

FLORIDA
PUBLIC
SERVICE
COMMISSION

2011
ANNUAL REPORT

CHAIRMAN'S MESSAGE

With a still slow economy in 2011, the Florida Public Service Commission (FPSC) moved proactively to ease the burden on ratepayers and encourage job creation.

We challenged our employees to find new ways to hold down utility bills—without diminishing the financial health of regulated utilities. They rose to the occasion, looking beyond the rate case process to develop initiatives that will keep utilities strong in capital markets while easing the burden on ratepayers.

- ◆ Working with the Office of Public Counsel and electric utilities, the FPSC tracked down regulatory burdens that add more cost than value.
- ◆ The Commission requested a study by the University of Florida that identified the state's electric utility fuel mix as a possible cause of higher customer costs.
- ◆ The Commission also hosted workshops to find efficiencies and cost reductions for companies operating small water and wastewater systems. Many of the recommendations may be considered by a proposed legislative study commission.

After Florida's Regulatory Reform Act removed most FPSC regulation of landline telecommunications in July, we reduced our staffing levels and cut the regulatory assessment fees that ultimately are paid by customers. The FPSC continues to facilitate competition in wholesale telecommunications markets and to oversee the Lifeline telephone discount program, which had a 47 percent jump in participation. Florida also was a national leader in eliminating Lifeline fraud.

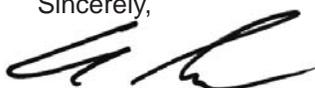
Within its traditional role of hearing cases, the Commission found more opportunities to save ratepayers money as well.

- ◆ We declined to impose over \$1 billion in additional demand side management program costs on customers of the state's two largest electric utilities.
- ◆ We ended an extremely contentious rate case for Florida's largest electric utility with our order adopting a unanimous agreement of the utility and ratepayer representatives. It guaranteed rate stability for two years.
- ◆ We overhauled Florida's first economic development rate tariff to attract more new manufacturing.

It was a year of internal accomplishments, too. The addition of Commissioner Julie Brown completed turnover in four of the five Commission seats, and the renewed Commission quickly established itself as a constructive and deliberate body. The FPSC welcomed a new Executive Director, streamlined the organization with an eight percent reduction in staffing, and expanded communications with a Twitter account to help interested followers keep up with Commission news.

Through this *2011 Annual Report*, I invite you to learn more about the FPSC's important work to make sure Florida's utility services are safe, reasonable, and reliable.

Sincerely,



Art Graham

Chairman, October 2010 - January 1, 2012

TABLE OF CONTENTS

FPSC Organizational Chart	1
FPSC Commissioners	2
FPSC Executive Management	4
I. The Role of Florida's Public Service Commission	5
Rate Base / Economic Regulation	6
Competitive Market Oversight	7
Reliability, Safety, and Service Issues	7
Consumer Assistance, Protection, and Education	9
II. Highlights of the FPSC's Regulatory Efforts for Calendar Year 2011	13
Energy	13
Telecommunications	18
Water and Wastewater	22
III. Agency Organization	24
Division of Administrative Services	25
Division of Regulatory Analysis	25
Division of Economic Regulation	26
Division of Safety, Reliability and Consumer Assistance	27
Office of the Commission Clerk	28
Office of the General Counsel	28
Office of Information Technology Services	29
Office of Inspector General	29
Office of Public Information	29
Office of Auditing and Performance Analysis	30
Florida Public Service Commissioner History	31

CONTACT INFORMATION

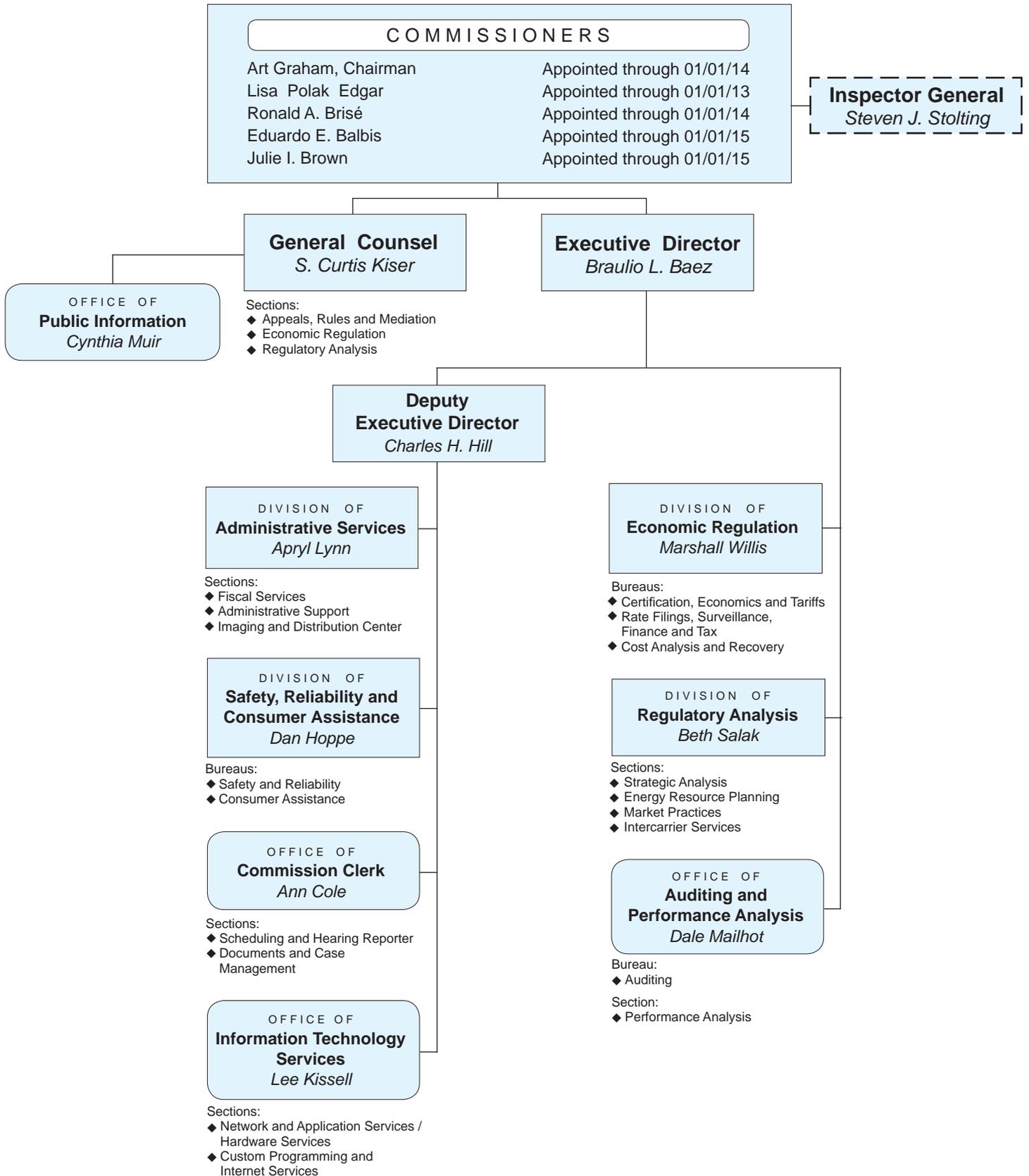
The Florida Public Service Commission's (FPSC or Commission) responsibilities in utility regulation directly affect the public. The FPSC welcomes requests for information about utility regulation or utility-related matters. Inquiries may be made in writing to the address below or by telephone, e-mail, or toll-free fax.

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Toll-Free: 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

(Detailed telephone contact information is available at <http://www.floridapsc.com/about/contact/phonedirectory.aspx>)

FPSC ORGANIZATIONAL CHART



FPSC COMMISSIONERS



Pictured left to right: Eduardo Balbis, Lisa Polak Edgar, Art Graham, Ronald A. Brisé, and Julie I. Brown.

Art Graham was appointed to the Florida Public Service Commission by Governor Charlie Crist in July 2010 and was reappointed by Governor Rick Scott to serve a term through January 2014. In October 2010, he was elected Chair of the Commission through January 1, 2012. ♦ Chairman Graham is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Committee on Water. Prior to his appointment, Chairman Graham served on the Jacksonville City Council. Among his duties as Council Member, Chairman Graham helped oversee the budget of JEA, a publicly owned electric, water, and wastewater utility, and chaired the Transportation, Energy, and Utilities Committee. He also served on the Jacksonville Beach City Council from 1998 to 2002. ♦ He is a past chair of the North Florida Transportation Planning Organization and vice president of the Northeast Florida Regional Planning Association. He was president of ART Environmental Consulting Services from 2005 to 2009 and was a recovery engineer with Georgia Pacific Pulp and Paper from 1995 to 2002. A sales engineer with Betz PaperChem from 1991 to 1995, Chairman Graham was a regional sales manager from 1989 to 1991 for Goodyear Tire and Rubber, where he also held an application engineer position from 1988 to 1989. ♦ Chairman Graham received a bachelor's degree in chemical engineering from the Georgia Institute of Technology in Atlanta. He is also a 2001 graduate of Leadership Jacksonville and a 2008 graduate of Leadership Florida.

Lisa Polak Edgar was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush for a four-year term beginning January 2005. From January 2006 to January 2008, she served as Chairman and participated as a member of the Florida Energy Commission and the Governor's Action Team on Energy and Climate Change. Governor Charlie Crist reappointed Commissioner Edgar to a second four-year term, January 2009 through December 2012. ♦ During her first term, Commissioner Edgar worked to develop policies to strengthen the state's electric infrastructure to better prepare for, and withstand, storm events; to establish net metering and interconnection rules that encourage customer participation and renewable energy development; to further the diversification of Florida's fuel supply; to effectively reform the collection and distribution of universal service funds; and to broaden stakeholder participation. ♦ Commissioner Edgar served on the Federal Communications Commission Universal Service Joint Board from 2005 through 2009 working for efficient, accountable, and fiscally responsible use of Universal Service funds. She is currently a member of the National Association of Regulatory Utility Commissioners Board of Directors, as well as the Committees on Electricity and Consumer Affairs. ♦ Prior to joining the PSC, Commissioner Edgar served as Deputy Secretary for the Florida Department of Environmental Protection (DEP). Her responsibilities at DEP included executive management oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, Florida Geological Survey, and coordination between the state and federal government on environmental issues, including proposed and existing oil and gas drilling on the Outer Continental Shelf. Commissioner Edgar represented the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004, and on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. ♦ Commissioner Edgar received her Bachelor of Science and Juris Doctorate degrees from Florida State University and is a member of the Florida Bar. She is a member of Leadership Florida and the Capital Tiger Bay Club and serves on the Board of Directors of Sustainable Florida. ♦ Commissioner Edgar and her husband are members of Killlearn United Methodist Church and are raising their two active children in Tallahassee.

