LONG RANGE PROGRAM PLAN

FLORIDA
PUBLIC
SERVICE
COMMISSION

FISCAL YEAR
2023-24
THROUGH
2027-28

SEPTEMBER 30, 2022

COMMISSIONERS:
ANDREW GILES FAY, CHAIRMAN
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

STATE OF FLORIDA

CAPITAL CIRCLE OFFICE CENTER
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Public Service Commission

LONG RANGE PROGRAM PLAN

September 30, 2022

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

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

John Shettle, Interim 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 2023-24 through Fiscal Year 2027-28. 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,

Braulio L. Baez
Executive Director

BLB:mav

FLORIDA
PUBLIC SERVICE COMMISSION

LONG RANGE PROGRAM PLAN
FY 2023-24 through 2027-28

S E P T E M B E R 3 0, 2 0 2 2

AGENCY MISSION

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

Public Service Commission
Long Range Program Plan FY 2023-24 through 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
417 (electric)	≤500	≤500	≤500	≤500	≤500
0 (gas)	≤10	≤10	≤10	≤10	≤10
43 (water)	≤50	≤50	≤50	≤50	≤50

Public Service Commission
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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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
0	0	0	0	0	0

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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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
USA 12.2 FL 11.38	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (Gas)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
USA 11.6 FL 11.31	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (W&W)	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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%

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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
100%	100%	100%	100%	100%	100%

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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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
99%	90%	90%	90%	90%	90%

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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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
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 69.2 percent in 2021. 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 solar energy resources.

Renewable Generation

Another priority of the FPSC is to increase the use of cost-effective renewable energy. Currently there are approximately 6,156 megawatts (MW) of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 5,517 MW, are solar, biomass, or municipal solid waste (MSW). Over the next 10 years, the utilities project an increase of approximately 15,055 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 2021 to 1,177 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.

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 planned to build 1,490 MW of utility scale solar projects. On December 2, 2021, the Commission approved an expansion to FPL's SolarTogether program as a part of FPL's rate case settlement. This expansion includes an additional 1,788 MW through 2025, bringing the total capacity of SolarTogether to 3,278 MW.

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 was under appeal but has been remanded back to the FPSC by the Supreme Court. On September 8, 2022, the FPSC voted to issue a revised order explaining its reasoning and conclusions.

On December 2, 2021, the FPSC approved FPL's Solar Power Facilities pilot program as part of the FPL rate case settlement. The program allows commercial and industrial customers on a metered rate to elect to have FPL install and maintain a solar facility on their site for a monthly tariff charge. All project costs will be recovered from participants of this pilot.

The Commission has approved cost recovery for approximately 2,500 MW of solar facilities for FPL, DEF, and TECO under Solar Base Rate Adjustment (SoBRA) mechanisms included in each company's respective 2016 and 2017 rate case settlements. During 2021, the Commission approved several rate case settlement agreements that included both SoBRAs and Generation Base Rate Adjustment (GBRA) mechanisms for additional solar generation. The FPL rate case settlement included a SoBRA mechanism for up to 1,788 MW. The TECO rate case settlement featured two GBRAs that include an additional 373.5 MW of solar facilities.

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.

In 2020, the FPSC initiated a review of Rule 25-17.0021, F.A.C., Goals for Electric Utilities. Staff held two rule development workshops in 2021, and participants included utility representatives, the Office of Public Counsel, and numerous interested public and private organizations. The Commission will address any modifications to the Rule 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

In January 2019, Gulf Power Company (Gulf) was acquired by NextEra Energy, Inc., the parent company of Florida Power & Light Company (FPL). 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 requested a return on equity (ROE) of 11.50 percent, which included a 50-basis point performance incentive adder. As part of its petition, FPL sought approval for uniform rates for the FPL and Gulf customers. The request also included a five-year transition adder applied to the former Gulf customers. As the cost to serve the former Gulf customers is greater than FPL's cost to serve, the adder gradually declines 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, and continue under a separate surcharge. The request further included a continuation and expansion of FPL's Reserve Surplus Amortization Mechanism that was previously approved in prior settlements.

