environmental Consulting Services from 2005 to 2009, and worked on electric power generating boilers and wastewater reduction as a recovery engineer with Georgia Pacific Pulp and Paper from 1995 to 2002. A sales engineer with Betz PaperChem from 1991 to 1995, Chairman Graham was a regional sales manager from 1989 to 1991 for Goodyear Tire and Rubber, where he also held an application engineer position from 1988 to 1989. ♦ He received a bachelor's degree in chemical engineering from the Georgia Institute of Technology in Atlanta. He is also a 2001 graduate of Leadership Jacksonville and a 2008 graduate of Leadership Florida.

Lisa Edgar was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush for a four-year term beginning January 2005. Governor Charlie Crist reappointed Commissioner Edgar to a second four-year term in 2008, and Governor Rick Scott reappointed her to a third four-year term in 2012. From January 2006 to January 2008, she served as Chairman and participated as a member of the Florida Energy Commission and the Governor's Action Team on Energy and Climate Change. ♦ In November 2014, Commissioner Edgar was elected President of the National Association of Regulatory Utility Commissioners (NARUC) for a one-year term. As NARUC President, Commissioner Edgar provides general oversight of the Association and serves as NARUC's primary voice before Congress, the courts, administrative agencies, and the general public. She is also responsible for designating members to the NARUC Board of Directors, committee leadership positions, and other Association appointments as necessary. ♦ Commissioner Edgar serves on NARUC's Executive Committee, Board of Directors, the Committees on Electricity and Consumer Affairs, and the Task Force on Environmental Regulation and Generation. She recently was appointed to the Electric Power Research Institute (EPRI) Advisory Council which advises on research in the generation, delivery, and use of electricity for the public's benefit. From 2005 through 2009, she served on the Federal Communications Commission Universal Service Joint Board working for efficient, accountable and fiscally responsible use of universal service funds. ♦ Commissioner Edgar has worked to develop policies to strengthen the state's electric infrastructure to better prepare for, and withstand, storm events; to establish net metering and interconnection rules that encourage customer participation and renewable energy development; to further the diversification of Florida's fuel supply; to effectively reform the collection and distribution of universal service funds; and to improve customer satisfaction and broaden stakeholder participation. ♦ Prior to joining the PSC, Commissioner Edgar served as Deputy Secretary for the Florida Department of Environmental Protection (DEP). Her responsibilities at DEP included executive management oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, Florida Geological Survey, and coordination between the state and federal government on environmental issues, including proposed and existing 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 on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. ♦ Commissioner Edgar received her Bachelor of Science and Juris Doctorate degrees from Florida State University and is a member of the Florida Bar. She is a member of Leadership Florida and has been involved in many state and community organizations. ♦ Commissioner Edgar and her husband are members of Killlearn United Methodist Church and are raising their two active children in Tallahassee.

Ronald A. Brisé was appointed to the Florida Public Service Commission by Governor Charlie Crist in July 2010 and was reappointed by Governor Rick Scott for a term through January 2018. He served as Commission Chairman in 2012-2013. ♦ Commissioner

Continued

FPSC COMMISSIONERS

Brisé is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves in the following capacities:

- ◆ 1st Vice President, Southeastern Association of Regulatory Utility Commissioners (SEARUC)
- ◆ Board of Directors
- ◆ Committee on Telecommunications
- ◆ Committee on International Relations
- ◆ Subcommittee on Utility Market Access
- ◆ Board of Directors, Universal Service Administrative Company
- ◆ Intergovernmental Advisory Committee, Federal Communications Commission
- ◆ Federal-State Joint Board on Universal Service, Federal Communications Commission

He previously served on the NARUC Task Force on Federalism and Telecommunications. ◆ Before this appointment, he represented District 108 in the Florida House of Representatives for four years. During his tenure, Commissioner Brisé was named Democratic Whip and served as Vice Chairman of the Florida Conference of Black State Legislators. He gained membership on several committees which produced significant legislation that tackled many of Florida's most relevant issues including energy, telecommunications, redistricting, appropriations and Medicaid reform. Commissioner Brisé also sponsored successful legislation expanding broadband deployment in Florida to address digital divide as well as legislation improving consumer protection for Floridian families. ◆ Upon graduation from college, Commissioner Brisé taught science at his alma mater, Miami Union Academy. He eventually became responsible for the school's development and fundraising operations. In 2005, he became the Chief Operating Officer at a VoIP telecommunications carrier. ◆ Commissioner Brisé began his career in public service in North Miami as a member of the North Miami Planning Commission. His civic engagements include Board Member of the North Shore Hospital and past president of the Albert C. Pierre Community Center. He is a member of the NAACP, Leadership Florida and serves on the Board of Directors of the Haitian-American Chamber of Commerce of Florida. ◆ Commissioner Brisé received a bachelor's degree in biology education from Oakwood University in Huntsville, Alabama and received MBA degrees in management and marketing from American Intercontinental University in Illinois. He and his wife, JoAn, have two children, Ronald Brisé II and Elizabeth Christiane Brisé, and together are faithful members of the Seventh-day Adventist Church.

Julie Imanuel Brown was reappointed to the Florida Public Service Commission by Governor Rick Scott for a four-year term beginning January 2, 2015. She was first appointed to the Commission by Governor Charlie Crist and was also reappointed by Governor Rick Scott for a four-year term beginning January 2, 2011. Prior to her appointment, she was Associate Legal Counsel of First American Corporation, a Fortune 500 company, where she handled a variety of legal issues in the Eastern, Midwest and Mid-Atlantic Regions, including corporate compliance with regulatory authorities. ◆ Previously an Assistant City Attorney for the City of Tampa, Commissioner Brown specialized in contract, regulatory and administrative law while acting as legal advisor to the City of Tampa for wastewater, stormwater, land development coordination, and other matters. Commissioner Brown also worked as a corporate attorney at Shumaker, Loop & Kendrick, LLP in Tampa, Florida, specializing in mergers and acquisitions and securities law. ◆ Commissioner Brown is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on NARUC's Committee on Gas and Subcommittee on Nuclear Issues – Waste Disposal; she previously served on the Committee on Energy Resources and the Environment. She chaired the Florida Legislature's Study Committee on Investor-Owned Water and Wastewater Utility Systems and serves on the New Mexico State University's Center for Public Utilities Advisory Council. Her civic affiliations have included the City of Tampa's Architectural Review Commission, the Board of Directors for the Tampa Firefighters Museum, the Florida Bar's 13th Judicial Circuit Bar Grievance Committee, and acting as Vice Chair of the Hillsborough County Bar Association's Judicial Campaign Practices Committee. ◆ Commissioner Brown graduated magna cum laude with a Bachelor of Science from the University of Florida, where she was the recipient of the Outstanding Female Leader award, President of Florida Blue Key, inducted into the Hall of Fame, and received the Dean's Cup for the College of Journalism and Communications. She earned a Juris Doctorate from the University of Florida Levin College of Law, is a member of the Florida Bar, and a member of Leadership Florida, Class XXXIII. Her graduate education included study abroad at the University of Montpellier College of Law in France. ◆ Commissioner Brown and her husband have two children.

Jimmy Patronis was appointed to the Florida Public Service Commission (PSC) by Governor Rick Scott for a four-year term beginning January 2015. Prior to his appointment, Commissioner Patronis represented District 6 (Bay County) in the Florida House of Representatives. ◆ A member of the National Association of Regulatory Utility Commissioners (NARUC), Commissioner Patronis serves on NARUC's Committee on Consumer Affairs. ◆ Commissioner Patronis is recognized for his outstanding leadership in his hometown of Panama City and throughout Florida. He was appointed by Governors Jeb Bush and Lawton Chiles to the Florida Elections Commission. Commissioner Patronis is also a past Chairman and Board Member of the Bay County-Panama City International Airport and Industrial District. Former positions include a bank director, hospital trustee, as well as a board member for many charitable and non-profit organizations. ◆ Commissioner Patronis received his Bachelor of Science degree in Political Science from Florida State University. He is a member of the Florida Chamber of Commerce and Bay County Chamber of Commerce Leadership Programs and has been involved in many other state and community organizations. For his outstanding service, he has also received numerous awards and recognitions. ◆ A lifelong resident of Bay County, Commissioner Patronis is a partner in Captain Anderson's Restaurant and Market, where he works with his father, uncle, and brothers in the well-known family business. He and his wife are dedicated to civic and business development for Northwest Florida and are the proud parents of two sons.

EXECUTIVE MANAGEMENT



EXECUTIVE
DIRECTOR

BRAULIO L. BAEZ

The Executive Director is responsible for directing, planning, and administering the overall activities of the Commission staff, except the Office of General Counsel. He consults with and advises the Commissioners on regulatory, internal management, and budgetary matters, and acts as an interagency liaison. Reporting directly to him are the Deputy Executive Director-Administrative, the Deputy Executive Director-Technical, and the Director of the Office of Industry Development & Market Analysis.



DEPUTY
EXECUTIVE
DIRECTOR-
ADMINISTRATIVE

APRYL C. LYNN

The Deputy Executive Director-Administrative supervises and directs the Commission's administrative staff and counsels the Executive Director on Commission personnel, media relations, consumer assistance, and auditing matters. The Division of Administrative & Information Technology Services, and the Offices of Commission Clerk, Auditing & Performance Analysis, and Consumer Assistance & Outreach are under her direction.



DEPUTY
EXECUTIVE
DIRECTOR-
TECHNICAL

LISA S. HARVEY

The Deputy Executive Director-Technical provides direction and leadership for the technical staff and advises the Executive Director in all technical issues pending or presently before the Commission. She has direct authority over the Divisions of Accounting & Finance, Engineering, Economics, and the Office of Telecommunications.



GENERAL
COUNSEL

S. CURTIS KISER/ CHARLIE BECK (INTERIM, DECEMBER 2014)

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



THE ROLE OF FLORIDA'S PUBLIC SERVICE COMMISSION

MISSION STATEMENT:

*To facilitate the efficient provision of
safe and reliable utility services at fair prices.*

The Commission's work is a balancing act, weighing the needs of consumers with the needs of a utility and its shareholders. For electric, natural gas, and water and wastewater utility companies, the Commission oversees service territories, regulates rates and earnings, and requires utilities to provide service to all who request it. For telecommunications companies, the Commission is responsible for encouraging and promoting fair and reasonable growth within the industry.