Ronald A. Brisé was appointed to the Florida Public Service Commission by Governor Charlie Crist in July 2010 and was reappointed by Governor Rick Scott for a term through January 2014. ♦ Commissioner Brisé is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Committee on Telecommunications and the Committee on International Relations. ♦ Before this appointment, he served the citizens of North East Miami-Dade (District 108) in the Florida House of Representatives for four years. As a Representative, Commissioner Brisé was named Democratic Whip from 2006 to 2008 and served as Vice Chairman of the Florida Conference of Black State Legislators. He served on the Education & Economic Development Appropriations, General Government & Health Care Appropriations, and Select Strategic & Economic Planning Councils, was the Ranking Member on the State & Community Colleges and Workforce Appropriation Committee, and served on the State Universities

Continued

FPSC COMMISSIONERS

& Private Colleges Policy Committee. He also served on the Transportation & Economic Development Appropriations and the Energy & Utilities Policy Committees. Most notably as a legislator, Commissioner Brisé sponsored successful legislation to expand broadband deployment throughout the State of Florida making it possible for underserved areas to have access to broadband technology. He was also successful in passing legislation to provide relief from garnishment to heads of families by increasing the amount of retainable earnings before garnishment. ♦ Recently, Commissioner Brisé was the Chief Executive Officer of Strategic Partner Consulting, LLC, which provides leadership and development strategies for corporate clients. Until 2008 Commissioner Brisé was also the Chief Operating Officer for IPIP Corporation, a VoIP telecommunications carrier. Prior to this, he was the Science Department Chairperson at Miami Union Academy from 2000 to 2005 and was also the Academy's Director of Development, Marketing, and Recruitment from 2003 to 2005. ♦ Commissioner Brisé served as a member of the North Miami Planning Commission and is a past president of the Albert C. Pierre Community Center. He is a member of the NAACP and a member on the boards of the Haitian-American Scholarship Fund and Miami Union Academy. ♦ Commissioner Brisé received a bachelor's degree in biology education from Oakwood University in Huntsville, Alabama, and received MBA degrees in management and marketing from American Intercontinental University in Illinois. ♦ He and his wife, JoAn, have a son and daughter, Ronald Brisé II and Elizabeth Christiana Brisé, and together are faithful members of Tabernacle Seventh-day Adventist Church.

Eduardo E. Balbis was appointed by Governor Charlie Crist to the Florida Public Service Commission (PSC) and reappointed by Governor Rick Scott to serve a four-year term through January 1, 2015. Commissioner Balbis began serving on the PSC in November 2010, when Governor Crist appointed him to fill an unexpired term through January 1, 2011. ♦ A member of the National Association of Regulatory Utility Commissioners (NARUC), Commissioner Balbis serves on the Committees on Gas and on Critical Infrastructure. Prior to serving on the PSC, Commissioner Balbis was the Assistant City Administrator for the City of West Palm Beach, where he managed the Public Utilities, Public Works, and Engineering Departments, comprising more than 400 employees. He oversaw major upgrades to the City's Water Treatment Plant that significantly improved the City's drinking water quality, and he coordinated the planning efforts for long term improvements to the City's water treatment plant to bring important operational and capital savings. ♦ As Assistant City Administrator, Commissioner Balbis was also responsible for the management of Grassy Waters Preserve. This pristine, 20-square-mile wetland ecosystem serves as a habitat for many protected species, including the Everglades Snail Kite, and is the primary source of drinking water for the City of West Palm Beach and the Towns of Palm Beach and South Palm Beach. ♦ Commissioner Balbis previously served as Chairman of the Board of the East Central Regional Wastewater Reclamation Facility, which benefits more than 239,000 customers in Palm Beach County. As Chairman, he helped bring to fruition one of the largest conservation projects in Florida: a 27 million gallon-per-day water reuse project that provides treated wastewater in lieu of groundwater to cool a 3,750 MW power plant. ♦ Previously appointed by Governor Crist to the Treasure Coast Regional Planning Council, Commissioner Balbis worked with other council members on complex regional development issues and projects affecting Palm Beach, Martin, Indian River and St. Lucie Counties. His prior experience also includes working in the private sector for national engineering firms specializing in the design of large utility infrastructure projects. ♦ A lifelong Florida resident, Commissioner Balbis graduated from the University of Florida with a degree in Environmental Engineering and is a Licensed Professional Engineer. As a hobby, he enjoys officiating football and is a NCAA Division 1 football official with the Sun Belt Conference.

Julie Imanuel Brown was appointed to the Florida Public Service Commission by Governor Charlie Crist and reappointed by Governor Rick Scott for a four-year term beginning January 2, 2011. Prior to her appointment, she was Associate Legal Counsel of First American Corporation, a Fortune 500 company, where she handled a variety of legal issues in the Eastern, Midwest and Mid-Atlantic Regions, including corporate compliance with regulatory authorities. ♦ Previously an Assistant City Attorney for the City of Tampa, Commissioner Brown specialized in contract, regulatory and administrative law while acting as legal advisor to the City of Tampa for wastewater, stormwater, land development coordination, and other matters. Commissioner Brown also worked as a corporate attorney at Shumaker, Loop & Kendrick, LLP in Tampa, Florida, specializing in mergers and acquisitions and securities law. ♦ Commissioner Brown is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Committee on Energy Resources and the Environment and the Subcommittee on Nuclear Issues – Waste Disposal. Her civic affiliations have included the City of Tampa's Architectural Review Commission, the Board of Directors for the Tampa Firefighters Museum, the Florida Bar's 13th Judicial Circuit Bar Grievance Committee, and acting as Vice Chair of the Hillsborough County Bar Association's Judicial Campaign Practices Committee. ♦ Commissioner Brown graduated magna cum laude with a Bachelor of Science from the University of Florida, where she was the recipient of the Outstanding Female Leader award, President of Florida Blue Key, inducted into the Hall of Fame, and received the Dean's Cup for the College of Journalism and Communications. She earned a Juris Doctorate from the University of Florida Levin College of Law and is a member of the Florida Bar. Her graduate education included study abroad at the University of Montpellier College of Law in France. ♦ Commissioner Brown and her husband have two children.

EXECUTIVE MANAGEMENT



EXECUTIVE
DIRECTOR

BRAULIO L. BAEZ

The Executive Director is responsible for directing, planning, and administering the overall activities of the Commission staff, except the Office of General Counsel. He consults with and advises the Commissioners on regulatory, internal management, and budgetary matters, and acts as an interagency liaison. Reporting directly to him are the Deputy Executive Director and the directors of the Division of Regulatory Analysis, the Division of Economic Regulation, and the Office of Auditing and Performance Analysis.



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 his absence. He has direct line authority over the Division of Administrative Services; the Division of Safety, Reliability and Consumer Assistance; the Office of Commission Clerk; and the Office of Information Technology Services.



GENERAL
COUNSEL

S. CURTIS KISER

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



THE ROLE OF FLORIDA'S PUBLIC SERVICE COMMISSION

MISSION STATEMENT:

*To facilitate the efficient provision of
safe and reliable utility services at fair prices.*

The Commission's work is a balancing act, weighing the needs of consumers with the needs of a utility and its shareholders. For water and electric utility companies, the Commission oversees service territories, regulates rates and earnings, and requires utilities to provide service to all who request it. For telecommunications companies, the Commission is responsible for encouraging and promoting fair and reasonable growth within the industry.

Several years of an economic downturn in Florida continue to affect the state's utility companies. Public utilities play a major role in the state's economy and in our society. Water and wastewater, energy, and telephone services are necessities. The FPSC ensures that Florida's residents receive these essential services in a safe, reasonable, and reliable manner. In doing so, the FPSC exercises regulatory authority over utilities in three key areas: rate base/economic regulation; competitive market oversight; and the monitoring of safety, reliability, and service.

- ◆ 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 managing issues associated with them.
- ◆ Safety, reliability, and service monitoring promotes an uninterrupted supply of utility services to the general public and confirms that such services are provided in a reasonable and timely manner with minimal risks.

In each of these areas, the Commission provides consumer assistance, protection, and education services which include responding to consumer questions and complaints and distributing information about using utility services.

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

RATE BASE/ECONOMIC REGULATION

Earnings levels for regulated electric, natural gas, and water and wastewater companies are established and regularly monitored by the FPSC. Companies file annual reports which are reviewed to determine their earnings for the prior year. If it appears that a company will experience excessive earnings in the coming year, the FPSC fully analyzes the company's books and records and, when appropriate, reduces its rates. The FPSC may determine earnings are subject to refund if the review indicates possible overearnings.

When a company believes its earnings are below a reasonable level, the company can petition the FPSC for a change in rates. After an extensive review of the company's earnings, the Commission determines the company's fair rates and earnings

to decide a reasonable rate of return. The Commission also analyzes the actual rates charged by the company, allocates revenue requirements between classes of customers, and develops appropriate rate structures within rate classes.



ENERGY

In addition to annual reports, the investor-owned electric and natural gas companies also file earnings information monthly, quarterly, or semi-annually, depending upon each company's size. The more frequent company filings allow the FPSC to monitor earnings levels on an ongoing basis. Customer rates can be quickly adjusted if a company appears to be overearning.

Annually, the FPSC thoroughly reviews each regulated utility's fuel, capacity, conservation, and environmental costs and authorizes recovery of the prudently incurred expenses. Other areas of economic regulation for the energy industry include special contracts, new tariff offerings, conservation program approvals and revisions, depreciation, amortization, nuclear decommissioning studies, and fossil fuel dismantlement studies.

— WATER & WASTEWATER —

In the water and wastewater industries, the FPSC processes a significant number of cases. The majority of these cases involve requests for rate increases or limited proceeding increases resulting from the increased costs of providing service. Other cases involve overearnings investigations to determine if a rate reduction is necessary.

The Commission processes water and/or wastewater certification requests, with the majority involving the transfer or amendment of certificates of authorization. Other cases can involve certifying a new utility and setting its initial rates and charges. The Commission also acknowledges abandonments and cancels certificates for systems transferred to exempt entities.

Reuse (using effluent water for a beneficial purpose, such as irrigation) impacts 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 as a means of effluent disposal and as a method of water conservation. The FPSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with the statewide goals. In meeting this charge, Commission staff participates on a Reuse Coordinating Committee along with staff from the DEP, the WMDs, the Florida Department of Agriculture and Consumer Services, the Florida Department of Health, and the Florida Department of Transportation.

In Florida, water conservation is vital to the state's economy. As an economic regulator, the FPSC is actively involved in demand-side water conservation through rates and rate structure review. Rates and rate structure have a direct bearing on water usage and water resource allocation. The FPSC has a Memorandum of Understanding with the DEP and the five WMDs to coordinate efforts to improve statewide water quality and meet statewide conservation goals. Both agencies are frequently called upon to testify on water quality and conservation issues in rate cases before the FPSC. When feasible, the FPSC allows utilities to recover expenses related to conservation programs and establish conservation rates to reduce water consumption.

COMPETITIVE MARKET OVERSIGHT

The FPSC addresses competitive market structure and regulatory issues in the telecommunications industry, an industry previously considered a monopoly. The telecommunications industry, however, has transitioned to competitive markets. Two catalysts for the change to competition are innovative technologies that add new markets to established regulated companies and increased service options that benefit customer choices. The FPSC must ensure that regulatory barriers are removed and that telecommunications companies do not act in an anticompetitive manner.



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

By conducting regular reviews of industry practices, the FPSC determines whether entities are engaging in actions that could impede the development of competition. Other major areas involve processing area code relief cases and providing oversight of numbering resources.

Setting certain wholesale prices (i.e., ILEC unbundled network elements used by CLECs to provide service) is also a FPSC responsibility. In addition, the Commission establishes reciprocal compensation oversight to guide the compensation to companies which terminate local traffic from other companies.