As part of the administrative hearing in this docket, the Commission held twelve customer service hearings over a two-week period in June and July, 2021. Testimony was taken from over 370 customers and public officials with respect to the rates and service provided by the companies.

A technical hearing on FPL's request was scheduled for August 16-27. On August 10, 2021, FPL, the Office of Public Counsel (OPC), Florida Retail Federation (FRF), Florida Industrial Power Users Group (FIPUG), and Southern Alliance for Clean Energy (SACE) filed a Joint Motion for Approval of Stipulation and Settlement Agreement (2021 Settlement). On August 12, 2021, the hearing scheduled to commence on August 16 was continued until Wednesday, August 18, 2021, to allow FPL and Gulf to appropriately respond to service issues associated with Tropical Storm Fred's landfall in its Panhandle service area. At the August 18, 2021 hearing, a new hearing date of September 20-22, 2021, for the rate case and the 2021 Settlement was set.

As filed, the 2021 Settlement provides for: 1) a 2022 revenue increase of $692 million; 2) a 2023 revenue increase of $560 million; 3) 2024 and 2025 SoBRA revenue increases; 4) uniform rates for all customers throughout the former FPL and Gulf service areas; 5) an ROE midpoint of 10.60 percent with a range of 9.70 to 11.70 percent; 6) a 20-basis point trigger mechanism in the event of a specified rise in the 30-year US Treasury bond interest rate; 7) an adjustment for any federal or state income tax reform; 8) continuance of FPL's Asset Optimization Program with certain modifications; 9) cost recovery for storm damage caused by named storms; and 10) numerous EV and Other Programs and/or Pilots. The 2021 Agreement prohibits FPL from engaging in new natural gas financial hedging contracts.

The final hearing on FPL's base rate increase petition, as well as the 2021 Settlement, was held on September 20, 2021. At the October 26, 2021 Special Agenda, the Commission approved the 2021 Settlement. The 2021 Settlement is in effect from January 1, 2022, through December 31, 2026, or when FPL's base rates are next reset in a general base rate proceeding. FPL, however, may unilaterally extend the term of the 2021 Settlement by one additional year.

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. In late December 2020, TECO also filed its depreciation and dismantlement studies. On April 22, 2021, the Commission consolidated the rate case docket with the depreciation docket. On August 6, 2021, TECO filed a Motion to Suspend Procedural Schedule and Approve 2021 Stipulation and Settlement (2021 Settlement) that had been signed by all parties to the consolidated dockets. The terms of the 2021 Settlement included a $123 million increase beginning January 2022, a $90 million GBRA effective in January 2023, and a $21 million GBRA effective in January 2024. The GBRAs were designed to collect the revenue requirements of TECO's Big Bend Modernization Project and future solar projects. In addition, the 2021 Settlement contains a new mechanism (the Clean Energy Transition Mechanism, or CETM) designed to allow recovery of costs of the undepreciated net book value of specific major assets recently retired or projected to be retired through 2023 (primarily, Big Bend Units 1, 2, and 3, Automated Meter Reading assets) and deficiencies in dismantlement reserves. The CETM, designed to be a cost recovery mechanism separate from base rates, represents an annual revenue recovery amount of $69 million effective January 2022. TECO's Settlement ROE is 9.95 percent (midpoint), with a range of 9.00 percent to 11.00 percent. In addition, the ROE is subject to a trigger mechanism, wherein a one-time increase allowed under conditions tied to a rise in the interest rate on the 30 year U.S. Treasury Bond would yield a potential revenue requirement increase of up to 25 basis points to the ROE midpoint and range, with the revenue requirement amount ($10 million) reduced to the extent that the increase causes adjusted earning to exceed the range midpoint. The depreciation rates filed as part of the 2021 Settlement would go into effect January 2022, and remain in effect until no earlier than the end of the term of the Settlement (December 31, 2024).

