

2005 ANNUAL REPORT

Florida Public Service Commission



TELECOMMUNICATIONS



ELECTRIC



WATER & WASTEWATER



NATURAL GAS

F L O R I D A P U B L I C S E R V I C E C O M M I S S I O N

2005 ANNUAL REPORT

Reflects Calendar Year 2005



CHAIRMAN'S MESSAGE

The Public Service Commission Annual Report includes information about the Commission's organizational structure and biographical information on the current commissioners. The report details the Commission's role as a regulatory agency and provides an overview of significant regulatory efforts during the previous calendar year.

During 2005 the Commission addressed new challenges in our continuing work on behalf of Florida's ratepayers. Impacts of the 2004 hurricanes and dramatic increases in fuel prices resulted in cost recovery proceedings for the electric companies. The Commission held service hearings across the state to hear directly from customers on their storm experiences and to take testimony on allowing the companies to recover storm related costs. While the companies were granted approval to recover prudently incurred costs associated with storm restoration efforts and escalating fuel prices, the Commission is undertaking efforts to mitigate the need for similar increases in the future.

Energy issues will continue to be at the forefront of our efforts as the Commission moves to encourage prudent and diverse use of energy resources, including increased use of alternative and renewable energy sources, and to facilitate the development of a reliable electric grid which will minimize service interruptions and keep electric rates affordable.

As incoming Chairman, I look forward to the challenges ahead and pledge to make the regulatory process open and accessible to Florida's citizens.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Polak Edgar".

Lisa Polak Edgar
Chairman

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I. INTRODUCTION

Information Directory

The Florida Public Service Commission (PSC) is an agency whose operations directly affect the public. The PSC welcomes your requests for information on matters that may concern you. Inquiries may be made in writing to the address below or by telephone, E-mail, or toll-free fax.

Florida Public Service Commission
2540 Shumard Oak Boulevard ♦ Tallahassee, Florida 32399-0850

Lisa Polak Edgar, Chairman	(850) 413-6044
J. Terry Deason, Commissioner	413-6038
Isilio Arriaga, Commissioner	413-6042
Matthew M. Carter II, Commissioner	413-6046
Katrina J. Tew, Commissioner	413-6040
Executive Director	413-6068
Deputy Executive Director	413-6071
General Counsel	413-6199
Inspector General	413-6071
Office of Strategic Analysis and Governmental Affairs	413-6800
Office of Public Information	413-6482
Division of the Commission Clerk and Administrative Services, Commission Clerk's Office	413-6770
Division of Regulatory Compliance and Consumer Assistance, Bureau of Complaint Resolution	413-6100
Toll-Free Number: 1-800-342-3552 (Nationwide)	
Toll-Free Fax: 1-800-511-0809 (Florida)	

E-mail address: contact@psc.state.fl.us
Internet home page: www.floridapsc.com

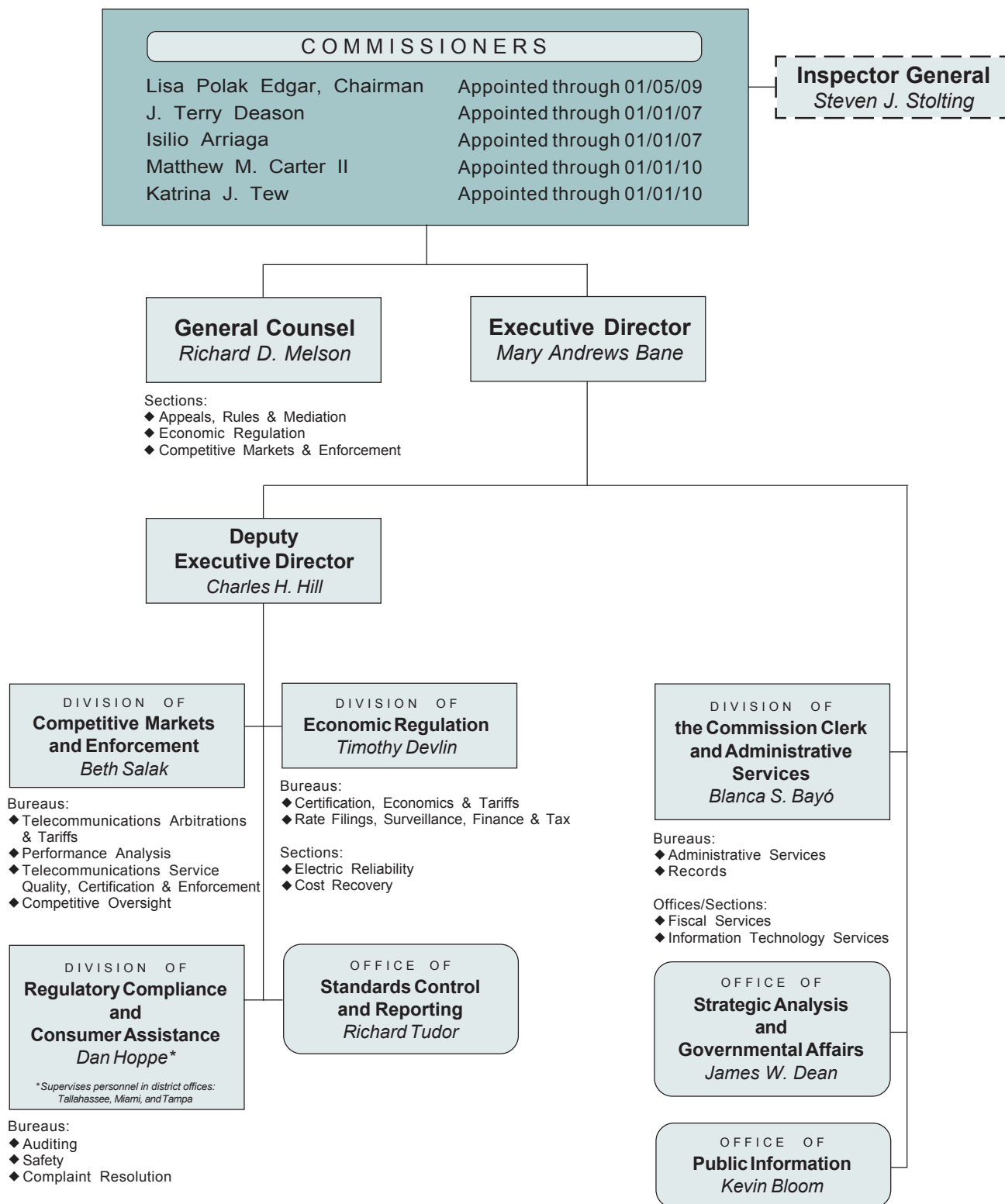
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(305) 470-5600

Tampa
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Tampa, Florida 33609
(813) 356-1444

PSC Organizational Chart

AS OF JANUARY 31, 2006



The Commissioners



COMMISSIONER
Matthew M. Carter II



COMMISSIONER
J. Terry Deason



CHAIRMAN
Lisa Polak Edgar



COMMISSIONER
Isilio Arriaga



COMMISSIONER
Katrina J. Tew

Lisa Polak Edgar was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2005; she assumed the chairmanship at the PSC in January 2006. Chairman Edgar is a member of the National Association of Regulatory Utility Commissioners telecommunications committee and was appointed by the Federal Communications Commission to the Universal Service Joint Board for a three-year term beginning November 2005. Prior to her appointment, Chairman Edgar served as Deputy Secretary for Planning and Management for the Florida Department of Environmental Protection (DEP) from August 1999 through January 2005. Her responsibilities at DEP included oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including oil and gas drilling on the Outer Continental Shelf. Prior to serving at DEP, Chairman Edgar was chief analyst on Environmental Policy for the Office of Policy and Budget, Executive Office of the Governor. Chairman Edgar was appointed by the Secretary of the U.S. Department of Interior to represent the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004. She served on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. During her career in public service, Chairman Edgar has also served as senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University. She is a member of Leadership Florida, Class XXIV. Chairman Edgar graduated cum laude from Florida State University in 1985 with a Bachelor's degree in political science and minor in English. She studied in London during her undergraduate education and in Yugoslavia during law school. She received a juris doctorate from the Florida State University College of Law in 1988 and is a member of the Florida Bar.

J. Terry Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, Committee on Electricity, the Federal/State Joint Conference on Accounting, and the Federal/State Joint Board on Economic Dispatch for the Southern Region. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.

Continued

The Commissioners

Isilio Arriaga was appointed to the Florida Public Service Commission by Governor Jeb Bush on October 6, 2005, to complete a term ending January 2007. Prior to his appointment, Commissioner Arriaga was an independent management consultant for Ferrell Schultz Consulting, Inc. in Miami, Florida. Previously, he served as President and CEO of the Greater Miami Chamber of Commerce, where he continues as a Volunteer Trustee, and was active on the Board of Directors of the Venezuelan-American Chamber and the Council of Bi-National Chambers. Before his tenure with the Chamber, he was President and CEO of Hispanic Unity of Florida, a growing social services agency assisting over 30,000 clients in South Florida and whose mission is improving the quality of life and fostering leadership in the community. Arriaga served as a Congressman in the Republic of Venezuela from 1988 until 1993, where he co-sponsored the first Privatization Law in the nation and helped enact the Low Income Housing Appropriations legislation. During that time, he was a founding member of the World Economic Forum in Switzerland and was appointed to the committee created upon recommendation by the IMF for the purpose of reforming the financial system of Venezuela. His career in Venezuela began in the oil fields as a Junior Engineer for Shell Oil Co. He went on to create the Planning Office and Long Term Industrial Loans Department for Banco Union, where he served as General Manager for Investments. Following his public service and while residing in Texas, he formed an international consulting firm and worked with U.S. entities, promoting new business development as a strong advocate for U.S. enterprises in Latin America. He served as a consultant in Miami responsible for the reengineering process of a corporation which pioneered digital functions for ATM networks. Arriaga, 57, received a Master's degree in Industrial Engineering from New York University and holds a Bachelor's degree from Pratt Institute (NY). He has published numerous articles and essays on economics and was a syndicated columnist in Venezuela.

