

# LONG RANGE



## FLORIDA PUBLIC SERVICE COMMISSION

FISCAL YEAR

2022-23

THROUGH

2026-27

SEPTEMBER 30, 2021

# PROGRAM PLAN



COMMISSIONERS:  
GARY F. CLARK, CHAIRMAN  
ART GRAHAM  
ANDREW GILES FAY  
MIKE LA ROSA  
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STATE OF FLORIDA



EXECUTIVE DIRECTOR  
BRAULIO L. BAEZ  
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# Public Service Commission

## LONG RANGE PROGRAM PLAN

September 30, 2021

Chris Spencer, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1702B Capitol  
Tallahassee, Florida 32399-0001

Eric Pridgeon, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Tim Sadberry, Staff Director  
Senate Committee on Appropriations  
201 Capitol  
Tallahassee, FL 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Public Service Commission is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2022-23 through Fiscal Year 2026-27. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.floridapsc.com/Publications/Reports>. This submission has been approved by Braulio L. Baez, Executive Director.

Sincerely,

A handwritten signature in black ink, appearing to read "Braulio L. Baez", written over the word "Sincerely".

Braulio L. Baez  
Executive Director

BLB:mav



# FLORIDA PUBLIC SERVICE COMMISSION



## LONG RANGE PROGRAM PLAN FY 2022-23 through 2026-27

SEPTEMBER 30, 2021



# **AGENCY MISSION**

**Facilitate The Efficient Provision of  
Safe and Reliable Utility Services at  
Fair Prices**





**Public Service Commission  
Long Range Program Plan FY 2022-23 through 2026-27  
Goals and Objectives  
in Priority Order**

**GOAL #1:** Ensure that the Florida utilities provide reliable service to customers.

**OBJECTIVE 1A:** Ensure adequate planning of electric utility infrastructure to meet customer needs.

**OUTCOME 1A-1:** Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)

FY 2012-13 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
26.5%	≥15%	≥15%	≥15%	≥15%	≥15%

**OUTCOME 1A-2:** Percent of Gas and Class A & B Water and Wastewater companies that annually prepare planning documents for infrastructure needs and expected capital expenditures.

FY 2015-16 Baseline(Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
81.6%	80%	80%	80%	80%	80%

**OBJECTIVE 1B:** Ensure adequate operation and maintenance of utility infrastructure to meet customer needs.

**OUTCOME 1B:** Number of outage-related customer complaints. (Electric, Gas, Water & Wastewater)

FY 2012-13 Baseline(Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
417 (electric)	≤500	≤500	≤500	≤500	≤500
0 (gas)	≤10	≤10	≤10	≤10	≤10
43 (water)	≤50	≤50	≤50	≤50	≤50

**Public Service Commission  
 Long Range Program Plan FY 2022-23 through 2026-27  
 Goals and Objectives  
 in Priority Order**

**GOAL #2:** Ensure the provision of safe electric and natural gas utility services to customers in the State of Florida.

**OBJECTIVE 2A:** Ensure compliance with safety standards for electric utilities.

**OUTCOME 2A:** Number of electric-related injuries or fatalities resulting from utility rule violations.

FY 2011-12 Baseline	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
0	0	0	0	0	0

**OBJECTIVE 2B:** Ensure compliance with safety standards for natural gas utilities.

**OUTCOME 2B:** Number of gas-related injuries or fatalities resulting from utility rule violations.

FY 2011-2012 Baseline	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
0	0	0	0	0	0

**Public Service Commission**  
**Long Range Program Plan FY 2022-23 through 2026-27**  
**Goals and Objectives**  
**in Priority Order**

**GOAL #3:** Ensure that the regulatory process results in fair and reasonable rates while offering rate-base-regulated utilities an opportunity to earn a fair return on their investments.

**OBJECTIVE 3A:** Establish rates and charges which are fair and reasonable for all customers.

**OUTCOME 3A:** Percent increase in annual utility bill for average residential usage compared to inflation as measured by the Consumer Price Index plus 1%: Electric, Gas, and Water/Wastewater industries.

FY 2000-01 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
CPI 3.4% FL 1.84%	CPI + 1	CPI + 1	CPI + 1	CPI + 1	CPI + 1

**OBJECTIVE 3B:** Ensure that Commission-established returns on equity are commensurate with the level of risk associated with similar investments.

**OUTCOME 3B:** Average allowed return on equity (ROE) in Florida compared to average ROE in U.S.

FY 2000-01 Baseline (Electric)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
USA 12.2 FL 11.38	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (Gas)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
USA 11.6 FL 11.31	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (W&W)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
USA 11.2 FL 9.69	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

**OBJECTIVE 3C:** Ensure that achieved returns on equity do not exceed authorized returns.

**OUTCOME 3C:** Percent of utilities achieving within range or over range of last authorized ROE.

FY 2000-01 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
E 67% / 33%	100% / 0%	100% / 0%	100% / 0%	100% / 0%	100% / 0%
G 25% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%
W 10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%

**Public Service Commission  
Long Range Program Plan FY 2022-23 through 2026-27  
Goals and Objectives  
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**GOAL #4:** Encourage and facilitate responsible use of resources and technology in the provision and consumption of utility services.

**OBJECTIVE 4A:** Inform customers regarding options to use energy and water more efficiently.

**OUTCOME 4A:** Number of events attended by the PSC for the purpose of promoting energy and water conservation.

FY 2012-2013 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
30	30	30	30	30	30

**OBJECTIVE 4B:** Ensure the continued use of water conservation rates and rate structures.

**OUTCOME 4B:** Percent of jurisdictional water companies utilizing water conservation rates and/or structures.

FY 2012-13 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
40%	40%	40%	40%	40%	40%

**OBJECTIVE 4C:** Ensure electric utilities are implementing Commission-approved energy efficiency programs.

**OUTCOME 4C:** Percent of utility energy efficiency programs evaluated annually for program effectiveness.

FY 2012-13 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
100%	100%	100%	100%	100%	100%

**Public Service Commission  
 Long Range Program Plan FY 2022-23 through 2026-27  
 Goals and Objectives  
 in Priority Order**

**GOAL #5:** Expedite resolution of disputes between customers and utilities.

**OBJECTIVE 5A:** Provide timely and quality assistance to customers regarding utility complaints and inquiries.

**OUTCOME 5A-1:** Percent of consumer complaints closed in 60 days

FY 2012-2013 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
90%	85%	85%	85%	85%	85%

**OUTCOME 5A-2:** Percent of consumer complaints closed through the informal resolution process, without a Commission hearing.

FY 2012-2013 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
99%	90%	90%	90%	90%	90%

**Public Service Commission  
 Long Range Program Plan FY 2022-23 through 2026-27  
 Goals and Objectives  
 in Priority Order**

**GOAL #6:** Identify and address barriers that impede competitive telecommunications markets from being fair and efficient.