The Florida Public Service Commission's (FPSC) mission is to balance the customers' need for reasonable, safe, and reliable utility services with the utility companies' need to provide effective and efficient services. Florida's utilities play a major role as participants in the economic development of cities, regions, and communities working to improve their local business climate. As utilities grapple with a spate of new industry challenges, FPSC Commissioners are also challenged with difficult decisionmaking in the public's best interest. Residential and commercial consumers now want more interactive choices from their utilities and need more information to make smart energy use decisions.

Climate change is a key policy issue confronting utilities nationwide. Recent developments in climate litigation and regulation also suggest that the national policy landscape related to climate change is continuing to evolve. In the midst of industry and technological change, the FPSC's focus remains constant: how to best ensure safety, reliability, and affordability for all customers. In doing so, the FPSC exercises regulatory authority over utilities in three key areas: rate base/economic regulation; competitive market oversight; and the monitoring of safety, reliability, and service.

- ◆ 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 managing issues associated with them.
- ◆ 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.

RATE BASE / ECONOMIC REGULATION

Earnings levels for regulated electric, natural gas, and water and wastewater companies are established and regularly monitored by the FPSC. Companies file annual reports which are reviewed to determine their earnings for the prior year. If it appears that a company will experience excessive earnings in the coming year, the FPSC fully analyzes the company's books and records and reduces its rates. The FPSC may determine earnings are subject to refund if the review indicates possible overearnings.

When a company believes its earnings are below a reasonable level, the company can petition the FPSC for a change in rates. After an extensive review of the company's earnings, the Commission determines the company's fair rates and earnings to decide a reasonable rate of return. The Commission also analyzes the actual rates charged by the company, allocates revenue requirements between classes of customers, and develops appropriate rate structures within rate classes.

ENERGY

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

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

WATER & WASTEWATER

In the water and wastewater industries, the FPSC processes a significant number of cases each year. The majority of these cases involve requests for

rate increases or limited proceeding increases resulting from the increased costs of providing service. Other cases involve overearnings investigations to determine if a rate reduction is necessary.

The Commission processes water and/or wastewater certification requests, with the majority involving the transfer or amendment of certificates of authorization to provide service. Other cases can involve certifying a new utility and setting its initial rates and charges. The Commission also acknowledges abandonments and cancels certificates for systems transferred to exempt entities.



Reuse (using effluent water for a beneficial purpose, such as irrigation) impacts 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 the statewide goals. In meeting this charge, Commission staff participates on a Reuse Coordinating Committee along with staff from the DEP, the WMDs, and the Florida Departments of Agriculture and Consumer Services, Health, and Transportation.

Water conservation is vital to Florida's economy. As an economic regulator, the FPSC is actively involved in demand-side water conservation through rates and rate structure review. Rates and rate structure have a direct bearing on water usage and water resource allocation. The FPSC has a Memorandum of Understanding (MOU) with the DEP, updated last year, and another MOU with four of the five WMDs, updated this year, to coordinate efforts to improve statewide water quality and meet statewide conservation goals. Both agencies provide expert testimony, as necessary, on water quality and conservation issues in rate cases before the

FPSC. When feasible, the FPSC allows utilities to recover expenses related to conservation programs and establish conservation rates to reduce water consumption.

COMPETITIVE MARKET OVERSIGHT

The FPSC addresses competitive market structure and regulatory issues in the telecommunications industry, which has transitioned from a monopoly to competitive markets. Two catalysts for the change to competition are innovative technologies that add new markets to established regulated companies and increased service options that benefit customer choices. The FPSC must ensure that regulatory barriers are removed and that telecommunications companies are not anticompetitive.



A key FPSC focus is facilitating competition in the local telephone market, which includes arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. After interconnection agreements are executed, the FPSC is then charged with interpreting and enforcing the agreements if requested by one of the affected carriers. The FPSC is responsible for resolving other intercarrier disputes including, but not limited to, federal law addressing resale of services, local interconnection, unbundling, number portability, dialing parity, access to rights-of-way, access to poles and conduits, and reciprocal compensation. The FPSC is also active in monitoring and assessing the status of local competition, processing negotiated agreements, and providing input on legislative and Federal Communications Commission (FCC) initiatives.

By conducting regular reviews of industry practices, the FPSC determines whether entities are engaging in actions that could impede the development of competition. Other major responsibility areas involve oversight of numbering resources, the Lifeline Assistance program which helps low-income residents have access to telephone service, and the Relay Program which facilitates telephone use for the deaf, hard of hearing, or speech impaired.

Another critical aspect of competitive market oversight in the telecommunications industry is the certification process. Most landline telecommunications companies (not including interexchange companies) conducting business in Florida are required by state law to be certificated by the FPSC.

RELIABILITY, SAFETY, & SERVICE ISSUES

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

ENERGY

Electric Reliability

In the electric industry, the FPSC reviews regulated utilities' Ten-Year Site Plans to assess how utilities will meet Florida's energy needs over a ten-year planning horizon. The FPSC considers petitions for the determination of need for electric power plants, transmission lines, and intrastate natural gas pipelines 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; 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 Distribution Reliability and Infrastructure Hardening

The FPSC also monitors investor-owned utilities' (IOUs) performance by reviewing each company's Electric Distribution Reliability Report, filed annually on or before March 1. In this filing, each IOU reports the latest available data on its various reliability indices, such as System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). The reliability indices are based on statistical data that measure each IOU's service quality and reliability. The reports also describe the status of each IOU's storm hardening efforts related to 10 ongoing initiatives established by the FPSC, including such

programs as vegetation management, hardening of existing structures, joint-use agreements, auditing pole attachments, and natural disaster preparedness. The Commission reviews these reports to verify the utilities' compliance with Commission requirements and ensure that Florida's utilities are maintaining quality service that is safe and reliable.

Electric Safety

By statute, the FPSC is responsible for electric safety. The Commission has adopted the National Electrical Safety Code (NESC) as the applicable safety standard for transmission and distribution facilities subject to the FPSC's safety jurisdiction. In addition, Commission rules set requirements for accident reports, quarterly utility compliance reports, and FPSC facility inspections. Electric safety engineers inspect utility electric transmission and distribution construction sites that are selected from utility work orders. Any variances from the NESC are corrected through a quality control program.

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 and qualification, maintenance, operation, and new construction.

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



In April 2011, the U.S. Department of Transportation and the Pipeline and Hazardous Materials Safety Administration urged states to replace all bare unprotected steel and cast iron pipelines due to recent accidents in other parts of the U.S. involving the aging infrastructure. The FPSC's Bureau of Safety requested all companies in Florida with aged infrastructure to provide a replacement plan. Florida has 10 companies that began with a total of 253 miles of cast iron pipe and 1,200 miles of unprotected bare steel pipeline needing replacement. In September 2012, the Commission approved replacement programs for Peoples Gas System in Docket 110320-GU and a similar program for Chesapeake Utilities and Florida Public Utilities Company in Docket 120036-GU. As of the third quarter of 2014, 174 miles of cast iron and 1,008 miles of bare steel remain to be replaced.

Emergency Operations Center

The Commission is designated as the Lead Response Agency for power and natural gas emergencies for the Office of the Governor. Through the Division of Emergency Management at the state's Emergency Operations Center (EOC), the FPSC provides 24 hours/7 days a week staffing for Emergency Support Function-12 Energy (ESF-12) during state emergencies. ESF-12 coordinates responses to electric and natural gas energy emergencies and provides information and assistance to a variety of federal and state agencies at the EOC.

The Commission also maintains contact with electric and natural gas utilities serving the affected areas to assess damage and service restoration efforts. Data collected and maintained from these coordination efforts include areas affected, number of customers without electrical power or natural gas, status of generation fuel, and estimated restoration time for normal service. This information is used by the EOC to determine the most efficient allocation of resources in response to regional recovery efforts.

— WATER & WASTEWATER —

In the water and wastewater industries, the FPSC monitors quality-of-service issues such as water pressure and capacity. When a consumer complaint regarding water and/or wastewater quality of service is received, if warranted, 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. The FPSC reviews consumer concerns and works with the utility to resolve service issues. When a complaint results from possible violations of DEP public health rules, FPSC staff works with the DEP to resolve the issue.



On June 25, 2014, the Commission approved revised language to update its Memorandum of Understanding (MOU) with the Water Management Districts (WMDs). The existing MOU had not been updated since 1991. While some of the existing MOU language was obsolete, the primary elements of the agreement remain: the Commission's commitment to implement conservation rate structures, where appropriate, and the WMDs' commitment to provide expert testimony in Commission proceedings, as requested. Since Commission approval, four of the five WMDs have approved the revised MOU. The Memoranda from the St. Johns River, the Suwanee River, the Southwest Florida, and the South Florida WMDs were signed by Chairman Graham and became effective on October 29.

This year, the Florida Legislature enacted Senate Bill 272 creating two new Florida Statute Sections—367.072 and 367.0812—to revoke a certificate of authorization and to use quality of water service as a criterion in evaluating a utility's

FPSC rate increase request. The Commission initiated rulemaking to implement the new Statute Sections by proposing Rule 25-30.091, Florida Administrative Code (F.A.C.) and amending Rule 25-30.440, F.A.C.

The proposed rule allows the FPSC to consider revoking a water utility's certificate of authorization if at least 65 percent of the utility's customers file a petition for revocation, including specific issues of concern, each reported incident, and how long each issue has existed. Rule amendments require the utility to include its customer complaints for secondary water quality standards, established by DEP, over the past five years when it files a FPSC rate case. The proposed new FPSC rule is subject to an extensive review and public input process before adoption becomes final.

CONSUMER ASSISTANCE, PROTECTION, & EDUCATION

By providing effective consumer assistance, protection, and education, the FPSC accomplishes its mission of assisting consumers and educating the public about the changing regulatory environment.

The FPSC participates in a variety of outreach events such as consumer forums, community meetings, and customer meetings and hearings, by presenting pertinent information and distributing a variety of consumer publications. Making sure that consumers have easy access to agency information ensures that they can make informed decisions about utility services.