Commissioner Matthew Mark Carter II is the son of the late Rev. Matthew and Pearl Carter. He was born in Douglas, Georgia and educated in the public schools there. He graduated from Atkinson County High School (in Pearson). After graduation from high school, he volunteered for the United States Army. In the Army, he served in the Presidential Honor Guard in Washington, D.C. and the First Armored Division in Germany. After being honorably discharged from the Army, Commissioner Carter attended Tallahassee Community College where he graduated with honors. He then attended Florida State University and graduated with a Bachelor's of Science in Mass Communications and was commissioned a Second Lieutenant in the United States Army Reserve and later the Florida National Guard. After a tour of duty with the 124th Infantry in the Panama Canal Zone, Commissioner Carter returned to Tallahassee where he set up a public relations firm concentrating on political campaigns for over ten years. Afterward, he entered into the financial investment industry and worked as a financial consultant for Waddell & Reed, Florida Professional Services Group, and Merrill Lynch. Commissioner Carter left Merrill Lynch to complete law school at the Florida State University College of Law. After graduation, he became a member of the Florida Bar and a Minister of the Gospel of Jesus Christ. As an attorney, he specialized in business law. He also served as a communications consultant and senior manager for private industry and governmental agencies. Florida Governor Jeb Bush appointed Matthew M. Carter II to the Florida Public Service Commission for a term of four years beginning January 2006. Commissioner Carter was awarded an honorary Doctor of Divinity degree from the St. Thomas Christian College. Commissioner Carter is currently pastor of the Beulah Hill Missionary Baptist Church in Gretna, Florida where he also serves as President of the Congress of Christian Education (Union Baptist Association) and Vice Moderator for the Gadsden County Baptist Association. He has also written the book *The 90% Rule – How to Get Out of Debt and Prosper and Why It's Important*. Commissioner Carter is married to the former Rita Taylor (of Enigma, Georgia) and they have two beautiful daughters: Pearl and Markesha.

Commissioner Katrina J. Tew was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006. Ms. Tew has extensive experience in regulatory policy issues involving energy, water, and telecommunications. From 2001 to 2005, Ms. Tew served consecutive terms as Chief Advisor to two different Florida Public Service Commissioners: Charles M. Davidson and Michael A. Palecki. In this role, she advised Commissioners on all proceedings and policy matters before the Commission. Prior to becoming a Chief Advisor, Ms. Tew managed the State Liaison Section of the Commission's Division of Policy Analysis & Intergovernmental Liaison. Here, she consulted with state and local government agencies on issues of common interest, such as "black water," reuse, universal service, and electric reliability. Before leading the State Liaison Section, Ms. Tew served as the Commission's primary liaison on all nuclear energy matters for over three years. Additionally, Ms. Tew was instrumental in drafting the Commission's positions on electric industry restructuring. In recognition of her work on federal energy policy, Ms. Tew was a recipient of the PSC Extraordinary Accomplishment Award in 1999 and the PSC Outstanding Achievement Award in 1997. Since 2001, Ms. Tew has also been involved in policy formulation related to a multitude of communications matters. This has afforded her the opportunity to develop a fluency in issues of advanced communications, especially those surrounding broadband, wireless, VoIP, and broadband over power lines. A Northwest Florida native, Ms. Tew received a Bachelor's degree in finance from Florida State University. She received a Master of Business Administration degree from FSU in 1998.

Executive Management



EXECUTIVE DIRECTOR

Mary Andrews Bane

The Executive Director is, essentially, the chief of staff of the Commission, with responsibility for directing, planning, and administering the overall activities of the Commission staff, except the Office of the General Counsel. She consults with and advises the Commissioners on regulatory, internal management, and budgetary matters and acts as an interagency liaison. Reporting directly to her are the Deputy Executive Director and the directors of the Division of the Commission Clerk and Administrative Services, the Office of Strategic Analysis and Governmental Affairs, and the Office of Public Information.



DEPUTY EXECUTIVE DIRECTOR

Charles H. Hill

The Deputy Executive Director assists the Executive Director in providing direction and leadership for the staff and is delegated full authority in her absence. He has direct line authority over the Division of Competitive Markets and Enforcement, the Division of Economic Regulation, the Division of Regulatory Compliance and Consumer Assistance, and the Office of Standards Control and Reporting.



GENERAL COUNSEL

Richard D. Melson

The General Counsel is the Florida Public Service Commission's chief legal counsel. He supervises the PSC's legal personnel and is charged with the administration and delegation of responsibilities to the lead attorneys in his office. The General Counsel also is responsible for advising the PSC on the legal aspects of its regulatory responsibilities, providing legal representation in court and before federal agencies, providing legal counsel to the Office of the Executive Director, and assisting in interagency liaison activities.

II. DEFINING THE PSC'S ROLE

The work of the Florida Public Service Commission is a balancing act. The Commission must balance the needs of a utility and its shareholders with the needs of consumers. Traditionally, the Commission achieved this goal by establishing exclusive utility service territories, regulating the rates and profits of a utility, and placing an affirmative obligation on the utility to provide service to all who request it. For electric and water customers in the state, many of the Commission's traditional methods for achieving the balance continue today. Legislative action during the 1995 session to open up the local telephone market to increased competition, however, calls for the Commission to facilitate entry of new firms into the local telephone market, while at the same time ensuring that neither the new entrant nor the incumbent local exchange company is unfairly advantaged or disadvantaged. Section 364.01(4), F.S., calls for the Commission to exercise its jurisdiction to encourage and promote competition.

The Commission has quasi-legislative and quasi-judicial responsibilities, as well as some executive powers and duties. In its quasi-legislative capacity, the PSC makes rules governing utility operations. In its quasi-judicial capacity, the PSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the 1st District Court of Appeals and the Florida Supreme Court. In its executive capacity, the PSC enforces state laws affecting the utility industries.

The Florida Public Service Commission is committed to making sure that Florida's consumers receive some of their most essential services — electric, natural gas, telephone, water, and wastewater — in a safe, affordable, and reliable manner. In doing so, the PSC 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. Those areas are briefly described as follows:

- ◆ Rate base/economic regulation involves analyzing requested rate changes and conducting earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return.
- ◆ Competitive market oversight entails facilitating the development of competitive markets and issues associated with them.
- ◆ Monitoring of safety, reliability, and service involves ensuring the uninterrupted provision of utility services in a manner that presents minimal risks to the general public, and confirming that such services are provided in a reasonable and timely manner.

In each of these areas, the Commission provides consumer assistance, protection and education including responding to consumer questions and to complaints as well as presenting information to inform consumers about their use of utility services.

A more detailed description of the PSC's role in these three key areas follows.

Rate Base/Economic Regulation

The PSC establishes and monitors earnings levels for regulated electric, natural gas, water, and wastewater companies. In addition, there is one telephone company still under rate-of-return regulation. Whenever a company believes that its earnings are below a reasonable level, it can petition the PSC for a change in rates. The PSC conducts an extensive review of the company's earnings and determines the fair levels of rates and earnings for the company. The review consists of an analysis of the company's books and records, as well as a determination of what a reasonable return is for the company. The review also includes an analysis of the actual rates charged by the company, allocates revenue requirements between classes of customers, and develops appropriate rate structures within rate classes.

In addition to reviewing a company's request for a rate increase, the PSC also monitors each company's earnings levels to reduce the likelihood that any company receives excessive earnings. Each company files an annual report, which is reviewed to determine its level of earnings for the prior year. If, based on prior year earnings, it appears that a company's earnings will be excessive in the following year, the PSC fully analyzes that company's books and records and, when appropriate, reduces its rates. During that overearnings review, the PSC may place earnings subject to refund if the review indicates the company is overearning.

The staff's role in these cases includes participating in customer meetings or service hearings, prehearings and hearings, as scheduled; writing recommendations based on information gathered by staff; responding to customer inquiries, answering Commissioners' technical questions at PSC Agenda Conferences; and assisting with legal matters such as drafting orders memorializing the Commissioners' decisions in each case.

E N E R G Y

In addition to annual reports, the investor-owned electric and natural gas companies also file earnings information on a more frequent basis, with some companies filing quarterly, semiannually or monthly, depending upon their size. These more frequent filings allow the PSC to take quicker action if it appears that a company may be overearning and allow consumers rates to be reset.

In addition to processing utility requests for rate changes, the PSC devotes considerable resources to various tariff, rate, and other economic issues. Reviews of fuel, capacity, conservation, and environmental costs considered in cost-recovery-clause dockets, special contracts, new tariff offerings, conservation program approvals and revision, depreciation, amortization, and decommissioning studies are just some of the many aspects of economic regulation involving electric and natural gas utilities that are regularly pending before the PSC.

W A T E R A N D W A S T E W A T E R

In the water and wastewater industries, the PSC processes a significant number of rate-related cases. The majority of these cases involve rate increases or limited-proceeding increases arising from increased costs of providing service. A smaller number of cases involve overearnings investigations in which the PSC determines whether it is necessary to reduce rates.

The Commission also processes requests related to certification. The majority of these cases involve the transfer or amendment of certificates of authorization. A smaller number of cases involve the original certification of a new utility. The staff's role in certification cases includes preparing recommendations regarding issuing certificates and setting initial rates and charges for new utilities; transferring or amending existing certificates; acknowledging abandonments and appointment of receivers; and canceling certificates for systems transferred to exempt entities.

The issue of reuse (using effluent water for a beneficial purpose, such as irrigation) has significant implications in the area of rate base/economic regulation. The Legislature has recognized the benefit of reuse to Florida and has enacted provisions in the governing statutes for the Florida Department of Environmental Protection (DEP), the five Water Management Districts (WMD) and wastewater utilities to employ reuse for effluent disposal and as a method of water conservation.

The PSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with these statewide goals. In meeting this charge, PSC staff participates on a Reuse Coordinating Committee along with staff from the DEP, the Water Management Districts, the Florida Department of Agriculture and Consumer Services, the Florida Department of Health, and the Florida Department of Transportation. The Reuse Coordinating Committee meets on a quarterly basis to discuss reuse issues, including any relevant proposed agency rulemaking and legislation. PSC staff also participates in quarterly meetings with the St. Johns River Water Management District and DEP District Offices to discuss reuse, conservation, and water allocation issues within the District. Through participation in these meetings, PSC staff has developed a good working relationship with the agencies having primacy over water supply issues and has stayed abreast of emerging issues that may affect utilities under the PSC's jurisdiction.