Another critical aspect of competitive market oversight in the telecommunications industry is the certification process. Most telecommunications companies (not including interexchange compa-

nies) conducting business in Florida are required by state law to be certificated by the FPSC.

RELIABILITY, SAFETY, AND SERVICE ISSUES

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

ENERGY

RELIABILITY

In the electric industry, the FPSC 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 FPSC considers petitions for the determination of need for electric power plants, transmission lines, and intrastate natural gas pipelines so that adequate generation and transmission facilities will be available to meet the state's power needs.

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

ELECTRIC DISTRIBUTION RELIABILITY AND INFRASTRUCTURE HARDENING

The FPSC also monitors investor-owned utilities' (IOUs) performance through review of each company's *Electric Distribution Reliability Report*, which is filed annually on or before March 1. In this filing, each IOU reports the latest available data on its various reliability indices, such as System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). The reliability indices are based on statistical data that measure each IOU's service quality and reliability. The reports also describe the status of each IOU's storm hardening efforts related to ten ongoing initiatives established by the FPSC, including such programs as vegetation management, hardening of existing structures, joint-use agreements,

auditing pole attachments, and natural disaster preparedness. The Commission reviews these reports to verify the utilities' compliance with Commission requirements and ensure that Florida's utilities are maintaining quality service that is safe and reliable.

ELECTRIC SAFETY

By statute, the FPSC is responsible for electric safety. The Commission has adopted the National Electrical Safety Code as the applicable safety standard for transmission and distribution facilities subject to the FPSC's safety jurisdiction. In addition, Commission rules set requirements for accident reporting, quarterly utility compliance reports, and FPSC facility inspections. Electric safety engineers inspect utility electric transmission and distribution construction sites that are selected from utility work orders. Any variances from the National Electrical Safety Code are corrected through a quality control program.

NATURAL GAS PIPELINE SAFETY

Safety compliance evaluations are conducted annually on all natural gas systems. These evaluations focus on corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualification, maintenance, operation, and new construction.



These evaluations focus on corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualification, maintenance, operation, and new construction.

The Commission's pipeline safety staff evaluates natural gas systems covering thousands of miles of pipeline and customer service lines. These evaluations generally result in written notifications of gas safety violations such as failure to repair gas leaks, failure to odorize natural gas, or failure to use qualified welders. All violations must be corrected or scheduled for corrective action pursuant to the Commission's enforcement procedures.

The Commission's pipeline safety program is evaluating and working with a new Pipeline and Hazardous Materials Safety Administration (PHMSA) rule, which became effective on August 2, that establishes integrity management requirements for gas distribution pipeline systems. Over the past several years, PHMSA has implemented

new integrity management regulations for hazardous liquid and gas transmission and now has included distribution pipelines. These regulations are intended to help assure pipeline integrity and improve the pipeline safety record. Inspections for compliance with this rule requirement begin January 1, 2012.

— TELECOMMUNICATIONS —

**IMPLEMENTATION OF
2011 STATUTORY CHANGES**

The Regulatory Reform Act, signed by Governor Rick Scott on May 5, became effective on July 1. The Act eliminated retail regulation of local exchange telecommunications services by the FPSC, including rate caps on all retail telecommunications services, most telecommunications related consumer protection and assistance, and oversight of telecommunications service quality. The bill also reforms the FPSC's certification processes, authority over intercarrier matters, and other general provisions.

Some specific areas where FPSC retail jurisdiction is reduced or eliminated include:

- ◆ Authority to require a flat rate pricing option for local service and to inform new subscribers of the least cost service option.
- ◆ Authority to designate wireless carriers as Eligible Telecommunications Carriers (ETCs) for the purpose of receiving federal Universal Service Fund (USF) benefits, including Lifeline Assistance (Lifeline).¹
- ◆ Authority to allow ILECs to recover storm damages through a Commission approved surcharge.
- ◆ Authority to compel repairs, rendering unenforceable the Commission ordered pole inspection program.
- ◆ Authority to require information dissemination to consumers to better understand competitive market and billing related issues.
- ◆ Requirement to provide informational materials and conduct consumer outreach on the benefits

¹ Wireless carriers seeking ETC designation in Florida must now petition the FCC for such designation.

available through the Lifeline program (the Commission may continue its outreach but is no longer required).

- ◆ Authority to protect against discriminatory pricing of telecommunications services.
- ◆ Authority to resolve retail billing and service complaints.
- ◆ Authority to enforce specific consumer protection relating to cramming.
- ◆ Restriction of slamming complaints to those filed by carriers against other carriers.

Of the FPSC's 115 telecommunications rules, 66 were eliminated and 35 of the remaining rules are in the rulemaking process for amendment or repeal. Statutes related to the Commission's authority over intercarrier issues were amended to consolidate authority into a single section. The Commission retains authority over intercarrier disputes, arbitrations, and interconnection agreements, as well as authority over numbering issues such as area code exhaust.

Finally, the Commission initiated rulemaking to reduce the regulatory assessment fee factor for telecommunications companies to reflect the reduction in regulation resulting from the amendments to Chapter 364, Florida Statutes (F.S.).

— WATER & WASTEWATER —

In the water and wastewater industries, the FPSC monitors quality-of-service issues such as water pressure and capacity. When a consumer complaint regarding water and/or wastewater quality of service is received, if warranted, a staff engineer is assigned to work with the consumer and utility personnel to determine the cause of the concern.

Service quality issues are also addressed when a utility files an application for a rate change. The Commission conducts customer meetings or service hearings as a part of the rate case process. Consumer comments at these meetings typically include service quality issues. Staff reviews consumer concerns and works with the utility to resolve service issues. When a complaint results

from possible violations of DEP public health rules, FPSC staff works with the DEP to resolve the issue.

CONSUMER ASSISTANCE, PROTECTION, AND EDUCATION

By providing effective consumer assistance, protection, and education, the FPSC accomplishes its mission of assisting consumers and educating the public about the changing regulatory environment.

The FPSC participates in a variety of outreach events such as consumer forums, community meetings, and customer meetings and hearings, by presenting pertinent information and distributing a variety of consumer publications. Making sure that consumers have easy access to information ensures that they can make informed decisions about utility services.

Passage of Florida's Regulatory Reform Act, effective in July, required the revision or elimination of many Commission telecommunications rules, including those regarding customer relations. Following Commission approval of the repealed rules in late July, FPSC brochures and other publications were updated to reflect the changes and keep consumers informed.

With Florida's hurricane season and volatile fuel costs, consumers have concerns about energy expenses and storm damage, which impact the natural gas and electric industry. The FPSC Web site and publications highlight the Commission's statutory obligation to protect consumers by ensuring public safety and explain the rules that keep fuel costs reasonable and utilities prepared for storms.

Another aspect of consumer assistance relates to customer issues such as billing. The FPSC assists consumers with analyzing their utility bills and verifying the accuracy of charges to help resolve disputes between regu-



lated companies and their customers in a fair and efficient manner.

The Commission’s Transfer Connect system is one way the FPSC resolves consumer complaints. When a consumer calls the FPSC’s toll-free consumer assistance line (1-800-342-3552) with a question or a complaint regarding utility services, a FPSC staff member, with the customer’s approval, will transfer the call directly to the utility for handling. Once the consumer’s call is transferred, the utility pays for the call until completion. Each company subscribing 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 FPSC staff to consult with a utility representative and pass on information from the caller, so the caller doesn’t have to repeat information.

— COMPLAINT ACTIVITY —

A variety of fact sheets, brochures, and consumer tips are available to help consumers. In addition to helping resolve complaints between residential and business customers and Florida’s regulated utilities, the FPSC provides consumer information about utility payment plans, statutes and rules governing utility companies, and the status of pending cases before the Commission.

See the following five ways to contact the FPSC:

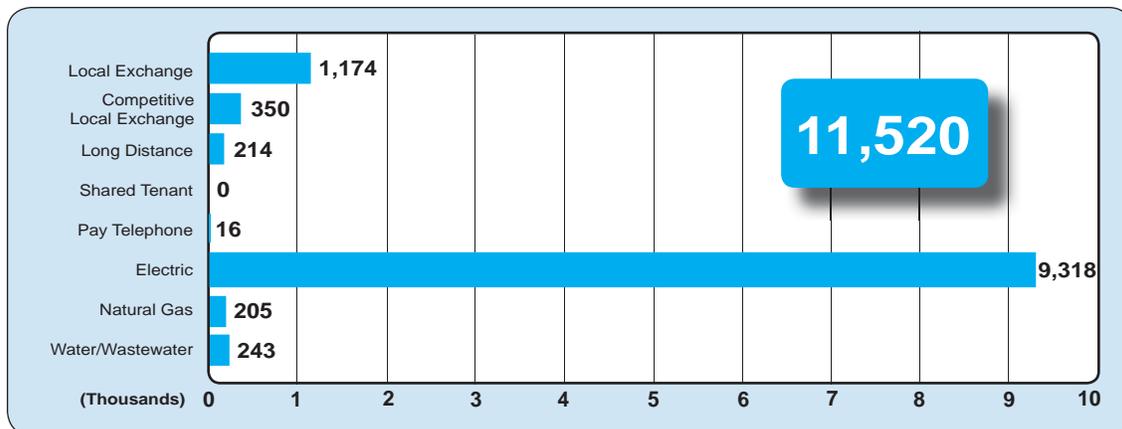
- ◆ Complete an online complaint form
- ◆ E-mail correspondence to contact@psc.state.fl.us
- ◆ Call the toll-free number at 1-800-342-3552
- ◆ Fax information toll-free at 1-800-511-0809
- ◆ Send mail to:
 Florida Public Service Commission
 Division of Safety, Reliability and
 Consumer Assistance
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0850

For more information, visit the FPSC’s Web site at: www.floridapsc.com

Since consumer service and protection are integral to the FPSC’s mission, the Commission encourages early, continuous, and meaningful public participation throughout its regulatory process. As part of the FPSC’s education program, information is compiled and relayed to consumers who are offered many opportunities to express comments and ideas to the Commissioners before final decisions occur.

The FPSC closely monitors informal consumer inquiries and complaints to identify trends affecting consumers and then produces related outreach materials to address those needs. The FPSC provides consumers with the information they need to understand the benefits of competition and to know their rights as utility customers.

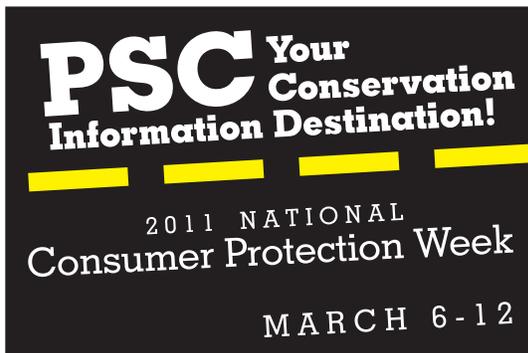
During 2011, 11,520 complaints were logged with the FPSC against utility companies. The following chart identifies those complaints received by industry.



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. Effective July 1, 2011, FPSC jurisdiction over telecommunications companies changed.

Consumers receive information in a variety of ways, including the FPSC Web site, news releases, toll-free phone and fax numbers, consumer publications, the media, brochures, scheduled FPSC meetings open to the public, and community events. The FPSC's home page, www.floridapsc.com, is continually updated to make the site more user-friendly. The Web site contains information about the regulated industries, press releases, and agency publications. In addition to obtaining information, consumers may file online complaints and inquiries about their utility services. Commission events and meetings are usually accessible online as live video and/or audio broadcasts.