**OBJECTIVE 6A:** Monitor the telecommunications market and provide the appropriate regulatory review and oversight.

**OUTCOME 6A-1:** Percent of interconnection agreements processed within 100 days.

FY 2012-2013 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
100%	95%	95%	95%	95%	95%

**OUTCOME 6A-2:** Number of proceedings which evaluate or resolve wholesale telecommunications competitive issues.

FY 2012-2013 Baseline (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
410	120	120	120	120	120

# TRENDS AND CONDITIONS STATEMENT

The Florida Public Service Commission (FPSC or Commission) is committed to making sure that Florida's consumers receive essential services — electric, natural gas, water, and wastewater — in a safe, affordable, and reliable manner. At the same time, the FPSC balances consumer needs with the opportunity for utilities and their stockholders to earn a fair rate of return on their capital investments. In doing so, the FPSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation, competitive market oversight, and monitoring of safety, reliability, and service.

## ***FPSC Responsibilities***

### **Scope of Authority**

The FPSC regulates the retail rates and service territories of investor-owned electric utilities, gas utilities, and water and wastewater utilities. The regulation of utilities is commonly referred to as rate base or rate-of-return regulation, which includes rate setting responsibility, earnings oversight, quality of service, and consumer complaints. A characteristic unique to Florida's water and wastewater industry is that counties have the option to elect to regulate the investor-owned water and wastewater companies in their county pursuant to Chapter 367, Florida Statutes, or transfer jurisdiction to the FPSC. Currently 38 of 67 counties cede regulatory authority to the FPSC.

For telecommunications companies, the Commission has jurisdiction over company-to-company matters, such as disputes over interconnection agreements, along with numbering issues such as determining the appropriate form of area code relief when telephone numbers exhaust within an area code. The Commission also provides oversight for the Lifeline program for low-income customers, established under the federal Universal Service Program, and Telephone Relay Services for the deaf, hard of hearing, and speech impaired. The FPSC has oversight over pay phone services as well.

The FPSC's jurisdiction over municipal electric utilities and rural electric cooperatives is limited to rate structure, safety, and territorial boundaries. Rate structure refers to the classification system used in justifying differing rates between various customer classes. In order to assure an adequate and reliable supply of electricity in Florida, the FPSC has jurisdiction over the generation and bulk transmission planning of all electric utilities. The Commission is responsible for reviewing electric utility Ten-Year Site Plans and determining the need for major new power plant and transmission line additions under the Florida Power Plant and Transmission Line Siting Acts. Finally, the FPSC also has authority to set conservation goals for Florida's investor-owned electric utilities, the two largest municipal electric utilities, and the largest investor-owned natural gas utility.

The FPSC also ensures compliance with gas safety rules and regulations for municipally-owned natural gas utilities, special gas districts, investor-owned gas utilities, intrastate gas pipelines, and private master meters.

### **Statutory Authority**

The FPSC's authority for its activity is contained in the following Florida Statutes:

- Chapter 120, Rulemaking
- Chapter 186, Planning and Development (10-Year Site Plans)
- Chapter 350, Organization, Powers and Duties
- Chapter 364, Telecommunications
- Chapter 366, Electric Utilities
- Chapter 367, Water and Wastewater Systems
- Chapter 368, Gas Transmission and Distribution Facilities
- Chapter 403, Power Plant, and Transmission Line Siting and Intrastate Natural Gas Pipeline Siting
- Chapter 427, Special Transportation and Communications Services

Rules adopted by the FPSC to implement the above laws are contained in Chapter 25, Florida Administrative Code (F.A.C.). The FPSC also exercises quasi-judicial responsibilities to conduct evidentiary hearings regarding cost and quality of regulated services, hear complaints, and issue written orders.

To meet its statutory responsibilities, the FPSC has established the following six primary goals:

1. Ensure that Florida utilities provide reliable service to customers.
2. Ensure the provision of safe electric and natural gas service to customers in the State of Florida.
3. Ensure that the regulatory process results in fair and reasonable rates for consumers while offering rate-base-regulated utilities an opportunity to earn a fair return on their investments.
4. Encourage and facilitate responsible use of resources and technology in the provision and consumption of services.
5. Expedite resolution of disputes between consumers and utilities.
6. Identify and address barriers that impede competitive telecommunications markets from being fair and efficient.



## ***AGENCY PRIORITIES***

As discussed previously, the FPSC's authority extends over three major utility industries: energy (electricity and natural gas), water and wastewater and telecommunications. Each industry has unique characteristics and each has significant issues that will require regulatory actions by the FPSC over the next five years. The agency's priorities are based on legislative directives and economic and environmental factors affecting provision of utility services within the state.

### **Electricity Priorities**

Florida's electric utilities are required by law to furnish adequate, reliable electricity 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. The Florida Legislature has stressed, through a series of legislative initiatives, the importance of diversifying fuels used for electric power generation. These initiatives include enhancing contract provisions for the purchase of renewable energy by investor-owned utilities (IOUs), encouraging customer ownership of renewable energy resources, placing additional emphasis on energy efficiency and conservation, and establishing regulatory treatment for costs associated with nuclear construction.

Since the late 1990s, utilities across the nation, including those in Florida, selected natural gas-fired generation as the predominant source of new capacity. The deregulation of natural gas as a generation fuel source, combined with improvements in the efficiency of combined cycle gas turbine technology, provided a cost-effective alternative to consider for additions to the generation fleet. The use of natural gas for electricity production in Florida increased from 19.3 percent in 1995 to 67.8 percent in 2019. Natural gas usage is expected to remain at that level.

Fuel diversity will continue to be a critical issue for the FPSC as it monitors potential carbon regulations, the risk of fuel price variability, changes in the capital cost of generating units, and the expansion and integration of renewable energy resources.

### **Renewable Generation**

Another priority of the FPSC is to increase the use of cost-effective renewable energy. Currently there are approximately 4,254 megawatts (MW) of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 3,603 MW, are solar, biomass, or municipal solid waste (MSW). Over the next 10 years, the utilities project an increase of approximately 13,212 MW of new renewable facilities. The vast majority of these projected capacity additions are solar facilities.

The Florida Legislature, in 2008, placed emphasis on customer-owned renewable energy as well as supply-side or grid-tied renewables. All electric utilities were directed to offer customers standard interconnection agreements and net metering for renewable

energy generation. This policy ensures a simplified, expedited process for interconnecting a renewable system to the utility. Net metering is a billing function that allows customers to receive credit for excess energy from renewable systems. Customer-owned renewable energy systems increased in 2020 to 835 MW, up from a capacity of 2.4 MW in 2006. The majority of customer-owned renewable facilities installed during that time were small solar photovoltaic (PV) systems.

