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Public Service Commission

LONG RANGE PROGRAM PLAN

September 29, 2016

Cynthia Kelly, Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, Florida 32399-0001

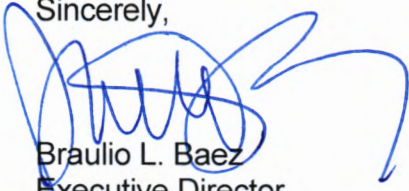
JoAnne Leznoff, Staff Director
House Appropriations Committee
221 Capitol
Tallahassee, Florida 32399-1300

Mike Hansen, 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 2017-18 through Fiscal Year 2021-22. 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

FLORIDA PUBLIC SERVICE COMMISSION



LONG RANGE PROGRAM PLAN FY 2017-18 through 2021-22

SEPTEMBER 30, 2016

AGENCY MISSION

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

**Public Service Commission
Long Range Program Plan FY 2017-18 through 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Ind. 15% FL 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 2012-13 Baseline(Actual)	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
(new)	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 2017-18	FY 2018-19	FY 2019-20	FY 2019-20	FY 2021-22
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 2017-18 through 2021-22
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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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
0	0	0	0	0	0

Public Service Commission
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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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
USA 12.2 FL 11.38	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (Gas)	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
USA 11.6 FL 11.31	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (W&W)	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18 through 2021-22
Goals and Objectives
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GOAL #4: Encourage and facilitate responsible use of resources and technology in the provision and consumption of utility services.

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

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

FY 2012-2013 Baseline (Actual)	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
100%	100%	100%	100%	100%	100%

**Public Service Commission
 Long Range Program Plan FY 2017-18 through 2021-22
 Goals and Objectives
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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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
99%	90%	90%	90%	90%	90%

**Public Service Commission
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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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
410	180	165	150	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 services provided by all investor-owned electric utilities, gas utilities, and water and wastewater utilities. The regulation of energy (electricity and natural gas) and water and wastewater investor-owned 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 regulation to the FPSC. Currently 35 of 67 counties cede regulatory authority to the FPSC. For telecommunications companies, the Commission has jurisdiction over company-to-company matters, including disputes over interconnection agreements. 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 also has oversight over pay phone services.

The FPSC exercises rate structure, electric safety, and territorial jurisdiction over municipally-owned electric utilities and rural electric cooperatives. Proper rate structure ensures that rates charged to customers of these utilities are non-discriminatory and that one class of customers does not subsidize another class. 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 in Florida. 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 and the two largest municipal electric utilities.

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 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), telecommunications, and water and wastewater. 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.

Energy 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. Recent legislative initiatives stress 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, 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 63.6 percent in 2015. Natural gas usage is expected to remain at approximately 60 percent over the next decade.

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

Renewable Generation

Another priority of the FPSC is to increase the use of cost-effective renewable energy. Currently there are approximately 1,640 MW of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 984 MW, are municipal solid waste (MSW) or biomass facilities. Over the next 10 years, the utilities project an increase of approximately 1,566 MW of new renewable facilities. More than 1,100 MW 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 power from renewable energy systems delivered to a utility. Customer-owned renewable energy systems have increased in 2015 to 107.5 MW, which is 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 investor-owned utilities have developed voluntary solar programs where ratepayers contribute to the development of supply-side projects. On August 12, 2014, the FPSC approved FPL's Voluntary Solar Program tariff. This tariff allows customers to voluntarily contribute \$9.00 per month towards the construction of PV generation located in FPL's service territory. FPL began building 300 kilowatts of this generation in January 2015 in advance of customer subscription, and anticipates building as much as 2.4 megawatts in its "high participation" scenario. On March 21, 2016, the FPSC issued an order approving Gulf Power's request to establish a voluntary solar pilot program. The program will offer all Gulf customers the opportunity to voluntarily contribute to the construction and operation of a 1 megawatt solar photovoltaic facility through annual subscriptions. The energy generated from the solar facility will be provided to all Gulf customers. In addition to the voluntary programs, utility 10-year site plans project an additional 730 MW of utility-owned solar will be developed between 2015 and 2024.

Over the next five years, the FPSC will continue to enforce existing renewable policies and explore additional policies to benefit Florida 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 and approve investor-owned utilities' 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

On January 17, 2013, FPSC staff initiated the 2014 goal-setting process with a meeting involving interested stakeholders. In July 2014, the FPSC conducted hearings to establish new goals for the FEECA utilities. Intervenors in the hearings included the Office of Public Counsel (OPC), the Florida Industrial Power Users Group (FIPUG), the Environmental Defense Fund, Walmart and Sam's Clubs of the East, and the National Association for the Advancement of Colored People.