More than 330 Florida public and branch libraries participated in the FPSC's 2011 Library Outreach Program to educate consumers across the state. Through the program, a variety of FPSC publications highlighting practical energy and water conservation measures are distributed to library patrons throughout the year.



National Consumer Protection Week (NCPW) played a significant role in the PSC's 2011 conservation education efforts. This year, the FPSC built on the national theme in the spirit of conservation: *The PSC...Your Conservation Information Destination!* Kicking off NCPW, FPSC Chairman Art Graham issued a challenge to his fellow Commissioners to track their conservation efforts for one month. FPSC staff provided NCPW presentations in Miami, Jacksonville, Pensacola, and Tampa to help Florida's seniors and other consumers save money on their telephone and utility bills. Consumers received educational brochures containing tips on energy and water conservation, as well as Lifeline Awareness, a telephone discount program.

The FPSC participates in consumer programs and distributes conservation-related materials through partnerships with governmental entities, consumer groups, and many other organizations. Examples of events where conservation information was shared during 2011 include: Ambassadors for



Aging Day; Active Living Expo; Earth Day at the Capitol; Housing Authorities in Miami-Dade, Orlando, and Tampa; Community Days in Homestead, Riviera Beach, Orlando, and Tampa; Senior Days in Tallahassee, and Madison and Franklin Counties; Orange County Housing Community and Development; William Beardall

Center; Felix Miga Senior Citizen Center; Eatonville Neighborhood Center for Families; Marks Street Senior Center; Palm Beach County Community Services; Department of Elder Affairs Communities for a Lifetime Initiative; Affordable Housing Services; and Section 8 Housing Choice Voucher Program.

Educating consumers about the FPSC's net metering rule that advances customer-owned renewable generation was highlighted during Energy Awareness Month. Commissioner Lisa Polak Edgar visited a customer who saved more than \$400 in three months with his solar photovoltaic net metering system in Orlando. Media interviews with the utility customer and the Commissioner showed consumers how the FPSC's rule helps a customer-owned renewable system interconnect with the utility's grid to save money and conserve energy. Energy Awareness Month is sponsored annually by the U.S. Department of Energy.

To help consumers who might need assistance paying their utility bills, the FPSC has compiled *A Guide to Utility Assistance in Florida* that includes contact information for all electric utilities in the state. The booklet gives consumers a way to call their utility to tap into the large network of social service organizations located throughout their area. Many of Florida's electric utilities also have company programs designed to provide emergency assistance funds to customers unable to pay their electric bill, so consumers in need can benefit by contacting their utilities.

To assist Florida legislators and other government officials whose constituents might be affected by a specific case before the FPSC, the Commission produces an informational report, the *Florida Public Service Commission Bulletin*. The *Bulletin* provides a background for cases where customer input is considered and helps answer constituent inquiries.

Throughout the year, FPSC Commissioners and/or staff attend customer hearings and meetings

around the state. Public meetings provide an inclusive process that allows Florida consumers to participate and share their views with Commissioners. For each hearing or meeting, customers receive a *Special Report* that explains the case information being reviewed and encourages their participation. In 2011, FPSC staff organized and attended 24 customer hearings and meetings, where they addressed citizen questions and concerns and distributed relevant brochures. Brochures can also be downloaded from the FPSC's Web site.



HIGHLIGHTS OF THE FPSC'S REGULATORY EFFORTS FOR CALENDAR YEAR 2011

In 2011, the FPSC regulated 5 investor-owned electric companies, 7 investor-owned natural gas utilities, and 148 investor-owned water and/or wastewater utilities and had competitive market oversight for more than 442 telecommunications companies in Florida.

The number of certificated telecommunications companies as of December 2011 was as follows:

- ◆ 10 incumbent local exchange companies (ILECs)
- ◆ 297 competitive local exchange companies (CLECs)
- ◆ 100 pay telephone companies (PATs)
- ◆ 26 alternative access vendors (AAVs)
- ◆ 20 shared tenant service providers (STS)

As of June 30, 2011, there were 479 regulated registered interexchange companies (IXCs). Effective July 1, 2011, the FPSC no longer regulates IXCs.

The FPSC does not regulate the rates and service quality of publicly owned municipal or cooperative electric utilities; however, the Commission does have jurisdiction regarding rate structure, territorial boundaries, bulk power supply operations, and power supply planning over 35 municipally owned electric systems and 18 rural electric cooperatives. The FPSC has jurisdiction regarding territorial boundaries and safety, over 27 municipally owned natural gas utilities and 4 gas districts. In addition, the Commission exercises safety authority over all electric and natural gas systems operating in the state.

During 2011, a number of significant issues presented challenges for the Commission and are summarized as follows.

ENERGY

ELECTRIC RATE CASES

Florida Power & Light Company

On February 1, 2011 the Commission approved an Agreed Motion for Approval of Settlement Agreement (Stipulation) to resolve all outstanding matters in Florida Power & Light Company's (FPL) rate case filed in 2009. FPL requested an increase of \$1.044 billion, and in March 2010 the Commission granted a \$75.5 million rate increase, based in part upon a return on equity (ROE) of 10 percent.

The Stipulation provides the following: a base rate freeze through December 2012, unless the ROE falls below 9 percent; the discretion to record a depreciation expense credit up to \$267 million each calendar year in 2010, 2011, and 2012, not to exceed a total of \$776 million; specified recovery of storm damage costs and storm damage reserve replenishment; and recovery of the West County Unit 3 non-fuel revenue requirements equal to the unit's projected fuel savings until the next rate proceeding. In addition, any party can petition the Commission to review FPL's base rates if the company's reported ROE exceeds 11 percent. Signatories to the Stipulation are FPL, the Office of Public Counsel (OPC), Office of Attorney General (OAG), FIPUG, Florida Retail Federation (FRF), South Florida Hospital and Healthcare Association, Federal Executive Agencies, and Associated Industries of Florida.



Absent a major storm that results in significant damage to FPL's service territory or the company earning an ROE above 11 percent or below 9 percent, FPL should not petition the Commission for rate relief effective before January 1, 2013.

Progress Energy Florida, Inc.

On January 1, 2011 Progress Energy Florida, Inc. (PEF) began operating under a Settlement Agreement (Stipulation) approved by the Commission on June 18, 2010. Signatories to the Stipulation are PEF, OPC, OAG, FIPUG, FRF, PCS Phosphate, and the Navy, and it provides the following: a base rate freeze through December 2012, unless the ROE falls below 9.50 percent; the discretion to record a depreciation expense credit of up to \$150 million in 2010, up to \$250 million in 2011, and up to any remaining balance of the depreciation reserve surplus in 2012; the discretion to accelerate the amortization of certain regulatory assets; and specified recovery of storm damage costs and storm damage reserve replenishment. In addition, any party can petition the Commission to review PEF's base rates if the company's reported ROE exceeds 11.50 percent.

Absent a major storm that results in significant damage to PEF's service territory or the company earning an ROE above 11.50 percent or below 9.50 percent, PEF should not petition the Commission for rate relief effective before January 1, 2013.

Gulf Power Company

On July 8, 2011, Gulf Power Company (Gulf) filed a petition and financial documentation for a rate increase of approximately \$93.5 million based in part upon an ROE of 11.70 percent. Two customer service hearings were held in September, and a technical hearing was held in December. The Commission is scheduled to vote on this matter on March 12, 2012.

Chesapeake Utilities Corporation

On April 29, 2011, in compliance with the Florida Division of Chesapeake rate case Final Order, Chesapeake Utilities Corporation (Chesapeake) filed a petition requesting the Commission allow it to record a \$34.2 million positive acquisition adjustment associated with the acquisition of Florida Public Utilities Company (FPUC) and for authority to amortize this amount over a 30-year period. In addition, Chesapeake requested to record \$2.2 million in associated transaction and transition costs as a regulatory asset and to amortize these costs over a 5-year period. Costs associated with the company's 2010 acquisition of Indiantown Gas Company were also included in the petition. The Commission approved these

requests at its December 6, 2011 Commission Conference.

The Commission did not process any rate cases involving natural gas distribution companies during 2010, and no rate cases involving natural gas distribution companies were filed in 2011.

D E P R E C I A T I O N & N U C L E A R D E C O M M I S S I O N I N G S T U D I E S

Depreciation rates for regulated utilities are set by the Commission to ensure that cost recovery is provided for categories of assets while they are in service. Depreciation studies are required to be filed every four years by electric companies, and every five years by gas distribution companies. Studies were filed this year for two electric companies [Tampa Electric Company (TECO) and FPUC] and two gas companies (Peoples Gas System and Sebring Gas System, Inc.). Staff review of these studies is currently underway.

Decommissioning studies for electric utilities that own and operate nuclear generating units are required to be filed with the Commission every five years. These studies provide updated estimates of the cost to decommission a nuclear unit at the end of its useful life; the information in these studies is also used to determine whether a company needs to recover funds, in current customer rates, that will be needed to pay for decommissioning. During this year, the Commission reviewed FPL's nuclear decommissioning study for its Turkey Point and St. Lucie units. Staff is currently reviewing the decommissioning study submitted by PEF for its Crystal River Unit 3 nuclear plant.



POWER PLANT, TRANSMISSION LINE, AND NATURAL GAS PIPELINE NEED DETERMINATIONS

The Commission approved one need determination petition in 2011. No new transmission line or natural gas pipeline need determinations were filed this year.

On January 7, 2011, the Solid Waste Authority (SWA) and FPL filed a joint petition for a determination of need for a 93 megawatt (MW) municipal solid waste facility at SWA's existing waste-to-energy (WTE) facility in Palm Beach County. The facility will provide 70 to 80 MW of capacity and associated energy to FPL beginning in the second quarter of 2015 through June 2034. The Commission approved the joint petition on July 6, 2011.

FUEL DIVERSITY

During the late 1990s, utilities across the nation and within Florida selected natural gas-fired generation as the predominant source of new generating capacity. As a result, the use of natural gas to produce electricity in Florida has increased significantly, from 19.3 percent in 1995 to 48 percent in 2010. Given the historic volatility of natural gas prices, the FPSC has required electric utilities to explore the feasibility of improving the State's fuel diversity. Both FPL and PEF are currently planning the construction of a total of four new nuclear generating units in Florida. In August 2009, PEF received approval for site certification by the Power Plant Siting Board for its two planned nuclear units in Levy County. FPL is currently proceeding through site certification for its two planned units, Turkey Point 6 and 7, and is scheduled to go before the Power Plant Siting Board in 2013. PEF and FPL also have both submitted applications to the Nuclear Regulatory Commission (NRC) for a Combined Operating License (COL) to begin construction and operation of the new nuclear power units. NRC approval is anticipated by 2013 for PEF and 2014 for FPL.

Both FPL and PEF have filed petitions pursuant to Section 366.93, F.S., seeking early recovery of certain costs incurred in the siting, design,

licensing, and construction of a new nuclear power plant. A hearing to address cost recovery of nuclear expenditures for both utilities was held on August 10-17, 2011. The in-service dates of 2021 through 2023 for these nuclear units will require the Commission to annually evaluate the cost recovery and the long-term feasibility of these projects over the next 10 to 12 years.

