

Ashley Quick

From: Office of Commissioner Brown
Sent: Monday, June 06, 2016 8:09 AM
To: Commissioner Correspondence
Subject: FW: Concerns

Please place the following in Docket Correspondence, Consumers and Their Representatives, Docket No. 160021-EI.

Thank you.
Joann

From: Beatrice Balboa [mailto:beatricebalboa@gmail.com]
Sent: Saturday, June 04, 2016 6:23 PM
To: Consumer Contact
Cc: eduardo.balbis@psc.state.fl.us; Office Of Commissioner Graham; Office of Commissioner Brown; Office Of Commissioner Edgar; Ronald Brisé
Subject: Re: Concerns

I was reading the latest news media article(s) regarding the latest Florida Power & Light Co. (FPL) electrical bill activities in the City of Pompano Beach, Broward County and/or the State of Florida with great interest. Please review and implement an action plan to thoroughly address this extremely troubling issue. Media reports continue to underscore the proposed spiralling out-of-control rate increase requests at an ever-increasing frequency in a overwhelming recessionary/depression economic climate adversely impacting all taxpayer citizens. It is imperative to initiate cost cutting FPL administrative and upper management salary(ies) budget measures of 5, 10, 25, 50 and/or 75% to relieve the ongoing unsustainable typical electrical bill inflicted disproportionately on its senior citizenry. Please coordinate, collaborate and cooperate on Federal, State and/or local jurisdictional levels in addressing these concerns potentially impacting adversely the public's finances, policies, trust, confidence, and quality of life issues. Thank you for your time in this matter and hope to hear from you soon.

Sincerely,
Beatrice Balboa
1010 South Ocean Boulevard, Apt. 1008
Pompano Beach, Fl 33062-6666
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Expansion delayed, but charges are not
FPL has announced that it will delay its plans to expand its nuclear power generating site at Turkey Point. The projected delay would be for four years, but much could happen in the interim. Consider: technology upgrades; advances in alternative energy; regulatory requirements; cost projections and, of course, cost overruns. So, why begin charging customers now when so many factors remain up in the air?

FPL, and its parent, NextEra Energy, will own the facility, benefit from depreciation deductions and lower production costs. Meanwhile, NEE has been generating consistent profits, has a low debt level and pays shareholders a good dividend.

Isn't it high time that such a profitable, publicly-traded corporation hold off charging its customers for this expansion? At the same time, FPL could begin establishing a cash reserve for this project, of which there is not even a projected completion date.

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FPL Rate Hearings Start This Week, Run From June 2-29
Hey FPL customers – Make Your Voice Heard!

The Florida Public Service Commission (PSC) – the agency charged with regulating the state’s biggest power companies, including Florida Power & Light (FPL) – will be in your community to get your take on whether FPL deserves to increase the base rate on your bills by 24%. If this rate hike is approved by the PSC, you will be paying an additional \$15 per month – which includes a higher profit for FPL shareholders. It is one of the largest rate increase requests ever – a \$1.3 billion rate hike.

FPL states in its request to the PSC that its shareholders deserve to be rewarded extra for providing superior customer value and wants to increase its shareholder profit from 10.5% to 11.5%. Since this is a “midpoint” profit target, shareholders could end up earning up to 12.5% profit (11.5% plus or minus 1%). By the way, FPL had a net income (profit) last year of \$1.65 billion. While the Company has a right to make money, it also has an obligation to be a good partner with its customers.

Check out the dates below for the scheduled public hearing in your community.

What you need to know about FPL

FPL is a regulated utility whose business model is predicated on growth in sales. The more power you buy from FPL, the more it can justify building power plants and transmission lines – the assets upon which shareholders earn a profit. While the company boasts about its low rates, that is primarily due to its over-reliance on natural gas (about 70%) to generate electricity – which is at historic price lows. This heavy over-reliance exposes customers to significant risk of fuel price spikes on bills when natural gas prices increase. FPL is outright hostile to policies that maintain and expand rooftop solar development for customers. It is additionally pursuing speculative nuclear reactor construction where all the financial risk is borne by customers, while it under-invests in low cost, low risk resources like energy efficiency – that actually saves customers money on bills.