With Florida's volatile hurricane seasons and fluctuating fuel costs, consumers have concerns about storm damage and energy expenses, which impact the natural gas and electric industries. The FPSC website and publications explain the rules that keep utilities prepared for storms and keep fuel costs reasonable and highlight the Commission's statutory obligation to protect consumers by ensuring public safety.

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 to help resolve disputes between regulated companies and their customers in a fair and efficient manner.

The Commission’s Transfer Connect system offers consumers a quick, efficient option to resolve complaints. When a consumer calls the FPSC’s toll-free consumer assistance line (1-800-342-3552) with a question or a complaint regarding utility services, an FPSC staff member, with the customer’s approval, will transfer the call directly to the utility for handling. Once the consumer’s call is transferred, the utility pays for the call until completion. Each company subscribing 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 allows FPSC staff to consult with a utility representative and pass on caller information, so the caller doesn’t have to repeat information.

Resolving Consumer Complaints

Assisting consumers is an FPSC priority. Consumers can find a variety of fact sheets, brochures, and consumer tips on the website. Residential and business customers needing additional assistance to resolve complaints with Florida’s regulated utilities can receive help from the FPSC’s experienced analysts, who can also provide information on utility payment plans, statutes and rules governing utility companies, and the status of pending cases before the Commission.

There are five ways to contact the FPSC:

- ◆ Complete an online complaint form
- ◆ E-mail correspondence to contact@psc.state.fl.us
- ◆ Call the toll-free number at 1-800-342-3552
- ◆ Fax information toll-free at 1-800-511-0809
- ◆ Send mail to:
 Florida Public Service Commission
 Office of Consumer Assistance & Outreach
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0850

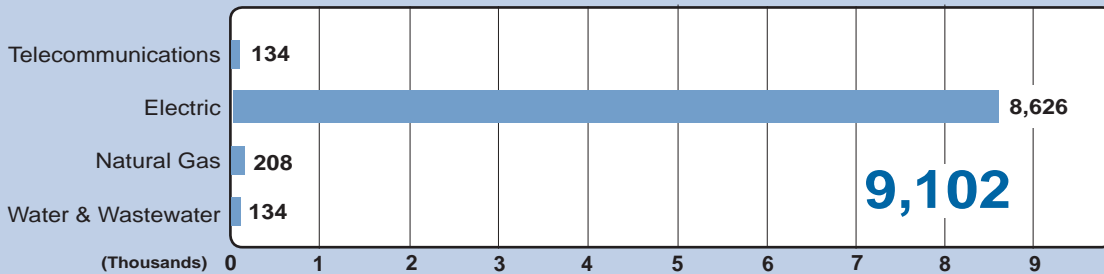
For more information, visit the FPSC’s website at: www.FloridaPSC.com

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 affecting consumers and then produces related outreach materials to address those needs. The FPSC provides consumers with the information they need to know their rights as utility customers.

Consumers receive information in a variety of ways, including the FPSC website, news releases, consumer newsletter and Twitter, toll-free phone

During 2014, 9,102 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. Effective July 1, 2012, FPSC jurisdiction over telecommunications companies changed. Telecommunications complaints include, Lifeline Assistance program, Florida Relay, and payphone service.

and fax numbers, consumer publications, brochures, scheduled FPSC meetings open to the public, and community events. The FPSC's home page, www.FloridaPSC.com, is continually updated to keep information current and make the site more user-friendly. The website contains information about the regulated industries, press releases, and agency publications. In addition to obtaining information, consumers may file online complaints and inquiries about their utility services. Commission events and meetings are usually accessible online as live video and/or audio broadcasts.

Consumer Outreach

Each year, the FPSC provides educational packets, including publications and Lifeline brochures and applications in English, Spanish, and Creole, to Florida public libraries across the state for consumer distribution. For the second year, the FPSC's Library Outreach Campaign increased from 333 to 583 sites, providing library patrons with FPSC publications that feature practical energy and water conservation tips. Following the Campaign, many library requests for additional publications were filed. In 2014, 36,000 brochures were sent to, or requested by, Florida's libraries. Past annual survey results from library administrators indicate their continuing support for the program and their willingness to partner with the Commission on future outreach projects.

National Consumer Protection Week (NCPW), highlighting consumer protection and education efforts, was important to the FPSC's 2014 conservation education efforts. For the 16th Annual NCPW (March 2-8, 2014), FPSC Chairman Art Graham produced a Public Service Announcement (PSA) about scams targeting utility customers, with tips on customer protections. The PSA is available on the FPSC website and can be accessed by media outlets for their broadcasts. Also during NCPW, the FPSC made presentations in Madison, Jasper, Lake Panasoffkee, Wildwood, and at Pow Wow's in Deland and Mount Dora showing consumers how to save money through energy and water conservation and how to avoid scams.

Events to promote energy efficiency and conservation education are annually observed during October's Energy Awareness Month. Highlighting the 2014 Energy Awareness Month, FPSC Chairman Art Graham joined Beaches Energy Services (BES) representatives to perform

a residential home energy audit. He assisted BES staff in helping a customer learn easy home energy efficiency measures, and reminded consumers how doing their part can help reduce their energy usage and save money on utility bills. He also urged consumers to get a home energy audit or watch the FPSC's video on how to perform a do-it-yourself analysis to start saving money and energy today.



In 2014, the FPSC recognized small businesses for implementing Commission-approved, cost-effective conservation programs. Covering the state's five major geographic areas, each month the FPSC gives its *Triple E Award*—for Energy Efficiency Efforts—to a local business that accomplished superior energy efficiency by working with its local utility to help reduce its energy footprint. FPSC Triple E Award recipients are highlighted through a press release, issued statewide, and are featured under Hot Topics on the FPSC's homepage, www.FloridaPSC.com.

To help consumers who might need assistance paying their utility bills, the FPSC has compiled *A Guide to Utility Assistance in Florida* that includes contact information for all electric utilities in the state. The booklet gives consumers a way to call their utility to tap into the large network of social service organizations located throughout their area. Many of Florida's electric utilities also have company programs designed to provide emergency assistance funds to customers unable to pay their electric bill, so consumers in need can benefit by contacting their utilities.

To assist Florida legislators and other government officials whose constituents might 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 background for cases where customer input is considered 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 being reviewed and encourages their participation.

In 2014, FPSC staff organized and attended 9 customer hearings and meetings, where they addressed citizen questions and concerns and distributed relevant brochures.

The Commission features many brochures online and in print to help consumers save energy, conserve water, or learn about the Lifeline Assistance program and other relevant topics. Brochures may be viewed and printed directly from the website, <http://www.FloridaPSC.com/publications/>, ordered free via an online order system, or requested by mail or phone. With its interactive design, the FPSC's quarterly *Consumer Connection E-Newsletter* is also helpful, featuring current energy and water conservation topics, consumer tips, and general Commission information.

The FPSC continuously seeks existing and new community events, venues, and opportunities where conservation and other materials can be distributed and discussed with citizens. This year, the FPSC participated in consumer programs and distributed energy and water conservation materials through partnerships with governmental entities, consumer groups, and many other service organizations.

Examples of events where conservation and other information was shared during 2014 include:

- ◆ Ambassadors for Aging Day
- ◆ Active Living Expo
- ◆ Housing Authorities— Titusville Housing Authority, Tallahassee Housing Authority, Pinellas Housing Authority, Clearwater Housing Authority's Barbee Towers and Ralph Richards Tower, and Baker Manor Housing Authority.
- ◆ Senior Centers—Cora Barfield Bryant, Friendship, Robert L. Taylor, Kathleen K. Caitlin, Martin Anderson, North Brevard, Jim Fortuna, Alachua County, Taylor County, Jefferson County, 8th Avenue, Liberty, Barbara Washington, Mary L. Singleton, Moncrief, Woodville, Dixie County Suwanee County River Economic Council, Lafayette County Suwanee County River Economic Council, Oceanway, Louis Dinah, Lincoln Villa, Ft. Braden, Eagle Lake, Lake Maude, Lake Moton, L. Claudia Allen, Renaissance, Suwanee River Economic Council—Starke, Marks Street, Auburndale, Greater Palm Bay, Bradfordville, Lake Jackson, and Wickham
- ◆ Southside Senior Day at Jake Gaither Community Center
- ◆ Baker Council on Aging
- ◆ Florida Department of Health's American Indian Heritage Month Statewide Live/ Webinar
- ◆ Northeast Community Action Agency
- ◆ Springfield Community Center
- ◆ Shine Women's Conference
- ◆ Community Rehabilitation Center
- ◆ Florida Department of Elder Affairs Elder Summit—Greater Bethlehem African Methodist Episcopal Church
- ◆ 5th Annual Southside Community Health and Fitness Fair at Maranatha Seventh-Day Adventist Church
- ◆ Florida Department of Elder Affairs' Fraud Prevention Seminar
- ◆ Florida Department of Health's Outdoor Community Fair and World Refugee Day
- ◆ 1st Annual House District 48 Hispanic Heritage Month Community Celebration
- ◆ Career Source Tampa Bay
- ◆ Career Source Brevard
- ◆ Jacksonville Senior EXPO



HIGHLIGHTS OF THE FPSC'S REGULATORY EFFORTS FOR CALENDAR YEAR 2014

In 2014, the FPSC regulated 5 investor-owned electric companies, 7 investor-owned natural gas utilities, and 149 investor-owned water and/or wastewater utilities and had competitive market oversight for 361 telecommunications companies in Florida.

The number of certificated telecommunications companies as of December 2014 was as follows:

- ◆ 10 incumbent local exchange companies (ILECs)
- ◆ 252 competitive local exchange companies (CLECs)
- ◆ 63 pay telephone companies (PATs)
- ◆ 21 alternative access vendors (AAVs)
- ◆ 15 shared tenant service providers (STS)

Chapter 364, Florida Statutes, was changed in 2011 to no longer allow new AAV or STS certificates to be issued.

The FPSC does not regulate the rates and service quality of publicly owned municipal or cooperative electric utilities; however, the Commission does have jurisdiction regarding rate structure, territorial boundaries, bulk power supply operations, and power supply planning over 35 municipally owned electric systems and 18 rural electric cooperatives. The FPSC has jurisdiction regarding territorial boundaries and safety, over 27 municipally owned natural gas utilities and 4 gas districts. In addition, the Commission exercises safety authority over all electric and natural gas systems operating in the state.

During 2014, the Commission handled a number of significant regulatory issues that are summarized in the following sections.