Fuel diversity will continue to be a critical issue for the FPSC as it monitors potential climate change legislation, fuel price variability, the changing capital cost of generating units, and the expansion and integration of renewable energy resources.

NUCLEAR COST RECOVERY

In 2006, the Florida Legislature enacted Section 366.93, F.S., to encourage utility investment in nuclear electric generation by creating an alternative cost recovery mechanism. The statute directed the Commission to allow IOUs to recover certain construction costs in a manner that reduces the overall financial risk associated with building a nuclear power plant. In 2007, the statute was amended to include integrated coal-gasification combined cycle plants, and in 2008, it was again amended to include new, expanded, or relocated transmission lines associated with the plants. The statute required the Commission to adopt rules that provide for annual reviews and cost recovery for nuclear plant construction through the existing capacity cost recovery clause (CCRC). By Order No. PSC-07-0240-FOF-EI, the Commission adopted Rule 25-6.0423, Florida Administrative Code (F.A.C.), fulfilling the requirements of, and implementing, Section 366.93, F.S.

Pursuant to Rule 25-6.0423, F.A.C., all prudently incurred preconstruction costs will be recovered directly through the CCRC. Additionally, the rule provides for the recovery of carrying charges on prudently incurred construction costs through the CCRC. The rule also allows a utility to request an alternative cost recovery mechanism for

site selection costs. Once a utility obtains an affirmative need determination for a power plant covered by Section 366.93, F.S., the affected utility may petition for cost recovery using this alternative mechanism.

On March 1, 2011, PEF filed a petition seeking a prudence review and true-up of 2010 costs associated with increasing the capacity of the existing nuclear generating plant, Crystal River Unit 3 (CR3), and the construction of newly proposed nuclear power plant, Levy Units 1 and 2, pursuant to rule and statute. On May 2, PEF filed a petition to recover estimated 2011 and projected 2012 costs for both projects. Completion of these approved projects will add approximately 2,380 MW of new nuclear base load generation to PEF's system.

FPL filed a petition on March 1, 2011 seeking prudence review and true-up of 2009 and 2010 costs for uprate activities at its existing nuclear generating plants, Turkey Point Units 3 and 4 and St. Lucie Units 1 and 2 (Extended Power Uprate Project), as well as the proposed nuclear power plant, Turkey Point Units 6 and 7, pursuant to rule and statute. On May 2, FPL filed a petition to recover estimated 2011 and projected 2012 costs for both projects. Completion of these projects will add approximately 2,614 MW of new nuclear base load generation to FPL's system.

Docket No. 110009-EI was opened and established for addressing the 2011 petitions of PEF and FPL. The Commission held an evidentiary hearing for the Nuclear Cost Recovery Clause (NCRC) docket on August 10-11 and August 16-17, 2011. During the August 16 hearing, the Commission approved a stipulation by parties to the docket which modified the requested recovery of PEF's Crystal River Unit uprate costs. Per the stipulation, uprate costs incurred after January 1, 2011 are deferred from current recovery and are not included in the 2012 CCRC. At the October 24, 2011 Commission Conference, the Commission voted to approve \$85 million of PEF's requested \$140 million, the balance will be considered for recovery in future NCRC proceedings. The Commission also approved FPL's request of \$196 million less expenses for lobbyist costs of \$3,807.

FUEL COST RECOVERY

At the November 2011 fuel hearing, the Commission addressed 2012 fuel rates for the five IOUs. Lower forecasted fuel prices for 2012 caused slightly lower fuel rates for FPL, TECO, and Gulf. Issues specific to PEF and FPUC were also addressed during the fuel hearing. PEF filed fuel rates that included replacement power associated with the CR3 outage caused by delamination events with the reactor containment structure. FPUC proposed rates based on an allocation of demand costs by energy usage.

The Commission addressed PEF's replacement power costs and FPUC's allocation methodology at its November 22, 2011 Commission Conference. The Commission voted to include all replacement power costs associated with the extended outage at CR3 in 2012 fuel factors after removing the portion covered by insurance. The approved recovery amount is subject to refund pending a Commission decision, scheduled in August 2012, on whether or not the replacement power is a prudently-incurred cost (Docket No. 100437-EI).

Regarding the FPUC allocation issue, the Commission decided that FPUC had not met its burden of proof to change its cost allocation methodology. Therefore, the Commission ordered FPUC to continue with the methodology it had previously used.

On November 21, 2011, FPL filed a petition for a mid-course reduction to its 2012 fuel rates approved at the November 2011 fuel hearing. This reduction is based primarily on lower projected natural gas prices for 2012. Subsequent to the hearing, FPL determined that the projected cost of natural gas had declined from the costs originally projected for 2012. Based on the lower projected gas costs, the bill for a residential customer using 1,000 kWh monthly is \$4.64 lower than the fuel rates initially established at the November hearing. The Commission approved FPL's mid-course petition at its December 6, 2011 Commission Conference.

RENEWABLE ENERGY INITIATIVES

Renewable Energy Standard Offer Contracts

Section 366.91, F.S., requires the utilities subject to the Florida Energy Efficiency and Conservation

Act (FEECA) to continuously provide a standard contract for purchasing capacity and energy from renewable energy resources. Contracts are filed annually on April 1 and are based on each generating technology type in a utility's Ten-Year Site Plan. In 2011, the Commission approved standard contracts for each IOU for the purchase of renewable energy.



Currently there are approximately 1,282 MW of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 788 MW are municipal solid waste (MSW) or biomass facilities. Over the next 10 years, the utilities project an increase of approximately 765 MW of new renewable facilities, primarily from non-firm solar generation facilities.

Customer-Owned Renewables

In 2008, the Florida Legislature enacted legislation which placed emphasis on promoting customer-owned renewable energy resources. In April 2008, the Commission amended Rule 25-6.065, F.A.C., on interconnection and net metering to facilitate customer-owned renewable generation. The rule requires the IOUs to offer a standard interconnection agreement with an expedited interconnection process and net metering for all types of renewable generation up to 2 MW in capacity. Customers benefit from renewable systems by reducing their energy purchases from the utility. Under the Commission's rule, net metering provides an additional benefit for IOU customers by allowing excess renewable energy production to be credited to monthly bills, thereby reducing future energy purchases from the utility.

To further encourage development of solar energy in Florida, the FPSC approved solar energy pilot programs to be offered by IOUs. The pilot programs provide customer rebates to offset a portion of the installation costs for solar photovoltaic and solar hot water heating systems, and also provide solar energy equipment to low-income customers and to schools. As the cost of these pilot programs, including rebates, are paid for by all IOU customers, the FPSC established an annual expenditure cap to limit the rate impact.

Reports submitted in April 2011 by the IOUs and municipal and rural electric utilities show that the number of customers owning renewable generation systems in Florida is growing. As of December 31, 2010, 2,833 customers owned renewable energy systems with an electric capacity of 20.4 MW, up from 537 systems with a capacity of 2.8 MW in 2008. Small customer-owned renewable facilities are primarily solar photovoltaic (PV) installations. Between 2008 and 2010, the number of these small solar installations increased approximately 427 percent. The FPSC will continue to enforce existing renewable policies and explore additional policies to benefit Florida's consumers.

EMERGENCY OPERATIONS CENTER

The Commission is designated as the Lead Response Agency for power and natural gas emergencies for the Office of the Governor through the Division of Emergency Management at the state's Emergency Operations Center (EOC) for Emergency Support Function-12 Energy (ESF-12). The FPSC provides 24 hours/7 days a week staffing of the EOC 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 to assess damage and service restoration efforts. Data collected and maintained from these coordination efforts include areas affected, number of customers without electrical power or natural gas, status of generation fuel, and estimated restoration time for normal service. This information is used by the EOC to determine the most efficient allocation of resources in response to regional recovery efforts.

CONSERVATION ACTIVITIES FOR ELECTRIC UTILITIES

During the 2008 legislative session, the Legislature amended the Florida Energy Efficiency and Conservation Act (FEECA) to place greater emphasis on the pursuit, through utility sponsored incentives, of all cost-effective customer conservation and energy efficiency measures including demand-side renewable energy systems. Under FEECA, the FPSC must establish numeric conservation goals for each FEECA utility, at least every five years. FEECA goals were set by the FPSC in 2004 and were reset in 2009 to reflect the provisions of the revised FEECA statutes.



See the FPSC's "Conservation House" at www.floridapsc.com.

Hearings to establish new conservation and energy efficiency goals were held on August 10 through 13, 2009. Intervenor in the hearing included FIPIUG, the Florida Solar Coalition, the National Resources Defense Council, and the Southern Alliance for Clean Energy. On December 30, 2009, the PSC established aggressive new goals for the FEECA utilities that were more robust than those proposed by the utilities. These new goals were based on an Enhanced Total Resource Cost (E-TRC) test that includes total system costs and benefits and estimates of the potential impact of environmental regulations to control green-house gas emissions. In addition, the Commission increased the goals to include estimates of certain measures that have a payback of two years or less to the participating customer. To implement the

new goals, each FEECA utility was required to file plans and programs designed to meet the goals. The Commission approved plans submitted by Gulf, TECO, FPUC, JEA, and OUC in early 2010. On July 26, 2011, the Commission modified the plans filed by FPL and PEF due to concerns over the rate impact of the plans.

TERRITORIAL AGREEMENTS & DISPUTES FOR ELECTRIC & GAS UTILITIES

In 2011, the Commission approved the resolution of a territory dispute between Gulf and Choctawhatchee Electric Cooperative, Inc. (Choctawhatchee), awarding the territory to Gulf. Choctawhatchee subsequently appealed the Commission's decision to the Supreme Court of Florida. The Commission also approved territorial agreements between FPL and the City of Starke and between Peoples Gas System and FPUC.

TELECOMMUNICATIONS

ILEC WHOLESALE PERFORMANCE MEASURES

The Commission is responsible for ensuring that incumbent local exchange carriers (ILECs) are meeting their obligation to provide unbundled access, interconnection, and resale to competitive local exchange companies (CLECs) in a nondiscriminatory manner. To ensure that ILECs are meeting their obligations, the Commission adopted wholesale performance measurement plans for the three largest ILECs operating in the state of Florida: AT&T, CenturyLink, and Verizon. The plans establish a minimum level of acceptable wholesale service quality that the three ILECs must provide to the CLECs. Wholesale service quality is measured in such areas as ordering, provisioning, and repair timeliness.

Each ILEC furnishes monthly performance reports to the Commission for review and assessment. Commission staff applies trending analysis to detect and correct any degradation in the quality of

wholesale service provided to CLECs. Additionally, each ILEC's performance measurement plan is reviewed by staff at recurring intervals to address necessary revisions.

AT&T's performance measurement results are monitored by the Commission in Docket No. 000121A. AT&T's approved Performance Assessment Plan consists of 47 measurements, of which 24 measurements have remedies applied to them. From January to June 2011, AT&T paid \$863,659 in remedies payments to CLECs.

The Commission monitors the performance measurement results for CenturyLink and Verizon in Docket Nos. 000121B and 000121C respectively. CenturyLink's performance plan contains 36 measures relating to quality and timeliness of wholesale service provided to CLEC's. From January through June 2011, CenturyLink's performance ranged from 89 to 95 percent. Verizon's wholesale performance plan contains over 29 measures to determine if it is providing nondiscriminatory service to CLECs. Verizon's wholesale performance ranged from 87 to 92 percent from January through June 2011.