Attacking rooftop solar for customers

FPL has spent over \$4.1 million of its profits bankrolling the Consumers for Smart Solar “sham solar” ballot initiative — intended to derail the citizen-led solar ballot initiative, Floridians for Solar Choice, which aims to provide more choice to customers for solar-generated electricity. FPL and its allies were able to get the faux solar amendment on the ballot for the November 2016 general election after spending \$8 million to gather enough signatures. The proposed amendment would enshrine current weak solar policy into the Constitution and contains nefarious language about solar customers being “subsidized” by non-solar customers. If it passes, the power companies will likely use this language to attack the state’s solar net metering policy. Supreme Court Justice Pariente referred to the initiative as a “wolf in sheep’s clothing” and encourages solar voters “to beware” in a strongly worded dissent offered by a sharply divided Court that voted 4-3 to allow the proposal to appear on the ballot.

FPL is also leading the charge to roll back net metering in Florida. Net metering is the foundation of good rooftop solar policy and allows customers who generate more power than they use to send excess power back to the grid at a fair rate. In comments submitted to the PSC the monopoly utility argues against customer-owned solar and claims without any factual basis that solar customers are being subsidized by non-solar customers.

Forcing additional costs onto customers

FPL has been slow to respond to contaminated water that is leaking from its Turkey Point Cooling Canal System used for nuclear units 3 & 4 that are located south of Miami near Homestead, Florida. This contaminated water is polluting the Biscayne Aquifer, a sole source aquifer that provides drinking water to more than 3 million people in the region, and into the neighboring Biscayne National Park. FPL concedes that the cleanup will cost \$50 million this year alone – and the company wants its customers to pay the cleanup costs. This cost for customers would be in addition to the proposed rate increase.

The Company continues to pursue high-cost, high-risk new nuclear development at Turkey Point. Since 2008, FPL customers have been charged over \$280 million for proposed reactors that FPL has not committed to build. FPL is seeking another \$22 million this year without a commitment to build or a binding cost estimate. The financial risks of new reactor construction fall squarely on the shoulders of FPL customers – thanks to anti-consumer 2006 “early cost recovery law.” These costs to customers would also be in addition to the proposed rate increase.

In a stunningly arrogant move, FPL recently petitioned the PSC to make it less accountable as it pursues its new nuclear reactor development at Turkey Point. It has asked to be relieved from proving that the new nuclear

reactors are economically feasible as it continues to demand customer dollars to pursue reactor licensing. The move is opposed by SACE and other consumer protection organizations.

Besides investing customer dollars in speculative reactors, the Company pushed to have customers bear the risk of FPL buying into a \$191 million Oklahoma natural gas fracking operation. The PSC approved the deal, over the objections of consumer groups, on FPL statements that it would be a money saving investment for customers. FPL filed a report with the PSC forecasting a \$5.8 million loss for customers in 2015.

[Update: Supreme Court reverses PSC & FPL "overreach"]

Helping customers save money on bills? Nope.

FPL has under-invested in low-cost, low-risk energy resources like energy efficiency programs for customers. For instance, the Company gutted its energy efficiency programs for customers in 2014. Energy efficiency is the cheapest resource in meeting demand and helps customers reduce energy use and save money on bills – especially important for low income and fixed income customers. That didn't matter to FPL, as it advocated for the gutting of its conservation goals by more than 90% to the PSC – which approved it.

Money and influence

It's no secret that FPL and Florida's other power companies wield great influence in Tallahassee. A non-profit group's report on the industry found that power companies have an oversized influence at the Capitol. For instance, FPL funneled \$18 million in political campaigns in 8 years and has 33 lobbyists walking the halls of the Capitol.

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Editorial: Florida Supreme Court protects FPL customers

It should not require the courts to step in to protect electric utility customers from being taken to the cleaners.

Yet the Florida Public Service Commission has demonstrated time after time that it will buy whatever the utilities are selling regardless of the cost to ratepayers. Now the Florida Supreme Court has sent a strong message that even the ever-compliant PSC has its limits by delivering a rare victory for consumers.

The court ruled 6-1 last week that the PSC exceeded its authority when it allowed Florida Power & Light to invest in fracking and put the financial risk on the backs of its customers instead of its shareholders. The majority opinion written by Justice Ricky Polston, one of the court's most conservative justices, soundly rejected the utility's argument that it could pass through to ratepayers the capital investment and operation costs of a speculative investment in a fracking project in southeastern Oklahoma. Polston wrote it is outside the PSC's discretion to permit such a deal and would require the Legislature to change state law.