In December 2014, the FPSC established annual numeric demand-side management (DSM) goals for all seven FEECA electric utilities for the period 2015 through 2024. The DSM goals were established for residential and commercial/industrial customers in three categories: summer peak demand; winter peak demand, and annual energy consumption.

On July 21, 2015, the DSM plans and programs submitted by utilities to achieve these goals were approved with modifications. The FPSC determined that the energy and demand savings attributable to energy audits are not measurable and monitorable. While each utility is required under the FEECA statute to perform energy audits for its customers, the utility cannot count any perceived energy reduction toward its goals. Overall, the programs included in the FEECA utilities' DSM plans were projected to meet the DSM goals established by the Commission if customer participation is realized.

Each FEECA utility provided FPSC staff its 2015 DSM program results and the true-up costs for the 2014 DSM period. Staff is currently evaluating these results. Because of the plan approval timeline for the new goal cycle, a number of the programs were implemented by the utilities in late 2015.

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 megawatts. In addition, FPL is currently seeking a Combined Operating License (COL) from the Nuclear Regulatory Commission for two new generating units to be located at the Turkey Point Generating Station. With projected in-service dates of 2027 and 2028, Turkey Point Units 6 & 7 is certified to provide approximately 2,200 MWs of emission-free baseload generation. The Commission conducts annual nuclear cost recovery hearings to examine the reasonableness of costs and the prudence of utility activities related to these projects.

Rate Cases

Gulf Power Company

On July 12, 2013, Gulf Power Company (Gulf) filed a request for an annual base rate increase of \$74.4 million and a step increase of \$16.4 million associated with transmission system upgrade projects. On November 22, 2013, a joint motion was filed by Gulf, OPC, FIPUG, the Federal Executive Agencies, Walmart Stores East, LP, and Sam's East, Inc., seeking approval of a stipulation and settlement.

The settlement provided for a \$55 million rate increase in two phases: a \$35 million increase effective January 1, 2014, and a \$20 million increase effective January 1, 2015. The parties agreed to a return on equity (ROE) of 10.25 percent, with an authorized range from 9.25 to 11.25 percent. The settlement will remain in effect until the last billing cycle in June 2017.

In August 2016, Gulf Power filed a letter notifying the Commission that it planned to file for a base rate increase in October 2016. The test year to be used in setting rates is the 12 month period ending December 31, 2017.

Duke Energy Florida, LLC.

On January 20, 2012, DEF filed a Petition for Limited Proceeding to Approve Stipulation and Settlement Agreement (DEF 2012 Stipulation). The DEF 2012 Stipulation resolved certain outstanding issues in several existing dockets, including issues related to the examination of the outage and replacement costs associated with DEF's Crystal River Unit 3 (CR3) steam generator replacement and the Nuclear Cost Recovery Clause. The DEF 2012 Stipulation, which was approved March 8, 2012, set limits on the recovery of costs associated with the proposed Levy Nuclear Project, established a fixed charge for the recovery of Levy project costs, provided a framework for the treatment of costs associated with the repair or retirement of the CR3 nuclear plant, provided for a base rate increase of \$150 million effective January 2013, and provided for refunds totaling \$288 million over the period 2013–2016.

In February 2013, DEF elected to retire CR3. On August 1, 2013, DEF filed a revised stipulation and settlement agreement (DEF 2013 Stipulation). The DEF 2013 Stipulation extended a base rate freeze from 2017 through 2018. It also addressed issues resulting from the cancellation and decommissioning of CR3, the termination of the Levy project engineering, procurement, and construction contract, as well as potential future generation issues. DEF implemented deferral accounting through the establishment of a regulatory asset to account for the capital cost amounts and revenue requirements associated with all CR3 related costs, including depreciation, operation and maintenance expenses, property taxes and a cost of capital return. On May 22, 2015, DEF filed a petition for approval to implement a base rate increase, effective with the first billing cycle of January 2016, to recover the revenue requirement associated with the CR3 regulatory asset.

