LONG RANGE PROGRAM PLAN

FLORIDA
PUBLIC
SERVICE
COMMISSION

FISCAL YEAR
2021-22
THROUGH
2025-26

SEPTEMBER 30, 2020

COMMISSIONERS:
GARY F. CLARK, CHAIRMAN
ART GRAHAM
JULIE I. BROWN
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STATE OF FLORIDA

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Public Service Commission

LONG RANGE PROGRAM PLAN

September 30, 2020

Chris Spencer, Policy Director
Office of Policy and Budget
Executive Office of the Governor
1603 Capitol
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House Appropriations Committee
221 Capitol
Tallahassee, Florida 32399-1300

Cynthia Kynoch, 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 2021-22 through Fiscal Year 2025-26. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is http://www.floridapsc.com/Publications/Reports. This submission has been approved by Braulio L. Baez, Executive Director.

Sincerely,

Braulio L. Baez
Executive Director

BLB:mav

FLORIDA
PUBLIC SERVICE COMMISSION

LONG RANGE PROGRAM PLAN
FY 2021-22 through 2025-26

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AGENCY MISSION

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

Public Service Commission
Long Range Program Plan FY 2021-22 through 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22 through 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
0	0	0	0	0	0

Public Service Commission
Long Range Program Plan FY 2021-22 through 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
USA 12.2 FL 11.38	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (Gas)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
USA 11.6 FL 11.31	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1	USA +/- 1

FY 2000-01 Baseline (W&W)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
E	67% / 33%	100% / 0%	100% / 0%	100% / 0%	100% / 0%	100% / 0%
G	25% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%	29% / 0%
W	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%	10% / 5%

GOAL #4: **Encourage and facilitate responsible use of resources and technology in the provision and consumption of utility services.**

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

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

FY 2012-2013 Baseline (Actual)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
100%	100%	100%	100%	100%	100%

Public Service Commission
Long Range Program Plan FY 2021-22 through 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
99%	90%	90%	90%	90%	90%

Public Service Commission
Long Range Program Plan FY 2021-22 through 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
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, 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 68 percent in 2018. Natural gas usage is expected to remain at that level.

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

Renewable Generation

Another priority of the FPSC is to increase the use of cost-effective renewable energy. Currently there are approximately 3,335 megawatts (MW) of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 2,559 MW, are solar, biomass, or municipal solid waste (MSW). Over the next 10 years, the utilities project an increase of approximately 10,704 MW of new renewable facilities. The vast majority of these projected capacity additions are solar facilities.

The Florida Legislature, in 2008, placed emphasis on customer-owned renewable energy as well as supply-side or grid-tied renewables. All electric utilities were directed to offer customers standard interconnection agreements and net metering for renewable energy generation. This policy ensures a simplified, expedited process for interconnecting a renewable system to the utility. Net metering is a billing function that allows customers to receive credit for power excess energy from renewable systems. Customer-owned renewable energy systems increased in 2019 to 514 MW, up from a capacity of 2.4 MW in 2006. The majority of customer-owned renewable facilities installed during that time were small solar photovoltaic (PV) systems.

In recent years, 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 Partnership Pilot Program (VSP) tariff. This tariff allows customers to voluntarily contribute $9.00 per month towards the construction of PV generation located in FPL's service territory. FPL began building 300 kilowatts of this generation in January 2015 in advance of customer subscription, and anticipates building as much as 2.4 MW in its "high participation" scenario. FPL's VSP was given an extension on December 20, 2019, to continue through 2020. As of FPL's 2019 extension filing, the utility had built 2,325 kW through the VSP.

On March 21, 2016, the FPSC issued an order approving Gulf Power's request to establish a voluntary solar pilot program. The program offers all Gulf customers the opportunity to voluntarily contribute to the construction and operation of a 1 MW solar photovoltaic facility through annual subscriptions. The energy generated from the solar facility will be provided to all Gulf customers.

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

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.