LINK-UP AND LIFELINE SERVICE FOR LOW-INCOME CONSUMERS

The Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 requires that a statewide cooperative effort support the Lifeline Assistance (Lifeline) program in Florida, which is part of the federal Universal Service Program (USP) designed for low-income households to obtain a \$13.50 discount on their monthly phone bills or receive a free Lifeline cell phone with monthly minutes. Link-Up Florida (Link-Up), a companion program, provides a 50 percent installation charge reduction for traditional landline phone service or for wireless phone activation, up to a maximum of \$30.

The FPSC continued to work with other agencies, organizations, and companies to promote the Link-Up and Lifeline programs in 2011. Promotional activities featured National Lifeline Awareness Week, National Consumer Protection Week, the Connect Florida Campaign, and ongoing grassroots efforts to increase awareness and enrollment in the programs.

Get Connected and Get a Job was the slogan selected for National Lifeline Awareness Week, September 12-18, 2011. Governor Rick Scott wrote a letter supporting the invaluable service of the Link-Up and Lifeline programs and the importance of assisting unemployed Floridians in obtaining a phone to help them connect with possible job prospects. As in past years, the FPSC's



Lifeline Awareness Week aimed to increase awareness among citizens who receive assistance from public benefit programs or who are income eligible. During National Consumer Protection Week, March 6-10, 2011, the Commission partnered with five senior centers to help provide one-on-one assistance to consumers eligible to enroll in Link-Up and Lifeline at these events.

Additional information about the FPSC's 2011 Lifeline activities and a complete list of the Lifeline Partners assisting with promotional efforts are available in the FPSC's report, *Number of Customers Subscribing to Lifeline Service and the Effectiveness of Procedures to Promote Participation*. A printed copy of the report may be requested from the FPSC or accessed on the Web site at <http://www.psc.state.fl.us/publications/pdf/telecomm/tele-lifelinereport2011.pdf>.

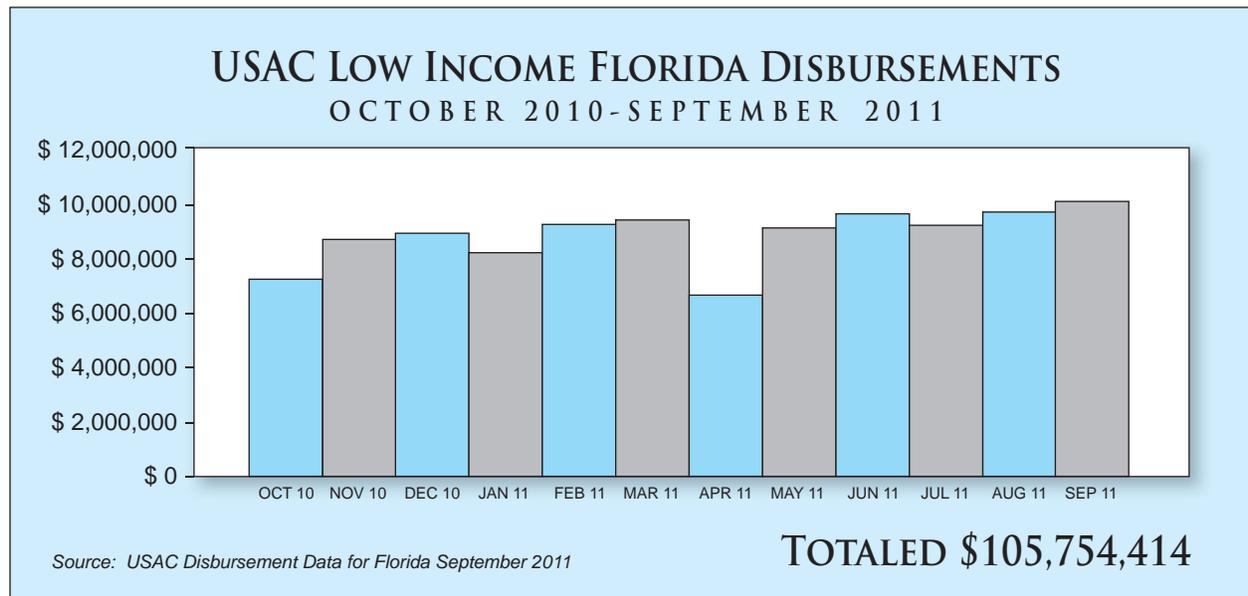
Sixty-seven local, state, and federal agencies, organizations, and businesses, and 24 telecommunications companies are involved in the collaborative effort to increase awareness and participation in the Link-Up and Lifeline programs. Each month, the FPSC sends a cover letter and informational packet to two organizations to encourage continued Lifeline outreach to their eligible clientele. In an additional outreach effort, the FPSC attends two community events monthly to promote Lifeline.

The number of eligible customers participating in the Lifeline program in Florida grew 47 percent during the July 2010 through June 2011 annual review period. As of June, 943,854 eligible customers participated in the Lifeline program. The

five companies with the highest Lifeline enrollment in Florida, SafeLink, Assurance Wireless, AT&T, CenturyLink, and Verizon, all experienced increases in eligible Lifeline customers over the previous year. As of June, SafeLink had 447,379 Lifeline customers; Assurance Wireless had 286,866 Lifeline customers; AT&T had 122,849 Lifeline customers; CenturyLink had 39,524 Lifeline customers; and Verizon had 22,307 Lifeline customers. The table on the right shows the number of Lifeline subscribers from September 2006 through June 2011.

LIFELINE SUBSCRIBERS					
Sept 2006	Sept 2007	June 2008	June 2009	June 2010	June 2011
140,028	159,028	183,972	618,744	642,129	943,854
% Net Gain 2010 - 2011					47%

The table below shows Universal Service Administrative Company (USAC) Florida Lifeline disbursements at an all time high for the 12-month period ending September 2011, totaling \$105,764,414 and averaging \$8,813,701 per month. These dollars enabled Florida citizens qualifying for Lifeline benefits to receive discounted monthly bills with a credit of \$13.50 or a free Lifeline wireless phone with free monthly minutes.



Eligibility for both Link-Up and Lifeline in Florida can be determined by customer enrollment in any one of the following programs:

- Temporary Cash Assistance (TCA)²
- Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP)/formerly Food Stamps
- Medicaid
- Federal Public Housing Assistance (Section 8)
- Low-Income Home Energy Assistance Plan (LIHEAP)
- National School Lunch Program's (NSLP) Free Lunch³
- Bureau of Indian Affairs Programs [Tribal Temporary Assistance for Needy Families (TANF), Head Start Subsidy, and NSLP]⁴

² Known as Temporary Assistance to Needy Families (TANF) for federal universal service purposes.
³ By Order No. PSC-06-0680-PAA-TL, issued August 7, 2006, in Docket No. 040604-TL, the FPSC required all ETCs to adopt the NSL for determining eligibility in the Link-Up and Lifeline programs in Florida.
⁴ Eligible consumers living on tribal lands qualify for Lifeline if they participate in one of the following federal assistance programs: (1) Tribal TANF, (2) National School Lunch Program's Free Lunch Program, or (3) Head Start *Subsidy*.

In addition to the program-based criteria, customers with annual incomes up to 150 percent of the Federal Poverty Guidelines (FPG) may be eligible to participate in the Florida Link-Up and Lifeline programs.

Key actions by the FPSC and the Federal Communications Commission (FCC) to advance the Link-Up and Lifeline programs continued during 2011. A discussion of some of these initiatives follows.

- ◆ The FPSC granted one CLEC ETC petition, and one CLEC ETC petition was withdrawn.
- ◆ In 2011, the FPSC initiated an investigation of Associated Telecommunications Management Services, LLC (ATMS) companies for compliance with Chapter 25-24, F.A.C., and applicable Lifeline, eligible telecommunications carrier, and universal service requirements.⁵ Further, the FPSC initiated show cause proceedings against American Dial Tone, Inc.; All American Telecom, Inc.; Bellerud Communications, LLC; BLC Management, LLC d/b/a Angles Communication Solutions; and LifeConnex Telecom, LLC for apparent violations of Chapter 364, F.S., Chapters 25-4 and 25-24, F.A.C., and FPSC Orders.⁶
- ◆ Following the filing of a staff recommendation, staff continued to work with ATMS in an attempt to reach a settlement of this matter. FPSC staff and ATMS were able to agree on a Framework for Settlement (Settlement Agreement) which both parties believe meets the goal of a show cause: to ensure compliance with Florida Statutes and Commission Rules. Following agreement on the Framework, on May 6, 2011, ATMS filed a Motion for Approval of Offer of Settlement Agreement. The Commission subsequently approved a staff recommendation to accept ATMS' Offer of Settlement. The Commission further ordered that Docket No. 110082-TP remain open to process required settlement payments and to monitor compliance with the Settlement Agreement.

⁵ Docket No. 100340-TP

⁶ Docket No. 100082-TP

- ◆ On March 4, 2011, the FCC released a Notice of Proposed Rulemaking (NPRM) (FCC 11-32) on Lifeline and Link-Up Reform and Modernization. In the NPRM, the FCC sought comment on its set or proposals to reform and modernize Lifeline and Link-Up, including recommendations of the Federal-State Joint Board on Universal Service, the Government Accountability Office, and the National Broadband Plan. On April 6, 2011, the FPSC approved staff's draft comments in response to the FCC's notice.
- ◆ The FPSC strives to protect the integrity of the Lifeline program in the State of Florida and takes appropriate enforcement action when necessary. While the Commission has statutory authority to grant landline ETC designations, the FPSC can also revoke ETC status when warranted. Protecting against waste, fraud, and abuse in the Lifeline program is contingent upon developing adequate safeguards to ensure that funds are being dispersed and expended according to state and federal regulations and guidelines. Unlawful and inappropriate USF disbursements is inconsistent with public trust and negatively impacts states like Florida, which contributes more into the USF than it receives. Establishing and enforcing protective Lifeline program safeguards continues to be a FPSC priority.

Specific actions taken by the FPSC include:

- ◆ Monthly monitoring of Link-Up and Lifeline disbursements from the USF to determine if funds are being reported and reimbursed consistent with the number of actual Lifeline customers. Additionally, the FPSC monitors Lifeline customer lines that are purchased from another carrier as "resale" to make sure the USF is accurately distributing funds.
- ◆ By participating in the National ETC Coordinating Group to monitor prospective and existing ETCs across the country, Florida has been one of the front-runners in enforcing safeguards to prevent waste, fraud, and abuse of the USF. This information sharing has enabled other states in the ETC Coordinating Group to monitor new ETC petitioners and existing ETCs to prevent waste, fraud, and abuse of the USF on a national basis.

FEDERAL ACTIVITY

The FPSC actively monitors federal telecommunications issues. Chapter 364.012, F.S., encourages participation in federal agencies' cases that may affect Florida consumers to convey the FPSC's policy positions. The Commission files comments with the FCC in response to actions that can affect Florida citizens. Areas of particular emphasis include proceedings relating to the federal USF, intercarrier compensation, and telephone relay. Each of these areas can and do have substantial financial impacts on Florida carriers and telecommunications consumers. For example, Florida is the largest net contributor state to the USF, and the FPSC has consistently taken positions before the FCC to reduce and/or limit growth of the fund's size.

