

LONG RANGE



FLORIDA PUBLIC SERVICE COMMISSION

FISCAL YEAR

2024-25

THROUGH

2028-29

SEPTEMBER 30, 2023

PROGRAM PLAN

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

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

LONG RANGE PROGRAM PLAN

September 29, 2023

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

J. 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 2024-25 through Fiscal Year 2028-29. 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 blue ink, appearing to read "Braulio L. Baez".

Braulio L. Baez
Executive Director

BLB:mav

FLORIDA PUBLIC SERVICE COMMISSION



LONG RANGE PROGRAM PLAN FY 2024-25 through 2028-29

SEPTEMBER 29, 2023

AGENCY MISSION

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

**Public Service Commission
Long Range Program Plan FY 2024-25 through 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25 through 2028-29
 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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
0	0	0	0	0	0

**Public Service Commission
Long Range Program Plan FY 2024-25 through 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
USA 12.2 FL 11.38	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (Gas)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
USA 11.6 FL 11.31	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (W&W)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25 through 2028-29
Goals and Objectives
in Priority Order**

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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
100%	100%	100%	100%	100%	100%

**Public Service Commission
 Long Range Program Plan FY 2024-25 through 2028-29
 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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
99%	90%	90%	90%	90%	90%

**Public Service Commission
 Long Range Program Plan FY 2024-25 through 2028-29
 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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
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 69.5 percent in 2022. 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 7,584 megawatts (MW) of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 6,085 MW, are solar, biomass, or municipal solid waste (MSW). Over the next 10 years, the utilities project an increase of approximately 15,894 MW of new renewable facilities. All of the projected capacity additions are solar facilities.

The Commission has approved cost recovery for approximately 2,500 MW of solar facilities for Florida Power & Light Company (FPL), Duke Energy Florida (DEF), and Tampa Electric Company (TECO) under Solar Base Rate Adjustment (SoBRA)

mechanisms included in each company's respective 2016 and 2017 rate case settlement agreements. During 2021, the Commission approved 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 GBRA mechanisms that include an additional 373.5 MW of 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 2022 to 1,780 MW, up from a capacity of 2.4 MW in 2006. The majority of customer-owned renewable facilities installed are small solar photovoltaic (PV) systems.

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 also approved numerous voluntary programs that allow customers to participate in utility solar projects. These include several programs where customers can pay for a portion of the solar facility and receive credits based off of the solar facility, including FPL's SolarTogether program with a total of 3,278 MW and DEF's Clean Energy Connection program, with 750 MW. 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. TECO offers a similar program, the Shared Solar Tariff, in which customers pay a fixed tariff charge for solar energy instead of the normal fuel charge. On May 31, 2023, TECO requested modifications to the Shared Solar Tariff, including a reduction in the charge and expansion of available capacity. The Commission will address these modifications in a future proceeding.

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 2023, the FPSC approved a revision of Rule 25-17.0021, F.A.C., Goals for Electric Utilities. The revised Rule specifies that DSM goals are based on potential DSM programs, and requires each FEECA Utility to submit at least two scenarios to the Commission for review.

Rate Cases

Duke Energy Florida, LLC.

The Commission most recently approved new base rates for DEF on June 4, 2021, by approving its proposed 2021 Settlement Agreement (Settlement Agreement). The Settlement Agreement was signed and executed by DEF, Office of Public Counsel, and major customer groups, including Florida Industrial Power Users Group, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate, and Nucor Steel Florida, Inc.

The Settlement Agreement provides DEF with multi-year increases to base rates from 2022 through 2024, which total \$195.378 million. The Settlement Agreement contained provisions authorizing three new EV programs and provisions to allow adjustments to base rates if Tax Reform is enacted during the term, among other matters.

Florida Power & Light Company and Gulf Power 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 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 included a five-year transition adder applied to the former Gulf customers.

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).

As filed, the 2021 Settlement provided 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 may unilaterally extend the term of the 2021 Settlement by one additional year. On December 27, 2021 and January 3, 2022, two non-signatories to the Settlement filed written notices of appeal with the Florida Supreme Court. The two appeals were consolidated on March 1, 2022. Oral arguments were heard by the Court on February 8, 2023. The Court has not yet ruled on the appeal.

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 August 31, 2020, FPUC and OPC filed a Joint Motion for Approval of Stipulation and Settlement, addressing all matters contained in FPUC's outstanding dockets. 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.