ENERGY

Electric Rate Cases

Florida Power & Light Company

On February 7, 2013, the Office of Public Counsel (OPC) appealed the Commission's December 2012 approval of a Florida Power & Light Company (FPL) Settlement Agreement to the Florida Supreme Court. Oral arguments were heard before the Florida Supreme Court on September 19, 2013. On August 28, 2014, the Supreme Court issued its ruling affirming the Commission's final order that approved the Settlement Agreement authorizing FPL to adjust its rates. No further action was required by the Commission.

Duke Energy Florida

In accordance with the Commission-approved 2013 Revised Stipulation and Settlement Agreement, Duke Energy Florida, Inc. (DEF), refunded \$139 million in 2014 to its retail customers through the fuel cost recovery clause. In addition, by the end of 2014, customers received \$835 million in insurance proceeds for DEF's retired Crystal River 3 nuclear plant. DEF will also refund \$40 million in 2015 and \$60 million in 2016 to its customers.

Gulf Power Company

A Joint Motion for Approval of Stipulation and Settlement Agreement filed by Gulf Power Company, the Office of Public Counsel, Florida Industrial Power Users Group, Federal Executive Agencies, Wal-Mart Stores East, LP, and Sam's East Inc. was approved by the Commission on December 3, 2013. Based on the Agreement, a \$35 million base rate increase was implemented in January 2014 and a separate \$20 million base rate increase will be implemented in January 2015. Gulf cannot petition the Commission for rate relief effective before July 1, 2017 unless its Return on Equity (ROE) falls below 9.25 percent.

Florida Public Utilities Company

On April 28, 2014, Florida Public Utilities Company (FPUC) filed a petition seeking an annual base rate increase of \$5.85 million, effective October 1, 2014.

FPUC's request was based on an 11.25 percent ROE. In August, customer service hearings were held in Marianna and in Fernandina Beach.

On August 29, 2014, a Joint Motion for Approval of Stipulation and Settlement (Settlement) was filed by FPUC and the Office of Public Counsel. After reviewing the Settlement and pleadings, and hearing argument of counsel, the Commission found the Settlement to be in the best interest of FPUC's rate payers and approved it on September 15.

The Settlement extends through 2016 and includes the following terms: a \$3.75 million base rate increase effective November 2014; an authorized ROE of 10.25 percent with a range of 9.25 to 11.25 percent; a \$250,000 regulatory asset established as a general liability reserve to be amortized over 5 years; suspension of the \$121,620 storm damage annual accrual to use for expedited tree trimming cycles and for underground feasibility studies; recognition of system reliability projects in both Marianna and Fernandina Beach; and creation of an economic development program.

Natural Gas Rate Cases

The Commission did not process any rate cases involving natural gas distribution companies during 2013, and no rate cases involving natural gas distribution companies were filed in 2014.

Depreciation Dismantlement, & Nuclear Decommissioning Studies



Depreciation rates for regulated utilities are set by the Commission to ensure that cost recovery is provided for categories of assets while they are in service. Depreciation studies are required to be filed every four years by electric companies and every five years by gas distribution companies.

Dismantlement studies for electric utilities that own and operate fossil fuel generating units are required to be filed with the Commission every four years. These studies provide updated cost esti-

mates to dismantle a fossil fuel generating unit at the end of its useful life; the information in these studies is also used to determine whether a company needs to recover funds, in current customer rates, that will be needed to pay for dismantlement.

Decommissioning studies for electric utilities that own and operate nuclear generating units are required to be filed with the Commission every five years. These studies provide updated estimates of the cost to decommission a nuclear unit at the end of its useful life; the information in these studies is also used to determine whether a company needs to recover funds, in current customer rates, that will be needed to pay for decommissioning.

Depreciation

Florida City Gas Company, Inc. (FCG) filed its depreciation study on March 11, 2014. The Commission previously set FCG's depreciation rates effective January 1, 2009. Subsequently, FCG began a number of pipeline expansions within its service territory, replaced its asset management system, and purchased new office headquarters in Doral, thereby significantly increasing its plant size. On September 25, 2014, the Commission issued its order approving new depreciation rates effective January 1, 2014. FCG's depreciation rates will increase depreciation expense by approximately \$386,000, or about 3.4 percent, based on plant investment at the end of the five-year study period.

On January 13, 2014, Florida Public Utilities Company/Natural Gas Division (FPUC), Florida Division of Chesapeake Utilities Corporation, and Florida Public Utilities Company/Indiantown Division jointly petitioned the Commission for approval of depreciation studies. In addition, FPUC requested Commission-approved rates for its Fort Meade Division. The Company also requested approval of a regulatory asset for consulting fees associated with the depreciation studies development to be amortized over five years. On November 25, the Commission voted to approve consolidated depreciation rates, including the Fort Meade Division. The Commission also approved the deferral of \$58,452 in consulting fees associated with the depreciation studies' development to be amortized over five years.

Dismantlement

No dismantlement studies were filed or ruled on in 2014.

Decommissioning

Duke Energy Florida, Inc. (DEF) filed its Nuclear decommissioning cost study on March 21, 2014 for its Crystal River Unit 3 Nuclear Power Plant (CR3) located in Citrus County. CR3 has been in extended shutdown since September 2009. In February 2013, DEF notified the Nuclear Regulatory Commission (NRC) that CR3 had permanently ceased operations and that all fuel had been removed from the reactor vessel. DEF also identified its decommissioning approach for CR3: the safe storage method (SAFSTOR). Under SAFSTOR, DEF continues to place the plant in a safe and stable state until 2067, allowing levels of radioactivity to decrease through radioactive decay. CR3 will begin to be decontaminated and dismantled and the site released for alternative use by 2074.



DEF requested that the Commission approve its decommissioning study and annual accruals of \$0. On November 24, 2014, the Commission voted to approve DEF's 2014 CR3 nuclear decommissioning cost study which contained an updated total estimated decommissioning cost, as well as an updated project methodology and schedule. This decision stems from a continuation of the 2005 annual accrual needed for decommissioning, which is zero dollars per year (decommissioning trust has been fully funded since 2005, requiring no additional customer funds). DEF will file its next decommissioning study on or before March 21, 2019.

Power Plant, Transmission Line, and Natural Gas Pipeline Need Determinations

On May 27, 2014, Duke Energy Florida, Inc., (DEF) filed a petition to determine the need for a Citrus County Combined Cycle Power Plant with expected summer and winter ratings of 1,640 MW and 1,820 MW respectively. The Citrus County Plant will be built on a site adjacent to DEF's Crystal River Energy Center, with completion expected in December 2018. The Commission approved DEF's need determination on October 10, 2014.

With FPSC approval, DEF plans to construct a natural gas-fired, combined cycle power plant that will provide enough energy to power approximately 110,000 residential homes. The proposed plant is projected to result in savings of \$477 million to \$1.2 billion when compared to other alternatives.

Fuel Diversity

Florida's electric utilities are required by law to furnish adequate, reliable electric service at a reasonable cost to each customer. Meeting customer demand in a time of rising costs and uncertain economic conditions represents a significant challenge. Since the late 1990s, utilities across the nation, including those in Florida, have selected natural gas-fired generation as the predominant source of new capacity. The use of natural gas for electricity production in Florida increased from 19.3 percent in 1995 to 59.6 percent in 2013. Natural gas usage is expected to remain at approximately 60 percent over the next ten years.

This year, DEF decided to cease construction of its planned two Levy County Nuclear Plants but continue to pursue the Combined Operating License (COL) from the Nuclear Regulatory Commission. DEF's actions were approved by the Commission as part of a Revised and Restated Settlement Agreement pursuant to Order No. PSC-13-0598-FOF-EI, issued on November 12, 2013, in Docket No. 130208-EI, among DEF, the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, and White Springs Agricultural Chemicals, Inc.

Given the potential volatility of natural gas prices, the Florida Legislature, since 2005, established policies addressing the importance of diversifying fuels used for electricity generation. These initiatives include enhancing contract provisions for the

purchase of renewable energy by investor-owned utilities, encouraging customer-owned renewable energy resources, placing emphasis on energy efficiency and conservation, and establishing regulatory treatment for costs associated with nuclear construction.

Fuel diversity will continue to be a critical issue for the FPSC as it monitors pending federal emissions legislation, fuel price variability, the changing capital cost of generating units, and the expansion and integration of renewable energy resources.

Nuclear Cost Recovery

In 2006, the Florida Legislature enacted Section 366.93, Florida Statutes (F.S.), to encourage utility investment in nuclear electric generation by creating an alternative cost recovery mechanism. The statute directed the Commission to allow IOUs to recover certain construction costs in a manner that reduces the overall financial risk associated with building a nuclear power plant. In 2007, the statute was amended to include integrated coal-gasification combined cycle plants, and in 2008, it was again amended to include new, expanded, or relocated transmission lines associated with the plants. The statute required the Commission to adopt rules that provide for annual reviews and cost recovery for nuclear plant construction through the existing capacity cost recovery clause (CCRC). By Order No. PSC-07-0240-FOF-EI, the Commission adopted Rule 25-6.0423, Florida Administrative Code (F.A.C.), fulfilling the requirements of, and implementing, Section 366.93, F.S.

Pursuant to the rule, all prudently incurred pre-construction costs and carrying charges will be recovered directly through the CCRC. Once a utility obtains an affirmative need determination for a power plant covered by the statute, the affected utility may petition for cost recovery using this alternative mechanism. FPL obtained determination of need from the FPSC for the uprate of its existing four nuclear units, St. Lucie 1 & 2 and Turkey Point 3 & 4, as well as for two new nuclear units, Turkey Point 6 & 7. DEF obtained approval for the uprate of the Crystal River 3 nuclear unit, as well as two new nuclear units proposed to be built in Levy County. The annual nuclear cost recovery clause (NCRC) proceeding was established to address utility petitions for cost recovery pursuant to the statute and rule, to review utility activities and to consider whether to approve costs associated with those activities for recovery from customers.

In 2013, the Florida Legislature enacted amendments to Section 366.93, F.S., which included: (1) affected utilities must seek FPSC approval prior to commencing certain project activities; (2) the rate used to calculate carrying costs was revised; and (3) deadlines were established for construction work to begin. The Commission subsequently adopted revisions to Rule 25-6.0423, F.A.C., to incorporate these amendments to the statute, effective January 29, 2014.