Water conservation is another area with major economic implications. As an economic regulator, the PSC is actively involved in demand-side water conservation through rate level and rate structure review. Rates and rate structure have a direct bearing on water usage, and therefore water resource allocation. The PSC has entered into a Memorandum of Understanding with the DEP and the five WMDs in order to coordinate efforts to advance statewide water quality and to meet statewide conservation goals. Both agencies are frequently called upon to testify on water quality and conservation issues in rate cases before the PSC. Whenever feasible, the PSC allows utilities to recover expenses related to conservation programs, and establishes conservation rates to reduce water consumption. For example, in a previous rate case, the PSC worked with one of the Water Management Districts to design an innovative and aggressive conservation program for a utility with extremely high residential usage. The elements of this program included residential irrigation audits; xeriscape consulting and rebates; distribution of low-flow shower kits; installation of moisture sensors for irrigation; and low-flow toilet rebates.

Competitive Market Oversight

The PSC is addressing competitive market structure and regulatory issues in industries that were traditionally considered monopolies, but are now transitioning into competitive markets. New technologies and customer choice are two of the catalysts for the change to competition. The advent of new technologies allows new market entrants and new opportunities for established regulated companies. In addition, customers may benefit with increased competition by having more options as to whose services they use. As we transition from monopoly to competitive provision of utility services, the PSC must ensure that regulatory barriers are removed and that customers continue to receive quality service.

TELECOMMUNICATIONS

In the telecommunications industry, a key focus of the PSC has been facilitating the development of competition in the local telephone market. This has included arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. The PSC is also active in monitoring and assessing the status of local competition, processing negotiated agreements, interpreting agreements and tariffs, providing input on legislative and Federal Communications Commission (FCC) initiatives, and conducting generic proceedings to implement approved initiatives and to address recurring issues.

The PSC has numerous other responsibilities related to competitive market oversight in the telecommunications industry. Reviews of industry practices are regularly conducted to determine whether entities are engaging in practices that could dampen the development of competition. Another major area involves the processing of area code relief cases and providing oversight of numbering resources.

The PSC has been reviewing both existing and emerging Internet access technology and backbone infrastructure. In doing so, the PSC recognizes the blurring distinction between the traditional telephone network and the data transmission networks. The PSC has worked to identify the different technologies involved, assess the direction of those technologies, analyze pricing differences between voice and data networks, and determine what, if any, policy actions the PSC should consider.

Also, the PSC is responsible for reviewing and maintaining the retail tariffs or price lists filed by the telecommunications companies. The PSC is responsible for setting certain wholesale prices such as for ILEC unbundled network elements used by CLECs to provide service. The PSC also establishes reciprocal compensation policies to guide the compensation to companies that terminate local traffic from other companies.

Another critical aspect of competitive market oversight in the telecommunications industry is the certification process. Most telecommunications companies doing business in Florida are required to be certificated by the PSC. However, certain changes made to Chapter 364, Florida Statutes in 2003, eliminated the requirement for intrastate interexchange companies (IXCs) to obtain certification from the Commission. IXCs are, nevertheless, still required to register with the Commission, file tariffs, provide a point of contact for the company, and pay regulatory assessment fees.

NATURAL GAS

All nonresidential natural gas customers who take service from an investor-owned natural gas utility regulated by the PSC have the option to purchase their gas from the competitive market. Transportation and distribution of the gas would be provided by the monopoly investor-owned utility. The PSC also reviews special contracts and proposed tariff changes of natural gas utilities to ensure that the provisions are reasonable and nondiscriminatory.

Safety, Reliability and Service Issues

Through performance and operations investigations, the PSC obtains information on reliability, service quality, and service availability for review and enforcement.

ENERGY

In the electric industry, the PSC reviews regulated utilities' ten-year site plans to assess the utilities' abilities to meet Florida's energy needs over a ten-year planning horizon. The PSC also considers petitions for determination of need for electric power plants and transmission lines as a way of ensuring that the state's power needs are being met.

The PSC also participates in formal and informal proceedings relating to long-range electric utility bulk power supply operations and planning; power plant and transmission line siting; electric and natural gas safety and service quality, including complaints; electric utility conservation goals and programs; and emergencies due to operational events or weather.

In the area of electric safety, the PSC verifies that electric utilities construct transmission and distribution systems in accordance with the National Electrical Safety Code. This is accomplished through a sampling process and quarterly utility compliance reports.

The PSC annually evaluates natural gas systems for safety compliance in the areas of corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualifications, maintenance and operations, and new construction.

TELECOMMUNICATIONS

In the telecommunications industry, the PSC monitors telephone safety through inspection of the local telephone companies' central offices and outside facilities for compliance with the National Electrical Safety Code and the National Electric Code. This is done to ensure the safety of the companies' workers as well as customers. Network reliability is monitored through service outage reports from the local telephone companies and call completion tests. Service quality is monitored through inspections of the local telephone companies' installation and repair records, billing accuracy tests, and pay telephone inspections. During pay telephone evaluations, access to 911 and the accuracy of the pay telephone address are verified.

WATER AND WASTEWATER

In the water and wastewater industries, the PSC oversees quality-of-service issues such as water pressure and capacity. When a consumer complaint regarding water and/or wastewater quality of service is received, a staff engineer is assigned to work with the consumer and utility personnel to determine the cause of the consumer's utility-related problem.

Service quality issues are also addressed when a utility files an application for a rate change. The PSC conducts customer meetings or service hearings as a part of the rate case process. Consumers' comments at customer meetings or service hearings typically include service quality issues. Staff is assigned to review consumer concerns and work with the utility to resolve service issues. In some cases, a complaint may result from possible violations of Department of Environmental Protection (DEP) public health rules. In these cases, PSC staff works with the DEP to resolve the issue.

Consumer Assistance, Protection and Education

The PSC handles complaints and inquiries related to such issues as service reliability, billing accuracy, service requests, and compliance with safety standards. The PSC is committed to providing effective consumer assistance, protection, and education. The PSC continues to implement a consumer information program that addresses important consumer issues and educates the public about the changing regulatory environment.

The PSC participates in a variety of outreach events such as consumer forums, community meetings, customer meetings and hearings, and develops applicable publications and presentations. The PSC continues to improve its outreach methods to provide access to information, such as electronic access, in order to help ensure that consumers have, or have ready access to, accurate and understandable information necessary to make informed decisions about utility services.

The telecommunications industry continues to change at a rapid pace. Innovative technologies, changes in market structures, and changes in demand have all contributed to the industry transformation. All of these factors have caused an increase in the number of telecommunications companies offering services, and the number and types of service offerings in local markets. Where consumers once had to deal with just a local telephone company and a long distance carrier, they now have to deal with such entities as competitive local exchange companies, operator service providers, billing agents, equipment vendors, and private owners of pay telephones.

With these service providers and the emergence of competition from unregulated service providers, the PSC has come to serve an important role in resolving service quality issues and in implementing policies that promote competition, universal service, and technological advancement. Given the rapidly expanding base of services and service providers in the telecommunications industry, many Florida consumers need additional information to protect their own interests and to make informed decisions regarding their options.

The statutes governing the PSC's electric and natural gas responsibilities have not materially changed in recent years. Even so, there is an increasing focus on specific consumer concerns as these industries try to address the volatility of fuel costs and the effect of the damage from hurricanes.

In regulating the electric and natural gas industries, the PSC has a statutory obligation to protect the consumer by ensuring safety compliance. The PSC is also responsible for providing assistance in addressing consumers' service quality concerns.

A final aspect of consumer assistance relates to customer issues such as billing. The PSC assists consumers with analyzing their utility bills and verifying the accuracy of charges.

It is the PSC’s intent that disputes between regulated companies and their customers be resolved in a quick, effective, fair, and efficient manner. One way the PSC accomplishes this objective is by utilizing the Transfer Connect system to resolve a portion of the consumer complaints it receives. When a consumer calls the PSC’s toll-free telephone number (1-800-342-3552) with a question or a complaint regarding utility services, a PSC staff member, with the customer’s approval, will transfer the call directly to the utility for its handling. Once the consumer’s call is transferred, the utility pays for the call until completion. Each company that subscribes to Transfer Connect must provide live customer service personnel to handle the transferred calls. Consumers benefit when they can have all of their needs met with a single toll-free call. The Transfer Connect option also enables PSC staff to consult with a utility representative and pass on information about the caller without the caller needing to repeat the information.

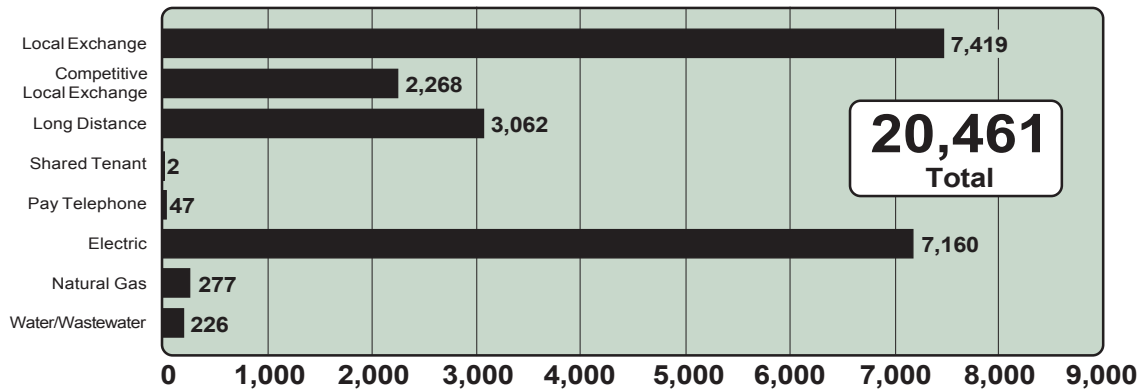
COMPLAINT ACTIVITY

Consumer complaints are resolved by investigating the facts and circumstances of the case with the customer and the company. In addition, service provision issues, along with applicable statutes, rules, and tariffs, are reviewed for compliance.

There are a variety of ways consumers may contact the PSC to file complaints or inquire about any regulated utility company:

- ◆ Calling toll-free at 1-800-342-3552;
- ◆ Faxing toll-free at 1-800-511-0809;
- ◆ Mailing inquiries to the Florida Public Service Commission, Division of Regulatory Compliance and Consumer Assistance, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850;
- ◆ E-mailing contact@psc.state.fl.us; or
- ◆ Visiting the PSC’s Web site at www.floridapsc.com and completing an on-line complaint form.

During 2005, there were 20,461 complaints logged with the PSC against utility companies. The following chart identifies those **complaints received by industry**.



Note: Includes non-certificated complaints logged, complaints transferred via the telephone transfer-connect or e-transfer process, and complaints logged and resolved under the three-day rule.