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. In addition, the 2021 Settlement contains a new mechanism (the Clean Energy Transition Mechanism) 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, representing an annual recovery amount of \$69 million. TECO's Settlement ROE is 9.95 percent (midpoint), with a range of 9.00 percent to 11.00 percent, and subject to a trigger mechanism allowing a one-time 25 basis-point increase in the event of a threshold increase in the interest rate on the 30 year U.S. Treasury Bond. The depreciation rates filed as part of the 2021 Settlement became effective 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. The petition was approved post hearing in a bench decision on August 16, 2022, thereby allowing a \$10 million increase in base rates.

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.

During 2022, the dockets opened to address storm costs related to Hurricane Sally and Tropical Storm Zeta for Gulf were combined with the docket opened to address final storm restoration costs from Hurricanes Isaias and Eta for FPL. The Commission held a hearing in July 2022, to address the combined dockets. In November 2022, the Commission approved storm surcharges for Gulf's incurred costs for Hurricane Sally and Tropical Zeta, as well the costs FPL recovered through base O&M expense for Hurricanes Isaias and Eta.

In the first quarter of 2023, the Commission approved interim storm restoration recovery charges for FPL, TECO, and DEF to recover costs associated with named storms and to replenish each utility's storm reserve fund. The Commission granted FPL preliminary approval for the recovery of \$1.5 billion in interim storm restoration recovery for costs associated with Hurricanes Ian and Nicole, as well as the remaining costs from Hurricanes Michael, Sally, and Zeta. The Commission granted TECO preliminary approval for the recovery of \$131.0 million in interim storm restoration recovery for costs associated with Hurricanes Dorian, Elsa, Ian, Nicole, and Tropical Storms Alberto, Nestor, and Eta. The Commission granted DEF preliminary approval for the recovery of \$442.1 million in interim storm restoration recovery for costs associated with Hurricanes Elsa, Eta, Ian, Isaias, and Nicole, and Tropical Storm Fred. The interim surcharges are subject to refund, with interest, pending further review once the total actual storm restoration costs are filed. The Companies are expected to file the actual costs in the fourth quarter of 2023.

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. The Commission held a technical hearing on August 2-4, 2022, to address all four dockets. On October 4, 2022, the Commission voted to approve the plans with modifications. The utilities filed their modified SPPs on November 14 and 15, 2022, as required. However, the Commission's Orders approving the plans with modifications were appealed. The Florida Supreme Court's decision on this matter is forthcoming. All four IOUs have filed petitions to recover implementation costs through the SPPCRC after receiving Commission approval of their respective SPP. The Commission is scheduled to make a final decision on each IOU's SPPCRC petition 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 1,100 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 12/31/22)	Total Remaining CIP Mileage (as of 12/31/22)	Total Mileage Replaced (as of 12/31/22)
Chesapeake Utilities *(Central Florida Gas)	152	0	0	0	152
Pensacola Energy	469	88	326	0	231
Florida Public Utilities	197	1	0	0	198
TECO Peoples Gas	411	156	15	1	551
TOTALS	1,229	245	341	1	1,132

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

For 2023, 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 \$0.62 for PGS customers, \$0.43 for Florida Public Utilities customers, and \$0.39 for customers of Central Florida Gas.

Peoples Gas System Rate Case

On April 4, 2023, PGS filed a request for an annual base rate increase of \$139.3 million. Of that amount, the Company requested to transfer into rate base its \$11.7 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 \$127.6 million, according to PGS, is necessary for the utility to earn its requested ROE of 11.00 percent. PGS referenced several factors as reasons for the rate increase, including customer growth, a request to incur and recover economic development expenses, a state tax rate increase, an Advanced Metering Infrastructure pilot, and a request to increase its Annual Storm Accrual. The Commission scheduled a technical hearing for August 29 - September 1, 2023, to address PGS's petition.

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 (SAFE) program revenues from surcharge to base rates, and \$3.8 million is related to the revenue requirements for the previously approved Liquefied Natural Gas (LNG) 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 (RSAM). FCG did not request interim rate relief in this proceeding.

The Commission held virtual (September 14-15, 2022) and in-person (September 20-21, 2022) service hearings, as well as a technical hearing on December 12-16, 2022. A Special Commission Conference was held on March 2, 2023, to address FCG's petition and the subsequent Rates Agenda was held on April 25, 2023. The Commission's Final Order for this docket was issued June 9, 2023, which granted an increase of \$23.0 million to FCG's annual revenues. Of that amount, \$14.1 million is associated with the transfer of SAFE investments and the LNG Facility. Additionally, the Commission also approved FCG's requested RSAM along with its Reserve Surplus of \$25.0 million.