On July 1, 2015, Section 366.96, Florida Statutes, became effective, allowing an electric utility to petition for approval to finance (securitize) nuclear asset recovery costs using specific bonds. On July 24, 2015, DEF petitioned the FPSC for a financing order pursuant to the new statute. The Commission issued its financing order on November 29, 2015, authorizing DEF to issue bonds to recover the CR3 regulatory asset, and setting forth requirements of the bond issuance.

The bonds, issued in June 2016, achieved the lowest average interest rate ever on rate reduction bonds, resulting in expected savings to DEF customers of approximately \$684 million. The initial charge has been set at \$2.87 based on a 1,000 kWh-per-month residential customer bill, instead of approximately \$5.00 per month that would apply under traditional utility financing.

Florida Power & Light Company

On March 19, 2012, FPL filed a petition for an annual base rate increase of \$516.5 million effective January 2013, and a step increase of \$173.9 million associated with the Cape Canaveral Modernization Project to be effective June 2013. FPL's requested base rate increases were based in part on an ROE of 11.50 percent.

On December 13, 2012, the Commission approved a settlement (FPL 2012 Settlement) proposed by certain parties in the case. The FPL 2012 Settlement included a base rate increase of \$350 million effective January 1, 2013. The Settlement also provided for step increases when three power plant modernizations come online: approximately \$164 million for the Cape Canaveral plant in June 2013; \$234 million for the Riviera plant in June 2014; and \$216 million for the Port Everglades plant in June 2016.

On March 15, 2016, FPL filed a petition for a multi-year rate plan consisting of an increase in annual revenue of \$866 million effective January 1, 2017, a revenue increase of \$262 million to be effective January 1, 2018, and a \$209 million increase to be effective on the commercial in-service date of FPL's Okeechobee Clean Energy Center, currently estimated to be June 1, 2019. Under its proposal, FPL would not seek a general increase in base rates before January 2021. FPL's proposal includes a request for an ROE of 11.50 percent, consisting of an ROE of 11.00 with a performance adder of .50.

Nine customer hearings were held in June 2016 to solicit customer input on FPL's proposed increase and quality of service. A technical hearing was held August 22-26, August 29-31, and September 1-2, 2016. The Commission is scheduled to vote on FPL's proposal in October 2016.

Tampa Electric Company

On April 5, 2013, Tampa Electric Company (TECO) filed a request for an annual base rate increase of \$134.8 million based in part on an authorized ROE of 11.25 percent. On September 6, 2013, a joint motion for approval of a stipulation and settlement agreement was filed by TECO, OPC, FIPUG, the Florida Retail Federation (FRF), the

Federal Executive Agencies and WCR Hospital. The settlement authorized an ROE of 10.25 percent, and provided for a base rate increase of \$57.5 million effective November 2013, an additional \$7.5 million in November 2014, followed by a \$5 million increase in November 2015. The Commission approved the settlement on September 11, 2013, and it is in effect until December 31, 2017.

Florida Public Utilities Company

On April 28, 2014, Florida Public Utilities Company (FPUC) filed a petition requesting a \$5.8 million base rate increase. The proposed increase was based on an 11.25 percent ROE. Customer meetings were held in August 2014. On August 29, 2014, the parties to the case filed a Joint Motion for Approval of Stipulation and Settlement (Settlement), which allowed for an annual base rate increase of \$3.75 million based on an ROE of 10.25 percent. The Settlement also suspended the annual accrual of \$121,620 for storm damage and directed the company to expand tree trimming cycles and conduct underground feasibility studies. The FPSC approved the Settlement September 15, 2014, and it remains in effect until December 2016.

Natural Gas Priorities

Natural Gas Bare Steel and Cast Iron Pipe Replacement

In August 2012, the FPSC approved cast iron/bare steel pipe replacement riders for three natural gas utilities: Peoples Gas System (PGS), Florida Public Utilities, and the Florida Division of Chesapeake Utilities. 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. Under the approved pipeline replacement program, these three utilities will replace 917 miles of cast iron and bare steel distribution pipe and 8,052 service lines within a 10-year period. For 2016, the monthly bill impacts for a residential customer that uses 20 therms per month is \$0.43 for Peoples Gas System customers, \$5.50 for Florida Public Utilities customers, and \$1.71 for customers of the Florida Division of Chesapeake Utilities Corporation.

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 12/31/15)	Total Remaining CIP Mileage (as of 12/31/15)	Total Mileage Replaced as of 12/31/15
Chesapeake Utilities	152	0	94.0	0.0	58.0
*Pensacola Energy	469	88	333.0	84.0	140.0
Florida Public Utilities	197	1	97.0	0.0	101.0
TECO Peoples Gas	411	156	236.0	59.0	272.0
TOTALS	1229	245	760	143	571

*Pensacola Energy participates in the pipeline replacement programs but as a municipal utility, is not subject to FPSC regulation.