Of course, this sweetheart arrangement never would have gotten to the courts in the first place if the PSC acted as an independent, vigorous regulator of powerful monopolies. FPL's pitch to force ratepayers to pay for a \$191 million investment in fracking, which involves injecting liquid at high pressure to free up gas deposits deep underground, was flawed on several levels. Even before the PSC voted to approve the deal in 2014, the utility's own rosy projections went from a net \$107 million in customer savings to less than half that much over 50 years. And the company forecast a nearly \$6 million loss in the first year. No objective analysis could conclude this would have been a good bet for ratepayers even if it had been legal. Yet the PSC blindly moved forward, agreeing in June 2015 to let the utility invest up to \$500 million a year in natural gas drilling operations. The orders were appealed by the Office of Public Counsel, which represents ratepayers before the PSC, the Florida Retail Federation and the Florida Industrial Power Users Group, which led to last week's court opinion.

FPL argued that the fracking deals would have benefited customers by acting as a hedge against future rising natural gas prices. But Polston noted in the court opinion that FPL wanted its customers to pay for the operation and maintenance of an operation that would produce an unknown amount of natural gas at an unknown cost.

"There is more uncertainty from this investment rather than less," he wrote.

This was a gross abuse of the fuel-cost recovery charge that allows utilities to pass on the cost of the fuel needed to run their electric plants and to make adjustments up or down as prices change. Polston described it as an "overreach," and that was too kind. A fair-minded PSC would have immediately rejected this maneuver and told FPL to seek approval from the Legislature, another friendly venue for the utilities.

It would be bad enough if this fracking folly was an aberration at the commission. It's worse that it reflects a pattern that has spanned decades, multiple members of the PSC (who too often have gone on to find lucrative work at the utilities) and too many anticonsumer decisions to count. And there is no sign of a change in attitude.

Just this week, the PSC denied the public counsel's request for more time to prepare for FPL's rate case this summer. The utility only wants a \$1.3 billion rate increase.

Here's a brainstorm: Let's give the ratepayers' side the same number of lawyers and experts and the same amount of money as the state's largest utility to prepare for a rate case. Let's put that case before a truly independent regulatory panel, perhaps one that is again elected by voters rather than appointed by a governor who receives huge contributions from the utilities. And let's see what happens.

Until then, thank the Florida Supreme Court for protecting utility customers from being forced to underwrite a risky investment that should be shouldered by FPL shareholders. The justices may not be experts on generating electricity. But unlike PSC members, they recognize an illegal power play when they see one.

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Consumers deserve 'pause' in FPL's nuclear plant recovery costs

FPL's plans to expand its nuclear energy plant at Turkey Point are on hold for four years

However, the utility's plan to still charge customers for "recovery costs" has caused a stir

FPL should also pause charging its Florida customers — it's only fair

FPL is pausing plans to expand the Turkey Point nuclear plant.

Given a string of setbacks regarding FPL's plans to expand the nuclear energy plant at Turkey Point, the recent disclosure that it plans to delay construction for up to four years is a victory for common sense and for critics who worry about the project's impact on safety and the environment.

What doesn't make sense is the utility's desire to charge consumers for costs related to the project, particularly when the delay raises the prospect that it may not go forward at all.

FPL says the recovery costs will decrease during the delay, but remain necessary as part of the licensing procedure and the need to learn from other nuclear energy projects around the country that have also experienced unforeseen delays.

The company wants to charge customers \$22 million in 2017 — on top of \$281 million it has already recovered for planning and licensing costs — even though the utility said in an April 27 filing with the state's Public Service Commission that it wants to maintain its "current state" without going forward on the construction phase until 2020.

On top of that, the utility also wants the PSC to waive the requirement that it file a feasibility report that essentially states that the project it applied for nearly a decade ago is still viable.

That drew a volley of challenges from consumers groups, the Office of Public Counsel (which represents the public in rate cases) and others. A brief filed by the city of Miami said feasibility studies are required to assure the public that such projects are prudent. "If a project is no longer feasible or practical, then the costs incurred are not prudent," wrote city of Miami attorney Victoria Mendez.

FPL's decision followed several developments that cast doubt on the wisdom of the proposed expansion.