The Commission held a hearing on the 2021 Settlement on October 21, 2021, and approved the Settlement in a bench decision. On July 1, 2022, TECO filed its petition to activate the Settlement's ROE trigger mechanism based on increases witnessed in the interest rate on 30 year U.S. Treasury Bonds, seeking an increase in revenue requirement of $10 million with an associated increase in base rates. A hearing to resolve the issues raised in the petition was held on August 16, 2022, at which the Commission made a bench decision to approve the petition.

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 obtained a Combined Operating License from the Nuclear Regulatory Commission in 2018 for two new generating units to be located at the Turkey Point Generating Station.

Storm Restoration Cost Recovery

Florida IOUs under the Commission's jurisdiction have incurred restoration 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 third quarter of 2021, the Commission approved an interim storm surcharge associated with Hurricanes Eta and Isaias for DEF. In the fourth quarter of 2021, the Commission approved a settlement agreement related to rate mitigation for DEF, which eliminated the storm surcharge associated with Hurricanes Eta and Isaias and allowed DEF to charge the remaining uncollected costs associated with those storms to DEF's storm reserve while reserving the right to collect the remainder of the unrecovered storm cost balance.

The docket opened to address storm costs related to Hurricane Sally and Tropical Storm Zeta for Gulf Power Company was combined with dockets opened to address final storm restoration costs from Hurricanes Isaias and Eta for FPL. A hearing was held on July 7, 2022. A final decision on these matters is scheduled for the Commission Agenda Conference on November 1, 2022.

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 April 2022, DEF, FPL, and TECO each filed updated SPPs for Commission approval. The initial SPPs were filed in 2020 and approved through individual settlement agreements. Additionally, FPUC filed its first SPP for Commission approval in April 2022. All four IOUs also filed petitions to recover implementation costs through the SPPCRC, which the Commission is scheduled to make a final decision on by the end of the year.

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 12/31/21)	Total Remaining CIP Mileage (as of 12/31/21)	Total Mileage Replaced (as of 12/31/21)
Chesapeake Utilities *(Central Florida Gas)	152	0	60	0	152
Pensacola Energy	469	88	328	0	229
Florida Public Utilities	197	1	20	0	178
TECO Peoples Gas	411	156	23	3	541
TOTALS	1,229	245	431	3	1,100

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

For 2022, 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 $0.40 for PGS customers, $6.33 for Florida Public Utilities customers, and $2.28 for customers of Central Florida Gas.

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.

Florida City Gas Rate Case

On May 31, 2022, Florida City Gas (FCG) filed a petition seeking the Commission's approval of a rate increase and associated depreciation rates. FCG requested an increase of $29.0 million in additional annual revenues. Of that amount, $5.7 million is associated with the reclassification of FCG's Safety, Access, and Facility Enhancement program revenues from surcharge to base rates, and $3.8 million is related to the revenue requirements for the previously approved Liquefied Natural Gas Facility. FCG's petition stated that the remaining $19.4 million is necessary for the Company to earn a fair rate of return on its investment and to adopt its requested reserve surplus amortization mechanism. FCG did not request interim rate relief in this proceeding. The Commission scheduled a technical hearing for December 12-16, 2022, to address FCG's petition.

Florida Public Utilities Company

On May 24, 2022, Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company-Fort Meade, and Florida Public Utilities Company-Indiantown Division (collectively FPUC or Company) filed a petition seeking Commission approval to increase rates and charges and to consolidate the four natural gas utilities into one utility operating under the name Florida Public Utilities Company.

In 2009, Chesapeake Utilities Corporation, a Delaware corporation, which owned and operated the Florida Division of Chesapeake Utilities Corporation, acquired Florida

Public Utilities Company's electric and gas divisions. In 2010, Florida Public Utilities Company acquired Indiantown Gas Company and in 2013 the natural gas assets of Fort Meade, a municipal utility. Since the acquisitions, these companies operate as Florida Public Utilities Company-Indiantown Division and Florida Public Utilities Company-Fort Meade.

