

State of Florida



Public Service Commission

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

CORRESPONDENCE
OCT 16, 2015
DOCUMENT NO. 06622-15

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

DATE: October 16, 2015

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: William B. McNulty, Economist Supervisor, Division of Economics *WBM*

RE: Docket No. 150196-EI - Petition for determination of need for Okeechobee Clean Energy Center Unit 1, by Florida Power & Light Company

Attached please find copies of email correspondence from Mr. Joe Bourassa, and responses from staff to Mr. Bourassa, pertaining to preliminary issues currently being addressed in this docket. Please file the attached emails in the correspondence tab of the docket file.

Thank you for your assistance in this matter. Should you have any questions, please do not hesitate to contact me.

WBM

RECEIVED-PPSC
15 OCT 16 AM 8:58
COMMISSION
CLERK

Bill McNulty

From: Joe Bourassa <bourassa.joe@gmail.com>
Sent: Thursday, October 08, 2015 11:53 AM
To: Consumer Contact; Bill McNulty; Office of Commissioner Brown; Office Of Commissioner Graham; Office of Commissioner Patronis; Office Of Commissioner Edgar; Office of Commissioner Brisé
Cc: Jordan, Matthew; Sole, Mike
Subject: "Experts" ??
Attachments: 2015-09-27 AAAAAAG---FPL USE + PROJ. HIST. 1995-2024 001.tif

Commissioners;

I assume by now you all have been made aware of the graph I made showing the FPL "Experts" margin of error in previous "Forecasts". If not, here it is, **ATTACHED**.

In the same vain, Tampa Bay Water [TBW] just published it's 2015 Water Use/Demand numbers, showing a **6.8% REDUCTION** from what it's "Expert Consultant" had Projected, and a **0.6% DECREASE** from 2014.

Obviously these "Expert Consultants" can make gross errors in judgment, but to do it year after year as in both the FPL and TBW sure raises real questions that I would hope the PSC recognizes and controls for.

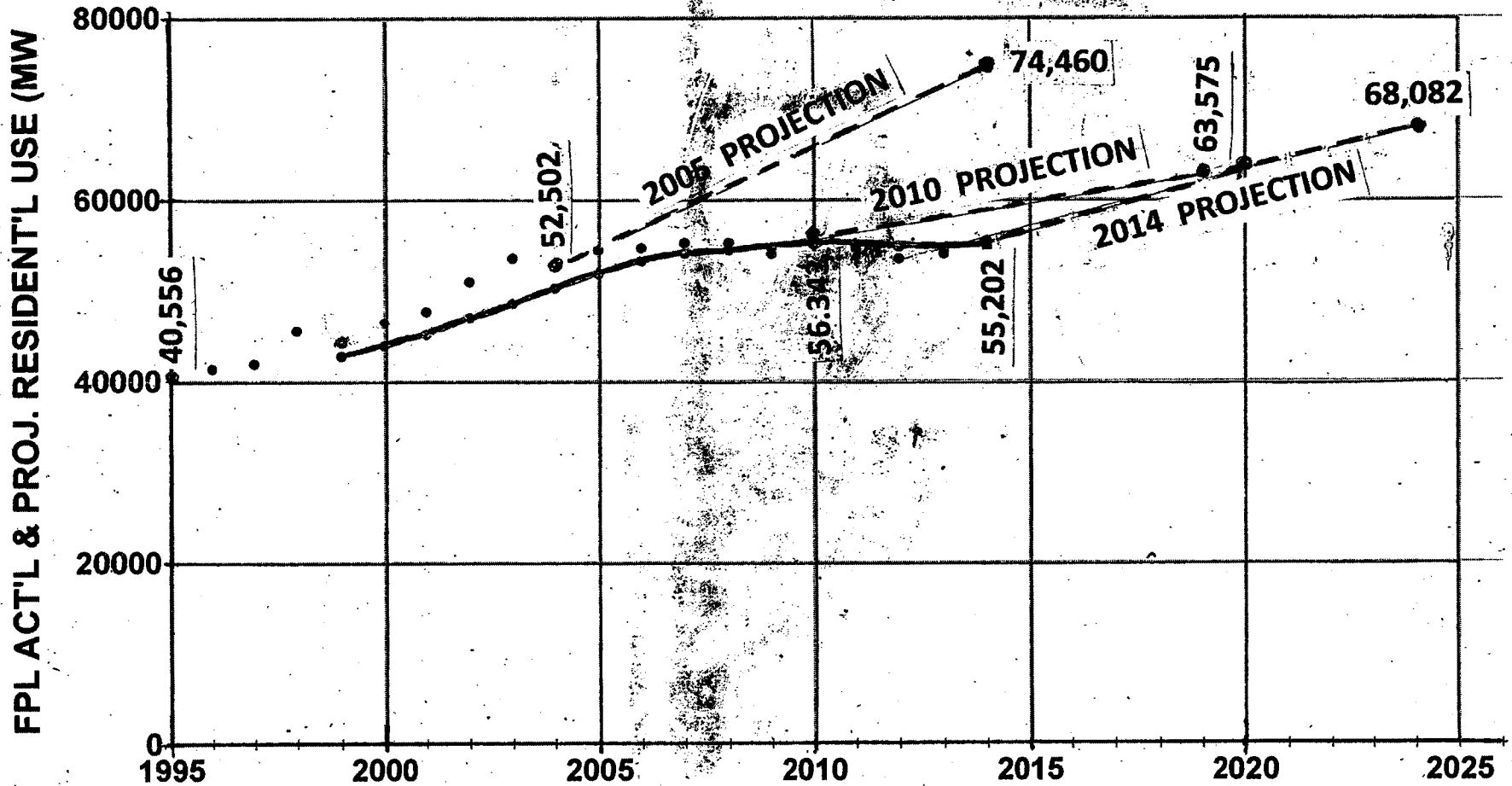
It appears that "Conservation" is working in both areas and sure should eliminate/reduce any requests for additional supply side projects.