In recent years, IOUs have developed voluntary solar programs where ratepayers contribute to the development of supply-side projects. On August 12, 2014, the FPSC approved the Florida Power & Light Company (FPL) Voluntary Solar Partnership Pilot Program (VSP) tariff. This tariff allows customers to voluntarily contribute \$9.00 per month towards the construction of PV generation located in FPL's service territory. In 2019, the Commission approved an additional one-year extension of FPL's VSP. This was followed in 2020 by an extension through December 2025 of the program. FPL is not expected to construct further facilities under the VSP after March 21, 2021.

On March 21, 2016, the FPSC issued an order approving Gulf Power's (Gulf) request to establish a voluntary solar pilot program. The program offers all Gulf customers the opportunity to voluntarily contribute to the construction and operation of a 1 MW solar photovoltaic facility through annual subscriptions. The energy generated from the solar facility will be provided to all Gulf customers. In its pending rate case with FPL, Gulf proposed to cancel the pilot program and allow customers to participate in FPL's SolarTogether program. Gulf's voluntary solar pilot program is currently scheduled to expire in 2021.

On June 3, 2019, the FPSC approved Tampa Electric Company's (TECO) voluntary shared solar tariff. The Shared Solar Charge of \$0.063 per kWh is expected to offset the cost, including administrative costs, of 17.5 MW of existing solar generation. The Commission also required TECO to provide additional reporting data in order to more fully analyze the impact on participants and non-participants. On March 20, 2020, the FPSC approved FPL's SolarTogether program. The program is designed to allow FPL customers to support expansion of solar power without the need to install solar on their rooftop. As part of the program, FPL is planning to build 1,490 MW of utility scale solar projects. On January 26, 2021, the FPSC approved Duke Energy Florida, LLC's (DEF) Clean Energy Connection program. The program is designed to allow the company to construct 750 MW of utility scale solar projects over three years while allowing customers to support the expansion of solar by paying a subscription fee and receiving a credit based off the facility. The FPSC's approval of the Clean Energy Connection program is currently under appeal.

Over the next five years, the FPSC will continue to enforce existing renewable policies and explore additional policies to benefit Florida's consumers. The FPSC will monitor the utilities' efforts to interconnect and net meter customer-owned renewables under the FPSC's rule. The FPSC will also review IOUs' standardized contracts to purchase renewable capacity and energy. Finally, the FPSC will monitor the impact of evolving federal and state energy policies on the development of renewables in Florida and

provide technical information to assist legislators in the formulation of renewable energy policy.

## **Energy Conservation**

In November 2019, the FPSC established annual numeric demand-side management (DSM) goals for all seven Florida Energy Efficiency and Conservation Act (FEECA) electric utilities for the period of 2020 through 2024. The Commission found it in the public interest to continue with the goals established by the prior FEECA goalsetting proceeding in 2014. The DSM goals were established for residential and commercial/industrial customers in three categories: summer peak demand; winter peak demand, and annual energy consumption. Pursuant to FEECA, goals are set every five years, with the next review set to occur by 2024.

Each FEECA electric utility was required to submit a proposed DSM Plan designed to meet the goals established in the most recent FEECA Goal Setting Proceeding within 90 days of the final order establishing the goals. The Commission reviewed and approved the DSM Plans proposed by each of the FEECA Utilities. On July 1, 2021, DEF filed to amend its proposed DSM Plan and Program Participant Standards. The FPSC will review this amended filing in a future proceeding.

## **Rate Cases**

### *Duke Energy Florida, LLC.*

On January 14, 2021, DEF filed a petition for a limited proceeding to approve its 2021 Settlement Agreement (Settlement Agreement), which would replace a 2017 settlement agreement due to expire year-end 2021. The Settlement Agreement was signed and executed by DEF, Office of Public Counsel, Florida Industrial Power Users Group, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate, and Nucor Steel Florida, Inc. The signatories to the Settlement Agreement are organizations that represent DEF's major customer groups.

The Settlement Agreement provides DEF with multi-year increases to base rates beginning with the first billing cycle of January 2022, and resolves outstanding issues in existing, continuing, and prospective dockets before the Commission. The cumulative multi-year increases from 2022 through 2024 total \$195.378 million. The Settlement Agreement also contains the following provisions: (1) DEF is authorized to implement three new EV programs; (2) if Tax Reform is enacted effective for the tax years 2021, 2022, or 2023, the impacts of Tax Reform on base revenue requirements, primarily driven by an income tax rate increase/decrease, will be adjusted for retail customers within the later of 120 days of when the Tax Reform becomes law or the effective date of the law; (3) the dismantlement study filed on December 2020 is approved without changes; and (4) the depreciation and storm reserve studies filed on December 2020 are approved with specific modifications.

### *Florida Power & Light Company and Gulf Power Company*

On March 15, 2016, FPL filed a petition for a multi-year rate plan consisting of increases of \$866 million effective January 1, 2017, \$262 million to be effective January 1, 2018, and \$209 million associated with FPL's Okeechobee Clean Energy Center to be effective June 1, 2019. On November 29, 2016, the Commission approved a rate case settlement agreement between FPL and the Office of Public Counsel (OPC), FRF and the South Florida Hospital and Healthcare Association (SFHHA). The FPL Settlement Agreement included base rate increases of \$400 million effective January 1, 2017, \$211 million effective January 1, 2018, and \$200 million effective on the in-service date of the Okeechobee Unit. The FPL Settlement Agreement also provided for an ROE of 10.55 percent, with an authorized range from 9.60 to 11.60 percent. The Agreement had an initial term through December 31, 2020. The Agreement included a provision allowing FPL to unilaterally extend the Agreement through December 31, 2021. FPL exercised this option on March 5, 2020, and notified all parties that it would not seek a general rate base increase that becomes effective before January 1, 2022.

On October 12, 2016, Gulf Power Company filed a request for an annual base rate increase of \$106.8 million. On March 20, 2017, Gulf and OPC filed a Stipulation and Settlement Agreement (Gulf Settlement) resolving all issues. Subsequently, FIPUG and the Southern Alliance for Clean Energy (SACE) joined OPC and Gulf as signatories to the Gulf Settlement. The Commission approved the Gulf Settlement on April 4, 2017. The Gulf Settlement included a base rate increase of \$61.99 million, less an estimated revenue credit of approximately \$7.7 million to be provided to customers through the Fuel and Purchased Power Capacity Cost Recovery Clause, resulting in a net increase of approximately \$54.3 million effective July 1, 2017. The Gulf Settlement also provided for an ROE of 10.25 percent, with an authorized range from 9.25 to 11.25 percent.