In February 2013, DEF announced it would retire and decommission Crystal River 3. In August 2013, DEF announced it would not construct the Levy project in the current timeframe, and that it would cancel the Levy project Engineering, Procurement, and Construction contract (EPC). DEF filed a Petition for Limited Proceeding to Approve a Revised and Restated Stipulation and Settlement Agreement (2013 Settlement Agreement) that was signed by the Office of Public Counsel and other parties representing consumers. The Commission approved the 2013 Settlement Agreement, which addressed issues from multiple dockets. Terms that affected the NCRC included:

- ◆ DEF's recovery amount for the Levy Project will reflect the use of a prescribed fixed factor set by rate class until recovery of remaining unrecovered investment is complete.
- ◆ DEF's recovery of Levy Project costs is limited to only those costs associated with the activities identified in the 2013 Settlement Agreement unless otherwise agreed to by the signatory parties.
- ◆ DEF is allowed to recover its Crystal River 3 Uprate Project costs through the NCRC consistent with Section 366.93(6), F.S.

FPL completed the uprate of its existing nuclear units in 2013, adding 522 megawatts of new nuclear capacity with estimated fuel cost savings of \$100 million for the first year of operations. FPL also received site certification in May 2014 for new nuclear units Turkey Point 6 & 7 from the Governor and Cabinet, sitting as the power plant siting board. FPL is currently pursuing a combined operating license for these units from the Nuclear Regulatory Commission.

A new NCRC docket (Docket No. 140009-EI) was opened to address DEF and FPL petitions for nuclear cost recovery, and an evidentiary hearing was held on August 4, 2014. The Commission heard

testimony regarding DEF's project wind-down and EPC cancellation costs, including arguments regarding a potential \$54 million customer credit for equipment that was partially paid for, but never received before the EPC contract cancellation. This amount is the subject of current litigation between DEF and its EPC contractor. At an October 2, 2014 Special Commission Conference, the Commission approved 2015 recovery amounts for DEF consistent with the 2013 Settlement Agreement, and ordered that a \$54 million credit be given to customers. The Commission also approved FPL's request of approximately \$14 million for recovery in 2015.

Fuel Cost Recovery

In October, the FPSC held its annual cost recovery clause hearing to address the true-up of 2014 fuel costs and to establish 2015 fuel rates for the five IOUs. FPL, DEF, Gulf, and TECO experienced fuel cost under-recoveries for 2014, as a result of higher than forecasted fuel prices.

DEF filed fuel rates pursuant to its 2012 Settlement Agreement and 2013 Revised and Restated Stipulation and Settlement Agreement which addressed several issues associated with the retirement of CR3 and disposition of the Nuclear Electric Insurance Limited (NEIL) settlement. DEF refunded \$139 million to customers in 2014 through the fuel clause and increased fuel charges by \$1.00 per megawatt-hour (0.1 cents per kilowatt-hour) that were applied against the CR3 Regulatory Asset. For 2015, due to a reduction in the 2013 Settlement Agreement's required refund (\$40 million vs \$139 million), DEF's fuel factors will increase.

For 2014, FPL's fuel costs were reduced by approximately \$24.6 million associated with its Commission-approved asset optimization program. Under the plan, customers receive all gains from the program up to the sharing threshold of \$46 million. Since the gains in 2014 were less than \$46 million, the customers received the entire benefit through reduced fuel costs.

For 2015, FPL's and Gulf's fuel factors will be slightly higher as a result of under recovering 2014 fuel costs. TECO's 2015 fuel costs are projected to be lower, primarily as a result of lower forecasted fuel prices.

FPUC proposed to consolidate its fuel factors for its Northeast and Northwest Divisions. The Commission approved the proposal based on the premise that consolidating the fuel factors would eliminate unfair cross subsidies between the two divisions. FPUC's consolidated 2015 fuel factors, overall, will be higher as a result of under recovering 2014 fuel costs.

Renewable Energy Initiatives

Renewable Energy Standard Offer Contracts

Section 366.91, F.S., requires the utilities subject to the Florida Energy Efficiency and Conservation Act to continuously provide a standard contract for purchasing capacity and energy from renewable energy resources. Contracts are filed annually on April 1 and are based on each generating technology type in a utility's Ten-Year Site Plan. In 2014, the Commission approved standard contracts for each IOU for the purchase of renewable energy.



Currently, renewable energy facilities provide approximately 1,617 MW of firm and non-firm generation capacity, which represented 2.8 percent of Florida's overall generation capacity of 57,375 MW in 2013. Approximately 490 MW are considered firm, based on either operational characteristics or contractual agreement. Firm renewable generation is relied on to serve customers and contributes toward the deferral of new fossil fueled power plant construction.

The remaining renewable generation generates energy on an as-available basis or for internal use (self-service). As-available energy is considered non-firm, and is not counted on for reliability purposes; however, it contributes to the avoidance of burning fossil fuels in existing generators. Self-service generation reduces demand on Florida's utilities.

Customer-Owned Renewables

In 2008, the Florida Legislature enacted legislation emphasizing customer-owned renewable energy resources. In April 2008, the Commission amended Rule 25-6.065, F.A.C., on interconnection and net metering to facilitate customer-owned renewable generation. The rule requires the IOUs to offer a standard interconnection agreement with an expedited inter-connection process and net metering for all types of renewable generation up to 2 MW in capacity. Customers benefit from renewable systems by reducing their energy purchases from the utility. Under the Commission's rule, net metering provides an additional benefit for IOU customers by allowing excess renewable energy production to be credited to monthly bills, thereby reducing future energy purchases from the utility.

Reports submitted in April 2014 by the IOUs and municipal and rural electric utilities show that the number of customers owning renewable generation systems in Florida is growing. In 2008, when the rule became effective, customer owned renewable generation accounted for 3 MW of renewable capacity. As of 2013, approximately 63 MW of renewable capacity from nearly 6,700 systems have been installed statewide. Most small customer-owned renewable systems are primarily solar photovoltaic (PV) installations. The FPSC will continue to enforce existing renewable policies and explore additional policies to benefit Florida's consumers.

FPSC-approved solar energy pilot programs offered by IOUs provide customer rebates to offset a portion of the installation costs for solar photovoltaic and solar hot water heating systems, and also provide solar energy equipment to low-income customers and to schools. Because the cost of these pilot programs, including rebates, are paid for by all IOU customers, the FPSC established an annual expenditure cap to limit the rate impact. Commissioners voted on December 18, 2014 to end the solar pilot programs as scheduled on December 31, 2015. To further encourage solar development, Commissioners agreed to hold a workshop inviting public input on solar programs that would be cost effective in Florida.

Conservation Activities for Electric Utilities

The Florida Energy Efficiency and Conservation Act (FEECA), enacted in 1980, emphasizes reducing the growth rates of weather-sensitive peak demand, reducing and controlling the growth rates of electricity consumption, and reducing the

consumption of scarce resources, such as petroleum fuels. During the 2008 legislative session, the Legislature amended FEECA to place greater emphasis on the pursuit, through utility sponsored incentives, of all cost-effective customer conservation and energy efficiency measures including demand-side renewable energy systems. Under FEECA, the FPSC must establish numeric conservation goals for each FEECA utility, at least every five years. FEECA goals were set by the FPSC in 2004 and were reset in 2009 to reflect the provisions of the revised FEECA statutes.



Hearings to establish new conservation and energy efficiency goals were held on July 21-23, 2014. Intervenor in the hearings included Florida Industrial Power Users Group, the Southern Alliance for Clean Energy, the Florida Department of Agriculture and Consumer Services, the Sierra Club, White Springs Agriculture Chemicals, Inc., d/b/a PCS Phosphate, Walmart Stores East, LP and Sam's East, Inc., the Environmental Defense Fund, the Office of Public Counsel, and the Florida State Conference of the National Association for the Advancement of Colored People. New goals were established on November 25, 2014 to account for changed market conditions, improved energy efficiency standards for consumer appliances, and updated building codes for residential and commercial construction.

To implement the revised goals, each FEECA utility must file plans and programs designed to meet the goals within 90 days of the final order.

Investor-owned utilities are allowed to recover prudent and reasonable expenses for conservation programs approved by the Commission through the Energy Conservation Cost Recovery clause. Each year, the Commission audits these expenses and holds a full evidentiary hearing to determine the conservation cost recovery factor for customers' bills. In November 2014, the Commission set conservation cost recovery factors that range from \$1.23 to \$3.12 a month for a residential customer using 1,200 kilowatt-hours.

Territorial Agreements & Disputes for Electric & Gas Utilities

Section 366.04, F.S., gives the Commission authority to approve territorial agreements and resolve disputes between utilities with respect to service territories. In 2014, the Commission approved territorial agreements between Tampa Electric Company and the City of Lakeland, Florida Power & Light Company and JEA, Duke Energy Florida and Talquin Electric Cooperative, the City of Tallahassee and Talquin Electric Cooperative, and Florida Power & Light Company and Lee County Electric Cooperative.

TELECOMMUNICATIONS

ILEC Wholesale Performance Measures

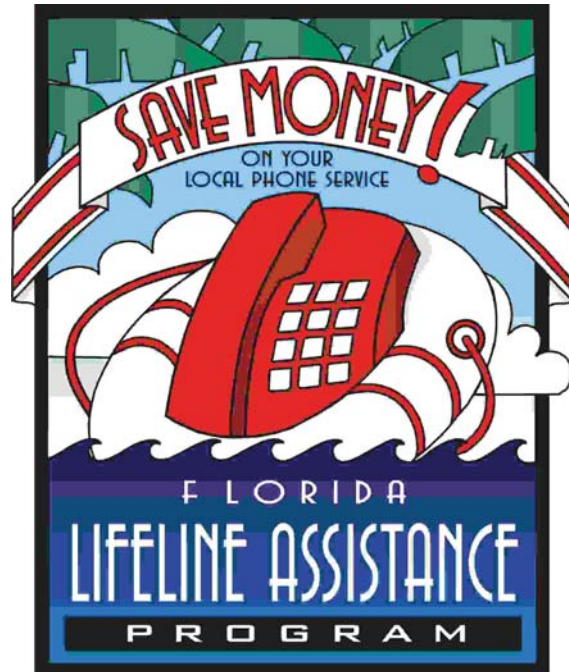
The Commission is responsible for ensuring that incumbent local exchange carriers (ILECs) are meeting their obligation to provide unbundled access, interconnection, and resale to competitive local exchange companies (CLECs) in a nondiscriminatory manner. To ensure that ILECs are meeting their obligations, the Commission adopted wholesale performance measurement plans for the three largest ILECs operating in the state of Florida: AT&T, CenturyLink, and Verizon. The plans establish a minimum level of acceptable wholesale service quality that the three ILECs must provide to the CLECs. Wholesale service quality is measured in such areas as ordering, provisioning, and repair timeliness.