WATER & WASTEWATER

WATER & WASTEWATER RATE CASES



Similar to prior years, the Commission processed a large number of water and wastewater rate cases in 2011. Of these cases, 11 were processed as staff assisted rate cases pursuant to Chapter 367.0814, F.S. To date, the Commission has completed 8 staff assisted rate cases and has 10 in process.

In addition to the staff assisted rate cases, the Commission processed 10 rate cases filed by larger water and wastewater companies. To date, the Commission has completed 8 rate cases and has 6 in process.

Aqua Utilities Florida, Inc. (AUF) filed a petition on September 1, 2010, requesting to increase its water and wastewater rates and charges. AUF,

with 87 systems in 17 counties throughout Florida, requested increases of approximately \$2.5 million for water and \$1.3 million for wastewater. The case was processed as a Proposed Agency Action (PAA). By Order No. PSC-11-0256-PAA-WS (PAA Order) issued June 13, 2011, the Commission approved rate increases of approximately \$1.8 million for water and \$860,000 for wastewater.

On July 1, 2011, the Office of Public Counsel and Ms. Lucy Wambsgan filed protests of portions of the PAA Order. On July 11, 2011, AUF and YES Companies, LLC d/b/a Arredondo Farms filed cross-petitions to protest certain portions of the PAA Order.

As part of this case, the Commission held 10 service hearings throughout AUF's service territory to gather input from AUF's customers regarding the quality of service and the proposed rate increase. A technical hearing was held over 5 days in late November and early December. The Commission is scheduled to vote on AUF's requested rate increase on February 14, 2012.

In 2011, staff continued to perform its normal surveillance of the earnings levels of water and wastewater companies regulated by the FPSC. The Commission also processed 50 index applications and 13 pass-through applications for water and wastewater companies. Through the third quarter of 2011, the Commission has already processed 54 index applications and 20 pass-through applications.

WATER & WASTEWATER CERTIFICATION CASES

In 2011, original certificates were approved for Black Bear Reserve Water Corporation; COL Utility Systems, L.L.C.; MFL Utility Systems, L.L.C.; and OB Utility Systems, L.L.C. Following hearings held in 2010, Skyland Utilities, LLC withdrew its application for original certificates in Hernando and Pasco Counties.

Amendments to expand service territory were granted to Commercial Utilities, Division of Grace and Company, Inc., and Utilities, Inc. of Florida. An amendment to transfer territory from Utilities, Inc. of Longview to its affiliate, Sanlando Utilities Corporation, was also granted. In addition, an

amendment to both add and delete service territory was approved for Neighborhood Utilities, Inc.

Transfers of certificates in 2011 included the transfer of an exempt entity to AUF, resulting in a certificate amendment. In addition, the transfer of majority organizational control from Hunters Ridge Utility Company of Lee County to an exempt entity resulted in the cancellation of its certificate.

Cancelled certificates also resulted from the acknowledgment of several transfers to govern-

mental entities including the transfers of Alafaya Utilities, Inc. to the City of Oviedo; Highlands Utilities Corporation to the Town of Lake Placid; North Sumter Utility Company, L.L.C. to the North Sumter County Utility Dependent District; and O&S Water Company, Inc. to the Tohopekaliga Water Authority. Acknowledgment of C&H Utilities, Inc.'s partial transfer to the City of Avon Park resulted in the cancellation of one of its certificates. In addition, the abandonment of Landmark Utilities, Inc. and the appointment of the City of Sebring as receiver resulted in the cancellation of its certificate.



AGENCY ORGANIZATION

The Commission consists of five members appointed by the Governor and confirmed by the Senate. Commissioners serve four-year terms, as provided in Chapter 350, F.S.

Commissioners are 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.

Created by the Florida Legislature in 1887, the FPSC was originally called the Florida Railroad Commission and primarily regulated railroad passenger and freight rates and operations. As Florida grew, the Commission's purpose expanded.

- ◆ In 1911, the Legislature added regulation of telephone and telegraph companies.
- ◆ In 1929, jurisdiction was granted over motor carrier transportation.
- ◆ In 1951, the Commission began regulating investor-owned electric companies.
- ◆ In 1952, jurisdiction was extended to the regulation of natural gas utilities.
- ◆ In 1959, the Commission began regulating privately owned water and wastewater systems.

The Commission's divisions and offices are described in the next section, and a list of all past and present Florida Public Service Commissioners.

Division of
Administrative Services



Apryl Lynn
Director

The ***Division of Administrative Services*** assists in preparing the Commission's Legislative Budget Requests, monitors the operating and non-operating budgets, and assists in preparing budget amendments as necessary. All financial transactions and maintenance of the Commission's accounting records are handled primarily in the *Fiscal Services Section*. *Human Resources* administers the agency's human resources program, including 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.

Support Services and *Facilities Management and Purchasing* are housed under the *General Services Section*. *Support Services* supports imaging, duplicating, mail distribution, audio-visual, hearing and conference room operations, and fax systems. *Facilities Management and Purchasing* processes all agency purchasing, security and safety issues, leasing, surplus property, and fleet management. Additionally, the division manages the agency-wide administrative procedures manual and forms inventory/tracking programs.

Division of
Regulatory Analysis



Beth Salak
Director

The Division of Regulatory Analysis is responsible for the FPSC's long range program planning, including the critical assessment of the evolving utility industry and development of strategies that most benefit Florida's citizens. The division implements and enforces energy policy enacted by the Florida Legislature and the U.S. Congress affecting electric and gas utilities in Florida. It monitors and facilitates competitive markets in the telecommunications industry and assesses the status and progress of competition within the industry. Additionally, the division analyzes policy relating to the adequacy, quality, and affordability of Florida's water resources. The division serves as a technical liaison with the Florida Legislature, federal regulatory agencies, and other state agencies.

The *Strategic Analysis Section* analyzes developing energy policies and prepares recommendations for implementing state and federal laws, including strategy alternatives for consideration by the Commission. The section participates in special studies concerning energy policy, develops discussion papers, analyzes alternative regulatory approaches for energy policy, and provides technical analysis of proposed energy legislation. The section provides support to Commissioners for National Association of Regulatory Utility Commissioners (NARUC) activities pertaining to climate control, conservation, and renewables, as well as technical support to other staff in docketed and undocketed matters.

The *Energy Resource Planning Section* is responsible for docketed and undocketed matters pertaining to demand-side conservation, supply-side generation, and transmission expansion. This section develops recommendations and implements FEECA conservation goals and analyzes cost-effective utility programs designed to meet those goals. The section analyzes cogeneration and renewable generation purchased power contracts; electric utility ten-year generation and transmission site plans; power plant and transmission line need determinations, including the prudence and cost-effectiveness of utility bidding practices for alternative supply-side resources;

and intrastate gas pipeline need determinations. As the liaison with the Florida Reliability Coordinating Council (FRCC), the section monitors the Planning and Operating Committees and the implementation of capacity and fuel emergency plans. The section also provides support to Commissioners for NARUC activities pertaining to nuclear waste disposal.

The *Intercarrier Services Section* analyzes and provides recommendations on prices and requirements for wholesale offerings (i.e., unbundled network elements and resale) in either an arbitration or a generic proceeding. This section arbitrates operational issues between local telephone service providers that cannot be resolved by the parties and also provides recommendations to resolve complaints of an interpretive nature pertaining to existing contracts. The section processes local telephone service providers schedules of rates and terms, price list filings, and negotiated agreements. Analyzing data on the status of competition in the telecommunications industry, this section compiles and prepares a report on its findings. The section also provides technical support in docketed matters regarding the telecommunications industry, acts as a technical liaison with the Universal Service Joint Board of the FCC and provides Commissioner support for NARUC activities pertaining to telecommunications. Issues affecting the water and wastewater industry are analyzed, and the section also prepares technical analyses of special projects for all industries (i.e., electric, telecommunications, and water and wastewater).

The *Market Practices Section* processes cases involving area code relief, number conservation plans, number resource reclaiming from carriers that failed to activate central office codes, number code denials, and alleged barriers to entry. The section addresses issues related to local number portability, Lifeline, eligible telecommunications carrier designations, and prepares the *Annual Report on the Status of the Telecommunications Access System Act of 1991* and the *Annual Report on Link-Up and Lifeline Assistance*. The section processes all certification/registration filings including new certificates/registrations, name changes, transfers, and cancellations for all local telephone service providers and pay telephone service (PATs) providers. The section also monitors company compliance with various FPSC rules and initiates action if warranted.

Division of
Economic Regulation



Marshall Willis
Director

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, and water and wastewater industries. This division develops and writes recommendations concerning electric utility cost recovery clauses and depreciation practices of electric and gas utilities for Commission consideration.

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 rate cases includes analyzing filings, expert testimony, and exhibits; developing cross-examination questions and presenting staff testimony; holding customer meetings; and preparing and presenting recommendations to the Commission. This bureau manages the utilities' annual report process

including all mailings, extensions, filings, delinquency notices, penalty letters, and show causes; 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 several areas involving water, wastewater, gas, and electric utilities. For water and wastewater utilities, the bureau handles new utility certification requests, territorial amendment filings, certificate transfers, and non-rate case tariff filings. In water and wastewater rate case proceedings, the bureau is responsible for evaluating issues related to rate design and conducts engineering analyses related to service quality, plant maintenance and operations, and plant utilization.

For gas and electric utilities, the bureau handles all rate and tariff matters, including cost of service, rate design, and territorial issues as well as rate structure issues for municipal electric utilities and rural electric cooperatives. The bureau also addresses individual customer issues relating to rates, rate structure, billing practices, master metering, and reconnection and disconnection policies. In proceedings such as rate cases or power plant need determinations, the bureau provides econometric analyses, including economic and demographic forecasts and repression impacts on customer demand resulting from increased rates. Economic forecasting and statistical analyses are given to all divisions.

The *Bureau of Cost Analysis and Recovery* makes recommendations to the Commission on annual cost recovery clause petitions. For electric utilities this includes fuel, purchased power, capacity, nuclear construction, conservation, and environmental cost recovery petitions. For natural gas utilities this includes the purchased gas adjustment (PGA) and conservation cost recovery petitions. The bureau is also responsible for analyzing depreciation and cost of service studies, as well as utility storm hardening plans.

Division of
Safety, Reliability and
Consumer Assistance



Dan Hoppe
Director

The Division of Safety, Reliability and Consumer Assistance evaluates electric reliability, electric and gas safety, and responds to consumer complaints. In addition, the division assists in the coordination of Agency operational procedures.

The *Bureau of Safety and Reliability* functions through three district offices: Tallahassee, Miami, and Tampa. The bureau conducts safety evaluations of natural gas pipeline operations and new electric construction in Florida. The bureau also leads the Commission's participation in the State's Emergency Operations Center (EOC) activities, gathering and disseminating information regarding electric utility and natural gas issues during an EOC activation.

The *Bureau of Consumer Assistance* receives, processes, and resolves consumer complaints and informal disputes between customers and utilities. Customers may file complaints through a toll-free telephone number to the bureau's call center or by mail, facsimile, or e-mail.

Office of
Commission ClerkAnn Cole
Director

The Office of Commission Clerk, the official keeper of the Commission's public records, is responsible for coordinating public record requests. It records, prepares, and maintains the official minutes of Commission Conferences and Internal Affairs meetings. The office is authorized to issue subpoenas in proceedings before the Commission and is responsible for preparing, certifying, and transmitting records on appeal to the upper tribunal. The Commission Clerk, designated as the Agency Clerk and the Department of State Records Management Liaison Officer, coordinates the FPSC's records management program, is responsible for issuing non-Commissioner signed orders and notices and, as the custodian of record, certifies copies of official filings.