Rate Cases

Tampa Electric Company

On September 7, 2017, TECO filed a request for a limited proceeding to approve its proposed 2017 Amended and Revised Stipulation and Settlement Agreement (TECO Settlement). The TECO Settlement is an agreement among the parties: TECO, OPC, Florida Industrial Power Users Group (FIPUG), Florida Retail Federation (FRF), Federal Executive Agencies (FEA), and West Central Florida Hospital Utility Alliance. The TECO Settlement authorized an return on equity (ROE) of 10.25 percent, and provided for base rate increases for up to 600 MWs in total solar power generation additions. The 2017 TECO Settlement also contains a provision for TECO to flow back to retail customers, through a one-time adjustment to base rates, any impacts to revenue requirements of federal or state tax reform. The Commission approved the TECO Settlement on November 6, 2017, and it is in effect through December 31, 2021.

Gulf Power Company

On October 12, 2016, Gulf Power Company (Gulf) filed a request for an annual base rate increase of $106.8 million. On March 20, 2017, prior to the start of the technical hearing, Gulf and OPC filed a Stipulation and Settlement Agreement (Gulf Settlement) resolving all issues. Subsequent to the March 20th hearing, FIPUG and the Southern Alliance for Clean Energy (SACE) joined OPC and Gulf as signatories to the Gulf Settlement.

The Commission approved the Gulf Settlement on April 4, 2017. The Gulf Settlement included a base rate increase of $61.99 million, less an estimated revenue credit of approximately $7.7 million to be provided to customers through the Fuel and Purchased Power Capacity Cost Recovery Clause, resulting in a net increase of approximately

$54.3 million effective July 1, 2017. The Gulf Settlement also provided for an ROE of 10.25 percent, with an authorized range from 9.25 to 11.25 percent.

Duke Energy Florida, LLC.

On August 29, 2017, Duke Energy Florida, LLC (DEF) filed a petition for a limited proceeding to approve its 2017 Second Revised and Restated Settlement Agreement (2017 DEF Settlement Agreement). The 2017 DEF Settlement Agreement was signed and executed by DEF, OPC, FIPUG, FRF, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate (PCS Phosphate), and SACE. The signatories to the 2017 DEF Settlement Agreement are organizations that represent DEF's major customer groups.

The 2017 DEF Settlement Agreement provided DEF with a multi-year increase to base rates beginning with the first billing cycle of January 2019, and resolved outstanding issues in existing, continuing, and prospective dockets before the Commission. The 2017 DEF Settlement Agreement also contained provisions whereby DEF may undertake the construction of approximately 175 megawatts (MW) per calendar year of solar generation projects, for a maximum of 700 MW throughout the term of the Agreement. DEF will also purchase, install, own, and support Electric Vehicle Service Equipment (EVSE) as part of a five year EVSE pilot program, and implement a 50 MW battery storage program designed to enhance service to retail customers or to enhance operations of existing or planned solar facilities.

The Commission approved the 2017 DEF Settlement Agreement on October 25, 2017. The agreement is in effect through December 31, 2021.

Florida Power & Light Company

On March 15, 2016, Florida Power & Light Company (FPL) filed a petition for a multi-year rate plan consisting of increases in annual revenue of $866 million effective January 1, 2017, $262 million to be effective January 1, 2018, and $209 million associated with FPL's Okeechobee Clean Energy Center to be effective June 1, 2019.

On October 6, 2016, FPL and three of the nine intervenors - OPC, FRF and the South Florida Hospital and Healthcare Association (SFHHA) - filed a Joint Motion for Approval of the FPL Settlement Agreement resolving all 167 issues in the rate case.

The FPL Settlement Agreement included base rate increases of $400 million effective January 1, 2017, $211 million effective January 1, 2018, and $200 million effective on the in-service date of the Okeechobee Unit. The FPL Settlement Agreement also provided for an ROE of 10.55 percent, with an authorized range from 9.60 to 11.60 percent. FPL was also authorized to undertake construction of approximately 300 MW per calendar year of solar photovoltaic generation that, if determined to be cost effective, would be recovered through a Solar Base Rate Adjustment mechanism. The Commission approved the FPL Settlement Agreement November 29, 2016. The Agreement had an initial term through December 31, 2020. The Agreement included a provision allowing FPL to unilaterally extend the Agreement through December 31, 2021, providing all parties to the Agreement are notified by March 31, 2020. FPL exercised this option on March 5, 2020 and notified all parties that it will not seek a general rate base increase that becomes effective before January 1, 2022.

Florida Public Utilities Company

On July 3, 2017, FPUC filed a petition for a limited proceeding requesting recovery of reliability and modernization projects. The requested projects totaled $15.24 million with an associated total revenue requirement of approximately $1.82 million.