Each ILEC furnishes monthly performance reports to the Commission for review and assessment. Commission staff applies trending analysis to detect and correct any degradation in the quality of wholesale service provided to CLECs. Additionally, each ILEC's performance measurement plan is reviewed by staff at recurring intervals to address necessary revisions.

Intercarrier Relations and Rulemakings

The FPSC is authorized by state and federal law to arbitrate and enforce interconnection agreements (ICAs). When carriers cannot agree to the terms or an interpretation of their ICA, they file a complaint with the FPSC for dispute resolution. Often during this process, the FPSC will facilitate an agreement among the parties, and their complaint will be withdrawn.

In 2014, the FPSC dismissed a complaint by FLATEL against AT&T since FLATEL repeatedly failed to follow rules governing the complaint process. Communications Authority filed a request for arbitration under Section 252 of the federal Telecom Act that is presently pending, and the FPSC analyzed disputes between Terra Nova Telecom and AT&T involving number portability, trunking, billing, and outages.



Lifeline Assistance for Low-Income Consumers

The Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 requires that a statewide cooperative effort support the Lifeline Assistance (Lifeline) program in Florida, which is part of the federal Universal Service Program designed for low-income households to obtain at least a minimum \$9.25 discount on their monthly phone bills or receive a free Lifeline cell phone and monthly minutes.

Eighty-eight local, state, and federal agencies, organizations, and businesses, and 22 telecommunications companies were involved in the collaborative effort to increase awareness and participation in the Lifeline program in 2014. Promotional activities in 2014 featured National Lifeline Awareness Week, National Consumer Protection Week, Older American's Month and ongoing "grass roots" efforts to increase awareness and enrollment in the

programs. Each month, the FPSC sends a cover letter and informational packet to two organizations to encourage continued Lifeline outreach to their eligible clientele. In addition, the FPSC attends as least two community events each month to promote Lifeline.

The “Faces of Lifeline” was the slogan for Florida’s 2014 Lifeline Awareness Week, September 8-14. In addition to increasing awareness among eligible citizens, this year’s Lifeline Awareness Week also aimed to continue to educate residents on the FCC rule changes to limit benefits to one per eligible household and require annual recertification to continue the benefit. FPSC Chairman Art Graham kicked off the week by showcasing Florida’s “Faces of Lifeline.” He noted people need phone service to help them find jobs, contact community services, call doctors and schools, or connect to family and friends. Chairman Graham urged consumers to meet the “Faces of Lifeline” on the FPSC’s website, then identify faces within their community, maybe even some neighbors, who could benefit from the program.

As of June 2014, 957,792 eligible customers participated in the Florida Lifeline program. The six companies with the highest Lifeline enrollment in Florida were Safelink Wireless, Assurance Wireless, i-wireless, AT&T, CenturyLink, and Verizon with 98.7 percent of the Florida Lifeline customers. The following table shows the number of Lifeline subscribers from June 2011 through June 2014.

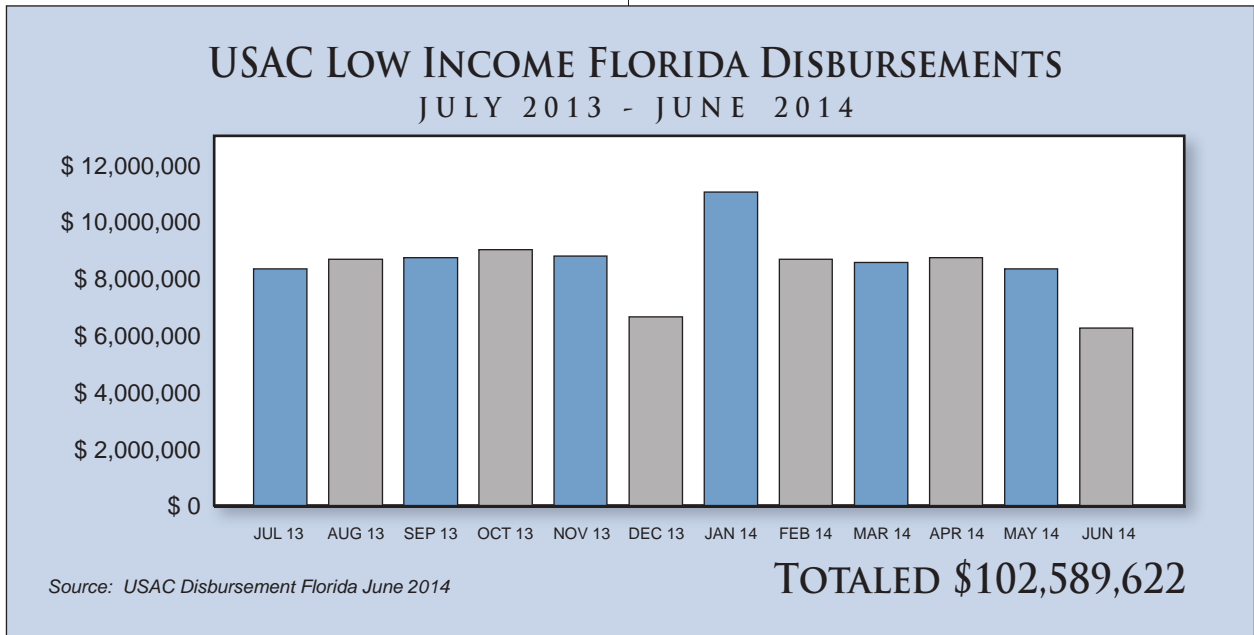
| LIFELINE SUBSCRIBERS | | | |
|-----------------------------|-----------|-----------|--------------|
| June 2011 | June 2012 | June 2013 | June 2014 |
| 943,854 | 1,035,858 | 918,245 | 957,792 |
| % Net Gain 2013-2014 | | | 4.31% |

Source: Industry responses to FPSC data requests (2011-14)

The table below shows Universal Service Administrative Company’s Florida Lifeline disbursements for the 12-month period ending June 2014, totaling \$102,589,622 and averaging \$8,549,135 per month. These dollars enabled Florida citizens qualifying for Lifeline benefits to receive discounted monthly bills with at least a \$9.25 credit or a free Lifeline wireless phone with free monthly minutes.

Additional information about the FPSC’s 2014 Lifeline activities and a complete list of the Lifeline Partners assisting with promotional efforts are available in the FPSC’s report, *Number of Customers Subscribing to Lifeline Service and the Effectiveness of Procedures to Promote Participation*. A printed copy of the report may be requested from the FPSC or accessed on the website at <http://www.floridapsc.com/publications/pdf/telecomm/tele-lifelinereport2014.pdf>.

To prevent a Lifeline subscriber from receiving duplicate Lifeline benefits, the Universal Service Ad-



ministrative Company has established a National Lifeline Accountability Database to determine if a prospective subscriber is already receiving Lifeline support from another eligible telecommunications carrier (ETC). By FCC mandate, the Universal Service Administrative Company will subsequently establish an automated means to determine Lifeline eligibility through a national database.

Actions taken by the FPSC

The FPSC is conducting rulemaking to update Florida Lifeline Rule 25-4.0665, Florida Administrative Code, to ensure compliance with the requirements of the Federal Communications Commission's Lifeline Reform Order and to consider removing certain reporting requirements of the ETCs. The FPSC requested and received a permanent waiver of certain portions of the Lifeline Reform Order addressing state agency requirements to provide carriers with a hard copy of each customer's Lifeline application. The Coordinated Enrollment Process mandated by 364.10, Florida Statutes, and established by the Florida Department of Children and Families and the FPSC, is electronic and already provides carriers with the information needed to enroll customers in Lifeline, after eligibility is confirmed. The Federal Communications Commission's approved waiver saves Florida agencies manual resources and expense.

The FPSC monitors Lifeline disbursements from the Universal Service Fund monthly to determine if reported and reimbursed funds are consistent with the number of actual Lifeline customers. By participating in the National ETC State Coordinating Group to monitor prospective and existing ETCs, Florida continues to be a front runner in enforcing safeguards to prevent waste, fraud, and abuse of the Universal Service Fund (USF). This information sharing has enabled other states in the Group to monitor new ETC petitioners and existing ETCs to prevent waste, fraud, and abuse of the Universal Service Fund on a national basis that results in less upward pressure on the fund's fees.

Florida Relay Service

Request for Proposal

Section 427.704, F.S., charges the Commission with overseeing the administration of a statewide telecommunications access system to provide access to Telecommunications Relay Services by persons who are deaf, hard of hearing or speech impaired, or others who communicate with them.

In early 2014, AT&T notified the Commission that it was opting out of its contract options, so the FPSC issued a Request for Proposals for a new Relay Service Provider. Based on a competitive bid evaluation process, the Commission awarded a three-year contract with Sprint Communications Company, L.P. (Sprint) to provide telecommunications relay service to the nearly three million hard-of-hearing, deaf, deaf/blind, and speech impaired Floridians. Service begins June 1, 2015.

Of the two companies bidding, Sprint received the highest technical rating and offered the lowest overall per-minute cost for service. Sprint was the only bidder proposing to hire an in-state Customer Relations Manager. Sprint also proposed to designate a Florida Relay Quality Manager.

Florida Telecommunications Relay, Inc., a non-profit corporation, administers the statewide Florida Relay Service (FRS). Available 24 hours a day, 365 days a year, FRS facilitates telephone calls between people with hearing loss or speech disabilities and other individuals by using special equipment and a communications assistance operator to relay information. A monthly surcharge of up to \$.25 per landline funds the distribution of specialized telecommunications devices and interstate relay service.

