

Hiep Nguyen

From: Betty Leland
Sent: Thursday, June 16, 2022 10:13 AM
To: Commissioner Correspondence
Subject: FW: Please read this: You approved a 178 percent increase in my electric bill.

Good Morning:

Please place this email in Docket #20210015.

Thanks.

*Betty Leland, Executive Assistant to
Commissioner Art Graham
Florida Public Service Commission
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(850) 413-6024*

From: Jim Varian <jvarian@PSC.STATE.FL.US>
Sent: Thursday, June 16, 2022 9:46 AM
To: saraann7@gmail.com
Cc: Betty Leland <BLELAND@psc.state.fl.us>
Subject: RE: Please read this: You approved a 178 percent increase in my electric bill.

Dear Ms. Conklin –

Thank you for sharing your column from Florida Today. Commissioner Graham asked me to review it and explain his view of the minimum bill rate structure.

As I understand it, the \$10.76 you were paying for no net usage was the base customer charge, which is charged to all residential accounts, plus taxes and franchise fees the utility is required to collect. The \$29.90 you referred to is the minimum bill amount which recently went into effect plus taxes and franchise fees. The base customer charge is included in the minimum bill amount.

The base customer charge and the minimum bill amount are both approaches to the same issue: on a residential bill, only about 1/3 of the amount is for the cost of generating the electricity itself. The rest is for costs that don't vary by the amount of electricity used, for example the power distribution system (poles and wires), offices, employees, trucks, computer systems, etc.

Even the investment in power plants is not materially reduced by customers' rooftop solar. The utility is required to be ready to supply you and all customers when solar isn't producing, so it must have a full fleet of power plants.

Snowbirds and customers with rooftop solar count on the utility to incur those fixed costs and to be ready to provide them power whenever needed. It mostly isn't the kilowatt hours of electricity that customers pay for, it's the fixed cost of having a utility that can provide them electricity – even though that fixed cost traditionally has been collected through the per kilowatt hour rate.

Because a utility is constitutionally entitled to recover its necessary costs to provide service when government controls its rates, there is a fixed total amount (the "revenue requirement") that will be collected through

rates. The traditional rate structure that doesn't require snowbirds and rooftop solar owners to contribute equally to the fixed cost of serving them means other customers have to pay more, because the rates in total have to generate the whole revenue requirement.

Having a minimum bill amount doesn't increase the utility's profit, because that total revenue requirement doesn't change – when you pay more of the fixed cost of serving you, the burden on other customers is reduced. The issue is who should pay how much, with the utility receiving the same amount of money either way.

In principle, every customer should pay an equal share of the fixed cost of service – upwards of \$70 per month on a residential bill. In practice, that would substantially lower the rate paid per kilowatt hour, nearly eliminating the incentive to conserve. Also, many customers intuitively dislike higher minimum bills.

The \$25 minimum bill (plus taxes) is a compromise that mitigates, but doesn't nearly eliminate, the way per kilowatt hour rates have traditionally shifted the fixed costs from minimal users onto those who buy more electricity from the utility.

Low-income consumers generally are harmed by collecting fixed costs through per kilowatt hour rates – they usually can't invest in solar, and disproportionately are renters with no opportunity to install solar even if they could manage the cost. Similarly, they are unlikely to own two homes. They necessarily use substantially more than 239 kilowatt hours per month and are unaffected by the minimum bill provision. It's the traditional rate structure of collecting most fixed costs through per kilowatt hour rates that puts more burden on those who are consistently buying their electricity from the utility, including nearly everyone who is economically disadvantaged.

The minimum bill of \$25 is a modest effort to reduce subsidization of the cost of serving customers who use little to no electricity. Even with the minimum bill provision, rooftop solar owners continue to pay far less than their full share of the cost of having a utility that provides them electricity when they need it.

I hope this explains why Commissioner Graham believes the minimum bill rate structure is appropriate. And again, we appreciate you bringing your Florida Today column to our attention.

Jim Varian
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Florida Public Service Commission
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850-413-6022

From: Sara Ann <saraann7@gmail.com>
Sent: Saturday, June 11, 2022 10:55 AM
To: Office of Commissioner Graham <Commissioner.Graham@PSC.STATE.FL.US>
Subject: Please read this: You approved a 178 percent increase in my electric bill.

Dear Commissioner Graham:

This is appalling. Do you have any plan to fix it? Thanks in advance for responding.

<https://www.floridatoday.com/story/opinion/2022/06/11/heres-what-got-going-solar-rate-hike-fpl-opinion/7574716001/>

Sara Ann Conkling