In its petition, the Company requested an increase of $43.8 million in additional annual revenues. Of that amount, $19.8 million is associated with moving the Company's current investment in the Commission-approved Gas Reliability Infrastructure Program (GRIP), which is being recovered through a separate surcharge on customers' bills, into base rates. The remaining $24 million, according to FPUC, is necessary for the Company to earn a fair return on its investment and a requested return on equity of 11.25 percent. The Company based its request on a 13-month average rate base of $454.9 million for the projected test year January through December 2023. The requested overall rate of return is 6.43 percent.

The Company stated that the key drivers for the proposed rate increase are: capital investments to expand service, technology and safety investments, increased insurance premiums, and an increase in cost of materials and labor as a result of high inflation. As part of the petition, the Company filed a new 2023 depreciation study, a cost recovery environmental surcharge, revisions to its Area Expansion Program (AEP), and consolidated rate structures. The hearing has been scheduled for October 25-28, 2022.

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.

Further, in 2022, the Commission amended Rule 25-30.445, F.A.C., General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding. Specifically, the Commission increased the number of projects for which a utility can seek recovery from four to six. Increasing the number of projects can save rate case expense by avoiding the filing of two limited proceedings. Moreover, it could potentially encourage utilities to take advantage of a limited proceeding and possibly extend the time between file and suspend rate cases.

During the fiscal year 2021-2022, the FPSC processed two petitions for rate relief. The two petitions were staff-assisted rate cases. The Commission is currently processing eight staff-assisted rate cases, one file and suspend rate case, and one limited proceeding.

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 other 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, 2022, 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 reformed 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 a FPSC database with customer information. This information is provided to ETCs selected by the customer so that they may direct their customers 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 October 2021, the North American Numbering Plan Administrator (NANPA) filed a notice with the FPSC noting the expected exhaust of numbers for the 561 area code. The industry recommendation filed by NANPA advocated overlaying a new area code in the existing 561 area. 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, 728, will be activated in March 2023. NANPA filed two similar notices in December 2021 and February 2022, identifying the expected exhaust of numbers for the 305/786 and 904 area codes, respectively. In both cases, NANPA recommended an overlay, which was approved by the Commission. The new area code, 645, will be activated in the 305/786 area in August 2023. The new 324 area code overlay for the 904 area is expected to be implemented in the third quarter of 2024.

Pole Attachments and Inspections

On June 29, 2021, the Florida Legislature amended Section 366.04, F.S., granting the FPSC jurisdiction to regulate pole attachments in Florida, along with safety requirements for certain poles owned by communications services providers. Section 366.04(8), F.S., requires the FPSC to hear and resolve complaints concerning rates, charges, terms, conditions, voluntary agreements, or any denial of access regarding attachments to joint-use poles owned by either a public utility or a communications services provider. The FCC has jurisdiction over pole attachments unless a state certifies that it regulates pole attachments, through what is known as reverse preemption. The FPSC adopted a procedural rule, Rule 25-18.010, F.A.C., on May 20, 2022, and it became effective on June 8, 2022. The rule addresses procedures for filing and responding to pole attachment complaints, as well as deadlines for final FPSC action on such complaints. On June 13, 2022, the FCC acknowledged that the FPSC now regulates pole attachements in Florida.

Section 366.04(9), F.S., requires the FPSC to regulate the safety, vegetation management, repair, replacement, maintenance, relocation, emergency response, and storm restoration requirements for poles owned by communications services providers that have electrical facilities attached. The FPSC adopted Rule 25-18.020, F.A.C. on April 12, 2022, and it became effective on May 1, 2022. The rule addresses mandatory pole inspections, including repair or replacement, vegetation management requirements, and monetary penalties for failure to comply with the rule.

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.