FEDERAL ACTIVITY

Energy

The FPSC actively monitors federal and state energy-related issues, including legislation and activities at the Federal Energy Regulatory Commission (FERC) and the U.S. Environmental Protection Agency (EPA). In February 2014, the Commission filed comments with the EPA on its proposed rule to limit carbon emissions from new electric generating units. In December 2014, the Commission filed comments with the EPA on its proposed rule on carbon emissions from existing generating units. In July 2014, the Commission filed a Request for Rehearing at the FERC regarding a docket that involves state jurisdiction over transmission planning, siting, and reliability.

Telecommunications

The FPSC actively monitors federal telecommunications issues. Section 364.012, F.S., encourages participation in federal agencies' cases that might affect Florida consumers to convey the FPSC's policy positions. The Commission files comments

with the FCC in response to actions that can affect Florida citizens as well as periodically informing the Florida Congressional delegation and other affected state agencies on federal issues. Areas of particular emphasis include proceedings relating to the federal USF, intercarrier compensation, and telephone relay. Each of these areas can and do have substantial financial impacts on Florida carriers and telecommunications consumers. For example, Florida is the second largest net contributor state to the USF, and the FPSC has consistently taken positions before the FCC to reduce and/or limit growth of the fund's size.

In addition to federal Lifeline issues, in 2014 the FPSC monitored several FCC proceedings, including a trial in Delray Beach to convert all existing traditional wireline customers to Internet Protocol-based services. The trial is expected to last through 2016. Additionally, Commissioner Ronald A. Brisé was appointed to the Federal/State Joint Board on Universal Service to recommend updating the contribution mechanism for the federal fund. The Joint Board recommendation is due in April 2015.

WATER & WASTEWATER

Water & Wastewater Rate Cases

Similar to prior years, the Commission processed a large number of water and wastewater rate cases in 2014. Of these cases, 11 were processed as staff assisted rate cases pursuant to Chapter 367.0814, F.S. To date, the Commission has completed 7 staff assisted rate cases and has 4 cases in process. The Commission also processed an application for a limited proceeding for a small wastewater company.

In addition to the staff assisted rate cases, the Commission processed 3 rate cases filed by larger water and wastewater companies. To date, the Commission has completed 1 rate case and has 2 cases in process.

In 2014, staff continued to perform its normal surveillance of the earnings levels of water and wastewater companies regulated by the FPSC. One utility has been identified as potentially overearning.

This review is still pending. Also during 2014, the Commission received 50 index applications and 13 pass-through applications for water and wastewater companies. Through the third quarter of 2014, the Commission has processed 45 index applications and 11 pass-through applications.



Water & Wastewater Certification Cases

In 2014, the Commission did not receive any applications for original/grandfather certificates to provide water and wastewater service and received only one petition for an amendment to expand service territory for Tradewinds Utilities, Inc.

Transfers of water and wastewater certificates in 2014 included Crooked Lake Park Sewerage Co. to Glenbrook Properties, LLC; Brendenwood Utilities, LLC to Brendenwood Waterworks, Inc.; Raintree Harbor Utilities, LLC to Raintree Waterworks, Inc.; Utility Corporation of Florida, Inc. to South Highlands Investment Corporation; W.B.B. Utilities, Inc. to Lake Idlewild Utility Company; Crestridge Utility Corporation to Crestridge Utilities, LLC; Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC; Zachary Taylor Camping & Lodge, Inc. to Taylor Arcade, Inc. d/b/a Zachary Taylor RV Resort; and Kemple Water Company to the City of Zephyrhills. In addition, a joint application for transfer authority as a matter of right to transfer water facilities to Marion County and to amend its territory was filed by Windstream Utilities Company.

Two abandonments of water and wastewater utilities also occurred: Innerarity Island Development Corporation to Escambia County and Country Club Utilities Inc., located in Highlands County.

Water & Wastewater Legislation Implementation

In December 2014, the FPSC proposed rules to implement Senate Bill 272, which gave customers of Florida's investor-owned water utilities a way to hold the utility accountable if they are not happy with their water service quality. These concerns primarily center on secondary water quality characteristics associated with aesthetics such as odor, taste, and appearance that are established and monitored by DEP.

The 2014 Florida Legislature enacted the bill, which was signed into law by Governor Rick Scott and became effective July 1, 2014. It creates two new Florida Statute Sections—367.072 and 367.0812—to revoke a certificate of authorization and to use water service quality as a criterion in evaluating a utility's rate increase request. The new law also includes water and service qual-

ity enforcement provisions recommended by the Study Committee on Investor-Owned Water and Wastewater Utilities, established by the 2012 Florida Legislature and chaired by FPSC Commissioner Julie I. Brown.

To implement the new Florida Statute sections, the FPSC proposed Rule 25-30.091, Florida Administrative Code (F.A.C.) and amended Rule 25-30.440, F.A.C. The changes allow the FPSC to consider revoking a water utility's certificate of authorization, if 65 percent of the utility's customers file a petition for revocation. The rule amendments require the utility to include its water quality customer complaints over the past five years when it files a FPSC rate case. The proposed new FPSC rule is currently subject to an extensive review and public input process before adoption becomes final.



AGENCY ORGANIZATION

The Commission consists of five members appointed by the Governor and confirmed by the Senate. Commissioners serve four-year terms, as provided in Chapter 350, F.S.

Commissioners are 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.

Created by the Florida Legislature in 1887, the FPSC was originally called the Florida Railroad Commission and primarily regulated railroad passenger and freight rates and operations. As Florida grew, the Commission's purpose expanded.

- ◆ In 1911, the Legislature added regulation of telephone and telegraph companies.
- ◆ In 1929, jurisdiction was granted 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 Commission's divisions and offices are described in the next section, concluding with a list of all past and present Florida Public Service Commissioners.

**Office of
General Counsel**



S. Curtis Kiser
General Counsel

**Office of
Inspector General**



Steve Stolting
Inspector General

**Division of
Administrative
& Information
Technology Services**



Bobby Maddox
Director

The **Office of 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 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. To assist FPSC offices and divisions, this office offers support in making filings with, or presentations to, other federal, state, or local agencies. The office advises in the promulgation of rules and attends or conducts rulemaking hearings at the Commission's direction. It also reviews procurement contracts; counsels the Commission on personnel, contractual, public records, and other administrative legal matters; and offers mediation services to parties in Commission proceedings.

In cases involving evidentiary hearings before the Commission or an Administrative Law Judge, the office is responsible for conducting discovery, presenting staff positions and 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.

In addition, the office is the liaison with the Florida Legislature on all matters affecting FPSC program areas and serves as a liaison with federal regulatory agencies, state agencies, and the Florida Department of Agriculture and Consumer Services' Office of Energy.

The **Office of Inspector General** is established by law to provide a central point for coordinating activities that promote accountability, integrity, and efficiency in government. The office reports directly to the Chairman, and its responsibilities include conducting internal audits and investigations, assessing the validity and reliability of data and information produced by the Commission, and coordinating external audits and reviews of the Commission by the Auditor General and others.

The office also monitors corrective actions to address identified deficiencies. These activities help management ensure that Commission programs perform as intended and that fraud or abuse is detected and eliminated.

ADMINISTRATIVE DIVISIONS & OFFICES

The **Division of Administrative & Information Technology Services** assists in preparing the Commission's Legislative Budget Requests, monitors the operating and non-operating budgets, and assists in preparing budget amendments as necessary. The Fiscal Services Section primarily handles all financial transactions and accounting records maintenance. Human Resources administers the agency's human resources program, including 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.

**Office of
Commission Clerk**



Carlotta S. Stauffer
Director

Support Services and Facilities Management and Purchasing are under the General Services Section. Support Services supports imaging, duplicating, mail distribution, audiovisual, hearing and conference room operations, and fax systems. Facilities Management and Purchasing processes all agency purchasing, security and safety issues, leasing, surplus property, and fleet management.

The *Bureau of Information Technology Services* monitors and evaluates the information processing and telephony needs of the FPSC, proposing enhancements to information processing resources to management and providing technical support services. Additionally, the bureau manages the agency-wide administrative procedures manual and forms inventory/tracking programs.

The **Office of Commission Clerk**, the official keeper of the Commission's public records, is responsible for coordinating public record requests. It records, prepares, and maintains the transcript of Commission Conferences, Internal Affairs meetings, hearings, and workshops. The office is authorized to issue subpoenas in proceedings before the Commission and is responsible for preparing, certifying, and transmitting records on appeal to the upper tribunal. The Commission Clerk, designated as the Agency Clerk and the Records Management Liaison Officer, coordinates the FPSC's records management program, is responsible for issuing non-Commissioner signed orders and notices, and, as the custodian of record, certifies copies of official filings.

The *Documents and Case Management Section* accepts and processes filings and maintains the official docket by ensuring the integrity, timeliness, and availability of filings in the Case Management System (CMS) and on the FPSC website. It is responsible for managing and coordinating the establishment of new dockets, issuance of orders and notices to parties and interested persons, case closure, and preparation of statistical and management reports. This section responds to information requests, invoices for services and, upon applicable payment, provides the responsive documents. It maintains the *Master Commission Directory (MCD)* of utilities and provides notification to Commission employees regarding the adoption of new or amended rules. This section also administers the records management program and activities.

The *Events and Hearing Reporters Section* prepares and notices events such as Commission Conferences, Internal Affairs meetings, hearings, pre-hearings, workshops, and rulemaking in the *Florida Administrative Register*. This section prepares the FPSC's Schedule of Live Events from the established Commission calendar and provides support staff to record these events. It also maintains the calendar of Commission activity and issues various reports. The hearing reporters record and prepare discovery deposition transcripts, attend scheduled events, and are responsible for preparing and filing the official record transcripts and exhibits in the appropriate dockets.

**Office of
Auditing &
Performance Analysis**



Dale Mailhot
Director

The **Office of Auditing & Performance Analysis** conducts audits and reviews in all industries.

The *Performance Analysis Section* conducts utility management and operational audits and identifies areas for improvement. These audits may be limited to one company or conducted on a comparative basis between several companies. Areas for investigation may include internal controls, process or procedure analysis, construction project management, quality assurance, service quality, and rule compliance. Special investigations are also conducted relating to allegations of utility fraud, mismanagement, and other whistleblower complaints.