CONSUMER EDUCATION

The Public Service Commission is aware of the importance of public involvement in decisions that affect utility companies and their consumers and has implemented several measures to include public input in its proceedings. Public involvement may include consumers' receipt of notices about PSC activities, appearances at public meetings, and formal participation in utility rate cases. Consumers are an important focus of all aspects of the regulatory and competitive process. Consequently, the PSC places a great deal of importance on consumer awareness and education.

The PSC's consumer education program has several operational goals:

- ◆ disseminating information about regulatory matters to consumers;
- ◆ establishing the PSC's presence and increasing its visibility as a consumer education agent; and
- ◆ maintaining an outreach plan for consumers attending PSC meetings, hearings, community meetings, and workshops held across the state.

The Commission utilizes the Internet to inform and educate Florida's consumers. The PSC's home page, located at www.floridapsc.com, is continually being improved to make the site more consumer friendly and easier to navigate. Consumers visiting the home page will find a wealth of information about the industries the Commission regulates and about the specific issues before the PSC. Press releases and electronic versions of many publications are among the items available on-line. In addition, consumers are able to file on-line complaints and inquiries about their utility services via the Web site.

Commission events, such as Internal Affairs meetings, Agenda conferences, workshops, and hearings are frequently accessible on-line as live video and/or audio broadcasts. (To access an event, a consumer must have a computer equipped with a soundboard and speakers. The necessary helper application software may be downloaded from the PSC's Web site.)

PSC Commissioners and staff also attend customer hearings and/or meetings held in conjunction with cases. For each hearing or meeting, a *PSC Special Report* is prepared to give to consumers. A *Special Report* is a PSC publication about a pending case and is provided to customers at hearings and meetings. At such events, PSC employees are available to provide additional information and to answer consumers' questions. PSC publications such as *Save Money on Your Local Phone Service*, *Lifeline Assistance Program & Link-Up Florida*, and *How to Prevent Slamming* are also available for consumers to read at each hearing or meeting.

The PSC has produced a number of brochures and flyers designed to help consumers become more knowledgeable about their rights and options as users of utility services. Brochures are available, upon request, to consumers who contact the PSC. Brochures are also available on the agency's Web site.

A major emphasis in the area of consumer education in recent years has been to promote the Lifeline and Link-Up programs to make eligible consumers aware of the ability to receive substantial discounts in the cost of telephone service.

III. HIGHLIGHTS OF PSC'S REGULATORY EFFORTS FOR CALENDAR YEAR 2005

In 2005, the PSC regulated five investor-owned electric companies, seven investor-owned natural gas utilities, and more than 180 investor-owned water and/or wastewater utilities. The PSC also has regulatory authority over one rate-base-regulated telephone company and competitive market oversight for more than 1,720 telecommunications companies in the state of Florida.

The number of certificated telecommunications companies or registered interexchange companies as of December 2005, was as follows:

- ◆ 10 incumbent local exchange companies (ILECs);
- ◆ 429 competitive local exchange companies (CLECs);
- ◆ 703 interexchange companies (IXCs);
- ◆ 409 pay telephone service companies (PATs);
- ◆ 37 alternative access vendors (AAVs); and
- ◆ 29 shared tenant service providers (STS)

While the PSC does not fully regulate publicly owned, municipal or cooperative utilities, it does have jurisdiction, with regard to rate structure, territorial boundaries, bulk power supply operations and planning, over 34 municipally owned electric systems and 18 rural electric cooperatives. The PSC also has jurisdiction, with regard to territorial boundaries and safety, over 27 municipally owned natural gas utilities, and exercises safety authority over all electric and natural gas systems operating in the state. During 2005, a number of significant issues presented challenges for the Commission. What follows is a summary of how the Commission dealt with those issues.

Energy

The year 2005 was especially active for the electric industry. Four hurricanes and upward spiraling prices of natural gas led to a number of PSC dockets and proceedings.

ELECTRIC UTILITY STORM COST RECOVERY

Until the unprecedented 2004 Hurricane Season, electric utility self-insurance programs were adequate to cover the costs incurred for storm damage restoration. The combined effects of the damage caused by Hurricanes Charley, Frances, Ivan and Jeanne during 2004, however, far exceeded the amounts that had been accumulated in the electric utilities' property damage reserves. As a result, in November of 2004, Florida Power & Light Company (FPL) and Progress Energy Florida, Inc. (PEF) filed petitions seeking to recover storm damage restoration costs that exceeded the amounts in their property damage reserves. FPL's and PEF's petitions sought recovery of deficits in their property damage reserves of \$533.0 and \$251.9 million, respectively. FPL's petition also sought interim recovery of its property damage reserve deficit which was granted. FPL began billing the temporary interim surcharge on February 17, 2005.

As part of the Commission's process, service hearings were held during March and April of 2005 in the two electric utility service territories. Technical hearings were also held in Tallahassee during that same time period to receive expert testimony on the amount of the property damage reserve deficits that should be recovered. The Commission heard expert testimony on many issues concerning the types of costs that should be recovered from ratepayers through a surcharge. The Commission decided to allow FPL to recover \$441.9 million through a surcharge to be recovered over a three-year period. PEF was allowed to recover \$231.8 million through a surcharge over a period of two years.

On February 2, 2005, Gulf Power Company (GPC) filed a petition seeking approval of a stipulation between GPC and various other parties. The GPC stipulation allowed recovery of \$54.0 million through a surcharge over two years. Tampa Electric Company (TECO) also filed a petition seeking approval of a stipulation with various parties concerning the accounting treatment of the storm damage restoration costs. However, TECO did not request that a surcharge be implemented. The GPC and TECO stipulations were approved as filed.

ELECTRIC UTILITY RATE CASES

In 2005, two major electric companies, FPL and PEF, filed rate cases with the Commission to increase base rates. Both companies had base rate settlements that were to expire on December 31, 2005.

FPL filed Minimum Filing Requirements (MFRs) on March 22, 2005. The company requested a base rate increase of \$430.2 million beginning January 1, 2006, and requested approval of a second base rate increase to occur in June 2007 of \$122.7 million when Turkey Point Unit 5 is scheduled to be placed in service. The Commission held service hearings in FPL's territory from June 28 through 30, 2005. Prior to the scheduled August 22, 2005, start of the technical hearing, FPL, the Office of Public Counsel (OPC), the Office of the Attorney General (AG), the Florida Industrial Power Users Group (FIPUG), the Florida Retail Federation (FRF), Commercial Group (CG), Federal Executive Agencies (FEA) and South Florida Hospital and Healthcare Association (SFHHA) filed a joint settlement. The settlement provided resolution to Florida Power and Light's pending rate case filing. The settlement was approved by the Commission on August 24, 2005. The settlement provided for no increase in base rates and provided for a revenue sharing plan out to the year 2009. The settlement also allowed base rate increases in the future for new generating plants and provided for the deferral of certain expenses among other items.

PEF filed Minimum Filing Requirements (MFRs) on April 29, 2005. The company requested a base rate increase of \$205.5 million beginning January 1, 2006. The Commission held service hearings from July 20 through 21, 2005. On September 1, 2005, prior to the scheduled September 7, 2005 start of the technical hearing, PEF, the OPC, AG, FIPUG, FRF, CG, White Springs Agricultural Chemicals, Inc., Buddy L. Hanson, AARP and Sugarmill Woods Civic Association filed a joint settlement. The settlement provided resolution to PEF's pending rate case filing. The settlement was approved by the Commission on September 7, 2005. The settlement provided for no increase in base rates and provided for a revenue sharing plan out to the year 2009. The settlement also allowed a base rate increase in the future for the new Hines Unit 4 electric generating unit when it becomes operational and provided for the deferral of certain expenses among other items.

As a follow-up to the 2001 review of rates and earnings, PEF was ordered in 2005 to refund \$9.1 million as a part of revenue sharing related to 2004 earnings.

POWER PLANT AND TRANSMISSION LINE NEED DETERMINATIONS

The Commission Considered one need determination each for a power plant and a transmission line during 2005. In April 2005, the Florida Municipal Power Authority (FMPA) requested a “need” determination for its proposed Treasure Coast Energy Center, a 318 MW gas-fired combined cycle unit. The Commission approved the petition in July 2005, and certification from the Governor and Cabinet is pending. The proposed unit has an expected in-service date of June 2008.

In May 2005, FPL requested a need determination for the St. Johns-Pellicer-Pringle transmission line, a 230 KV line approximately 25 miles in length. The Commission approved the petition in May 2005, and certification from the Governor and Cabinet is pending. The proposed line has an expected in-service date of December 2008.

ELECTRIC RELIABILITY

The Commission initiated a management audit of electric service quality in 2004 for each of the investor-owned utilities. The purpose of the audit was to update data gathered in the 1997 and 2000 management audits for the investor-owned electric utilities and to document the programs and activities the utilities pursued to improve distribution service reliability from 1999 through 2004. During 2005, audits were completed for Tampa Electric Company (TECO) and Florida Public Utilities Corporation (FPUC). Staff’s audit of FPL and PEF was completed in part, limited to the companies’ management practices related to vegetation management, lightning protection, and pole inspections. The remainder of the audit for these two utilities, which will include all other distribution reliability management areas, will be completed in 2006. In its audit of FPL’s pole inspection program, the Commission concluded that the utility may not be completing sufficient numbers of formal specific pole inspections throughout its territory to identify the condition of deteriorated poles in a timely manner. In its audit of PEF’s pole inspection program, the Commission concluded that the utility did not have procedures and guidelines for conducting both distribution and transmission pole inspections, nor had the utility maintained its inspection schedule. The audit for Gulf Power Company (GPC) is scheduled for completion in 2006.

In 2005, the Commission began an Annual Power Pole Integrity Program consisting of inspections of a sample of utility poles. The purpose of the program was to attempt to identify any pole replacement trends that might cause reliability concerns for customers. The focus of the 2005 sample was FPL and PEF. The sample inspections of 1,100 poles resulted in the identification of minor to moderate surface damage in five poles and significant structural damage in one pole. The program will be expanded in 2006 to include sampling of all investor-owned companies’ poles.

In light of the significant negative impact of the 2004 and 2005 hurricanes on Florida electric service consumers, the Commission will be conducting workshops in 2006 to examine ways in which Florida distribution and transmission grid can be hardened to better withstand the effects of hurricanes. The purpose of the workshops is to identify and evaluate options for reducing storm-related service interruptions and storm recovery costs.

FUEL COST RECOVERY

At the November 2005 fuel hearing, the Commission disallowed FPL's request to recover \$25 million in tube resleeving costs at its St. Lucie Unit 2 Nuclear Generating Plant because FPL failed to show that such costs were not already included in base rates.