On January 1, 2019, Gulf was acquired by NextEra Energy, Inc. Subsequently, Gulf was merged into FPL on January 1, 2021. In 2022, FPL and Gulf will be operationally and legally combined as one company. On March 12, 2021, FPL filed a request for annual base rate increases of \$1.108 billion, effective January 1, 2022, and \$607 million, effective January 1, 2023, as well as solar base rate adjustments of \$140 million in both 2024 and 2025. FPL has requested an ROE of 11.50 percent which includes a 50-basis point performance incentive adder. The request also includes a five-year transition rider applied to the former Gulf customers. The rider will gradually decline over time until uniform rates are achieved. As proposed, the rider is separate and apart from Gulf's recovery of storm restoration costs resulting from Hurricanes Michael and Sally, which will continue under a separate surcharge. The request further includes a continuation and expansion of FPL's Reserve Surplus Amortization Mechanism that was previously approved in prior settlements. A technical hearing for this case is scheduled for August 16-20 and 23-27, 2021. The Commission is scheduled to vote on FPL's proposed revenue increase in October 2021.

### *Florida Public Utilities Company*

On August 7, 2019, Florida Public Utilities Company (FPUC) filed a petition to establish regulatory assets for expenses incurred during restoration for Hurricane Michael (Docket No. 20190155-EI) and also filed a petition for a limited proceeding to recover incremental storm restoration costs, capital costs, revenue reduction for permanently lost customers, and regulatory assets related to Hurricane Michael (Docket No. 20190156-EI.) On November 22, 2019, the Commission approved FPUC and OPC's Joint Motion for Approval of Stipulation for Implementation of an interim rate increase subject to refund while FPUC's petitions were being evaluated.

On September 3, 2019, in Docket No. 20190174-EI, FPUC filed a petition for approval of its 2019 Depreciation Study pursuant to Rule 25-6.0436, Florida Administrative Code (F.A.C.), and Order No. PSC-2019-0322-PAA-EI, issued on August 7, 2019. On March 11 and 12, 2020, FPUC filed revised petitions in Docket Nos. 2019155-EI and 20190156-EI to reflect several updates to their August 7, 2019 petitions, including the addition of Hurricane Dorian expenses to FPUC's recovery request.

On August 31, 2020, FPUC and OPC filed a Joint Motion for Approval of Stipulation and Settlement, addressing all matters contained in FPUC's three outstanding dockets. (FPUC's request for regulatory assets, FPUC's requests for recovery of storm costs related to Hurricane Michael, and FPUC's Depreciation Study.) The key terms of the Settlement Agreement include the establishment of two regulatory assets for portions of the costs FPUC incurred due to system restoration activities following Hurricanes Michael and Dorian. The amount of the first regulatory asset is approximately \$6.8 million, to be recovered over 10 years by an increase to base rates. The amount of the second regulatory asset is approximately \$45.8 million, to be recovered over 5 years through a surcharge. Further, FPUC would be permitted to recover an additional \$2.2 million in annual revenue associated with new plant investment, by an increase to base rates beginning November 1, 2020. The identified over-collected amount from interim rates was refunded to customers as a reduction to FPUC's Fuel Clause beginning January 1, 2021. FPUC further agreed to implement OPC's adjusted asset lives and resulting depreciation rates associated with FPUC's 2019 Depreciation Study. Lastly, FPUC agreed to delay the filing of any test year notification letter for its next full base rate proceeding until at least September 1, 2021.

A final hearing was held on September 21, 2020. At the conclusion of the hearing, the Parties waived briefs and the Commission, by a bench vote, approved the Settlement Agreement.

### *Tampa Electric Company*

On April 9, 2021, Tampa Electric Company (TECO) filed a request for a base rate increase of \$295 million effective January 1, 2022, as well as generating base rate adjustments of \$102 million for 2023 and \$25.6 million for 2024. TECO requested a return on equity (ROE) of 10.75 percent. A technical hearing for this case is scheduled

for October 18-22, 2021. The Commission is scheduled to vote on TECO's revenue increase request in December 2021.

### **Alternative Cost Recovery**

In 2006, the Legislature established an alternative cost recovery mechanism to encourage the construction of new nuclear generating facilities in Florida. FPL has utilized the alternative cost recovery provisions of Section 366.93, F.S., to increase generating capacity at existing nuclear facilities by 522 MW. In addition, FPL recently obtained a Combined Operating License from the Nuclear Regulatory Commission for two new generating units to be located at the Turkey Point Generating Station.

### **Storm Cost Recovery**

Florida IOUs under the Commission's jurisdiction have incurred costs related to damage caused by named tropical storms. Utilities must file petitions with the Commission to get approval to recover these costs, at which time the costs are audited and analyzed to determine the appropriate amount of costs prudently incurred by the utility. In the second quarter of 2021, the Commission approved settlement agreements related to storm restoration costs for FPL, associated with Hurricane Dorian, and St. Joe Natural Gas Company, associated with Hurricane Michael. During the fiscal year 2020-2021, dockets were opened to address storm costs related to Hurricane Sally and Tropical Storm Zeta for Gulf, and Hurricanes Eta and Isaias for DEF. Based on required notifications of damage from named storms, FPL reported damage from Hurricanes Isaias and Eta and will provide final storm restoration costs from those storms by September 2021. Once the final storm restoration costs are provided by Gulf, DEF, and FPL, hearings will be scheduled to address the costs incurred for these storms.

### **Storm Protection Plan and Storm Protection Plan Cost Recovery Clause**

In 2019, the Legislature enacted Section 366.96, F.S., which requires each electric public utility to file ten-year Storm Protection Plans (SPP) for Commission approval every three years. The SPPs are intended to strengthen electric infrastructure in order to reduce outage times and restoration costs associated with extreme weather events, and to enhance reliability. Section 366.96(7), F.S., establishes the Storm Protection Plan Cost Recovery Clause (SPPCRC), which allows utilities to annually recover the prudently incurred costs of implementing their SPPs.

Rule 25-6.030, F.A.C., requires each utility to file an updated SPP, at least every three years, which covers the utility's immediate ten-year planning period. Rule 25-6.031, F.A.C., provides that after a utility has filed its SPP, it may petition the Commission for recovery of implementation costs through the SPPCRC. In 2020, the four generating IOUs filed their first SPPs for Commission review, along with petitions to recover implementation costs through the SPPCRC beginning in 2021.

## **Natural Gas Priorities**

### *Natural Gas Bare Steel and Cast Iron Pipe Replacement*

In August 2012, the FPSC approved cast iron/bare steel pipe replacement programs for three natural gas utilities: TECO Peoples Gas System (PGS), Florida Public Utilities, and the Florida Division of Chesapeake Utilities (Central Florida Gas). Gas utilities have been urged by the Pipeline Hazardous Materials and Safety Administration, which acts through the Office of Pipeline Safety within the U.S. Department of Transportation, to replace these older facilities as a safety measure. Cast iron pipe is subject to “graphitization” or graphitic softening and bare steel is subject to corrosion. Both hazards can lead to structural failure and the release of gas. Although not subject to FPSC rate regulation, Pensacola Energy also began replacing pipe subject to the aforementioned hazards.