As a result of these programs, 571 total miles have been replaced. In 2015, gas operators replaced 27 miles of cast iron pipeline and 128 miles of unprotected bare steel pipeline.

Natural Gas Vehicle Tariffs

The Florida Legislature has taken steps to encourage the use of natural gas as a motor fuel. During the 2012 session of the Legislature, changes to Section 334.044, Florida Statutes, were passed to encourage the use of natural gas to reduce transportation costs for individuals and businesses. In recent years, the FPSC has approved natural gas vehicle tariffs for a number of gas utilities, including PGS, City Gas, Florida Public Utilities Company, Indiantown, Ft. Meade and the Florida Division of Chesapeake Utilities. In April 2015 the FPSC approved Peoples Gas System’s special contract with Nopetro-Orlando, LLC (Nopetro). Founded in Miami in 2007, Nopetro builds and operates natural gas fueling stations. Nopetro’s facility in Orlando will be similar to one it operates in Tallahassee, where it fuels trucks and buses for Leon County government, the city of Tallahassee, and the Leon County School Board.

Allocation of Intrastate Transmission Pipelines Costs

Some of Florida’s natural gas providers are evaluating possible changes in how intrastate transmission pipeline capacity costs are allocated among customers. A segment of the natural gas market, primarily large volume commercial/industrial

customers that are purchasing directly from a third party marketer, currently are not allocated intrastate transmission costs. The gas utilities have initiated communication with the third party marketers and large commercial customers to explore a revised cost allocation methodology. On April 11, 2016, Florida Public Utilities Company and the Florida Division of Chesapeake Utilities filed a petition to address the allocation of intrastate transmission pipeline capacity costs.

On May 16, 2016, PGS filed a petition to accomplish two objectives: modify the rate at which PGS' upstream pipeline capacity is released to pool managers, and increase penalties for pool managers whose customers use more gas in a month than they are allocated. PGS currently contracts with 15 different pool managers who supply gas for transportation customers. On June 24, 2016, staff held a noticed meeting with PGS, the Office of Public Counsel, and various pool managers to address the petition. On July 15, 2016, PGS filed an amended petition to address concerns raised by the pool managers who attended the meeting.

St. Joe Natural Gas Company Rate Restructuring

On February 12, 2016, St. Joe Natural Gas Company, Inc. (St. Joe) filed a request for a limited proceeding to restructure its rates to address a shortfall in revenue owing to the loss of its largest and only industrial customer in 2009, the Arizona Chemical Company (Arizona). The Commission last approved St. Joe's rates in a 2008 rate case. St. Joe did not request any changes to the total revenue requirement, operating expenses, rate base, or cost of capital that were approved in the 2008 rate case. Instead, St. Joe petitioned to have its rates restructured so that it will be able to achieve revenues authorized in 2008. To accomplish this objective, St. Joe proposed reallocating the \$285,011 annual revenue deficiency sustained as a result of the loss of Arizona to the remaining customer classes. A customer meeting was held in Port St. Joe April 11, 2016. The Commission approved St. Joe's petition at its July 7, 2016 Agenda Conference with new rates going into effect August 7, 2016. The effect on residential customers' monthly bills is an increase of approximately \$5.

Water & Wastewater Priorities

The water and wastewater industry, although not subject to competitive pressures, faces unique challenges of its own in the areas of aging infrastructure, rate relief requests, affordability, and reuse.

The major workload for the FPSC in this industry is ratemaking to ensure utilities remain financially viable so customers continue to receive their water at reasonable rates. A key consideration in setting water rates is sending proper price signals to customers to encourage efficient use of this critical resource.

Population growth exerts upward pressure on water rates as demand for potable water continually increases. Compared to other utility industries, water and wastewater utilities generally have much smaller customer bases over which to spread increasing costs. Because customer bases are smaller, the effects of increased costs may be greater for the individual customer of a water or wastewater utility than for customers of other utility services. Increases in the cost of gasoline, insurance, labor, chemicals, property taxes and sludge removal adversely affect the financial position of water and wastewater utilities. During the fiscal year 2014-2015 the FPSC processed 11 petitions for rate relief. The 11 petitions consisted of two file and suspend cases and nine staff assisted rate cases. The FPSC expects rate case activity for the water and wastewater industry to increase in the coming year.