Both FPL and PEF experienced large underrecoveries of fuel costs in 2005. FPL incurred a \$972 million underrecovery and PEF incurred a \$316 million underrecovery. These large underrecoveries were largely due to sharp increases in the market price of natural gas. Gas prices increased due to hurricanes Katrina and Rita destroying natural gas production and processing facilities in the Gulf of Mexico.

PEF proposed recovery of its \$316 million underrecovery over a single year, 2006. The Commission approved the utility's cost recovery request. FPL proposed recovery of its \$972 million underrecovery through fuel rates over a two-year period, 2006 and 2007, split into \$486 million per year. The Commission considered in its decision the avoidance of \$19 million in estimated carrying costs which would be incurred if half of the underrecovered costs were deferred to 2007 and the large rate impact associated with the underrecovery. The Commission ultimately allowed FPL to recover \$743 million rather than \$972 million and voted for that amount to be recovered completely in 2006 rather than assign any portion of it to 2007. The Commission limited the utility's allowed recovery to actual underrecovered costs and excluded projected underrecovered costs for the last three months of 2005.

REGIONAL TRANSMISSION ORGANIZATION (RTO)

In June 2001, FPL, FPC (now known as Progress Energy Florida, Inc.), and TECO filed petitions asking the Florida Public Service Commission to determine the prudence of the formation of, and their participation in, GridFlorida. Hearings were held in October 2001, and the Commission issued its order in December 2001. The Commission found that the GridFlorida companies were prudent in proactively forming GridFlorida. However, the Commission stated its belief that certain aspects of GridFlorida were not in the best interests of Florida's retail ratepayers at this time, most particularly the transfer of ownership of transmission assets. In addition, it was found that GridFlorida should be structured as an independent system operator (ISO). The GridFlorida companies were ordered to modify the GridFlorida proposal consistent with the terms of the order and file the modified proposal with the Commission within 90 days. The GridFlorida companies filed a modified proposal in March 2002.

In November 2003, a meeting was held with the GridFlorida companies and stakeholders to discuss future activities addressing the resolution of outstanding issues related to the development of GridFlorida. During early 2004, two collaborative workshops were held with the GridFlorida companies and stakeholders to identify and discuss the remaining outstanding issues. Concurrently, the GridFlorida companies contracted with ICF Consulting to perform a study to assess the costs and benefits to Peninsular Florida consumers of implementing the GridFlorida ISO. During 2004 and 2005 numerous meetings and workshops were held with the GridFlorida companies and stakeholders to gather information on the ICF cost-benefit study project description and the underlying assumptions of the proposed study. The final ICF cost-benefit study was released December 2005. The final report concluded that the prospects for a basic RTO as proposed were bleak because the costs exceeded the benefits

by \$704 million. With a more advanced RTO proposal the costs still exceeded the benefits by \$285 million.

E M E R G E N C Y O P E R A T I O N S C E N T E R

PSC staff supports and assists the state's Emergency Operation Center in energy related matters, such as energy security, natural gas explosions, natural disasters, or when any utility related threat is detected that threatens life and property. Regularly this assistance involves supplying expert advice during the emergency and coordinating activities of the gas and electric utilities along with fire, police departments, and other public and private agencies.

The Commission is designated as the "Key Response Agency" ("lead agency") for the Department of Community Affairs' (DCA) Emergency Operations Center (EOC) for Emergency Support Function – 12 Energy (ESF-12). In this capacity, the PSC provides 7 day/24 hour staffing of the State Emergency Operations Center during state emergencies. The primary purpose of ESF-12 is coordinating responses to electric and natural gas energy emergencies and providing information and assistance to a variety of federal and state agencies at the EOC. The Commission is also responsible for maintaining contact with electric and natural gas utilities serving the affected areas in order to assess damage and service restoration efforts. The data collected and maintained from these coordination efforts includes such information as the areas affected, number of customers without electrical power or natural gas, transportation of fuel, and the estimated restoration time for normal service. This information is used by the EOC to determine the most efficient allocation of resources in response to the regional recovery efforts. As lead agency for ESF-12, with the assistance of the DCA, the Commission is responsible for coordinating transportation fuel shortages and disruptions in areas affected by the emergency. Florida experienced several major hurricanes during 2004 and 2005. The PSC provided many man-hours of staffing support to the State Emergency Operations Center. The PSC collected and disseminated utility information on the assessment of damage, customer outages, and estimates of restoration time. The PSC also worked with other state and federal agencies to facilitate the movement of labor and materials to rebuild and restore power systems.

E L E C T R I C S A F E T Y

The PSC is statutorily responsible for electric safety and, by rule, has adopted the National Electrical Safety Code as the applicable safety standard for transmission and distribution facilities subject to the PSC's safety jurisdiction. In addition, the rule sets requirements for the reporting of accidents, quarterly utility compliance reports, and random PSC inspections of facilities. Electric safety engineers regularly inspect utility electric transmission and distribution construction sites that are randomly selected from utility work orders. Any variances from the National Electrical Safety Code that are found are inspected again to verify that code variances are corrected.

G A S U T I L I T Y R A T E C A S E F I L I N G S

On December 28, 2004, Florida Public Utilities Company (FPUC) - Gas Division filed a petition seeking to recover storm damage restoration costs that were a direct result of the 2004 hurricanes. The petition sought recovery of \$860,000 over a four-year period. This amount included recovery of the storm reserve deficit of \$560,000 and \$300,000 to replenish the storm

reserve. The Commission decided to allow FPUC recovery of \$500,187 with no amount included to replenish the storm reserve. The surcharge was required to be recovered over a two and a half-year period. FPUC was also required to take overearnings from 2002 of \$117,773, over which the Commission had jurisdiction, and credit it to the storm reserve to establish a reserve for future storms.

NATURAL GAS PIPELINE SAFETY

All natural gas systems receive annual safety compliance evaluations for corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualification, maintenance and operation, and new construction. The commission's gas safety staff evaluates natural gas systems, covering thousands of miles of pipeline and customer service lines. These evaluations generally result in the issuance of written notifications of gas safety violations, ranging from failure to repair gas leaks, to failure to odorize natural gas, to failure to use qualified welders. All violations must be corrected or scheduled for corrective action pursuant to the Commission's enforcement procedures.

Telecommunications

ILEC WHOLESALE PERFORMANCE MEASURES

Through Docket No. 000121-TP, the Commission developed wholesale performance measurement plans for the ongoing evaluation of operations support systems (OSS) provided by incumbent local exchange carriers (ILECs) for competitive local exchange carriers' (CLECs) use. The performance measurement plans provide a standard against which CLECs and the Commission can measure performance over time to detect and correct any degradation of service provided to CLECs.

For BellSouth, the Commission originally established 90 wholesale performance measurements as well as a system of remedy payments called the Self-Effectuating Enforcement Mechanism (SEEM) plan. Under the plan, SEEM payments are made by BellSouth if the company fails to meet performance standards for key measurements as set by the Commission. During 2005, staff completed a review of BellSouth's performance measures. As a result of the stipulated agreement between the parties participating in the review, the number of performance measures was reduced to 50. The Service Quality Measurement Plan was streamlined and performance standards were modified. The 2005 review also revised the SEEM plan from the former measurement-based calculation approach to a transaction-based approach. The new plan became effective October 2005. Year-to-date through September 2005, BellSouth has paid just under \$9.5 million in SEEM remedies to CLECs and the state of Florida.

During 2005, staff also completed a third-party audit of BellSouth's Service Quality Measures and SEEM Plan. The audit produced findings that Commission staff used to recommend a series of remedial actions for BellSouth to implement in order to improve its performance for wholesale customers. BellSouth is currently implementing recommendations from the audit.

IMPLEMENTATION OF FCC'S TRIENNIAL REVIEW

The FCC's Triennial Review addressed the scope of incumbent local exchange companies' obligations to provide competitors with access to unbundled network elements for provision of local telephone service, and evaluated whether reasonably efficient competitors would be impaired without access to discrete network components. Due to the FCC's original Triennial Review Order of August 21, 2003, being appealed to the D.C. Circuit Court of Appeals, the FCC's final order and rules were not issued until February 4, 2005, and became effective March 11, 2005. In many instances where incumbent local exchange companies were no longer required to provide unbundled access, the FCC established transition periods of 12 or 18 months.

During the latter part of 2004, BellSouth and Verizon filed with the PSC for major proceedings to address amendment of existing agreements (contracts) with competitive local exchange companies to incorporate decisions made in the FCC's Triennial Review. These proceedings have addressed interpretations of FCC requirements and other implementation matters and, in the case of BellSouth, the actual contract language to implement the PSC's decision in each issue. The BellSouth proceeding is the first instance in which the PSC has been requested to establish contract language for all disputed issues. Traditionally, the parties have negotiated contract language to implement the PSC's decisions on disputed issues and have only requested that language be arbitrated when negotiations fail. Given the often extensive nature of contract language, the scope of the BellSouth proceeding is notable.

An administrative hearing in the Verizon proceeding was held on May 4, 2005, and the PSC rendered its decision by Order PSC-05-1200-FOF-TP, issued December 5, 2005. Several parties filed limited motions for reconsideration of the PSC's Order on December 20, 2005.

An administrative hearing in the Verizon proceeding was held on May 4, 2005, and the PSC rendered its decision by Order PSC-05-1200-FOF-TP, issued December 5, 2005. Several parties filed limited motions for reconsideration and clarification of the PSC's Order on December 20, 2005. By Order PSC-06-0078-FOF-TP, issued February 3, 2006, the motions for reconsideration were denied but clarification was granted. On February 8, 2006, Verizon filed an interconnection agreement amendment to comply with the substantive PSC rulings. The document indicates language to which parties do not agree; resolution of these disputes by the Commission is forthcoming.

An administrative hearing in the BellSouth proceeding was conducted on November 2-3, 2005. The PSC rendered its decision at the February 7, 2006 agenda conference.

PSC HOT CUT ACTIVITY - 2005

In February 2005, the FCC published its Triennial Review Remand Order (TRRO) unbundling rules, relieving BellSouth of the obligation to provide UNE-Platform based service to CLECs. The TRRO specified that as of March 11, 2006, this obligation will end. This created a time-certain deadline for migrations of numerous UNE-Platform served CLEC customers to UNE-Loop or other serving arrangements. During 2005, staff addressed the upcoming migrations from UNE-Platform in Docket No. 041338, requested by a coalition of CLECs for the Commission to re-examine and set rates for migrations or hot cuts of lines from UNE Platform to CLEC-owned facilities.