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

<u>LRPP EXHIBIT II</u>

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 2022-23	Approved Prior Year Standard FY 2021-22	Prior Year Actual FY 2021-22	Approved Standards For FY 2022-23	Requested Standards FY 2023-24
1	Percent of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): composite	CPI + 1	5.59%	CPI + 1	CPI + 1
2	Percent of utilities achieving within range and over range of last authorized ROE: Electric	100% / 0%	75% / 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%	2% / 8%	10% / 5%	10% / 5%
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues	120	189	120	120
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)	≥15%	25.60%	≥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%	83%	80%	80%
8	Number of outage related customer complaints. (Electric)	≤500	242	≤500	≤500
9	Number of outage related customer complaints. (Gas)	≤10	0	≤10	≤10
10	Number of outage related customer complaints. (Water & Wastewater	≤50	27	≤50	≤50
11	Number of electric-related injuries or fatalities resulting from utility rule violations	0	0	0	0

	Approved Performance Measure FY 2022-23	Approved Prior Year Standard FY 2021-22	Prior Year Actual FY 2021-22	Approved Standards For FY 2022-23	Requested Standards FY 2023-24
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	10.36%	USA +/- 1	USA +/- 1
14	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Gas	USA +/- 1	10.12%	USA +/- 1	USA +/- 1
15	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Water & Wastewater	USA +/- 1	9.97%	USA +/- 1	USA +/- 1
16	Number of events attended by the PSC for the purpose of promoting energy and water conservation	30	22	30	30
17	Percent of jurisdictional water companies utilizing water conservation rates and/or structures	40%	48%	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%	86.09%	85%	85%
20	Percent of consumer complaints closed through the informal resolution process, without a Commission hearing	90%	99.84%	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: <u>Florida Public Service Commission</u>
Program: <u>Utility Regulation / Consumer Assistance</u>
Service/Budget Entity: <u>Utility Regulation</u>
Measure: Measure No. 2 – <u>Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROR: Electric</u>

Action:
☒ Performance Assessment of <u>Outcome</u> Measure
☐ Revision of Measure
☐ Performance Assessment of <u>Output</u> Measure
☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%/0%	75%/0%	25%/0%	25%/0%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors
☐ Staff Capacity
☐ Competing Priorities
☐ Level of Training
☐ Previous Estimate Incorrect
☐ Other (Identify)

Explanation:
External Factors (check all that apply):
☐ Resources Unavailable
☐ Technological Problems
☐ Legal/Legislative Change
☐ Natural Disaster
☐ Target Population Change
☒ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission

Explanation: Of the five electric utilities, one utility earned below its authorized range. Companies that are under earning are responsible for filing petitions for rate relief.

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training
☐ Technology
☐ Personnel
☐ Other (Identify)

Recommendations:

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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 ROR: Gas

Action:
- ☒ Performance Assessment of Outcome Measure
- ☐ Performance Assessment of Output Measure
- ☐ Adjustment of GAA Performance Standards
- ☐ Revision of Measure
- ☐ Deletion of Measure

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):
- ☐ Personnel Factors
- ☐ Competing Priorities
- ☐ Previous Estimate Incorrect
- ☐ Staff Capacity
- ☐ Level of Training
- ☐ Other (Identify)

Explanation:
External Factors (check all that apply):
- ☐ Resources Unavailable
- ☐ Legal/Legislative Change
- ☐ Target Population Change
- ☐ This Program/Service Cannot Fix the Problem
- ☐ Current Laws Are Working Against the Agency Mission
- ☐ Technological Problems
- ☐ Natural Disaster
- ☒ Other (Identify)

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. Of the seven gas utilities under earning, five currently have rate proceedings pending before the Commission.

Management Efforts to Address Differences/Problems (check all that apply):
- ☐ Training
- ☐ Personnel
- ☐ Technology
- ☐ 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 ROR: 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%	2%/8%	8%/3%	80%/60%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors
☐ Staff Capacity
☐ Competing Priorities
☐ Level of Training
☐ Previous Estimate Incorrect
☐ Other (Identify)

Explanation:

External Factors (check all that apply):
☐ Resources Unavailable
☐ Technological Problems
☐ Legal/Legislative Change
☐ Natural Disaster
☐ Target Population Change
☒ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission

Explanation: Of the filed and reviewed annual reports, two companies earned within their authorized range and eight earned above their authorized range. Companies that are under earning are responsible for filing petitions for rate relief. 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. Staff is further analyzing the companies that reported over earnings to determine the appropriate course of action.