On November 28, 2017, a Joint Motion for Approval of Stipulation and Settlement Agreement was filed by FPUC and OPC requesting approval of a Stipulation and Settlement Agreement (2017 FPUC Agreement) that resolved all issues in the limited proceeding. Under the 2017 FPUC Agreement, the approved projects totaled $13.52 million with an associated total revenue requirement of approximately $1.56 million. The 2017 FPUC Agreement expired on December 31, 2019.

Tax Reform

On December 22, 2017, Congress approved the Tax Cuts and Jobs Act (TCJA or Act). The Act provided for several changes to the Internal Revenue Tax Code (Code). For utilities, the major changes of the Act involve a reduction in the maximum corporate tax rate from 35 percent to 21 percent, the loss of bonus depreciation, and the treatment of excess deferred taxes. For water and wastewater utilities, the Act also eliminated a provision in the Code that provided for an exemption from taxability for revenues associated with contributions in aid of construction.

In response to the Act, the Commission voted to assert jurisdiction over tax reform, putting utilities on notice that all revenue requirement adjustments imposed by the Commission due to the Act's provisions would be calculated as of February 6, 2018, or the date contained in each electric utility's settlement agreement.

Subsequent to the Commission's vote on jurisdiction in February 2018, the Commission opened dockets to address the effect of the Act on utilities' revenue requirements and associated rates. Based on the reduction in federal income taxes assessed on utilities, the Commission reduced customer rates by over $250 million and offset over $1.5 billion in storm costs.

Alternative Cost Recovery

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

Storm Cost Recovery

Florida investor-owned utilities (IOUs) under the Commission's jurisdiction have incurred costs related to damage caused by named tropical storms. Utilities must file petitions with the Commission to get approval to recover these costs, at which time the costs are audited and analyzed to determine the appropriate amount of costs prudently incurred by the utility. During 2019-2020, there were open dockets to address costs related to Hurricane Michael and Hurricane Dorian for electric and gas utilities. The Commission conducted hearings on the utilities' petitions in the second and third quarters of 2020. On August 10, 2020, the Commission approved several settlement agreements which included approval of the utilities' storm protection plans.

Storm Protection Plan and Storm Protection Plan Cost Recovery Clause

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

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

Natural Gas Priorities

Natural Gas Bare Steel and Cast Iron Pipe Replacement

In August 2012, the FPSC approved cast iron/bare steel pipe replacement riders 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. 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 2020, the monthly bill impacts for a residential customer that uses 20 therms per month is $1.84 for PGS customers, $4.46 for Florida Public Utilities customers, and $2.12 for customers of Central Florida Gas.

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 12/31/19)**	**Total Remaining CIP Mileage (as of 12/31/19)**	**Total Mileage Replaced (as of 12/31/19)**
Chesapeake Utilities *(Central Florida Gas)	152	0	17	0	135
**Pensacola Energy	469	88	334	0	223
Florida Public Utilities	197	1	53	0	145
TECO Peoples Gas	411	156	76	10	481
TOTALS	1229	245	480	10	984

*Chesapeake Utilities is the parent company of Central Florida Gas.
**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, 984 total miles have been replaced. In 2019, gas operators replaced approximately 39 miles of cast iron pipeline and 68 miles of unprotected bare steel pipeline.

Peoples Gas System Rate Case

On June 8, 2020, PGS filed a request for an annual base rate increase of $85.3 million. Of that amount, the utility is requesting to transfer into rate base its $23.6 million current investment in a Commission-approved Cast Iron/Bare Steel replacement program, which is recovered through a separate surcharge on customers' bills. The remaining $67.1 million, according to PGS, is necessary for the utility to earn its requested ROE of 10.75 percent. PGS referenced several factors as reasons for the rate request, including three major expansion projects, the construction of a new Liquefied Natural Gas (LNG) facility to address peak demand, and a request to increase its Annual Storm Accrual. The petition is scheduled for hearing in October 2020 with a final decision expected in early 2021.

City Gas Rate Case

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

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

Sebring Gas Rate Case

On June 5, 2019, Sebring Gas System, Inc. filed its petition for a 2020 test year rate increase of $0.3 million with a projected rate base of $5.1 million. The company's last rate case was in 2004. The major drivers in this case included depletion of tax loss carry-forwards, an increase in the Sebring Gas service territory, including extending service to serve two state prisons, and an overall increase in operating, maintenance, and administrative costs. The company also requested approval of a shift in its rate design to recover a more significant portion of its revenue requirement through its fixed customer charge component, thereby affording Sebring a greater degree of revenue stability.