Under the described pipeline replacement programs, these utilities will replace more than 1,470 miles of cast iron and bare steel pipe. As shown in the table below, more than 1,000 miles of the subject pipe has been replaced since 2012.

**Pipeline Replacement Program**

Company Name	Total Miles of Bare Steel (BS) Pipe Needing Replacement as of September 2012	Total Miles of Cast Iron Pipe (CIP) Needing Replacement as of September 2012	Total Remaining BS Mileage (as of 12/31/20)	Total Remaining CIP Mileage (as of 12/31/20)	Total Mileage Replaced (as of 12/31/20)
Chesapeake Utilities *(Central Florida Gas)	152	0	6	0	146
Pensacola Energy	469	88	330	0	227
Florida Public Utilities	197	1	34	0	164
TECO Peoples Gas	411	156	35	6	526
<b>TOTALS</b>	<b>1,229</b>	<b>245</b>	<b>405</b>	<b>6</b>	<b>1,063</b>

\*Chesapeake Utilities is the parent company of Central Florida Gas.

For 2021, the monthly bill impacts associated with the approved cast iron/bare steel pipe replacement programs, for a residential customer who uses 20 therms per month, is \$0.44 for PGS customers, \$4.48 for Florida Public Utilities customers, and \$2.31 for customers of Central Florida Gas. As discussed below, a portion of the costs associated with PGS’ cast iron/bare steel replacement program were moved in to rate base as part of PGS’ 2020 rate case.

### *Peoples Gas System Rate Case*

On June 8, 2020, PGS filed a request for an annual base rate increase of \$85.3 million. Of that amount, the utility requested to transfer into rate base its \$23.6 million current investment in a Commission-approved Cast Iron/Bare Steel replacement program, which is recovered through a separate surcharge on customers' bills. The remaining \$67.1 million, according to PGS, is necessary for the utility to earn its requested ROE of 10.75 percent. PGS referenced several factors as reasons for the rate request, including three major expansion projects, the construction of a new Liquefied Natural Gas (LNG) facility to address peak demand, and a request to increase its Annual Storm Accrual.

On October 22, 2020, a joint motion for approval of a stipulation and settlement agreement was filed by PGS, OPC, and FIPUG. The settlement authorized an ROE of 9.9 percent and provided for a base rate increase of \$58 million, of which \$23.6 million is a transfer of the CI/BSR surcharge into base rate recovery. The settlement also allowed for an annual storm reserve accrual of \$380,000, with a storm reserve target of \$3.8 million. The Commission approved the settlement on November 19, 2020, for the term of January 2021 through the last billing cycle of December 2023, with rates continuing beyond that date unless changed by Commission Order.

### *City Gas Rate Case*

On October 23, 2017, City Gas filed a petition requesting a base rate increase of \$19.3 million. Of that amount, \$3.5 million was associated with moving into rate base the utility's current investment in a Commission-approved backyard mains and service relocation program, which was being recovered through a separate surcharge on customers' bills. The remaining \$15.8 million, according to City Gas, was necessary for the utility to earn the requested ROE of 11.25 percent. As part of its requested increase, City Gas petitioned for a new LNG facility to be constructed in South Florida to serve as a natural gas supply source. City Gas also requested interim rate relief of \$4.9 million, which the Commission approved at the December 12, 2017 Agenda Conference. Service Hearings were held in January 2018.

On March 12, 2018, a joint motion for approval of a stipulation and settlement agreement was filed by City Gas, OPC, and FEA. The settlement authorized an ROE of 10.19 percent, cost recovery for the new LNG facility, and provided for a base rate increases of \$11.5 million effective June 1, 2018, an additional \$2.5 million in June 1, 2019, followed by \$1.3 million in December 1, 2019. The FPSC approved the settlement on March 26, 2018, and it is in effect for four years through the last billing cycle in May 2022. Rates shall continue beyond 2022 unless changed by Commission Order.

### **Water & Wastewater Priorities**

The water and wastewater industry faces unique challenges in the areas of quality of service, aging infrastructure, environmental compliance costs, rate relief requests, and



reuse of reclaimed water. Compared with other utility industries, water and wastewater utilities generally have smaller customer bases over which to spread increased costs. Lacking significant economies of scale, the effects of increased costs may be greater for customers of a water and wastewater utility than for those of other utilities. The Commission's role is to balance the goals of financial viability for the utility with the quality of service at reasonable rates for customers.

In all rate proceedings the Commission considers the extent to which a water utility provides service that meets secondary water standards established by the Department of Environmental Protection. Another consideration involves setting water rates that send accurate price signals to customers to encourage efficient use of this critical resource.

As a result of legislation passed in 2016, the Commission adopted rules addressing the filing requirements for a water or a wastewater utility to create a reserve fund for repair or replacement of infrastructure that is nearing the end of its useful life or is detrimental to the quality or reliability of service. In addition, the Commission included language in the rule to allow disbursements from the reserve fund for certain emergency repairs under specific circumstances so that the utilities' access to the funds could be considered in limited emergency situations. Assuming that a utility has implemented a reserve fund, and there are funds available, the rule provides an exception for the use of reserve funds for emergency repairs to infrastructure directly related to the provision of water and/or wastewater service.

To provide for less costly regulation through lower rate case expense and reduction in staff labor, in 2020, the Commission amended Rule 25-30.457, F.A.C., Limited Alternative Rate Increase. This rule, initially adopted in 2005, provides an alternative to the Staff Assisted Rate Case procedure for water and/or wastewater utilities. The purpose of the rule is to allow small utilities to obtain a limited amount of rate relief more quickly than would occur in rate cases filed under Rule 25-30.455, Staff Assistance in Rate Cases, or Rule 25-30.456, Staff Assistance in Alternative Rate Setting, thus resulting in less costly regulation through lower rate case expense and reduction in Commission staff labor. The rule was amended in 2020, to identify information to be included in the utility's request, including the reason the rate increase is necessary. The rule modification eliminated the requirement that the increase in rates be collected subject to refund but added a provision that the utility would be subject to an earnings review following the implementation of the rate increase. The rule is applicable to water and wastewater utilities whose total gross annual operating revenues are \$300,000 or less.

During the fiscal year 2020-2021, the FPSC processed four petitions for rate relief. The four petitions consisted of one file and suspend case, two staff assisted rate cases, and one limited alternative rate increase case involving four separate utilities. The FPSC expects rate case activity for the water and wastewater industry to increase in the coming year.