Compliance with standards in the federal Safe Drinking Water Act and the Clean Water Act has also increased the cost of providing water and wastewater services to the public, in some instances dramatically. Drinking water standards have become more stringent with respect to the maximum levels allowed for certain contaminants. The tightening of standards often requires utilities to expend funds to make modifications to their plants or processes in order to gain compliance with the tighter standards.

A significant issue for the water and wastewater industry is the challenge of regulatory compliance for small systems. Encouraging acquisitions of small systems by larger more financially sound water and wastewater companies may be one way to address the problems of small systems.

Telecommunications Priorities

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

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

The Lifeline program provides a credit of up to \$9.25 per month to subscribers' bills to make telephone service affordable to eligible low-income customers. Lifeline is a program funded by the Federal Universal Service Fund. All customers contribute to the Universal Service Fund through a line item on their monthly interstate or international telephone bill. Wireless carriers designated as Eligible Telecommunications Carriers (ETCs) in Florida have been extremely successful in increasing Lifeline enrollment in Florida, thereby increasing Universal Service Fund benefits to our state.

To facilitate access to affordable telecommunications service for all consumers, the FPSC and the Department of Children and Families (DCF) implemented a Lifeline coordinated enrollment process. The FPSC and DCF are continuing to work together to streamline the enrollment process for Lifeline applicants. FPSC efforts ensure that all Florida consumers have access to telecommunications services at affordable rates.

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 access to 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 equipment required for telecommunications services to the deaf, hard of hearing, and speech impaired and for outreach in the most cost-effective manner.

Three issues currently before the Federal Communications Commission (FCC) could potentially affect Florida telecommunications customers:

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, Verizon, 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. Under the FCC's purview, AT&T has been running IP trials in two wire centers – one in Florida and one in Alabama – to determine issues that may be encountered with IP transition. 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.

The FCC is looking into possible long-term changes to the basic telephone numbering system. Because of the increased use of mobile services, the evolution from TDM to IP

technologies, and the transition to intercarrier bill-and-keep compensation, the FCC is looking into the possibility of eliminating geographic telephone numbers and area codes. On June 22, 2015, the FCC released an order that establishes a process to authorize interconnected VoIP providers to obtain North American Numbering Plan (NANP) telephone numbers directly through the NANP administrators rather than through intermediaries. The FCC believes that decreasing the need to associate numbers with geography could allow more efficient allocation of limited numbering resources and expansion of the consumer benefits associated with the ability to transfer wireline numbers. The FCC is in the process of gathering information and comments on creating a unified or national numbering regime that would apply equally to all service providers, regardless of location, and how this regime would incorporate the current authority of the state commissions. The FCC will be examining the effects of eliminating geographic numbers on public safety, disability access, and routing/interconnection.

The FCC has made several decisions that could affect Lifeline customers in Florida in an order released April 27, 2016 (Order). The main decisions that will affect Florida Lifeline customers are:

- Changes in eligibility criteria.
- Changes in supported services, with broadband being added and stand-alone voice services potentially being phased out.
- Creation of a National Lifeline Eligibility Verifier to affirm the eligibility and enrollment of subscribers for Lifeline service.
- Designations of stand-alone Lifeline Broadband Providers to be approved exclusively by the FCC.

Requests for reconsideration and clarification of the Order have been filed. In addition, parties have appealed the Order to the D.C. Circuit Court of Appeals

Conclusion

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

**FLORIDA PUBLIC SERVICE
COMMISSION**

LRPP EXHIBIT II

**PERFORMANCE MEASURES
AND
STANDARDS**

LRPP Exhibit II - Performance Measures and Standards

Department: Florida Public Service Commission

Department No: 61000000

Program: Utilities Regulation/Consumer Assistance

Code: 205.00.00.00

Service/Budget Entity: Utility Regulation

Code: 61030100

	Approved Performance Measure FY 2015-16	Approved Prior Year Standard FY 2015-16	Prior Year Actual FY 2015-16	Approved Standards For FY 2016-17	Requested Standards FY 2017-18
1	Percent of annual utility bill increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): composite	CPI + 1 (1.12%)	-2.52%	CPI + 1	CPI + 1
2	Percent of utilities achieving within range and over range of last authorized ROE: Electric	100% / 0%	80%/0%	100% / 0%	100% / 0%
3	Percent of utilities achieving within range and over range of last authorized ROE: Gas	29% / 0%	25%/12.5%	29% /0%	29% /0%
4	Percent of utilities achieving within range and over range of last authorized ROE: Water/Wastewater	10% / 5%	4%/7.3%	10% / 5%	10% / 5%
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues	300	242	240	180
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)	≥15%	28%	≥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%	81.63%	80%	80%
8	Number of outage related customer complaints. (Electric)	≤500	498	≤500	≤500
9	Number of outage related customer complaints. (Gas)	≤10	1	≤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