On February 3, 2020, the Commission issued its order authorizing an annual revenue increase of $0.3 million and an ROE of 11.00 percent, with a range of plus or minus 100 basis points. This revenue increase includes $2.0 million for plant additions to serve the extended service territory. These plant additions are reflected in rate base, resulting in total rate base of $5.0 million. The Commission also approved a minor shift in Sebring's rate design so that slightly more revenues can be recovered through the fixed customer charge component. New rates were approved and effective February 2020.

Florida Public Utilities Company – Gas Depreciation Study

On April 10, 2019, FPUC filed its Revised Consolidated Depreciation Study with proposed rates and amortizations resulting in annual depreciation expense of $11.6

million, a decrease of $0.9 million from the expense resulting from currently approved rates. FPUC was seeking increases in average service lives for its mains and services accounts, due in large part to the company's continued replacement of its bare steel and cast iron pipes with plastic pipes. These replacements were undertaken as part of FPUC's Gas Reliability Infrastructure Program approved by the Commission in September 2012. The Commission approved revised depreciation rates for FPUC with an effective date of January 1, 2019. The approved depreciation expense reduction, $0.9 million, amounts to approximately 7.20 percent. These changes will not cause the parent company, Chesapeake, to earn outside of its authorized ROE range of 9.80 percent to 11.80 percent for 2019.

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.

During the fiscal year 2019-2020, the FPSC processed 15 petitions for rate relief. The 15 petitions consisted of three file and suspend cases, eight staff assisted rate cases, two limited alternative rate increase cases and two limited proceedings. The FPSC expects rate case activity for the water and wastewater industry to remain the same or increase in the coming year.

Telecommunications Priorities

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

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

Lifeline

The federal Lifeline program provides a credit of up to $9.25 per month to subscribers' bills to make telephone and broadband service affordable to eligible low-income customers. Lifeline is one of the programs funded by the federal Universal Service Fund (USF). All customers contribute to the USF through a line item on their monthly interstate or international telephone bill.

In 2019, the FCC began to transition Lifeline support to standalone broadband services or bundled voice and broadband services. These services continue to receive the $9.25 per month; however, support for voice-only service is being phased out. Starting in December 2020, the credit for voice-only service will transition from $7.25 to $5.25, and will be phased out completely in December 2021.

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

Because of these changes, the FPSC has had to reform its Coordinated Enrollment process with the Department of Children and Families (DCF). Previously, the Coordinated Enrollment process established a computer interface between the FPSC and DCF. Under that system, prospective Lifeline customers who applied for a qualifying program with DCF could automatically be enrolled in the Lifeline program. With the implementation of the National Verifier in Florida, such customers are no longer automatically deemed eligible at the time ETCs access this information.

Currently, DCF continues to populate the Coordinated Enrollment database with customer information. This information is provided to ETCs so that they may direct their customers from the database to apply for the Lifeline program through the National Verifier.

Florida Relay

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

Numbering Resources

In June 2019, the North American Numbering Plan Administrator (NANPA) filed a notice with the FPSC noting the expected exhaust of numbers in the first quarter of 2022 for the 850 area code. While NANPA recommended overlaying a new area code in the existing 850 area, additional options were also presented. Although an area code overlay allows all consumers to keep their existing phone numbers, it also requires ten-digit dialing for all calls. The Commission approved NANPA's plan to implement an overlay. The new area code, 448, will be implemented when the 850 area code reaches exhaust, which is expected in 2021. NANPA filed a similar notice in November 2019 identifying the expected exhaust of numbers for the 813 area code by the third quarter of 2022. The expected exhaust date was later revised to the first quarter 2023. NANPA again recommended an overlay, which was approved by the Commission in April 2020. The new area code, 656, will be implemented when the 813 area code reaches exhaust.

Monitoring Federal Regulations

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

COVID-19 Impacts

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

On July 29, 2020, the Commission held a workshop to gather information from various parties regarding the impacts of the COVID-19 pandemic on utility customers. Representatives from companies in all three industries under the Commission's jurisdiction, as well as the Florida Rural Water Association and OPC, gave presentations regarding their efforts to address the impacts the pandemic and the resulting economic fall-out have had on their customers. Additional meetings and/or workshops will be held as more information on these matters becomes available.