Though hearing dates were set, parties reached a settlement. The settlement addressed the rates, terms and conditions for conversions of lines from one provider to another. The settlement also addressed both single line conversions and multiple line conversions, known as batch hot cuts, or bulk migrations. The agreement, filed September 30, 2005, addressed all issues dependent upon the March 11, 2006 FCC deadline. As of year-end, a few other issues in the docket remained in negotiation.

SERVICE QUALITY

BellSouth and Sprint continued to operate under Service Guarantee Programs (SGP) in 2005 whereby the company credits customers if a service objective as outlined in the SGP is missed. Both SGPs apply strictly to residential service.

BellSouth credited \$2,330,927 to customers for out-of-service repair that extended beyond 24 hours, \$109,275 for missed installations beyond three days, and contributed \$2,000 to the community service fund that is used to promote lifeline service. The overall total for 2005 equals \$2,440,202.

Sprint credited \$1,570,736 to customers for out-of-service repair, \$492,350 for missed installations and \$70,000 to the community service fund used to promote lifeline service. Overall, for 2005, the company credited customers \$2,063,086.

The Commission was concerned about Sprint's service quality, and in response, the company filed a commitment letter to improve its service quality. The commitment letter states that Sprint will repair 90% of all residential out-of-service troubles statewide within 24 hours and no small exchange (50,000 access lines or less) will miss the objective two consecutive months. Sprint will also give the customer a maximum installation interval of five days on new primary residential service. This commitment will be enforceable under the existing SGP. The commitment will become effective June 30, 2006.

Commission staff continues to monitor service quality through on-site evaluations and through periodic reports filed by the companies.

TELECOMMUNICATIONS ACCESS SYSTEM

The Commission contracted with Sprint in 2005 to continue providing relay services in Florida. The new contract was effective June 1, 2005. The term of the contract is for three years with four one-year extensions, upon mutual agreement of both parties.

The Commission staff continued to make test calls through the relay system for the purpose of determining service quality. Sprint met the answer time and maximum call blockage requirements. However, Sprint was consistently failing the minimum typing speed of 60 words per minute; therefore, the Commission initiated corrective action through collecting liquidated damages in Docket No. 040763-TP. The Commission collected \$100,000 in liquidated damages and suspended \$205,000 pending continued compliance with the typing speed requirement. Sprint has improved its typing speed since the liquidated damages were collected.

Sprint also experienced a major network outage which affected the relay system. Hurricane Katrina flooded Sprint's New Orleans switch which processed the 800 number used to access the Florida relay system. Sprint began the process of installing several alternative switching routes to redirect the relay calls through Atlanta and this resolved the problem. This also required several of the local exchange companies in Florida to reprogram their switches to redirect the calls. This process took several weeks to complete. Sprint is reviewing what happened during Hurricane Katrina and will implement changes where possible to reduce the possibility of another major outage in the future.

LIFELINE AND LINK-UP SERVICE FOR LOW-INCOME CONSUMERS

In May 2003, the Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 became law. The 2003 Act requires that each state agency that provides benefits to persons eligible for the Lifeline Assistance Program (Lifeline) shall, in cooperation with the Department of Children and Families (DCF), the PSC, and telecommunications companies providing Lifeline service, develop procedures to promote participation in Lifeline. In July 2003, the PSC initiated a joint Lifeline project with other state and federal agencies, organizations, and ILECs to implement the new statutory requirements. During 2005, Senate Bill 1322 was signed into law expanding the 2003 Act to include the Department of Education and Office of Public Counsel.

During 2005, the PSC continued to work with the project participants to develop and implement new procedures to increase awareness of the Lifeline and Link-Up Florida programs, as well as build upon prior promotional activities. The promotional activities of 2005 focused on "grass roots" activities. Efforts for 2005 have largely been to put Lifeline educational materials in the hands of local organizations that are involved in the community and have regular one-on-one contact with eligible individuals. These organizations include entities such as area agencies on aging, area community action agencies, housing authorities, legal aid centers, senior centers, and urban leagues. Promotional highlights of 2005 include the Back-to-School Lifeline Project, the Connect Florida Campaign, development of program-based Lifeline applications, distribution of educational materials and applications through local Community Action Agencies representing the Seminole and Miccosukee Tribes, and educational presentations at community events, local organizations and conferences. Also, the Florida Department of Community Affairs (DCA) modified its procedures in the Community Services Block Grant program to add an indicator to its work plan that allows the Community Action Agencies to report on the number of clients they help to secure Lifeline services. The project participants include the American Association of Retired Persons, Agency for Health Care Administration, Agency for Workforce Innovation, Department of Children and Families, Department of Community Affairs, Florida Department of Elder Affairs, Florida Office of the Public Counsel, Federal Social Security Administration - Tallahassee District, Workforce Florida, Inc., and a number of Florida's ILECs. A complete list of project participants and additional information about the project is available in the PSC's report entitled "Number of Customers Subscribing to Lifeline Service and the Effectiveness of Any Procedures to Promote Participation." The report may be accessed on the PSC's Web site at <http://www.floridapsc.com/general/publications/reports/tele-lifelinereport2005.pdf>.

The Commission, by Order No. PSC-05-0153-AS-TL, issued February 8, 2005, in Docket No. 040604-TL, approved settlement agreement proposals filed by BellSouth, Sprint, and Verizon implementing a simplified Lifeline and Link-Up certification process. The new process allows eligible Lifeline and Link-Up customers to enroll in the programs by simply signing a document certifying, under penalty of perjury, that the customer participates in one of the Florida Lifeline and Link-Up qualifying programs and identifying the qualifying program. The Order also established a one-year trial period to allow all parties to assess the costs associated with the simplified certification process and determine the corresponding benefits in terms of increased subscribership.

In addition, by Order No. PSC-05-0440-PAA-TL, issued April 25, 2005, in Docket No. 050095-TL, the Commission approved BellSouth's proposal to add the National School Lunch's free lunch program to its Lifeline and Link-Up eligibility criteria. By Order No. PSC-05-0918-PAA-TL, issued September 19, 2005, in Docket No. 050490-TL, the Commission approved Sprint's proposal to add the National School Lunch's free lunch program to its Lifeline and Link-Up eligibility criteria, and through tariff TO50927, filed October 17, 2005, Verizon added the National School Lunch's free lunch program to its Lifeline and Link-Up eligibility criteria effective November 1, 2005.

The Commission also approved two new eligible telecommunications carriers (ETCs) in 2005. A carrier that is granted ETC status is eligible to receive federal universal service support and provide Lifeline and Link-Up services. By Order No. PSC-05-0324-PAA-TX, issued March 21, 2005, in Docket No. 041302, Knology of Florida, Inc., and by Order No. PSC-05-1255-PAA-TX, issued December 27, 2005, in Docket No. 050483-TX, Budget Phone, Inc., both competitive local exchange companies, were approved for designation as ETCs making them eligible to provide Lifeline and Link-Up assistance in Florida.

H U R R I C A N E / S T O R M T E L E C O M M U N I C A T I O N S C O S T R E C O V E R Y

On May 25, 2005, Sprint-Florida, Incorporated (Sprint) filed a Petition for Approval of a Storm Cost Recovery Surcharge and Stipulation (Stipulation) with the Commission. The Stipulation involved an agreement between Sprint and the Office of Public Counsel (OPC) regarding the maximum amount of relevant costs that should be considered for surcharge recovery as a result of the 2004 hurricanes.

Under the law in effect as of the date of Sprint's petition, local exchange companies subject to price regulation under Section 364.051, F.S., are only permitted to increase their rates for basic local service once annually, pursuant to subsection 364.051(3), F.S. Sprint filed its petition pursuant to subsection 364.051(4), F.S., which allows for increases as a result of changed circumstances. It is incumbent on the petitioner to demonstrate what those changed circumstances would be, and the Commission, as a matter of law, must act on the petition within 120 days. Such an increase would be in addition to any increase a company implemented under its permitted annual increases under subsection 364.051(3), F.S.

By Order No. PSC-05-0735-PAA-TL, issued July 8, 2005, in Docket No. 050374-TL, the Commission approved the Stipulation between Sprint and OPC establishing a ceiling of \$30,319,521 in storm restoration costs to be considered for recovery from Sprint-Florida basic

wireline customers. By Order No. PSC-05-0946-FOF-TL, issued October 3, 2005, in Docket No. 050374-TL, the Commission found that the amount of hurricane cost recovery of \$30,319,521 should be recovered through a monthly surcharge of \$0.85 over a two-year period. The Commission also found that use of a true-up mechanism was reasonable and in the best interest of Florida consumers as the true-up would ensure that Sprint would not collect more than the hurricane-related costs approved for recovery.

Water and Wastewater

GOVERNOR'S DROUGHT ACTION PLAN/ WATER CONSERVATION INITIATIVE

In May 2001, a statewide Water Conservation Initiative (WCI) was launched by the Department of Environmental Protection (DEP) and the Water Management Districts in response to the Governor's Drought Action Plan. The overall goal of the WCI is to provide specific recommendations for improving water-use efficiency that are significant, permanent, and cost effective. In August 2002, the DEP initiated Phase II of the project and formed new work groups to develop strategies for implementing the recommendations.

The goals and objectives of Phase II have been formalized in the "Joint Statement of Commitment for the Development and Implementation of a Statewide Comprehensive Water Conservation Program for Public Water Supply (JSOC)." In December 2003, the Commission approved and signed the Joint Statement along with DEP and all five of Florida's Water Management Districts, the Utility Council of the American Water Works Association - Florida Section, the Utility Council of the Florida Water Environment Association, and the Florida Rural Water Association.

Based upon the JSOC, the 2004 regular session of the Legislature enacted House Bill 293 to create section 373.227, Florida Statutes. Among other things, the bill encourages the use of efficient, effective and affordable water conservation measures. The bill directs DEP to develop a comprehensive statewide water conservation program for public water supply, in cooperation with water management districts and other stakeholders.

The PSC, as part of the WCI work group, continues to actively discuss the structure and operation of a water conservation clearinghouse, a publicly accessible data base on conservation programs and practices. The clearinghouse can assist utilities in exploring a wide range of conservation programs, along with the experiences of other utilities. In November, the working group interviewed potential university candidates to serve as a host for the clearinghouse. Four universities responded to the request for interest and described how they would interact with the clearinghouse and what assets they would bring to the project. Another option being explored is the provision of some of the clearinghouse functions by a water management district.