	Approved Performance Measure FY 2015-16	Approved Prior Year Standard FY 2015-16	Prior Year Actual FY 2015-16	Approved Standards For FY 2016-17	Requested Standards FY 2017-18
13	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Electric	USA +/- 1 (10.10%)	10.47%	USA +/- 1	USA +/- 1
14	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Gas	USA +/- 1 (10.10%)	10.86%	USA +/- 1	USA +/- 1
15	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Water & Wastewater	USA +/- 1 (9.88%)	9.95%	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%	47%	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%	87%	85%	85%
20	Percent of consumer complaints closed through the informal resolution process, without a Commission hearing	90%	95%	90%	90%
21	Percent of interconnection agreements processed within 100 days	95%	100%	95%	95%

**FLORIDA PUBLIC SERVICE
COMMISSION**

LRPP EXHIBIT III

**PERFORMANCE MEASURES
ASSESSMENT**

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: **#2 Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Electric**

Action:

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

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

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation: One of the five electric utilities earned below its approved ROE range. Utilities are responsible for filing petitions for rate increases to address underearnings. The utility that earned below the ROE range is currently operating under an approved settlement. Although its settlement agreement term does not expire until December 2016, the utility is permitted to petition for rate relief if underearning.

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

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

Recommendations: No changes are recommended at this time. Utilities may petition for rate increases when they deem an increase is warranted.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: **#3 Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Gas**

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
29%/0%	25%/12.5%	(4%)/12.5%	13.8%/12.5%

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, two utilities earned within their authorized ranges, five utilities earned below their authorized ranges, and one utility reported earnings above its authorized range. Utilities are responsible for filing petitions for rate increases to address under earnings. With respect to the one utility that reported earnings above its authorized range, Commission staff detected the overearnings through the Commission's earnings surveillance program. Staff met with the utility and as a result of the meeting the utility agreed, in writing, to refund any overearnings for calendar year 2016.

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

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

Recommendations: No changes are recommended at this time. Utilities may petition for rate increases when they deem an increase is warranted. The

earnings levels continue to be reviewed through the Commission's earnings surveillance process and actions are undertaken, when appropriate, to address overearnings of the utilities.

Office of Policy and Budget – June 2016

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utilities Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: #4 Percent of Utilities Achieving Within Range and Over Range of Last Authorized ROE: Water and Wastewater

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
10%/5%	4%/7.3%	(6%)/2.3%	60%/46%

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 96 water and wastewater utilities that filed annual reports, four percent earned within the range. Utilities that are underearning are responsible for filing petitions for rate relief. The Commission does not initiate rate increases on behalf of utilities. However, during the summer of 2016, the Commission held ten workshops around the state to educate water and wastewater utility owners about the processes available to provide rate relief for underearning utilities. In addition, seven utilities reported overearnings based on data filed in their annual reports. While the Commission cannot prevent overearnings of water and wastewater utilities, it does address overearnings on a prospective basis. A more detailed evaluation will be conducted to determine the actual earnings levels of the utilities, and whether refunds, and/or rate reductions should be undertaken.

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

Training

Technology

Personnel

Other (Identify)

Recommendations: No changes are recommended to the current process. The earnings levels continue to be reviewed annually and actions are undertaken, when appropriate, to address overearnings of the utilities.

Office of Policy and Budget – June 2016

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Florida Public Service Commission
Program: Utility Regulation/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: **#5 Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues**

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
300	242	(58)	19.3%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation: This performance measure is reliant upon the telecommunications market. The proceedings are mostly filed by the industry and are a reflection of the market, the economy, and other external forces. In addition, as the market moves towards IP and wireless technology that are not regulated by the PSC, the number of proceedings will likely decrease.

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

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

Recommendations: As a reflection of external factors there is nothing for management to address. The state of the industry will drive the number of proceedings to a high degree.