Conclusion

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

FLORIDA PUBLIC SERVICE COMMISSION

LRPP EXHIBIT II

PERFORMANCE MEASURES AND STANDARDS

LRPP Exhibit II - Performance Measures and Standards

Department: **Florida Public Service Commission** **Department No:** **61000000**

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

	Approved Performance Measure FY 2020-21	Approved Prior Year Standard FY 2019-20	Prior Year Actual FY 2019-20	Approved Standards For FY 2020-21	Requested Standards FY 2021-22
1	Percent of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): composite	CPI + 1	0.73%	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%	50% / 0%	29% /0%	29% /0%
4	Percent of utilities achieving within range and over range of last authorized ROE: Water/Wastewater	10% / 5%	4% / 7%	10% / 5%	10% / 5%
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues	150	187	120	120
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)	≥15%	25.90%	≥15%	≥15%
7	Percent of Gas and Class A&B Water and Wastewater companies that annually prepare planning documents for infrastructure needs and expected capital expenditures	80%	80%	80%	80%
8	Number of outage related customer complaints. (Electric)	≤500	356	≤500	≤500
9	Number of outage related customer complaints. (Gas)	≤10	0	≤10	≤10
10	Number of outage related customer complaints. (Water & Wastewater	≤50	14	≤50	≤50
11	Number of electric-related injuries or fatalities resulting from utility rule violations	0	0	0	0

	Approved Performance Measure FY 2020-21	Approved Prior Year Standard FY 2019-20	Prior Year Actual FY 2019-20	Approved Standards For FY 2020-21	Requested Standards FY 2021-22
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	10.52%	USA +/- 1	USA +/- 1
14	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Gas	USA +/- 1	10.66%	USA +/- 1	USA +/- 1
15	Average allowed return on equity (ROE) in Florida compared to average ROE in the USA: Water & Wastewater	USA +/- 1	10.44%	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%	88.5%	85%	85%
20	Percent of consumer complaints closed through the informal resolution process, without a Commission hearing	90%	99.8%	90%	90%
21	Percent of interconnection agreements processed within 100 days	95%	98.3%	95%	95%

FLORIDA PUBLIC SERVICE COMMISSION

LRPP EXHIBIT III

PERFORMANCE MEASURES ASSESSMENT

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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

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

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

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

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

Explanation: Of the five electric utilities, one utility earned below its authorized range. During 2019, the utility that under-earned filed for recovery of investments made as a result of Hurricane Michael along with changes to its net operating income as a result of the storm. The utility's request will be addressed by the Commission during the Fall of 2020.

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

Office of Policy and Budget – July 2020

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
29% / 0%	4% / 7%	25% / 7%	86% / 700%

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

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

Explanation:
External Factors (check all that apply):

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

Explanation: Of the filed and reviewed annual reports, three companies earned within their authorized range and seven earned above their authorized range. Companies that are under earning are responsible for filing petitions for rate relief. The Commission does not initiate rate increases on behalf of utilities. The Commission has held workshops to educate utility owners on processes available to provide rate relief. The Commission has also expanded the applicability of expenses for pass through cost treatment. Staff is further analyzing the companies that reported over earnings to determine the appropriate course of action.

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

- ☐ Training
- ☐ Technology
- ☐ Personnel
- ☐ Other (Identify)

Recommendations:

Office of Policy and Budget – July 2020

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: **Florida Public Service Commission**
Program: **Utility Regulation / Consumer Assistance**
Service/Budget Entity: **Utility Regulation**
Measure: **Measure No. 14 – Average allowed return on equity (ROE) in Florida compares to average ROE in the USA: 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
9.61% USA +/- 1	10.66%	.05%	.5%

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

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

Explanation: The USA standard includes current ROE decisions. With the exception of a single rate case that culminated in a Commission order issued in January 2020, the current allowed ROEs for the gas utilities in Florida were approved by the Commission between 2009 and 2018, as part of base rate adjustments for each utility. Market conditions have put downward pressure on capital costs, particularly over the past five years. Thus, ROEs set more recently are considerably lower than those set prior to that time. In addition, risk characteristics of each utility form the basis for the approved ROE.