On June 23, 2023, OPC filed a Motion for Reconsideration of the Commission's Final Order and requested oral argument. FCG responded to OPC's motion and also requested oral argument on June 30, 2023. In addition, OPC filed an Administrative Appeal with the Supreme Court of Florida on July 7, 2023. OPC is opposed to the Commission's approval of FCG's RSAM and associated RSAM-adjusted depreciation parameters. These matters are still pending before both the Commission and Florida Supreme Court.

Florida Public Utilities Company Rate Case

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 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 also requested an interim rate increase of \$7.13 million. By Order No. PSC-2022-0308-PCO-GU, issued August 19, 2022, the Commission approved interim rates. OPC and FIPUG intervened in this proceeding.

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. An administrative hearing was held from October 25 through 26, 2022, at which the Commission approved several stipulated issues. Special Agenda Conferences were held on January 24 and February 21, 2023, to address the litigated issues. At the January 24, 2023 Special Agenda Conference, the Commission approved an increase to operating revenues of \$36.9 million. Of that amount, \$19.8 million was associated with moving into base rates the Company's current investment in the Commission-approved Gas Reliability Infrastructure Program (GRIP), which was being recovered through a separate surcharge on customers' bills. Additionally, a ten-year Environmental Cost Recovery Surcharge to recover environmental remediation costs related to FPUC and Chesapeake's three former manufactured gas plant sites in West Palm Beach, Key West, and Winter Haven was approved. At the February 21, 2023 Special Commission Conference, the Commission approved the customer charges and per therm distribution charges effective March 1, 2023.

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 \$335,000 or less.

Further, in the 2022-2023 fiscal year, the Commission initiated rule making to address acquisition adjustments. Acquisition adjustments occur when a utility is purchased at a price above or below net book value and the Commission approves an amount other than net book value for ratemaking purposes. Workshops were held on February 1, 2023 and April 13, 2023. The rule development process is ongoing and is expected to be completed by year end 2023.

During the fiscal year 2022-2023, the FPSC processed nine petitions for rate relief. One petition was a file and suspend case, two petitions were limited alternative rate increases, and six petitions were staff-assisted rate cases. The Commission is currently processing one staff-assisted rate case and three file and suspend rate case.

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, 2024, support for voice-only service will be phased out completely.

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 February 2022, the North American Numbering Plan Administrator (NANPA) filed a notice with the FPSC identifying the expected exhaust of numbers for the 904 area code. The industry recommendation filed by NANPA advocated overlaying a new area code in the existing 904 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, 324, will be activated in February 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 attachments 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 has undergone significant technological change since 1995. While Time Division Multiplexing (TDM) was once the dominant telecommunications technology, it has now been 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 ten 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**

LRPP EXHIBIT II

**PERFORMANCE MEASURES
AND
STANDARDS**

LRPP Exhibit II - Performance Measures and Standards

Department: Florida Public Service Commission	Department No.: 61000000
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Program: Utilities Regulation/Consumer Assistance	Code: 1205.00.00.00
Service/Budget Entity: Utility Regulation	Code: 61030100

NOTE: Approved primary service outcomes must be listed first.

	Approved Performance Measures for FY 2023-24	Approved Prior Year Standard FY 2022-23	Prior Year Actual FY 2022-23	Approved Standards for FY 2023-24	Requested FY 2024-25 Standard
1	Percent of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): composite	CPI + 1	16.15%	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%	10% / 5%	10% / 5%	10% / 5%
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues	120	138	120	120
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)	≥15%	24.4%	≥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%	88%	80%	80%
8	Number of outage related customer complaints. (Electric)	≤500	341	≤500	≤500
9	Number of outage related customer complaints. (Gas)	≤10	2	≤10	≤10

10	Number of outage related customer complaints. (Water & Wastewater)	≤50	8	≤50	≤50
11	Number of electric-related injuries or fatalities resulting from utility rule violations	0	0	0	0
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	10.58%	USA +/- 1	USA +/- 1
14	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Gas	USA +/- 1	10.11%	USA +/- 1	USA +/- 1
15	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Water & Wastewater	USA +/- 1	9.83%	USA +/- 1	USA +/- 1
16	Number of events attended by the PSC for the purpose of promoting energy and water conservation	30	48	30	30
17	Percent of jurisdictional water companies utilizing water conservation rates and/or structures	40%	53%	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%	88.41%	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%	95%	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: #1 – Percent of annual utility increase for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): composite

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
(CPI + 1) + 9.00%	16.15%	7.15%	79.44%

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) |

Explanation:

Internal agency actions were driven by external factors. See explanation below.