Best Regards, Joe

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FPL RESIDENTIAL USE + PROJECTION HIST.

1995 -- 2014 -- 2024



DATA: PSC 10 YR. SITE :PLAN FILES DOTS = YR'S SOLID LINE = 5 YR MA JB SEPT. 27, 2015

Bill McNulty

From: Joe Bourassa <bourassa.joe@gmail.com>
Sent: Wednesday, September 30, 2015 8:31 AM
To: Cox, Will; Ken Hoffman; Mike Sole
Cc: Bill McNulty
Subject: IHS on Wall Street

FPL; I see that your "Experts", IHS took a beating yesterday. Why---well maybe the word is out that they completely disregard their and historical record in new "Projections". You might want to change "Experts".

Best Regards, Joe

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Bill McNulty

From: Bill McNulty
Sent: Tuesday, September 29, 2015 9:20 AM
To: 'Joe Bourassa'
Subject: RE: FPL RES. + PROJ. HIST. GRAPH

Mr. Bourassa,

Thank you for your comments and analysis.

Sincerely,

Bill McNulty
Economist Supervisor
Florida Public Service Commission
(850)413-6848
bmcnulty@psc.state.fl.us

From: Joe Bourassa [<mailto:bourassa.joe@gmail.com>]
Sent: Sunday, September 27, 2015 8:40 AM
To: Bill McNulty
Cc: Cox, Will; Ken Hoffman; Mike Sole
Subject: FPL RES. + PROJ. HIST. GRAPH

Bill; I thought I would **ATTACH** what the FPL "Expert's Historical Projections" look like in a graphical form. I am a great believer in the old Chinese saying--"One Picture equals a 1,000 words". Obviously the FPL Consultants and Staff have a need to adjust their "Model" to better reflect the historical reality. Too much money involved to let them do otherwise.

I see the very small 2014 upturn, but really have to question the radical increase in slope from even the 2010 version.

Pass it on to those of your staff involved, and I sure question the need for all the FPL's, need for increased

capacity they recently requested, surely that can wait for another couple years until the long term trend is more clear.