## **Telecommunications Priorities**

In 1995, the Florida Legislature recognized the potential benefits of introducing competition for telecommunications services and enacted legislation to open local telecommunications markets to service providers other than the incumbent local exchange companies (ILECs). The following year, the United States Congress enacted the Telecommunications Act of 1996 making local competition a national objective. The emergence of technologies such as wireless and Voice over Internet Protocol (VoIP) has created an increasingly competitive market for telecommunications services. The Legislature amended Florida's law again in 2011, deregulating retail services and interexchange companies, in addition to measures intended to increase competition.

The FPSC will continue promoting competitive markets by resolving disputes between companies, facilitating company-to-company interconnection (arbitrations, contract interpretations, complaints, etc.), and monitoring evolving telecommunications technology. Also, the FPSC will continue to address Lifeline and Telephone Relay Service and monitor related federal matters that may impact Florida carriers and consumers.

### *Lifeline*

The federal Lifeline program provides a credit of up to \$9.25 per month to subscribers' bills to make telephone and broadband service affordable to eligible low-income customers. Lifeline is one of the programs funded by the federal Universal Service Fund (USF). Telecommunication carriers are required to contribute to the USF based on their interstate and international revenues. Carriers pass that expense to their customers through a line item on bills.

In 2019, the FCC began to transition Lifeline support to standalone broadband services or bundled voice and broadband services. These services continue to receive \$9.25 in support per month; however, support for voice-only service is being phased out. Currently, the credit for voice-only service is \$5.25. Starting on December 1, 2021, support for voice-only service will be phased out completely.

Reforms made by the Federal Communications Commission (FCC) have consolidated the Lifeline application approval process to a "National Verifier." The National Verifier was implemented in Florida in March 2020. As a result, the responsibility to verify eligibility for Lifeline support has transitioned from eligible telecommunication carriers (ETCs) or state administrators to the National Verifier.

Because of these changes, the FPSC has had to reform its Coordinated Enrollment process with the Department of Children and Families (DCF). The Coordinated Enrollment process established a computer interface between the FPSC and DCF to create a database of customers who were eligible for Lifeline that could be accessed by ETCs. Previously, prospective Lifeline customers who applied for a qualifying program with DCF could automatically be enrolled in the Lifeline program. With the

implementation of the National Verifier in Florida, such customers are no longer automatically deemed eligible at the time ETCs access this information. Currently, DCF continues to populate the Coordinated Enrollment database with customer information. This information is provided to ETCs so that they may direct their customers from the database to apply for the Lifeline program through the National Verifier.

### *Florida Relay*

Pursuant to the Telecommunications Access Services Act of 1991 (TASA), the FPSC is responsible for establishing, implementing, promoting, and overseeing the administration of a statewide telecommunications access system to provide telecommunications relay services to people who are hearing or speech impaired and those who communicate with them. As part of its TASA responsibility, the FPSC oversees Florida Telecommunications Relay, Inc., a not-for-profit corporation that fulfills certain TASA requirements by providing for the distribution of specialized telecommunications equipment and for outreach in the most cost-effective manner.

### *Numbering Resources*

In June 2019, the North American Numbering Plan Administrator (NANPA) filed a notice with the FPSC noting the expected exhaust of numbers for the 850 area code. While NANPA recommended overlaying a new area code in the existing 850 area, additional options were also presented. Although an area code overlay allows all consumers to keep their existing phone numbers, it also requires ten-digit dialing for all calls. The Commission approved NANPA's plan to implement an overlay. The new area code, 448, was activated in June 2021. NANPA filed a similar notice in November 2019, identifying the expected exhaust of numbers for the 813 area code. NANPA again recommended an overlay, which was approved by the Commission in April 2020. The new area code, 656, will be implemented when the 813 area code reaches exhaust.

### *Monitoring Federal Regulations*

The telecommunications network is undergoing technological change. Time Division Multiplexing (TDM) has been a dominant telecommunications technology since the early 1960s. TDM is now being replaced by Internet Protocol (IP)-based architecture on a widespread basis. AT&T, Frontier, and CenturyLink have all indicated they will be converting from TDM to IP. The estimated time to convert varies by company and ranges from four to 10 years. The FCC has issued orders requiring certain safeguards that must be followed in an IP environment. The FPSC will continue to be involved with the regulatory issues surrounding the IP transition, including the appropriate level of state and federal regulation and wholesale interconnection requirements.

## **COVID-19 Impacts**

Many electric, natural gas, and water and wastewater utilities have taken actions to accommodate customers in need during the COVID-19 pandemic, including suspending the disconnection of services and establishing flexible payment plans for unpaid balances. On May 22, 2020, Gulf filed a petition for approval of a regulatory asset to record incremental bad debt expense and safety costs incurred due to COVID-19. Approval of this request permits the utility to record a deferred asset rather than record the costs in current year expenses. This treatment is solely for accounting purposes and has no immediate rate impact. Recovery of the regulatory asset would be considered by the Commission in a future rate proceeding. Similar petitions were filed by PGS on July 2, 2020; Utilities, Inc. of Florida (UIF) on August 3, 2020; and FPUC on August 11, 2020.

Through proposed agency action (PAA) decisions, the Commission approved the establishment of regulatory assets for Gulf, PGS, UIF, and FPUC. However, through an approved settlement agreement associated with its rate case last year, PGS agreed to withdraw its request for a regulatory asset. The Office of Public Counsel protested the Commission's PAA decisions to establish regulatory assets for Gulf, UIF, and FPUC. On March 30, 2021, UIF withdrew its request for a regulatory asset, which the Commission later acknowledged in June 2021. On June 11, 2021, FPUC and OPC filed a Joint Motion to Approve a Settlement Agreement for the establishment of a regulatory asset. On June 15, 2021, Gulf and OPC filed a Joint Motion to Approve a Settlement Agreement for the establishment of a regulatory asset. At a July 8, 2021 hearing, the Commission approved OPC's settlement agreements with Gulf and FPUC. The Commission continues to monitor monthly data from Florida's IOUs regarding the impact of the COVID-19 pandemic and the resulting economic conditions on customers.

## **Conclusion**

Safe, reliable and affordable utility services are critical to promoting a positive business and social environment for Florida's residents. Measures of our success focus on ratemaking, customer protection, conservation, safety, and competitive market oversight. The FPSC's primary responsibility is to ensure that customers of regulated utility companies receive safe and reliable service at fair and reasonable rates. At the same time, the FPSC is required by law to ensure that rate base regulated companies are afforded an opportunity to earn a fair return on their investment in property dedicated to providing utility service. With Florida's dynamic energy climate, the targets are ever changing, and this task is more complex than ever before.