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:

Increases in utility bills during the 2022-2023 reporting period were primarily due to increases in base rates and fuel cost recovery factors for three of the four investor-owned electric utilities. The base rate increases were approved by the Commission pursuant to settlement agreements that were executed by affected parties and presented to the Commission during the course of the rate case proceedings. Utilities in Florida primarily rely on natural gas to fuel power plants. Throughout 2022, natural gas prices increased and fluctuated due to global and domestic factors, resulting in increased fuel cost recovery factors. These factors have affected both the electric and natural gas industries. Furthermore, water and wastewater bills increased as well, but to a smaller degree than the electric and natural gas industries.

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

Training

Technology

Personnel

Other (Identify)

Recommendations:

No changes are recommended at this time. Utilities' rates will continue to be reviewed through the Commission's ratemaking process and actions are undertaken, when appropriate, to ensure fair, just, and reasonable rates.

Office of Policy and Budget – June 2023

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 ROR: Electric

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
100%/0%	75%/0%	25%/0%	25%/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 five electric utilities, one utility, FPUC, earned below its authorized range. FPUC recently completed a rate case and it is expected FPUC will earn its allowed return in the near future.

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:

Office of Policy and Budget – July 2022

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:

- | | |
|--|--|
| <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%/3%	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. Of the seven gas utilities under earning, five recently have had or currently have rate proceedings pending before the Commission. Consequently, it is expected these five gas utilities will be earning within their allowed earnings ranges in the near future.

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:

**FLORIDA PUBLIC SERVICE
COMMISSION**

LRPP EXHIBIT IV

**PERFORMANCE MEASURE VALIDITY
AND RELIABILITY**

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utility Regulation/Electric Safety

Service/Budget Entity: Utility Regulation/Safety

Measure: 11-Number of electric-related injuries or fatalities resulting from utility rule violations.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: Currently, data for this measure is gathered from utility incident reports and Commission staff files. Using this information, Commission staff determines the appropriate output for this measure.

Commission staff requests that the subject measure be changed to "Number of inspections performed"

The output of the requested measure considers the total number of electric safety inspections performed which is dependent on the number of work orders submitted by electric utilities.

Validity: Inspections are the primary tool by which the Commission evaluates the safety related regulatory compliance for electric utility construction. Therefore, it is Commission staff's view that the requested measure provides a valid assessment of the Commission's efforts to meet its goal of ensuring the provision of safe electric utility service to customers.

Reliability: The total number of electric inspections performed can be impacted by a number of variables outside of the control of Commission staff. Recognizing this variability, it is recommended that the initial baseline be based on the average of the previous three years (4,360). On an annual basis, considering the baseline of 4,360 inspections, the requested measure and data should provide a consistent and replicable assessment of the Commission's efforts to ensure the provision of safe electric utility service to customers.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Florida Public Service Commission

Program: Utility Regulation/Gas Safety

Service/Budget Entity: Utility Regulation/Safety

Measure: 12-Number of gas-related injuries or fatalities resulting from utility rule violations.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: Currently, data for this measure is gathered from utility incident reports and Commission staff files. Using this information, Commission staff determines the appropriate output for this measure.

Commission staff requests that the subject measure be changed to "Percentage of natural gas systems inspected."

The output of the requested measure considers the total number of natural gas systems in the state and the percentage of those systems that are inspected within a calendar year.

Validity: Annual inspections are the primary tool by which the Commission evaluates the safety related regulatory compliance for natural gas operators. Therefore, it is Commission staff's view that the requested measure provides a valid assessment of the Commission's efforts to meet its goal of ensuring the provision of safe natural gas utility service to customers.

Reliability: Commission staff strives to inspect all systems annually. Therefore, the initial baseline should be 100 percent. On an annual basis, considering the baseline of 100 percent, the requested measure and data should provide a consistent and replicable assessment of the Commission's efforts to ensure the provision of safe natural gas utility service to customers.

**FLORIDA PUBLIC SERVICE
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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 2023-24		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
	Proposed New Measure: Number of inspections performed.		Safety Oversight

12	Number of gas-related injuries or fatalities resulting from utility rule violations.		Safety Oversight
	Proposed New Measure: Number of natural gas systems inspected.		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 2023

**FLORIDA PUBLIC SERVICE
COMMISSION**

LRPP EXHIBIT VI

**AGENCY-LEVEL UNIT
COST SUMMARY**

NUCSSP03 LAS/PBS SYSTEM
BUDGET PERIOD: 2014-2025
STATE OF FLORIDA

SP 09/07/2023 09:43
SCHED XI: AGENCY-LEVEL UNIT COST SUMMARY
AUDIT REPORT PUBLIC SERVICE COMMISSION

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:

*** NO DISCREPANCIES FOUND ***

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.