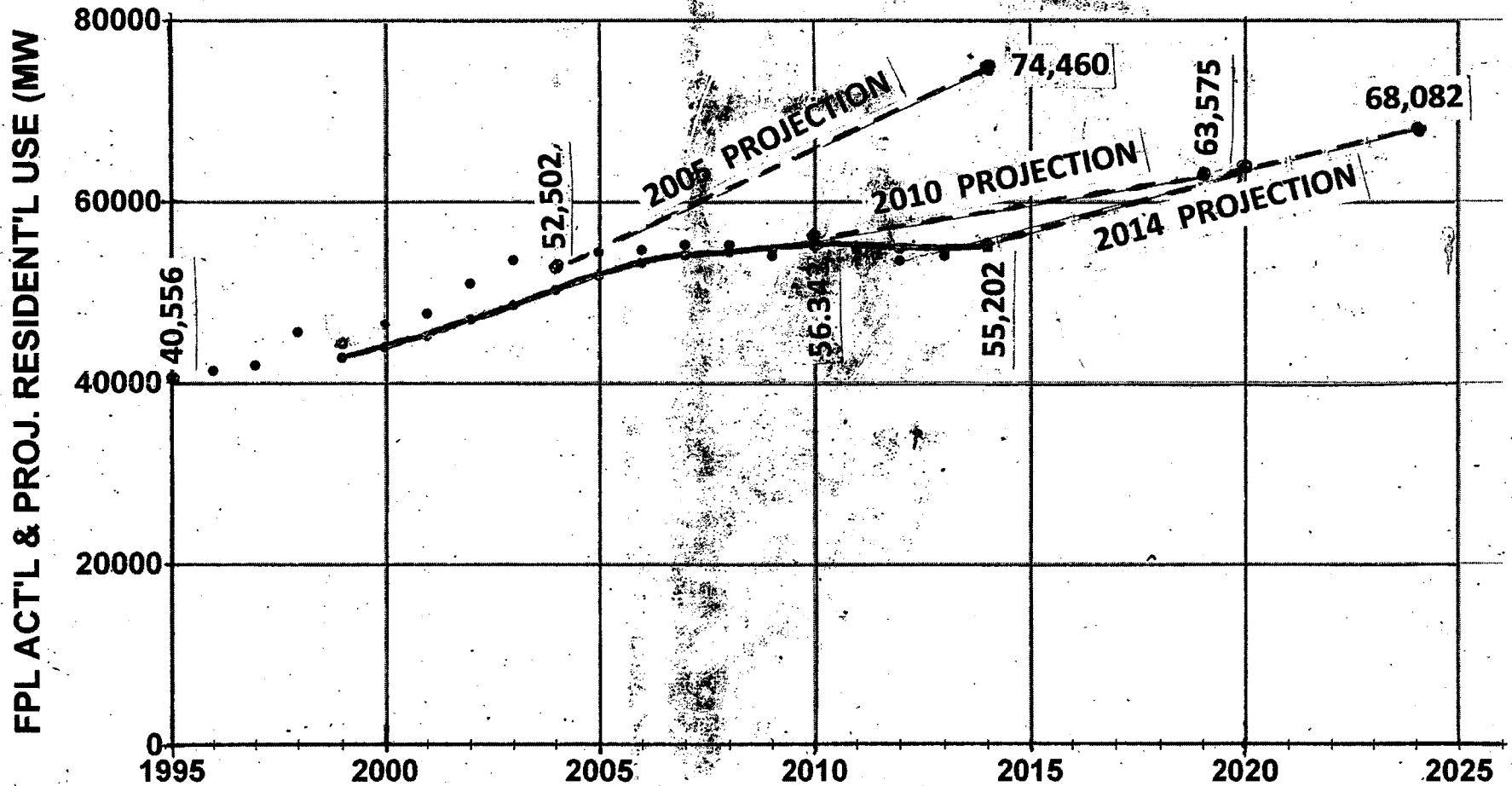
Obviously the Actual Year vs 5 Yr MA trend is about the same now, showing the very flat long term trend, and questioning any real fast upturns.

Best Regards, Joe

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FPL RESIDENTIAL USE + PROJECTION HIST.

1995 -- 2014 -- 2024



DATA: PSC 10 YR. SITE :PLAN FILES. DOTS = YR'S SOLID LINE = 5 YR MA JB SEPT. 27, 2015

Bill McNulty

From: Joe Bourassa <bourassa.joe@gmail.com>
Sent: Friday, September 25, 2015 12:00 PM
To: Bill McNulty
Subject: Re: "Projections"

Bill; Thanks for the referral, but I have had a long history with BEBR and their now retired Exec. Director, who is still on the payroll, and with whom I had 3 hour meetings with. The reason was when BEBR found out it's previous population estimates was low in light of the preliminary 2010 US Census data, it put the difference into just the last couple years, causing them to show positive gains. Well, having evidence of their flip flop, I did a survey of 3 other population indicators, electric use, K-12 school population and car and truck registrations. All of course indicated a negative growth during those critical years, which was contrary to the revised BEBR numbers.

I have a pending question for BEBR/EDR, why even in their 2014 + Projections are they still calling for an ~1.4%/yr growth rate when the 2010-2014 average is only 0.93 %/yr ??

I sure hope you also enjoy another fine FL. Fall weekend.

Best Regards, Joe

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On Fri, Sep 25, 2015 at 11:32 AM, Bill McNulty <BMcNulty@psc.state.fl.us> wrote:

Mr. Bourassa,

I have indeed forwarded the attachments as you suggested.

Population growth rates are dynamic. Check out BEBR's website, <http://www.bebr.ufl.edu/population>. Lots of interesting articles and data there exploring the population trends in Florida before, during, and after the Great Recession.