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training
☐ Technology
☐ Personnel
☐ Other (Identify)

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Conservation
Service/Budget Entity: Utility Regulation
Measure: #16 - Number of events attended by the PSC for the purpose of promoting energy and water conservation

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
30	22	-8	-26%

Factors Accounting for the Difference:
Internal Factors (check all that apply):

- ☐ Personnel Factors
- ☐ Competing Priorities
- ☐ Previous Estimate Incorrect
- ☐ Staff Capacity
- ☐ Level of Training
- ☒ Other (Identify)/**Covid-19**

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. Prior to the COVID-19 pandemic, we regularly exceeded the associated LRPP Measure #16. Due to ongoing COVID-19 restrictions, in early FY 2021-2022 community groups we normally visit were still not meeting, and many centers have yet to resume their pre-pandemic schedules. When possible, we've organized some in-person outreach events, and we've met virtually for "train-the-trainer" outreach events. Most FPSC service hearings and all customer meetings continued to be held virtually; therefore, there were no one-on-one educational opportunities with consumers as there are under normal circumstances. The FPSC held one in-person service hearing in the reporting period.

External Factors (check all that apply):

- ☐ Resources Unavailable
- ☐ Legal/Legislative Change
- ☐ Target Population Change
- ☐ Technological Problems
- ☐ Natural Disaster
- ☒ Other (Identify)/**Covid-19**
- ☐ This Program/Service Cannot Fix the Problem
- ☐ Current Laws Are Working Against the Agency Mission

Explanation: As the pandemic continued during the beginning of the reporting period, and with some groups still restricting on-site events in the latter reporting period, many of the target FPSC outreach partners have not fully resumed their operational hours and are still not yet facilitating public events.

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

- ☐ Training
- ☐ Personnel
- ☐ Technology
- ☒ Other (Identify)/**Restrictions Eased**

Recommendations: The FPSC's outreach will likely resume more fully in FY 2022-2023 when travel opportunities become more available and with the expanded use of virtual meetings. The number of outreach events and FPSC service hearings and customer meetings will depend on management's ability to schedule external meetings and events.

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LRPP EXHIBIT IV

PERFORMANCE MEASURE VALIDITY AND RELIABILITY

FPSC IS NOT REQUESTING CHANGES IN STANDARDS FOR THE 2023-24 THROUGH 2027-28 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

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LRPP EXHIBIT VI

AGENCY-LEVEL UNIT COST SUMMARY

PUBLIC SERVICE COMMISSION	FISCAL YEAR 2021-22				
SECTION I: BUDGET	OPERATING				FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			27,850,696		0
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			160,078		0
FINAL BUDGET FOR AGENCY			28,010,774		0

SECTION II: ACTIVITIES * MEASURES	Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)				0
Ratemaking * **Utility companies for which rates or earnings were reviewed/adjusted**	15	787,219.93	11,808,299	
Competitive Market Oversight * **Proceedings to evaluate or resolve retail and wholesale competitive issues**	223	15,913.78	3,548,774	
Consumer Protection And Assistance * **Utility consumer inquiries, complaints, and information requests closed**	3,581	1,068.18	3,825,148	
Reliability * **Review of 10 year site plans and other reports to ensure reliable provision of electric, gas and water/wastewater services**	303	8,999.40	2,726,817	
Safety Oversight * **Safety inspections performed**	2	1,057,343.00	2,114,686	
Conservation * **Conservation programs reviewed and conservation proceedings undertaken**	240	2,582.74	619,856	
TOTAL			24,643,580	

SECTION III: RECONCILIATION TO BUDGET		
PASS THROUGHS		
TRANSFER - STATE AGENCIES		
AID TO LOCAL GOVERNMENTS		
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS		
OTHER		
REVERSIONS	3,362,038	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)	28,005,618	

SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.
(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.
(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.
(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

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 THROUGHS 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):	28,010,774	
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	28,005,618	
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DIFFERENCE:	5,156	
(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.