**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/Consumer Assistance
Service/Budget Entity: Utility Regulation
Measure: **#5 Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues**

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: The FPSC's primary role with regard to this industry is to facilitate the competitive telecommunications market by ensuring neither new entrants nor incumbents are unfairly advantaged or disadvantaged. While the telecommunications market has been deemed to be competitive, the FPSC has an oversight role in approving initial certifications of wireline carriers, processing interconnection agreements between companies, and resolving carrier-to-carrier disputes. Additionally, issues arise related to area codes, as well as discounted phone service for low-income consumers and the deaf and hard of hearing. Expanding technology and the impact on the telecommunications industry has raised further issues. The telecommunications market is evolving as carriers move to IP technology and more customers migrate to wireless-only households. The Commission does not have oversight over all the carriers in the market and it appears the number of proceedings at the PSC may decline over time. Accordingly, we request the official standard to be changed as follows:

FY 2017-18: 180
FY 2018-19: 165
FY 2019-20: 150
FY 2020-21: 120
FY 2021-22: 120

This measure captures these and other proceedings relating to competition in the wireline telecommunications industry. As historically counted, these proceedings are routinely recorded in the FPSC Case Management System (CMS) and in the workload system in the Office of Telecommunications. The data for this measure will be extracted from these record systems and reported on a fiscal year basis.

Validity: The measure reports the actual number of "competitive market" proceedings conducted by the FPSC as recorded in CMS and the Office of Telecommunications database; therefore, it is a valid indicator of the level of FPSC workload in its competitive market oversight.

Reliability: External factors such as economic trends and technological changes will affect the number of proceedings conducted under this activity. This measure and the data reported under it should provide a reliable basis for assessing the volume of workload involved in this activity.

Office of Policy and Budget – June 2016

**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 2016-17		Associated Activities Title
1	Percentage of annual utility bill increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite		Ratemaking
2	Percent of utilities achieving within range and over range of last authorized ROE: Electric		Ratemaking
3	Percent of utilities achieving within range and over range of last authorized ROE: Gas		Ratemaking
4	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater		Ratemaking
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues		Competitive Market Oversight
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)		Reliability
7	Percent of Gas and Class A&B Water and Wastewater companies that annually prepare planning documents for infrastructure needs and expected capital expenditures.		Reliability
8	Number of outage related customer complaints. (Electric)		Reliability
9	Number of outage related customer complaints. (Gas)		Reliability
10	Number of outage related customer complaints. (Water & Wastewater)		Reliability

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

Office of Policy and Budget – June 2016

**FLORIDA PUBLIC SERVICE
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LRPP EXHIBIT VI

**AGENCY-LEVEL UNIT
COST SUMMARY**

NUCSSP03 LAS/PBS SYSTEM
BUDGET PERIOD: 2007-2018
STATE OF FLORIDA

SP 09/21/2016 13:48
SCHED XI: AGENCY-LEVEL UNIT COST SUMMARY
AUDIT REPORT PUBLIC SERVICE COMMISSION

ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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

*** NO ACTIVITIES FOUND ***

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 ***

THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN
SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL
GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED
IN SECTION II.)

*** NO ACTIVITIES FOUND ***

TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 61	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	25,136,526	
TOTAL BUDGET FOR AGENCY (SECTION III):	25,136,314	
	-----	-----
DIFFERENCE:	212	
(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. An example of this for a nuclear construction project is recovery of certain project costs and project financing costs, or carrying costs, through the Capacity Cost Recovery Clause during the development of the project instead of awaiting commercial operation of the power plant..

Base Rate – The amount per kWh a utility charges to meet its revenue requirements.

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.

CLEC – Competitive local exchange carrier. Any telecommunications company certificated by the Public Service Commission to provide local exchange telecommunications services in Florida on or after July 1, 1995.

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

Customer-Owned Renewable Energy – A system located on a customer's premises generating thermal or electric energy using Florida renewable energy resources and primarily intended to offset all or part of the customer's electricity requirements that does not exceed 2 megawatts.

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.

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 – According to Section 366.91(2)(d), F.S., renewable energy is defined as electrical energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen produced from sources other than fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and hydroelectric power. The term includes the alternative energy resource, waste heat, from sulfuric acid manufacturing operations and electrical energy produced using pipeline-quality synthetic gas produced from waste petroleum coke with carbon capture and sequestration.

SSI – Supplemental Security Income. SSI is a benefit program funded by the Social Security Administration.

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.