Thanks for your insights. Have a great weekend!

Bill McNulty

From: Joe Bourassa [<mailto:bourassa.joe@gmail.com>]
Sent: Friday, September 25, 2015 5:21 AM
To: Bill McNulty
Subject: Re: "Projections"

Bill; I sure hope you passed on my attachments to at least the leader of that PSC group dealing with water issues. Now just one last note on the basic Projections issue---how can BEBR-EDR, even in it's 2014 Projections talk of a 1.4/Yr Population growth rate, when their estimated 2010-2014 estimated real population growth rate for Fl. was less than 1% [0.93] ?

Of course your so right in your comment regarding the potential difficulty of coming up with accurate Projections.

What has been neglected by most "experts" is the slow growth of money supply and the increasing burden of debt,

caused by using it as a magical solution to past, potentially short term problems, needing correction.

Both of those factors have forced the avg. Fl. citizen to look for ways to cut their costs, resulting in even a real slowdown in electricity growth etc., as their income gains have not kept up with even the misleading Gov.'s CPI index.

I assume you stay abreast of the World economic situation and see the results of the "Too Much" debt load, leading to the presently unfolding collapse of the whole World's economic system. It's going to be hard for the traditional experts, like FPL's to continue to be optimistic while it is now taking place.

So much of the World's capital has gone to the high yields and high GDP growth rate of China and other Asian nations, resulting in a total debt of 2.8 X GDP for China alone. "Unsustainable", to use an ecologist's term.

Obviously that is the leading factor in the presently unfolding worlds Stock Market collapse---leading to a tremendous **decrease** in available world capital. That shrinking capital base will collapse the banking systems, that can not survive with their increasing loan default rate,

and even the worlds Fed's, ECB etc.'s more debt, low interest rates and stimulus programs can not save it.

Time to "Pay the Piper" !

Best Regards, Joe

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On Thu, Sep 24, 2015 at 3:08 PM, Bill McNulty <BMcNulty@psc.state.fl.us> wrote:

Mr. Bourassa,

The analysts in my section are responsible for reviewing only electric and gas forecasts, not water use forecasts. However, I get your basic message – be wary of overbuilding for a level of projected demand that is too high, thereby causing undue expense, based on information that does not adequately weight historical results. The difficult part is understanding what caused the historical trends in the first place and even more difficult – understanding whether the causes of those trends will continue during the forecast period and what new causative factors (not present historically), if any, can be expected to impact future demand.

Thanks Again,

Bill McNulty

Economist Supervisor, Forecasting

Florida Public Service Commission

(850)413-6848

From: Joe Bourassa [mailto:bourassa.joe@gmail.com]
Sent: Thursday, September 24, 2015 1:16 PM
To: Bill McNulty
Subject: "Projections"

Bill;

Projections have been a 12 year interest of mine, driven by my water interest. I first got interested when I found Vol. Co.'s and my Daytona Beech projections so much higher than one would reasonably expect from the historical record.

Of course the WMD's routinely use the BEBR medium projections and multiply that by a 5 year historical use to do their projections. That sure sounds rational and science based. The only problem is that methodology is obviously not supported by the historical Florida water use.

Since the PSC group does control IOU water utility's, but not government ones you obviously understand the disadvantage the IOU have, when their competitors have absolutely no control over them, except their self serving Boards. My local Daytona Beach Utility has increased rates an average of 7%/Yr for the last 7-8 years. Why ?,

because it takes the surplus and put's it into it's general fund.

Let me potentially educate you on the real Water Situation, that has for a long time been considered a "Florida Crisis". First off I'll **ATTACH** the Florida Total Water Use history [graph] using the USGS [Rich Marella] data, that shows a **5.8% REDUCTION** over the 1975-2010 [35 yrs] period. Water Crisis ?? When ??

Of course the Media has not reacted to that except for an Orlando Sentinel [Kevin Spear] article **ATTACHED**. Why, because it responds only to Gov. releases, where the DEP & WMD's never publish the historical water use, only unsupportable "Projections". The DEP and 3 major WMD's recently published their Regional Water Supply Plans [RWSP's], but quickly both the DEP and SJRWMD took theirs off their website.

Let me **ATTACH** the one remaining, the SWFWMD's RWSP showing the actual Total Water Use history combined with their 20 year Projections. As regards your comment about "expert" advice, let me add the 16 year TBW historical water use [1998-2014] showing no increase in use, while it has put the utility [residents] in a \$1 Billion debt position with planning for the "experts" Projections, that have never materialized.

In a long term "Projection's vs Reality vein, I **ATTACH** the SJRWMD's history comparing them. Obviously the actual use never ever even came close to their experts projections.