Also in progress is a guidance document which will be interactive and allow a utility to input utility-specific data and access a menu of possible conservation programs that will assist the utility in meeting its conservation goals. The guidance document consists of a water use profile module, a planning module, and a reporting module. The guidance document is scheduled to be completed early in 2006.

WATER AND WASTEWATER RATE CASES

In 2005, the Commission processed file and suspend rate cases filed by Indiantown Company, Inc., Water Management Services, Inc., Ranch Mobile WWTP, Inc., Colonial Manor Utility, Park Water Company and Plantation Bay Utility. All six utilities requested that the filings be processed using the proposed agency action procedure pursuant to Chapter 367.081(8), Florida Statutes.

The Commission also processed nine requests for staff assisted rate cases pursuant to Chapter 367.0814, Florida Statutes. These Class "C" utilities included Blue Heron Golf & Country Club, County-Wide Utility Company, MSM Utilities, LLC., Crooked Lake Sewerage Co., Dixie Grove Utility Company, Timberwood Utilities, Holiday Utility Company, Environmental Protection System of Pine Island and River Ranch Water Management.

WATER AND WASTEWATER CERTIFICATION CASES

In 2005, grandfather certificates were approved for Vantage Oaks and Pine Ridge as a result of Okeechobee County turning jurisdiction over to the PSC. An original certificate was approved for Central Sumter. Transfers of ownership were approved for Florida Water (approximately 60 systems), Paradise, CWS Communities, Del Tura, LWV, Buffalo Bluff, Floralino, Timberwood, and NHC. Transfers to exempt entities were processed for Burkim Enterprises, Braden River, Sebring Ridge, Lake Suzy, Pine Lake, Spring Creek, and Lazy S. Amendments were approved for Lake Utility Services, Fairmount, North Peninsula, CWS Communities, Raintree, Plantation, North Sumter, Brendenwood, and Windstream. In addition, mediation was implemented to attempt to resolve customer concerns regarding the quality of service provided by Aloha.

IV. AGENCY ORGANIZATION

The Public Service Commission consists of five members selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the Commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs, and law.

Commissioners are appointed by the Governor and confirmed by the Senate. Commissioners serve terms of four years, as provided in Chapter 350, Florida Statutes.

The PSC, created by the Florida Legislature in 1887, was originally called the Florida Railroad Commission. The primary purpose of the board was the regulation of railroad passenger and freight rates and operations. As Florida progressed, it was necessary for the Commission to expand. In 1911, the Legislature conferred on the Commission the responsibility of regulating telephone and telegraph companies, and in 1929, jurisdiction was given over motor carrier transportation. The Commission began regulating investor-owned electric companies in 1951, and then in 1952, jurisdiction was extended to the regulation of gas utilities. In 1959, the Commission began regulating privately owned water and wastewater systems and in 1972, began regulating airlines. In 1974 the Legislature gave the Commission rate structure jurisdiction over municipal and rural cooperative electric utilities. The Commission lost jurisdiction over airlines in 1978. In 1980, motor carriers were deregulated; five years later, railroads were deregulated. The Commission received safety jurisdiction over all electric utilities in 1986. In 1995, legislation was approved allowing competition for local exchange telephone service.

The following pages provide a description of each of the Commission's Divisions/Offices and the history of people who have served as Florida Public Service Commissioners since the creation of the agency.



Blanca Bayó

Division of the Commission Clerk and Administrative Services

The Division of the Commission Clerk and Administrative Services (CCA) is responsible for accepting official filings, maintaining the official case files, coordinating the Commission's records management program, and issuing all Commission orders and notices. The

Director of the Division of the Commission Clerk and Administrative Services is designated as the Agency Clerk. Other responsibilities include administrative support services such as human resource programs; budget management; computer network, hardware, and applications support; staff training; and mail processing. The division oversees all financial transactions and maintains the Commission's accounting records which are handled primarily in CCA's Fiscal Services Section.

CCA's *Bureau of Records*, informally known as the Clerk's Office, manages the Commission's computerized document and case management information system; issues reports and assists in the coordination of case management activities; prepares agendas for the Commission's regular conferences; and prepares and maintains the official minutes of all Commission conferences. The hearing reporters in the Bureau of Records attend all PSC hearings, both in Tallahassee and throughout the state, transcribe the proceedings, and prepare transcripts for placement in the official record and for dissemination to participants. The Bureau of Records maintains the official docket files of all documents filed in proceedings before the PSC. It issues all orders and notices of the Commission and coordinates the PSC's records management program. Additionally the bureau maintains the master directory of utilities, as well as mailing lists of parties to and persons interested in proceedings before the Commission; and upon request, the payment of appropriate fees and provides copies of public records.

The *Bureau of Administrative Services* is responsible for coordinating and preparing the Commission's Legislative Budget Requests, monitoring the operating budget, coordinating and maintaining the performance measures and outcome/output standards, and preparing budget amendments as necessary. The Facilities Management & Purchasing Section (FMP) is responsible for processing all agency purchasing, security and safety related issues, leasing, surplus property, and fleet management. The Human Resources Section (HR) is responsible for the administration of all agency human resources programs which include recruitment, selection, classification and pay, attendance and leave, performance evaluations, training and staff development, variable work week schedules, employee relations, payroll, insurance, and other employee benefit programs. This bureau also updates the Commission-wide administrative procedures manual, forms inventory and tracking system, CCA's quarterly reports, and special reports due annually to the Executive Director and outside agencies.

The *Office of Information Technology Services* is responsible for monitoring and evaluating the information processing needs of the PSC, proposing enhancements to information processing resources to management, and providing technical support services for the PSC. This office also provides technical and administrative support services in the areas of imaging, duplicating, mail and distribution, audio-visual, hearing and conference room operations, telephones and fax systems.



Beth Salak

Division of Competitive Markets and Enforcement

The Division of Competitive Markets and Enforcement monitors and facilitates the development of competitive markets in the telecommunications and natural gas industries.

The *Bureau of Market Development* sets prices and requirements for wholesale offerings (i.e., unbundled network elements and resale), whether in the context of an arbitration or a generic proceeding. In addition, the bureau resolves operational issues between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) that cannot be resolved by the parties and must be arbitrated. The bureau must also resolve complaints of an interpretive nature that pertain to existing contracts. The bureau monitors and analyzes wholesale service quality performance measures that quantify the adequacy of operating systems support provided by BellSouth, Verizon and Sprint to CLECs. The bureau also processes ILEC, CLEC, and IXC tariff and price list filings, and negotiated agreements.

The *Bureau of Regulatory Review* reviews utility performance and operations, investigates and documents current processes and results, and identifies areas for improvement. These reviews may be limited to one company or done on a comparative basis between several companies. Areas for investigation include competitive performance analysis, electric reliability, service quality, service availability, systems analysis, and consumer protection. Also, special investigations are conducted relating to systemic utility fraud such as slamming and cramming.

The *Bureau of Service Quality* evaluates the quality of service provided by telecommunications companies and conducts periodic on-site inspections of telecommunications facilities. During field evaluations, tests are done to ensure network reliability and to evaluate the billing accuracy of long distance companies. Pay telephones and call aggregators (hotels/motels) are also inspected. The bureau monitors the quality of service provided by the telecommunications relay system to persons who are hearing or speech impaired. The bureau processes all certification/registration filings, including new certificates/registrations, name changes, transfers, and cancellations, for incumbent local exchange companies (ILECs), competitive local exchange companies (CLECs), interexchange companies (IXCs), pay telephone service (PATs) providers, alternative access vendor (AAVs), and shared tenant service (STS) providers.

The *Bureau of Competitive Markets* processes cases involving area code relief, number conservation plans, reclaiming numbering resources from carriers that have failed to activate central office codes, and numbering code denials. In both the telecommunications and natural gas industries, the bureau provides input on legislative and federal initiatives. For regulated natural gas utility companies, the bureau reviews conservation programs and cost recovery filings, reviews purchased gas filings, processes tariff filings, determines natural gas capacity requirements for electric need determination cases, resolves territorial disputes, develops recommendations to promote competition in the natural gas industry, and processes cases that involve alleged barriers to entry.



Tim Devlin

Division of Economic Regulation

The Division of Economic Regulation investigates the earnings of rate base regulated companies and also works to resolve consumer complaints concerning service quality and billing issues in the electric, natural gas, water and wastewater industries as well as making recommendations concerning electric utility plant siting and cost recovery clauses. The division also reviews the earnings of the one remaining rate base regulated local telecommunications company. The division's responsibilities are further detailed under its component bureaus and sections.

The *Bureau of Rate Filings, Surveillance, Finance and Tax*, is responsible for reviewing the revenue requirements of rate base regulated utilities. It processes rate cases and monitors earnings for these industries. Processing earnings cases includes analyzing filings and expert testimony and exhibits, developing cross-examination questions, presenting staff testimony, holding customer meetings, and preparing and presenting recommendations to the Commission. The bureau also is responsible for the annual report process including all mailings, extensions, filings, delinquency notices, penalty letters, and show causes. This bureau also reviews the regulatory assessment fee (RAF) returns of utilities and processes storm cost recovery and associated securitization filings. Other responsibilities include processing security applications for investor owned natural gas and electric utilities, evaluating requests for corporate undertaking from water and wastewater utilities, and calculating the interest on refunds.

The *Bureau of Certification, Economics and Tariffs* is responsible for certification filings and tariff filings for water and wastewater companies. In proceedings such as rate cases or electric plant need determination cases, the bureau's primary responsibilities focus on analyzing any economic or demographic forecast issues, development of rates and rate structure by customer class, and estimation of any repression effects on customer demand resulting from higher rates. In addition to rate case activity, the bureau analyzes rate structure for municipal electric utilities and rural electric cooperatives. The bureau is also involved in rate and rate structure issues such as billing practices, master metering, reconnect policies, cost recovery clauses, and merger effects on rates.

The *Electric Reliability Section* processes and makes recommendations to the Commission on proposed power plants with a steam cycle greater than 75 megawatts, including non-utility-owned power plants and certain 230 kilovolt or higher electric transmission lines. The section also analyzes utility ten-year site plans required by Florida Statutes. Responsibilities also include making recommendations on utility conservation plans and administering the conservation cost recovery clause.

