CORRESPONDENCE
7/5/2022
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State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: 07/05/2022

TO: Office of Commission Clerk

FROM: Bureau of Consumer Assistance, Office of Consumer Assistance & Outreach

RE: Customer Correspondence

Please add the attached customer correspondence to Docket Correspondence-Consumers and their Representatives, in Docket 20210015.

City Hall Location
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DeFuniak Springs, Fl 32433

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Mayor
Bob Campbell

City Council
Todd Bierbaum
Council Member, Seat 1
Mayor Pro Tem

Robert McKnight
Council Member, Seat 2

Kevin Crystal
Council Member, Seat 3

Henry Ennis, Sr.
Council Member, Seat 4

Anthony J. Vallée
Council Member, Seat 5

City Manager
Robert Thompson

City Clerk
Koby Townsend

June 13, 2022

Florida Public Service Commission
Office of Consumer Assistance & Outreach
2540 Shumard Oak Boulevard,
Tallahassee, FL 32399-0850.

Re: FPL

Dear Sir or Madam:

I write to you today on behalf of the City of DeFuniak Springs, Florida, and its citizens, concerning your December 12, 2021, approval of dramatic rate increases (the "Rate Increase") by Florida Power & Light Company ("FPL"). In short, I request that PSC staff be directed to re-investigate FPL's rate increase filings for accuracy, review the current rates effective January 1, 2022, to ensure they are fair and reasonable, and, if necessary, direct FPL pursuant to the PSC's jurisdiction in Section 366.05 (8), Florida Statutes, to address inadequacies in fuel diversity and fuel supply reliability which have resulted in unconscionable fuel charges to FPL customers following the Rate Increase which was effective January 1, 2022.

First, we note that the PSC's own records reflect that FPL residential customers formerly served by Gulf Power pay the highest utility cost of any investor-owned utility in the State of Florida.

The PSC's December 12, 2021, approval of the Rate Increase contains the following excerpt:

> The 2021 Settlement has a minimum four-year term through December 31, 2026. Base rates and service charges will be increased to generate an additional $692 million of annual revenue effective January 1, 2022. Effective January 2, 2023, FPL's base rates and service charges will be increased to generate an additional $560 million in annual revenue. FPL is authorized to expand its Solar Base Rate Adjustments to construct an additional 1,788 megawatts of solar projects in 2024 and 2025. FPL's regulatory return on common equity is set at 10.6% for all purposes with a range of 9.7% to 11.7%. [***] Finally, effective January 1, 2022, unified FPL rates will apply to all customers throughout the former FPL and Gulf service territories.

That passage reveals the following facts that the PSC determined, and allowed for the Rate Increase:

1. FPL will generate an additional $692,000,00 in revenue in 2022 as a result of the Rate Increase;

2. FPL will generate an additional $560,000,000 in revenue in 2023 as a result of the Rate Increase;

3. The total of the two above facts is that $1,252,000,000 ($1.2 BILLION) in additional revenue would be shouldered by rate-paying customers;

4. Despite record inflation leading to higher costs of goods, as well as a slumping economy from the effects of COVID, the PSC permitted FPL to keep a 10% profit margin, effectively removing any risk.

These are staggering numbers. Particularly so when, because of FPL's own business decisions, approximately 80% of its generating capacity utilizes a non-diverse fuel source (liquified natural gas) that is at historically record high prices. Other forms of fuel for generation remain viable and cost-efficient but were shunned by FPL. The result of FPL's poor strategic decisions about fuel types for generation clearly suggests that it lacks fuel diversity and supply reliability, which are matters expressly within the PSC's jurisdiction. And yet, the PSC allowed FPL to pass on to its customers record-high costs.

It is fundamentally unfair for FPL customers formerly served by Gulf Power to suffer from the highest utility costs of any investor-owned utility in Florida. The customers – our citizens, friends, and neighbors – had virtually no voice and no representation. What was promised as a modest "2.5%" increase has turned out to be a ten-fold underestimation by FPL and the PSC in what customers are billed.

I request that the PSC, as the entity with exclusive jurisdiction to set rates for investor-owned utilities, review the FPL rate structure to ensure rates are "fair and reasonable" as required by Section 366.05 (1) (a), Florida Statutes. Further, I request that the PSC require FPL to address inadequacies in fuel diversity and fuel supply reliability that at least in part resulted in exorbitant utility bills for FPL customers. Our residents, and every FPL customer, deserve another look by the PSC at this crippling situation created by FPL.

Thank you in advance for your consideration.

Sincerely,

Robert Thompson,
City Manager

See Exhibit A. http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/BillingAdjustmens/batotal-2022.pdf

http://newsroom.fpl.com/2021-08-10-FPL-reaches-comprehensive-four-year-rate-settlement-agreement-keeping-bills-low-and-accelerating-the-nations-largest-solar-buildout **("In fact, residential bills are** projected to grow modestly from 2021-2025 at an average annual rate of 2.5%[.]")