Print the Attachments out, distribute them to Staff to give them some realism for their future decisions.

Best Regards, Joe

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Bill McNulty

From: Bill McNulty
Sent: Thursday, September 24, 2015 11:32 AM
To: 'Joe Bourassa'
Subject: RE: Questions Regarding FPL's 2015-20124 Ten Year Site Plan

Dear Mr. Bourassa,

Thanks for your response email. I appreciate hearing your concerns. Our goal is to ensure that the forecasts presented by the utility are reasonable, knowing that all forecasts are going to be incorrect to some degree. Forecasting is a very complex area of regulation, involving a dose of common sense along with a high degree of professional expertise. We'll be looking for both as we go forward reviewing each of the utilities' TYSPs.

Thanks,
Bill McNulty

From: Joe Bourassa [mailto:bourassa.joe@gmail.com]
Sent: Thursday, September 24, 2015 10:42 AM
To: Bill McNulty
Cc: Greg Shafer; Judy Harlow; Tom Ballinger; Betty Leland; Jim Varian; Ana Ortega; Kay Posey; Baldwyn English; Pamela Paultre; Katherine Fleming; Joann Parsons; Ryan West; Angelena McCoy; Lisa Harvey
Subject: Re: Questions Regarding FPL's 2015-20124 Ten Year Site Plan

Bill;

Let me first sincerely thank you for the most comprehensive response I have ever got from a Government agency.

Having been an activist in the Fl. water issue for many years, my moving into the FPL issue is new, but sure prodded by the same approach one finds there--- historically unsupportable "Projections".

Your asking FRPL if they responded to my previous requests for basic information, well before even completely evading the key questions, delayed any response unnecessary long, requiring repeated requests.

Their comment here, indicating they replied to my requests only happened after I contacted your group, and were in no way a proper response even on my first questions, let alone the "Projections" ones.

With my "Projections" question's based upon an actual 10 year historical FPL record, and there showing such a radical departure from the trend of their historical data, in their next 10 year projections, both in population and resultant GWh, I believe more substantiation is needed than their claim of using a Consultant as it's only support.

I sure do especially want to thank you for the web links so that I can follow this issue.

Best Regards, Joe

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On Thu, Sep 24, 2015 at 9:49 AM, Bill McNulty <BMcNulty@psc.state.fl.us> wrote:

Dear Mr. Bourassa,

Your September 20, 2015 email to Chairman Graham and Commissioners of the Florida Public Service Commission (Commission) with questions about certain load forecast data appearing in Florida Power and Light's (FPL's) 2015-2024 Ten Year Site Plan has been forwarded from Chairman Graham's office to Commission staff so that we may respond to you.

The Forecasting Section of the Division of Economics is charged with reviewing the load forecasts which are submitted by utilities, including the forecasts contained in FPL's 2015-2024 Ten Year Site Plan. The Forecasting Section has carefully examined your questions. Staff is in the midst of preparing its draft review of FPL's site plan, including its load forecast. The review of the site plans is currently scheduled to be considered by the Commission at its November 17, 2015 Internal Affairs meeting. You may access information pertaining to the Commission's upcoming Internal Affairs meetings at <http://www.floridapsc.com/agendas/internalaffairs/index2.aspx>.

Importantly, FPL's 2015-2024 load forecast is also being reviewed in significant detail in Docket No. 150196-EI. This docket was established to address FPL's petition for determination of need for Okeechobee Clean Energy Unit 1, a proposed power plant, filed September 3, 2015. The Commission has scheduled an evidentiary hearing for this docket for December 1 and 2, 2015. The Commission is not allowed to comment on the merits of issues that are subject to ongoing evidentiary hearings. The reasonableness of FPL's forecast of customers and energy sales, the subject of your questions, will be addressed by the Commission as part of this proceeding. Prior to receipt of your email, staff issued extensive discovery questions to gather information about FPL's load forecast, and responses are now pending. You may follow developments and access information pertaining to this proceeding at: <http://www.floridapsc.com/dockets/cms/docketdetails2.aspx?docket=150196>.

We have contacted FPL regarding your request for a timely response from the utility to your questions. FPL reports that they issued a response to you addressing your questions on September 20, 2015.

If you have any questions regarding the Commission's process for reviewing FPL's load forecast presented in its most recent Ten Year Site Plan, please feel free to call me.

Thank you for your involvement in the electric utility regulatory matters impacting the citizens of Florida.

Sincerely,

Bill McNulty

Economist Supervisor, Forecasting Section

Division of Economics

Florida Public Service Commission

(850)413-6848

bmcnulty@psc.state.fl.us