The *Cost Recovery Section* makes recommendations to the Commission on fuel, purchased power, capacity, and environmental cost recovery petitions and administers a power plant efficiency incentive factor as part of the fuel clause. The section also makes recommendations on territorial agreements and disputes, reviews annual distribution reliability reports, and resolves technical consumer complaints relating to distribution reliability.



Dan Hoppe

Division of Regulatory Compliance and Consumer Assistance

The Division of Regulatory Compliance and Consumer Assistance is responsible for electric and gas safety, audits and reviews in all industries, the consumer complaint process, and consumer outreach. For auditing and safety purposes, the Division operates out of three district offices: Tallahassee, Miami, and Tampa.

The Division's *Bureau of Auditing* performs audits and reviews that include financial, compliance, billing, and verification reviews. The auditors conduct examinations of utility-related financial and operating records and provide the PSC with an independent verification of the supporting documentation for any statements of filings made by the regulated companies.

The *Bureau of Safety* functions involve safety evaluations of natural gas pipeline operations and new electric construction in the state of Florida. The bureau is also the lead contact for the Commission's participation in the State's Emergency Operations Center activities.

The *Bureau of Complaint Resolution* receives, processes, and resolves complaints and facilitates resolution of informal disputes between consumers and utilities. This may result in preparation of testimony for rate cases on complaint activity, and participation in or initiating other dockets on consumer matters.

The consumer outreach staff compiles and relays information about the Commission's regulatory decisions to utility customers and consumer groups. Outreach duties include informing utility customers of their rights, available assistance, and of how they can participate in customer service hearings and other forums to have their views heard by Commissioners.



Rick Melson

Office of General Counsel

The Office of General Counsel provides legal counsel to the Commission on all matters under the Commission's jurisdiction. This office also supervises the procedural and legal aspects of all cases before the Commission.

The Office of General Counsel's *Appeals, Rules and Mediation Section* is responsible for defending Commission orders on appeal, for defending Commission rules challenged before the Division of Administrative Hearings, and for representing the Commission before state and federal courts. This section supports the Office of Strategic and Governmental Affairs in making filings with, or presentations to, other federal, state or local agencies. The section advises in the promulgation of rules, and attends or conducts rulemaking hearings at the direction of the Commission. This section also reviews procurement contracts and provides counsel to the Commission on personnel, contractual, public records, and other administrative legal matters. It also offers mediation services to parties to Commission proceedings.

In cases involving evidentiary hearings before the Commission or an Administrative Law Judge, the *Economic Regulation Section* (for the electric, natural gas, water and wastewater industries) and the Competitive Markets and Enforcement Section (for the telecommunications industry) are responsible for conducting discovery, presenting staff positions, presenting any staff testimony, and cross-examining other parties' witnesses. In conjunction with the appropriate technical staff, this office prepares recommendations to the Commission and prepares written orders memorializing Commission decisions.



Steve Stolting

Office of Inspector General

The Office of Inspector General is established by law to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government. Reporting directly to the Chairman, major responsibilities of the office include conducting audits and internal investigations, assessing the validity and reliability of data and information produced by the Commission, and monitoring corrective actions undertaken to address identified deficiencies. The office routinely reviews Commission programs to identify priorities for audit based on risk of fraud or nonperformance. Results of these audits are submitted to agency management to provide an objective basis for improving the efficiency and effectiveness of Commission operations to help ensure that the Commission can achieve its mission and goals.



Kevin Bloom

Office of Public Information

The Office of Public Information functions as the Commission's liaison with the media and the public. The office monitors the daily reporting activities of dozens of state, regional, and national media outlets to ensure that timely, accurate information regarding Commission decisions is disseminated to consumers. In this capacity, the office maintains familiarity with a broad array of dockets and related activities affecting ratepayers, or issues which have currency with the media.



Richard Tudor

Office of Standards Control and Reporting

The Office of Standards Control and Reporting (SCR) drafts and edits operating procedures and ensures that procedures are implemented consistently across all Commission divisions and offices. SCR also oversees production of PSC reports to ensure consistency with agency position and to eliminate duplication among reports. The office maintains a listing of Commission reports and other publications, as well as electronic or paper copies of many of those documents.

SCR provides graphic design services and in whole or part is involved in the production of many of the Commission's reports. Agency brochures and other consumer education materials are produced by SCR. SCR also coordinates responses to the multiple surveys concerning utility regulation which are received from outside the Commission such as from other state or federal agencies, as well as various research groups. Another role of the office is to oversee the PSC Web site so that it is useful, current, accurate and easy to use.



James Dean

Office of Strategic Analysis and Governmental Affairs

The Office of Strategic Analysis and Governmental Affairs (SGA) has two primary functions. First, the office is responsible for the PSC's long range program planning including critically assessing the evolving regulatory roles of the PSC in the various utility industries and developing proposed strategies which focus the agency's regulatory efforts on those areas which most benefit Florida's citizens. To help accomplish this function, the office serves as liaison with other state agencies, federal regulatory agencies, and the Governor's Office of Planning and Budgeting as new program initiatives arise.

The office also is responsible for maintaining official liaison with the Legislature on all matters affecting the Public Service Commission. The intent is to avoid uncoordinated representation before the Legislature on matters affecting the Commission's program areas. The office reviews relevant bills, provides analysis, and monitors committee meetings. When members of the Legislature or legislative staff request information from a Commission employee, or when contact between the Legislature and an employee is made, SGA ensures any requested information is provided.

Florida Public Service Commissioner History

Commissioner	Years Served	Replaced By	Appointed By
George G. McWhorter	08/17/87 - 06/13/91		
E.J. Vann	08/17/87 - 06/13/91		
William Himes	08/17/87 - 06/13/91		

The Commission was abolished by the Legislature in 1891, recreated 1897

R. H. M Davidson	07/01/97 - 01/03/99	John L. Morgan	
John M. Bryan	07/01/97 - 01/06/03	Jefferson B. Brown	
Henry E. Day	07/01/97 - 10/01/02	R. Hudson Burr	
John L. Morgan	01/03/99 - 01/08/07	Royal C. Dunn	
R. Hudson Burr	10/01/02 - 01/04/27	R. L. Eaton	
Jefferson B. Brown	01/06/03 - 01/08/07	Newton A. Blitch	
Newton A. Blitch	01/08/07 - 10/30/21	A. D. Campbell	
Royal C. Dunn	01/04/09 - 01/04/21	A. S. Wells	
A. S. Wells	01/04/21 - 12/16/30	L. D. Reagin	
A. D. Campbell	11/12/22 - 02/10/24	E. S. Mathews	
E. S. Mathews	02/25/24 - 01/16/46	Wilbur C. King	
R. L. Eaton	01/04/27 - 02/27/27	Mrs. R. L. Eaton-Greene	
Mrs. R. L. Eaton-Greene	02/27/27 - 01/08/35	Jerry W. Carter	
L. D. Reagin	12/16/30 - 07/06/31	Tucker Savage	
Tucker Savage	07/06/31 - 01/03/33	W. B. Douglass	
W. B. Douglass	01/03/33 - 08/04/47	Richard A. Mack	
Jerry W. Carter	01/08/35 - 01/05/71	William H. Bevis	
Wilbur C. King	01/08/47 - 07/18/64	William T. Mayo	
Richard A. Mack	09/15/47 - 01/05/55	Alan S. Boyd	
Alan S. Boyd	01/05/55 - 12/01/59	Edwin L. Mason	
Edwin L. Mason	12/01/59 - 01/06/69	Jess Yarborough	
William T. Mayo	09/01/64 - 12/31/80	Katie Nichols	Graham*
Jess Yarborough	01/06/69 - 01/02/73	Paula F. Hawkins	
William H. Bevis	01/05/71 - 01/03/78	Robert T. Mann	
Paula F. Hawkins	01/02/73 - 03/21/79	John R. Marks, III	
Robert T. Mann ***	01/04/78 - 01/03/81	Susan Leisner	Graham**

The Commission became appointive January 1, 1979

Joseph P. Cresse ***	01/02/79 - 12/31/85	John T. Herndon	Askew/Graham
Gerald L. Gunter ***	01/02/79 - 06/12/91	Susan F. Clark	Askew/Graham/PSC Nominating Council
John R. Marks, III ***	03/22/79 - 03/02/87	Thomas M. Beard	Graham**
Katie Nichols ***	01/02/81 - 01/03/89	Betty Easley	Graham
Susan Leisner	02/16/81 - 04/02/85	Michael McK. Wilson	Graham
Michael McK. Wilson ***	07/12/85 - 11/22/91	Luis J. Lauredo	Graham/Martinez
John T. Herndon	01/07/86 - 04/17/90	Frank S. Messersmith	Graham
Thomas M. Beard ***	03/03/87 - 08/13/93	Diane K. Kiesling	Martinez
Betty Easley	01/03/89 - 01/05/93	Julia L. Johnson	Martinez
Frank S. Messersmith	06/19/90 - 02/05/91	J. Terry Deason	Martinez
J. Terry Deason ***	02/06/91 - 01/01/07		PSC Nominating Council/Chiles/Bush
Susan F. Clark ***	08/15/91 - 07/31/00	Michael A. Palecki	Chiles/Bush
Luis J. Lauredo	01/23/92 - 05/16/94	Jose "Joe" Garcia	Chiles
Julia L. Johnson ***	01/05/93 - 11/15/99	Lila A. Jaber	Chiles
Diane K. Kiesling	12/07/93 - 01/05/98	E. Leon Jacobs, Jr.	Chiles
Jose "Joe" Garcia ***	08/19/94 - 06/30/00	Braulio L. Baez	Chiles
E. Leon Jacobs, Jr.***	01/06/98 - 01/07/02	Rudolph K."Rudy" Bradley	Chiles
Lila A. Jaber ***	02/29/00 - 12/02/04	Lisa Polak Edgar	Bush
Braulio L. Baez ***	09/01/00 - 01/01/06	Katrina J. Tew	Bush
Michael A. Palecki	12/19/00 - 01/06/03	Charles Davidson	Bush
Rudolph K. "Rudy" Bradley***	01/02/02 - 01/01/06	Matthew M. Carter II	Bush
Charles M. Davidson	01/07/03 - 06/01/05	Isilio Arriaga	Bush
Lisa Polak Edgar***	01/02/05 - 01/05/09		Bush
Isilio Arriaga	10/06/05 - 01/01/07		Bush
Matthew M. Carter II	01/02/06 - 01/01/10		Bush
Katrina J. Tew	01/02/06 - 01/01/10		Bush

* - 2 year initial term

** - 3 year initial term

*** - Served/Serving as Chairman