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

Recommendations:

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FLORIDA PUBLIC SERVICE COMMISSION

LRPP EXHIBIT IV

PERFORMANCE MEASURE VALIDITY AND RELIABILITY

FPSC IS NOT REQUESTING CHANGES IN STANDARDS FOR THE 2021-22 THROUGH 2025-26 LRPP

FLORIDA PUBLIC SERVICE COMMISSION

LRPP EXHIBIT V

ASSOCIATED ACTIVITIES CONTRIBUTING TO PERFORMANCE MEASURES

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures			
Measure Number	**Approved Performance Measures for FY 2020-21**		**Associated Activities Title**
1	Percentage of annual utility increases for average residential usage compared to inflation as measured by the Consumer Price Index (CPI): Composite		Ratemaking
2	Percent of utilities achieving within range and over range of last authorized ROE: Electric		Ratemaking
3	Percent of utilities achieving within range and over range of last authorized ROE: Gas		Ratemaking
4	Percent of utilities achieving within range and over range of last authorized ROE: Water & Wastewater		Ratemaking
5	Proceedings to Evaluate or Resolve Wholesale Telecommunications Competitive Issues		Competitive Market Oversight
6	Percent of generation reserve margin for Florida electric utilities compared to industry standard. (Electric)		Reliability
7	Percent of Gas and Class A&B Water and Wastewater companies that annually prepare planning documents for infrastructure needs and expected capital expenditures.		Reliability
8	Number of outage related customer complaints. (Electric)		Reliability
9	Number of outage related customer complaints. (Gas)		Reliability
10	Number of outage related customer complaints. (Water & Wastewater)		Reliability
11	Number of electric-related injuries or fatalities resulting from utility rule violations.		Safety Oversight
12	Number of gas-related injuries or fatalities resulting from utility rule violations.		Safety Oversight

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

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FLORIDA PUBLIC SERVICE COMMISSION

LRPP EXHIBIT VI

AGENCY-LEVEL UNIT COST SUMMARY

PUBLIC SERVICE COMMISSION	FISCAL YEAR 2019-20			
SECTION I: BUDGET	OPERATING			FIXED CAPITAL OUTLAY
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			25,267,445	0
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			457,261	0
FINAL BUDGET FOR AGENCY			25,724,706	0

SECTION II: ACTIVITIES * MEASURES	Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)				0
Ratemaking * Utility companies for which rates or earnings were reviewed/adjusted	131	88,273.12	11,563,779	
Competitive Market Oversight * Proceedings to evaluate or resolve retail and wholesale competitive issues	245	14,238.74	3,488,491	
Consumer Protection And Assistance * Utility consumer inquiries, complaints, and information requests closed	2,937	1,280.11	3,759,682	
Reliability * Review of 10 year site plans and other reports to ensure reliable provision of electric, gas and water/wastewater services	405	6,617.89	2,680,245	
Safety Oversight * Safety inspections performed	2	1,039,304.50	2,078,609	
Conservation * Conservation programs reviewed and conservation proceedings undertaken	281	2,168.11	609,239	
TOTAL			24,180,045	

SECTION III: RECONCILIATION TO BUDGET		
PASS THROUGHS		
TRANSFER - STATE AGENCIES		
AID TO LOCAL GOVERNMENTS		
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS		
OTHER		
REVERSIONS	1,544,674	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)	25,724,719	

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

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

SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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

*** NO ACTIVITIES FOUND ***

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

*** NO OPERATING CATEGORIES FOUND ***

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

*** NO ACTIVITIES FOUND ***

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

DEPARTMENT: 61	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	25,724,706	
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	25,724,719	
	---------------	---------------
DIFFERENCE:	13-	
(MAY NOT EQUAL DUE TO ROUNDING)	===============	===============

FLORIDA PUBLIC SERVICE COMMISSION

GLOSSARY

TERMS AND ACRONYMS

Glossary
Terms and Acronyms

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

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

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

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

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

FEECA – Florida Energy Efficiency and Conservation Act.

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

FPSC – Florida Public Service Commission.

F.S. – Florida Statutes.

IOU – Investor-Owned Utility.

kWh – Kilowatt hour.

KW – Kilowatt, or 1000 watts.

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

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

NRC – Nuclear Regulatory Commission.

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

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

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

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

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

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

Watt – A unit of power.