Among them:

- Reports dating back to 2014 that water in the canals designed to cool reactors were running too high, requiring waivers from nuclear regulators to operate the canals at higher-than-normal temperatures. If the existing nuclear plant is causing problems, wouldn't an expansion make matters worse?
- In February, A Tallahassee judge ordered state environmental regulators and FPL to clean up the utility's cooling canals at Turkey Point after blaming the system for polluting South Florida's groundwater.
- In March, this newspaper reported that a study released by Miami-Dade County Mayor Carlos Gimenez found that a tracer element of nuclear power plant spillages had been detected in Biscayne Bay at levels up to 215 times higher than normal in ocean water.
- On April 20, an appeals court reversed the state's certification of the new units at Turkey Point because the state failed to consider Miami's development plan and damage to the Everglades when it allowed FPL to string 88 miles of line atop high towers.
- A day later, the U.S. Nuclear Regulatory Commission Atomic Safety Licensing Board denied FPL's motion seeking an expedited ruling on injection wells, though it has not ruled on the feasibility of the wells. The wells are a critical part of FPL's plan for cleaning up the canals.

FPL officials also told the Editorial Board that, whatever the outcome, the utility's diversification and updating of power-generation plants and the electrical grid guarantee that it will be able to meet all its commitments to its customers in the coming years.

That's reassuring, but the PSC, which has been too cozy with those it regulates, should suspend charges to consumers until FPL can also reassure the public that the expansion will really take place. If prudent planning warrants a pause in the plant's expansion, it also warrants a pause in recovery costs.

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FPL hearing splits support, opposition for rate increase

SARASOTA — Florida Power & Light's proposal for \$1.34 billion in rate increases over the next three years received split reactions from Sarasota and Manatee county residents at a special hearing Friday morning in Sarasota City Hall before the regulatory panel that will decide whether to grant the hikes.

About a dozen opponents lambasted the total 24 percent base-rate increase as a cash grab designed to bolster the utility's profits, while more than a dozen others argued the boost is deserved for the utility's good customer service and consistent reliability.

The hearing was the second in a series of nine public comment sessions being held this month across the state by the Florida Public Service Commission, which will vote on the proposed increases in October and November.

FPL, the state's largest utility, formally filed the rate-hike request in March. If approved, the changes would raise an additional \$866 million in 2017, followed by another \$262 million in 2018 and \$209 million in 2019. The utility estimates that a typical residential bill of 1,000 kilowatt hours would rise from \$91.84 per month to \$100.66 per month next year, including all charges and fees, according to FPL materials. That typical rate would eventually rise to \$105.31 in 2019 at the conclusion of the increases.

The AARP and consumer groups already are pushing back, and on Friday, the League of Women Voters of Sarasota County also announced its opposition to the plan.

League president Phyllis Vogel criticized the utility for spending millions to campaign for an amendment on ballots this fall that many argue would stifle the ability of private solar power companies to expand solar options in Florida.

"We call on Florida Power & Light to cease their sponsorship of the amendment ... to commit helping Florida, the Sunshine State, to become a leader in solar energy," Vogel said. "Let the sunshine in and stop building any further coal and gas plants."

"If we don't take responsible action, who will?" she continued. "This begins with denying this rate increase and taking a leadership role in promoting renewable energy."

Other speakers argued the rate increases are less related to service improvements than they are to increasing profits.

Without any increases, the utility would still pocket \$1.6 billion in profits this year, argued Schef Wright, an attorney for the Florida Retail Federation, which opposes the increases.

With the increases, the utility expects to reap about 11 percent return in profits, said J.R. Kelly, an attorney with the Florida Office of Public Counsel who represents company customers in the proceedings. Every 1 percent of extra profit equates to about \$240 million in additional bills customers will pay, he said.

"Since the financial crisis started in '08, everyone has been forced to take a haircut, except Florida Power & Light," Venice resident Marilynne Martin said Friday morning. "This pig who's at your trough needs to be put on a strict diet."

Supporters counter that the utility deserves more profit for the "superior" job its done. The increases would largely go to infrastructure investments, replacing aging technology and the construction of three new solar energy centers, according to FPL materials.

Those speaking in favor of the company — though not all directly in support of the increases — were almost all asked to speak at the hearing by FPL representatives, they said, and several were retired long-time FPL employees.

"I do have one complaint: A number of years ago I invested in a generator and I have not been able to use it," joked long-time Manatee County resident Clayton Robertson, praising the utility's reliability. "I can't bring myself to say I'm in support of a rate increase, but I'm not opposed to it."