**FLORIDA PUBLIC SERVICE  
COMMISSION**

**LRPP EXHIBIT II**

**PERFORMANCE MEASURES  
AND  
STANDARDS**



## LRPP Exhibit II - Performance Measures and Standards

Department: Florida Public Service Commission Department No: 61000000

Program: Utilities Regulation/Consumer Assistance Code: 1205.00.00.00  
 Service/Budget Entity: Utility Regulation Code: 61030100

	Approved Performance Measure FY 2021-22	Approved Prior Year Standard FY 2020-21	Prior Year Actual FY 2020-21	Approved Standards For FY 2021-22	Requested Standards FY 2022-23
1	Percent of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): composite	CPI + 1	-1.46%	CPI + 1	CPI + 1
2	Percent of utilities achieving within range and over range of last authorized ROE: Electric	100% / 0%	80% / 0%	100% / 0%	100% / 0%
3	Percent of utilities achieving within range and over range of last authorized ROE: Gas	29% / 0%	13% / 0%	29% / 0%	29% / 0%
4	Percent of utilities achieving within range and over range of last authorized ROE: Water/Wastewater	10% / 5%	9% / 4%	10% / 5%	10% / 5%
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues	120	195	120	120
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)	≥15%	25.30%	≥15%	≥15%
7	Percent of Gas and Class A&B Water and Wastewater companies that annually prepare planning documents for infrastructure needs and expected capital expenditures	80%	80%	80%	80%
8	Number of outage related customer complaints. (Electric)	≤500	342	≤500	≤500
9	Number of outage related customer complaints. (Gas)	≤10	2	≤10	≤10
10	Number of outage related customer complaints. (Water & Wastewater)	≤50	10	≤50	≤50
11	Number of electric-related injuries or fatalities resulting from utility rule violations	0	0	0	0

	<b>Approved Performance Measure FY 2021-22</b>	<b>Approved Prior Year Standard FY 2020-21</b>	<b>Prior Year Actual FY 2020-21</b>	<b>Approved Standards For FY 2021-22</b>	<b>Requested Standards FY 2022-23</b>
12	Number of gas-related injuries or fatalities resulting from utility rule violations	0	0	0	0
13	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Electric	USA +/- 1	10.35%	USA +/- 1	USA +/- 1
14	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Gas	USA +/- 1	10.16%	USA +/- 1	USA +/- 1
15	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Water & Wastewater	USA +/- 1	10.00%	USA +/- 1	USA +/- 1
16	Number of events attended by the PSC for the purpose of promoting energy and water conservation	30	0	30	30
17	Percent of jurisdictional water companies utilizing water conservation rates and/or structures	40%	50%	40%	40%
18	Percent of utility energy efficiency programs evaluated annually for program effectiveness	100%	100%	100%	100%
19	Percent of consumer complaints closed in 60 days	85%	89.65%	85%	85%
20	Percent of consumer complaints closed through the informal resolution process, without a Commission hearing	90%	100%	90%	90%
21	Percent of interconnection agreements processed within 100 days	95%	100%	95%	95%



**FLORIDA PUBLIC SERVICE  
COMMISSION**

**LRPP EXHIBIT III**

**PERFORMANCE MEASURES  
ASSESSMENT**



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utility Regulation / Consumer Assistance  
**Service/Budget Entity:** Utility Regulation  
**Measure:** Measure No. 2 - Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Electric

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%/0%	80%/0%	20%/0%	20%/0%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors<br><input type="checkbox"/> Competing Priorities<br><input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Staff Capacity<br><input type="checkbox"/> Level of Training<br><input type="checkbox"/> Other (Identify) |
|---|--|

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable<br><input type="checkbox"/> Legal/Legislative Change<br><input type="checkbox"/> Target Population Change<br><input type="checkbox"/> This Program/Service Cannot Fix the Problem<br><input type="checkbox"/> Current Laws Are Working Against the Agency Mission | <input type="checkbox"/> Technological Problems<br><input checked="" type="checkbox"/> Natural Disaster<br><input checked="" type="checkbox"/> Other (Identify) |
|--|---|

**Explanation:** Of the five electric utilities, one utility earned below its authorized range. During 2019 and 2020, the utility that under-earned filed for recovery of investments made as a result of Hurricane Michael along with changes to its net operating income as a result of the storm. In August 2020, the utility and the Office of Public Counsel reached a settlement which provided for the recovery of prudent storm costs and new plant investment. The Commission approved the settlement in September 2020. In addition, in June 2021, the utility and the OPC reached a settlement agreement whereby the utility could establish a regulatory asset for future recovery of Covid-19 pandemic costs. The Commission approved the settlement in July 2021. We expect future earnings of this utility to improve.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Training<br><input type="checkbox"/> Personnel | <input type="checkbox"/> Technology<br><input type="checkbox"/> Other (Identify) |
|---|--|

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utility Regulation / Consumer Assistance  
**Service/Budget Entity:** Utility Regulation  
**Measure:** Measure No. 3 - Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Gas

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
29%/0%	13%/0%	16%/0%	55%/0%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** Of the eight gas utilities under Commission jurisdiction, one utility earned within its authorized range, and seven earned below their authorized ranges. No utility was in an over earnings position. Utilities are responsible for filing petitions for rate increases to address under earnings. The largest natural gas utility under the Commission's jurisdiction requested rate relief in June 2020. In October 2020, the utility, Office of Public Counsel, and an intervening party submitted a settlement agreement (SA), which provided for an increase in rates. The Commission approved the SA in November 2020. As a result, it is expected that the earnings level of the utility will improve. As a result of the Covid-19 pandemic, utilities have faced additional costs for safety-related equipment and experienced higher levels of bad debt than in previous years. We expect that in the future, when the unemployment levels improve and in turn, the economy, the earnings levels of the gas utilities will also improve.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Florida Public Service Commission  
**Program:** Utility Regulation / Consumer Assistance  
**Service/Budget Entity:** Utility Regulation  
**Measure:** Measure No. 4 - Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Water and Wastewater

**Action:**

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%/5%	9%/4%*	1%/1%*	10%/20%*

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

\*Standard met for companies over the range.