The *Documents and Case Management Section* accepts and processes filings and maintains the official docket by ensuring the integrity, timeliness, and availability of filings in the Case Management System (CMS) and on the FPSC Web site. It is responsible for managing and coordinating the establishment of new dockets, issuance of orders and notices to parties and interested persons, case closure, and preparation of statistical and management reports. This section responds to information requests, invoices for services and, upon applicable payment, provides the responsive documents. It maintains the Master Commission Directory (MCD) of utilities and provides notification to Commission employees regarding the adoption of new or amended rules. This section also administers the records management program and activities.

The *Scheduling and Hearing Reporters Section* prepares and notices events such as Commission Conferences, Internal Affairs meetings, hearings, pre-hearings, workshops, and rulemaking in the *Florida Administrative Weekly*. This section establishes the Commission calendar for all official appearances. It also schedules and arranges meetings, coordinates the calendar scheduling dates for the Commissioners, maintains the calendar of Commission activity, and issues various reports. The hearing reporters record and prepare discovery deposition transcripts, attend scheduled events, and are responsible for preparing and filing the official record transcripts and exhibits in the appropriate dockets.

Office of
General CounselCurt Kiser
Director

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 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. To assist PSC offices and divisions, this office offers support in making filings with, or presentations to, other federal, state, or local agencies. The office advises in the promulgation of rules and attends or conducts rulemaking hearings at the Commission's direction. It also reviews procurement contracts; counsels the Commission on personnel, contractual, public records, and other administrative legal matters; and offers mediation services to parties in Commission proceedings.

Office of
Information Technology
Services



Lee Kissell
Director

Office of
Inspector General



Steve Stolting
Director

Office of
Public Information



Cynthia Muir
Director

In cases involving evidentiary hearings before the Commission or an Administrative Law Judge, the office is responsible for conducting discovery, presenting staff positions and testimony, and cross-examining other parties' witnesses. In conjunction with the appropriate technical staff, this office prepares recommendations to the Commission and prepares written Commission orders.

In addition, the office is the liaison with the Florida Legislature on all matters affecting FPSC program areas and serves as a liaison with federal regulatory agencies, state agencies, and the Florida Department of Agriculture and Consumer Services' Office of Energy.

Office of Information Technology Services

The Office of Information Technology Services monitors and evaluates the information processing needs of the FPSC, proposing enhancements to information processing resources to management and providing technical support services.

The Office of Inspector General is established by law to provide a central point for coordinating activities that promote accountability, integrity, and efficiency in government. The office reports directly to the Chairman, and its responsibilities include conducting internal audits and investigations, assessing the validity and reliability of data and information produced by the Commission, and coordinating external audits and reviews of the Commission by the Auditor General and others. The office also monitors corrective actions to address identified deficiencies. These activities help management ensure that Commission programs perform as intended and that fraud or abuse is detected and eliminated. By reducing risks of nonperformance in Commission operations, the office promotes the Commission's accountability and ability to achieve its mission and goals.

The Office of Public Information is the Commission's liaison with the public and the media. The office monitors the daily reporting activities of the state, regional, and national media outlets to make sure that timely, accurate information regarding Commission decisions is disseminated to the public. The office writes and distributes the agency's news releases, maintaining a familiarity on a broad array of dockets, issues, and related activities affecting consumers or having media interest. This office is also responsible for selecting locations for customer service hearings and coordinating consumer outreach and media at customer meetings and service hearings.

Public Information staff implement annual outreach events (National Consumer Protection Week, National Lifeline Awareness Week, and Library Outreach) throughout the state to help inform consumers about their utility services and ways to manage utility costs. This office also attends Lifeline events at senior centers, community meetings, and other venues; produces and edits a number of agency reports; manages the Commission's publications subscriptions; processes submissions to the Web site; and produces bulletins and brochures.

Office of
Auditing and
Performance Analysis



Dale Mailhot
Director

The Office of Auditing and Performance Analysis conducts audits and reviews in all industries.

The *Performance Analysis Section* conducts utility management and operational audits and identifies areas for improvement. These audits may be limited to one company or conducted on a comparative basis between several companies. Areas for investigation may include internal controls, process or procedure analysis, construction project management, quality assurance, service quality, and rule compliance. Special investigations are also conducted relating to allegations of utility fraud, mismanagement, and other whistleblower complaints.

The *Bureau of Auditing* is responsible for audits and reviews in all industries. The types of audits and reviews performed include financial, compliance, billing, and verification. The auditors conduct examinations of utility-related financial and operating records and provide an independent verification of the supporting documentation for any statements or filings made by regulated companies. Financial audits are conducted in conjunction with utilities' requests for rate increases through rate cases or the annual cost recovery clauses to ensure ratepayers only pay for prudently incurred expenses. This bureau conducts financial audits from three district offices in Tallahassee, Miami, and Tampa.

FPSC COMMISSIONER HISTORY

Commissioner	Years Served	Replaced By	Appointed By
George G. McWhorter	08/17/1887 - 06/13/1891		
E.J. Vann	08/17/1887 - 06/13/1891		
William Himes	08/17/1887 - 06/13/1891		
The Commission was abolished by the Legislature in 1891, and recreated in 1897			
R. H. M Davidson	07/01/1897 - 01/03/1899	John L. Morgan	
John M. Bryan	07/01/1897 - 01/06/1903	Jefferson B. Brown	
Henry E. Day	07/01/1897 - 10/01/1902	R. Hudson Burr	
John L. Morgan	01/03/1899 - 01/08/1907	Royal C. Dunn	
R. Hudson Burr	10/01/1902 - 01/04/1927	R. L. Eaton	
Jefferson B. Brown	01/06/1903 - 01/08/1907	Newton A. Blicht	
Newton A. Blicht	01/08/1907 - 10/30/1921	A. D. Campbell	
Royal C. Dunn	01/04/1909 - 01/04/1921	A. S. Wells	
A. S. Wells	01/04/1921 - 12/16/1930	L. D. Reagin	
A. D. Campbell	11/12/1922 - 02/10/1924	E. S. Mathews	
E. S. Mathews	02/25/1924 - 01/16/1946	Wilbur C. King	
R. L. Eaton	01/04/1927 - 02/27/1927	Mamie Eaton-Greene	
Mamie Eaton-Greene	02/27/1927 - 01/08/1935	Jerry W. Carter	
L. D. Reagin	12/16/1930 - 07/06/1931	Tucker Savage	
Tucker Savage	07/06/1931 - 01/03/1933	W. B. Douglass	
W. B. Douglass	01/03/1933 - 08/04/1947	Richard A. Mack	
Jerry W. Carter	01/08/1935 - 01/05/1971	William H. Bevis	
Wilbur C. King	01/08/1947 - 07/18/1964	William T. Mayo	
Richard A. Mack	09/15/1947 - 01/05/1955	Alan S. Boyd	
Alan S. Boyd	01/05/1955 - 12/01/1959	Edwin L. Mason	
Edwin L. Mason	12/01/1959 - 01/06/1969	Jess Yarborough	
William T. Mayo	09/01/1964 - 12/31/1980	Katie Nichols	Graham*
Jess Yarborough	01/06/1969 - 01/02/1973	Paula F. Hawkins	
William H. Bevis	01/05/1971 - 01/03/1978	Robert T. Mann	
Paula F. Hawkins	01/02/1973 - 03/21/1979	John R. Marks, III	
Robert T. Mann***	01/04/1978 - 01/03/1981	Susan Leisner	Graham**
The Commission became appointive January 1, 1979			
Joseph P. Cresse***	01/02/1979 - 12/31/1985	John T. Herndon	Askew/Graham
Gerald L. Gunter***	01/02/1979 - 06/12/1991	Susan F. Clark	Askew/Graham/PSC Nominating Council
John R. Marks, III***	03/22/1979 - 03/02/1987	Thomas M. Beard	Graham**
Katie Nichols***	01/02/1981 - 01/03/1989	Betty Easley	Graham
Susan Leisner	02/16/1981 - 04/02/1985	Michael McK. Wilson	Graham
Michael McK. Wilson***	07/12/1985 - 11/22/1991	Luis J. Lauredo	Graham/Martinez
John T. Herndon	01/07/1986 - 04/17/1990	Frank S. Messersmith	Graham
Thomas M. Beard***	03/03/1987 - 08/13/1993	Diane K. Kiesling	Martinez
Betty Easley	01/03/1989 - 01/05/1993	Julia L. Johnson	Martinez
Frank S. Messersmith	06/19/1990 - 02/05/1991	J. Terry Deason	Martinez
J. Terry Deason***	02/06/1991 - 01/01/2007	Ken Littlefield	PSC Nominating Council/Chiles/Bush
Susan F. Clark***	08/15/1991 - 07/31/2000	Michael A. Palecki	Chiles/Bush
Luis J. Lauredo	01/23/1992 - 05/16/1994	Jose "Joe" Garcia	Chiles
Julia L. Johnson***	01/05/1993 - 11/15/1999	Lila A. Jaber	Chiles
Diane K. Kiesling	12/07/1993 - 01/05/1998	E. Leon Jacobs, Jr.	Chiles
Jose "Joe" Garcia***	08/19/1994 - 06/30/2000	Braulio L. Baez	Chiles
E. Leon Jacobs, Jr.***	01/06/1998 - 01/07/2002	Rudolph K. "Rudy" Bradley	Chiles
Lila A. Jaber***	02/29/2000 - 12/02/2004	Lisa Polak Edgar	Bush
Braulio L. Baez***	09/01/2000 - 01/01/2006	Katrina J. Tew	Bush
Michael A. Palecki	12/19/2000 - 01/06/2003	Charles Davidson	Bush
Rudolph K. "Rudy" Bradley***	01/02/2002 - 01/01/2006	Matthew M. Carter II	Bush
Charles M. Davidson	01/07/2003 - 06/01/2005	Isilio Arriaga	Bush
Lisa Polak Edgar***	01/02/2005 - 01/01/2013		Bush/Crist
Isilio Arriaga	10/06/2005 - 01/31/2007	Nathan A. Skop	Bush
Matthew M. Carter II***	01/02/2006 - 01/01/2010	Ben A. "Steve" Stevens III	Bush
Katrina J. McMurrin	01/02/2006 - 10/05/2009	David E. Klement	Bush
Ken Littlefield	01/02/2007 - 01/31/2007	Nancy Argenziano	Bush
Nancy Argenziano***	05/02/2007 - 10/12/2010	Eduardo E. Balbis	Crist
Nathan A. Skop	05/02/2007 - 01/01/2011	Julie I. Brown	Crist
David E. Klement	10/22/2009 - 05/30/2010	Art Graham	Crist
Ben A. "Steve" Stevens III	01/02/2010 - 05/30/2010	Ronald A. Brisé	Crist
Art Graham***	07/16/2010 - 01/01/2014		Crist/Scott
Ronald A. Brisé	07/23/2010 - 01/01/2014		Crist/Scott
Eduardo E. Balbis	11/24/2010 - 01/01/2015		Crist/Scott
Julie I. Brown	01/02/2011 - 01/01/2015		Crist/Scott

* 2 year initial term

** 3 year initial term

*** Served/serving as Chairman