The *Bureau of Auditing* is responsible for audits and reviews in all industries. The types of audits and reviews performed include financial, compliance, billing, and verification. The auditors conduct examinations of utility-related financial and operating records and provide an independent verification of the supporting documentation for any statements or filings made by regulated companies. Financial audits are conducted in conjunction with utilities' requests for rate increases through rate cases or the annual cost recovery clauses to ensure ratepayers only pay for prudently incurred expenses. This bureau conducts financial audits from three district offices in Tallahassee, Miami, and Tampa.

**Office of
Consumer Assistance
& Outreach**



Cynthia Muir
Director

The **Office of Consumer Assistance & Outreach** is the Commission's liaison with the public and the media. Providing effective consumer assistance and education, the Bureau of Consumer Assistance receives, processes, and resolves consumer complaints and informal disputes between customers and utilities. Consumers may file complaints via a toll-free telephone number or online and by mail, facsimile, or e-mail. In addition to helping resolve complaints, the bureau provides consumer information about utility payment plans, statutes and rules governing utility companies, and the status of pending cases before the FPSC.

By producing and distributing the agency's news releases and maintaining familiarity on a broad array of dockets, issues, and related activities affecting consumers or having media interest, the Outreach Section ensures that timely, accurate information is disseminated to the public. This section also participates in community meetings, consumer forums, and customer meetings and hearings by presenting agency information and distributing a variety of consumer publications, including information on the Lifeline Assistance program.

Other office responsibilities include selecting locations and coordinating logistics for customer service hearings, handling consumer outreach and media at customer meetings and service hearings, and updating information and processing submissions to the agency's website.

The office also coordinates and produces several FPSC reports and publications, including the *FPSC Annual Report*, *Comparative Rate Statistics*, *Facts & Figures of the Florida Utility Industry*, *Statistics of the Florida Electric Utility Industry*, *The Statement of Agency Operation & Organization*, *Inside the PSC*, and the quarterly *Consumer Connection E-Newsletter*.

Division of Accounting & Finance



Andrew Maurey
Director

TECHNICAL DIVISIONS & OFFICES

The **Division of Accounting & Finance** reviews the revenue requirements of rate base regulated electric, natural gas, and water and wastewater utilities and monitors earnings for these industries through reviews of surveillance filings and utility annual reports. The division manages the utilities' annual report process including all mailings, extensions, filings, delinquency notices, penalty letters, and show cause recommendations.

The division is also responsible for processing requests for base rate changes requested by electric, natural gas, and water and wastewater utilities, as well as Commission-initiated overearnings investigations. Processing base rate change requests includes analyzing filings, expert testimony, and exhibits; developing interrogatories and production of documents requests; preparing cross-examination questions; presenting staff testimony; holding customer meetings; and presenting recommendations to the Commission, including a recommended return on equity. Water and wastewater utilities' requests for index and pass through rate adjustments and staff assisted rate cases are also processed by the division.

In addition, the division makes recommendations to the Commission on annual cost recovery clause petitions for electric utilities, including fuel and purchased power costs and capacity costs. The division also monitors monthly electric utilities' fuel costs.

Other responsibilities include processing security applications for investor-owned natural gas and electric utilities, evaluating requests for corporate undertakings, analyzing income tax issues, and calculating the interest on refunds.

Division of Engineering



Tom Ballinger
Director

The **Division of Engineering** is responsible for providing recommendations pertaining to technical issues coming before the Commission. Issues may include evaluation of engineering capital cost estimates and actual utility plant expenditures, determination of annual revenue requirements and life cycle costs, establishment of adequate margins of reserve, and analysis of operating and maintenance costs. Additionally, the division is responsible for cost-effectiveness determinations, taking into consideration the impacts on Florida's consumers, regulated industries, and the regulatory environment.

All docketed and undocketed matters involving the engineering and safety aspects of Florida's electric, natural gas, and water and wastewater utilities within the Commission's jurisdiction are the division's responsibility. The division has primary responsibility for programs such as the ten-year site plans, conservation goals and programs, cogeneration and renewable generation contract approvals, modifications and buyouts, bulk power interconnection standards, and water/wastewater quality of service and used and useful determinations. The division also coordinates issue resolutions pertaining to storm hardening, construction standards, meter accuracy and testing, electric and gas pipeline safety, and emergency planning and operations.

The division annually prepares the *Distribution Reliability Report Analyzing the Service Quality and Outage Performance of the Investor-Owned Electric*

Division of Economics



Jim Dean
Director

Utilities. The division is also responsible for staffing the Emergency Support Function 12 in the Emergency Operations Center. The ESF-12 responsibility is to provide outage and restoral information regarding electric and natural gas service during a state of emergency.

The **Division of Economics** provides recommendations to the Commissioners on the design and application of retail rates and tariffs for all electric, gas, and water and wastewater utilities subject to the Commission's jurisdiction. In addition, the division provides primary technical support for all cases involving determination of service territories for electric and gas utilities. Reviewing the development and application of depreciation rates and practices for inclusion in base rate revenue requirements is another division function. The division has primary responsibility for reviewing and making recommendations to the Commission on electric and natural gas conservation program cost recovery. The division also reviews decommissioning studies and makes recommendations to the Commission regarding annual accruals.

In addition to rate and tariff matters, the division provides econometric and statistical analyses, including forecasts and other statistical projections, for all investor-owned regulated industries. The division also prepares a Statement of Estimated Regulatory Cost (SERC), required by statute for all proposed and revised administrative rules. SERC's evaluate the costs and benefits of the proposed rule change, including analyses on the public and business sectors.

The division has primary responsibility for preparing the annual Florida Energy Efficiency and Conservation Report and that portion of the Ten-Year Site Plan Review that addresses the adequacy of electric utilities' load and energy forecasts.

Office of Telecommunications



Beth Salak
Director

The **Office of Telecommunications** handles issues that involve the wholesale oversight of the wireline telecommunications industry. The office is responsible for facilitating dispute resolutions between carriers about local interconnection agreements and other wholesale issues. Companies entering an agreement can either negotiate between the parties or have the FPSC arbitrate unresolved operational issues. Once an interconnection agreement is executed, the parties may come to the FPSC to resolve a dispute of interpretation of the contract language. The office also processes cases involving area code relief, number conservation plans, number resource reclamation, local number portability, and other numbering issues.

Florida's Lifeline Assistance program, which provides discounted telecommunications services to low-income consumers, is monitored and the office addresses issues related to Lifeline and provides recommendations on eligible telecommunications carrier designations. The office also oversees the Florida Relay program, providing telecommunications services for the deaf and hard of hearing, and facilitates the resolution of consumer complaints relating to Lifeline, Telephone Relay, and payphones.

The office prepares the *Annual Report on the Status of the Telecommunications Access System Act of 1991*, the *Annual Report on Lifeline Assistance*,

and the *Report on the Efforts of the Florida Public Service Commission to Reduce the Regulatory Assessment Fee for Telecommunications Companies*. In addition, based upon competitive market data analysis, the office compiles and prepares a report on its findings in the Annual Local Competition Report.

All certification filings are processed, along with the related administrative functions for all telecommunication companies and pay telephone providers. The office processes local telephone service providers' schedules of rates and terms, if filed with the FPSC, and negotiated agreements. Monitoring company compliance with various FPSC rules, the office initiates action if warranted. The office also acts as the FPSC's technical liaison with the Federal Communications Commission and provides Commissioner support for National Association of Regulatory Utility Commissioners' (NARUC) telecommunications activities.

**Office of
Industry
Development &
Market Analysis**



Mark Futrell
Director

The **Office of Industry Development & Market Analysis** is responsible for the critical assessment of the evolving utility industry and development of strategies that most benefit Florida's citizens. The office analyzes developing policies and prepares recommendations for implementing state and federal laws, including strategy alternatives for consideration by the Commission. The office serves as a technical liaison with the Florida Legislature and state agencies, including the Florida Department of Agriculture and Consumer Services' Office of Energy. Also, the office monitors and advises the Commission on Congressional activities and federal agency actions which may impact Florida consumers and utilities.

The office participates in special studies concerning energy policy, develops discussion papers, and analyzes alternative regulatory approaches for energy policy. Additionally, the office analyzes policy relating to the adequacy, quality, and affordability of Florida's water resources and analyzes issues affecting the water and wastewater industry. The office also prepares technical analyses of special projects for all industries (i.e., electric, telecommunications, and water and wastewater). Finally, the office provides support to Commissioners for NARUC activities pertaining to energy, spent nuclear fuel, environmental regulations, energy efficiency, and renewables, as well as technical support to other staff in docketed and undocketed matters.

FPSC COMMISSIONER HISTORY

| Commissioner | Years Served | Replaced By | Appointed By |
|--|-------------------------|----------------------------|-------------------------------------|
| 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, and recreated in 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. Blitch | |
| Newton A. Blitch | 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 - 01/01/2017 | | Bush/Crist/Scott |
| Isilio Arriaga | 10/06/2005 - 01/31/2007 | Nathan A. Skop | Bush |
| Matthew M. Carter II*** | 01/02/2006 - 01/01/2010 | Ben A. "Steve" Stevens III | Bush |
| Katrina J. McMurrin | 01/02/2006 - 10/05/2009 | David E. Klement | Bush |
| Ken Littlefield | 01/02/2007 - 01/31/2007 | Nancy Argenziano | Bush |
| Nancy Argenziano*** | 05/02/2007 - 10/12/2010 | Eduardo E. Balbis | Crist |
| Nathan A. Skop | 05/02/2007 - 01/01/2011 | Julie I. Brown | Crist |
| David E. Klement | 10/22/2009 - 05/30/2010 | Art Graham | Crist |
| Ben A. "Steve" Stevens III | 01/02/2010 - 05/30/2010 | Ronald A. Brisé | Crist |
| Art Graham*** | 07/16/2010 - 01/01/2018 | | Crist/Scott |
| Ronald A. Brisé*** | 07/23/2010 - 01/01/2018 | | Crist/Scott |
| Eduardo E. Balbis | 11/24/2010 - 01/01/2015 | Jimmy Patronis | Crist/Scott |
| Julie I. Brown | 01/02/2011 - 01/01/2019 | | Crist/Scott |
| Jimmy Patronis | 01/02/2015 - 01/01/2019 | | Scott |

* 2 year initial term

** 3 year initial term

*** Served/serving as Chairman