**Explanation:** Of the filed and analyzed annual reports, six companies earned within their authorized range and three earned at a level requiring further investigation to determine whether in fact, overearnings occurred. Companies that are under earning are responsible for filing petitions for rate relief. The Commission does not initiate rate increases on behalf of utilities. The Commission has held workshops to educate utility owners on processes available to provide rate relief. The Commission has also expanded the applicability of expenses for pass through cost treatment. In recent years, several of the smaller (Class C) water and wastewater utilities have been acquired by financially sound companies. As a result, it is believed that the levels of utilities operating within their authorized range will improve in the coming years.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission

Program: Conservation

Service/Budget Entity: \_\_\_\_\_

Measure: **Measure No. 16 – Number of events attended by the PSC for the purpose of energy and water conservation**

Action:

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
30	0	-30	-100%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity                       |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training                    |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) COVID-19 |

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems               |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster                     |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) COVID-19 |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |   |

**Explanation:** The FPSC participates in consumer programs and distributes energy and water conservation materials through partnerships with governmental entities, consumer groups, and many other service organizations. We have regularly exceeded the associated LRPP Measure #16. With in-state travel suspended via Governor DeSantis' Executive Order in April 2020 due to the COVID-19 pandemic, public outreach events were cancelled during the measure reporting period. The FPSC's service hearings and customer meetings were held virtually, and consumers participated by phone; therefore, there were no one-on-one educational opportunities with consumers as there are under normal circumstances. By the end of 2021-2022, the Office of Consumer Assistance & Outreach should be able to resume its travel to target outreach groups.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

*Office of Policy and Budget – June 2021*



**FLORIDA PUBLIC SERVICE  
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**LRPP EXHIBIT IV**

**PERFORMANCE MEASURE VALIDITY  
AND RELIABILITY**

**FPSC IS NOT REQUESTING  
CHANGES IN STANDARDS FOR THE  
2022-23 THROUGH 2026-27 LRPP**





**FLORIDA PUBLIC SERVICE  
COMMISSION**

**LRPP EXHIBIT V**

**ASSOCIATED ACTIVITIES  
CONTRIBUTING TO PERFORMANCE  
MEASURES**



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for FY 2021-22		Associated Activities Title
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite		Ratemaking
2	Percent of utilities achieving within range and over range of last authorized ROE: Electric		Ratemaking
3	Percent of utilities achieving within range and over range of last authorized ROE: Gas		Ratemaking
4	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater		Ratemaking
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues		Competitive Market Oversight
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)		Reliability
7	Percent of Gas and Class A&B Water and Wastewater companies that annually prepare planning documents for infrastructure needs and expected capital expenditures.		Reliability
8	Number of outage related customer complaints. (Electric)		Reliability
9	Number of outage related customer complaints. (Gas)		Reliability
10	Number of outage related customer complaints. (Water & Wastewater)		Reliability
11	Number of electric-related injuries or fatalities resulting from utility rule violations.		Safety Oversight
12	Number of gas-related injuries or fatalities resulting from utility rule violations.		Safety Oversight

13	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Electric		Ratemaking
14	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Gas		Ratemaking
15	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Water & Wastewater		Ratemaking
16	Number of events attended by the PSC for the purpose of promoting energy and water conservation.		Conservation
17	Percent of jurisdictional water companies utilizing water conservation rates and/or structures.		Conservation
18	Percent of utility energy efficiency programs evaluated annually for program effectiveness.		Conservation
19	Percent of consumer complaints closed in 60 days.		Consumer Protection and Assistance
20	Percent of consumer complaints closed through the informal resolution process, without a Commission hearing.		Consumer Protection and Assistance
21	Percent of interconnection agreements processed within 100 days		Competitive Market Oversight

Office of Policy and Budget – July 2020

**FLORIDA PUBLIC SERVICE  
COMMISSION**

**LRPP EXHIBIT VI**

**AGENCY-LEVEL UNIT  
COST SUMMARY**







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SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

-----  
AUDIT #1: THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

-----  
AUDIT #2: THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT: (NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

-----  
AUDIT #3: THE ACTIVITIES LISTED IN AUDIT #3 DO NOT HAVE AN ASSOCIATED OUTPUT STANDARD. IN ADDITION, THE ACTIVITIES WERE NOT IDENTIFIED AS A TRANSFER-STATE AGENCIES, AS AID TO LOCAL GOVERNMENTS, OR A PAYMENT OF PENSIONS, BENEFITS AND CLAIMS (ACT0430). ACTIVITIES LISTED HERE SHOULD REPRESENT TRANSFERS/PASS THROUGH THAT ARE NOT REPRESENTED BY THOSE ABOVE OR ADMINISTRATIVE COSTS THAT ARE UNIQUE TO THE AGENCY AND ARE NOT APPROPRIATE TO BE ALLOCATED TO ALL OTHER ACTIVITIES.

\*\*\* NO ACTIVITIES FOUND \*\*\*

-----  
AUDIT #4: TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 61	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	25,922,778	
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	25,922,798	
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DIFFERENCE:	20-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

**FLORIDA PUBLIC SERVICE  
COMMISSION**

**GLOSSARY**

**TERMS AND ACRONYMS**



# Glossary

## Terms and Acronyms

**Alternative Cost Recovery** – Any recovery mechanism that is different from the base rates mechanism is alternative cost recovery. For example, utilities are permitted to annually recover certain expenses associated with construction of new nuclear generating facilities through the Capacity Cost Recovery Clause during the development of the project.

**Base Rate** – The per unit rate (e.g., per kWh for an electric utility or per therm for a gas distribution utility) charge to customers.

**Baseline Data** – Indicators of a state agency’s current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees.

**Demand-Side Management** – Energy users voluntarily lowering energy demand, thereby reducing the amount of energy that must be generated.

**ETC – Eligible Telecommunications Carrier.** A telephone company that has been designated eligible by a state public utility commission or the Federal Communications Commission to receive financial support for providing basic telephone services to qualified households and for high-cost telephone service.

**FEECA** – Florida Energy Efficiency and Conservation Act.

**FEECA Utilities** – Duke Energy Florida, LLC (DEF), Florida Power and Light Company (FPL), Florida Public Utilities Company (FPUC), Gulf Power Company (Gulf), Tampa Electric Company (TECO), Jacksonville Electric Authority (JEA) and Orlando Utilities Commission (OUC).

**FPSC** – Florida Public Service Commission.

**F.S.** – Florida Statutes.

**IOU** – Investor-Owned Utility.

**kWh** – Kilowatt hour.

**KW** – Kilowatt, or 1000 watts.

**MW** – Megawatt. A megawatt is the equivalent of 1000 kilowatts.

**North American Numbering Plan (NANP)** – NANP is a telephone numbering system originally developed by American Telephone and Telegraph (AT&T) in 1947 to make long distance direct dialing easier for customers. Each telephone number consists of ten digits: an area code and a seven digit local number.

**NRC** – Nuclear Regulatory Commission.

**Rate Base** – The value of utility assets, less depreciation, upon which a utility earns a rate of return.

**Reliability** – The extent to which the measuring procedure yields the same results on repeated trials, and data are complete and sufficiently error-free for the intended use.

**Renewable Energy** – Energy from a source that is not depleted when used, such as wind or solar power.

**Standard** – The level of performance to an outcome or output.

**Validity** – The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

**Voice over Internet Protocol (VoIP)** – A technology that transmits a telephone call over a data network such as the public internet.

**Watt** – A unit of power.