

State of Florida



# Public Service Commission


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

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**DATE:** October 18, 2019

**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

**FROM:** Suzanne S. Brownless, Special Counsel, Office of the General Counsel 

**RE:** Docket No. 20190001-EI - Fuel and purchased power cost recovery clause with generating performance incentive factor.

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Please place the attached article from the South Florida Sun-Sentinel in the above docket file as correspondence.

SBr/csc  
Attachment

Carolyn Craig

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**From:** Suzanne Brownless  
**Sent:** Friday, October 18, 2019 1:34 PM  
**To:** Carolyn Craig  
**Subject:** FW: ongoing FPL issues  
**Attachments:** Our power lines will be buried for storm safety. It could cost FPL up to \$35 billion. - South Florida Sun-Sentinel.pdf

Suzanne Brownless  
Senior Attorney  
Florida Public Service Commission  
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Tallahassee, Florida 32399-0850  
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Email: [sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us)

**From:** Beatrice Balboa [<mailto:beatricebalboa@gmail.com>]  
**Sent:** Friday, October 18, 2019 12:08 PM  
**To:** Suzanne Brownless  
**Subject:** Re: ongoing FPL issues

Friday 18 October 2019

I was reading the latest news media regarding the alleged proposed astronomical storm hardening future fees activities by FPL (attached documentation). Please continue to keep an extremely close eye regarding FPL machinations with these issues as FPL ratepayers should NOT be "footing the bill" on FPL and/or NextEra out-of-state investment strategies, solar power "monopolization", "tax accounting sleight of hands", safety violations, "pollution" activities and storm hardening programs. FPL should be devoting all their energies in meeting and/or exceeding the 2017 National Electrical Safety Code® (NESC®) standards (which sets the ground rules and guidelines for practical safeguarding of utility workers and the public during the installation, operation, and maintenance of electric supply, communication lines and associated equipment) for storm hardening of the State of Florida electrical infrastructure that should have already been completed after Hurricane Andrew (1992), Hurricane Irma (2017) and now Hurricane Dorian (2019). FPL should NOT be devoting all their energies requesting and lobbying for more storm hardening fees and rate increases as well as other "accounting shenanigans" activities.

I look forward to your offices taking the necessary actions to address hardworking taxpayers citizens' concerns from the City of Pompano Beach, Broward County, State of Florida. Thank you for your time in this matter.

Sincerely,  
Beatrice Balboa  
1010 South Ocean Boulevard, Unit. 1008  
Pompano Beach, Fl 33062-6631

BUSINESS

# Our power lines will be buried for storm safety. It could cost FPL up to \$35 billion.



By MARCIA HEROUX POUNDS  
SOUTH FLORIDA SUN SENTINEL | OCT 17, 2019



Florida Power & Light President & CEO Eric Silagy talks about the companies "storm hardening" plan and undergrounding of power lines.



Florida Power & Light Co. and other electric utilities in the state now can proceed with burying lines in your neighborhood, but it's going to take at least 30 years to accomplish, and the price tag for customers is still a mystery.

The state Legislature approved a storm-protection bill last spring, signed into law by Gov. Ron DeSantis, that allows FPL and other electric utilities to charge customers for putting neighborhood power lines underground.

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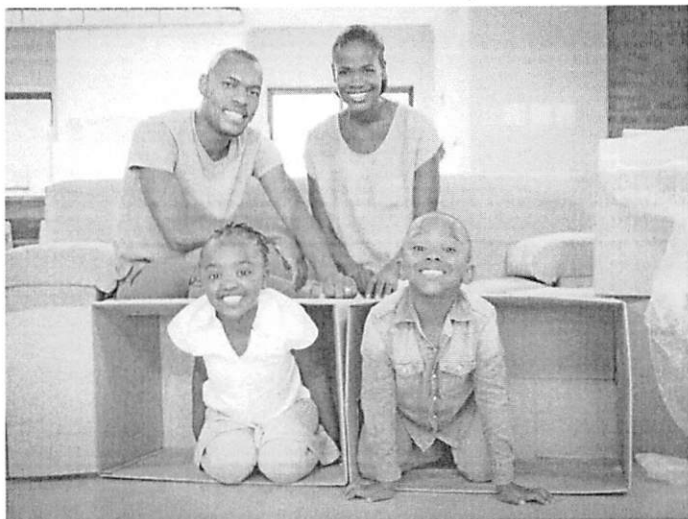
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In a meeting with the Sun Sentinel Editorial Board on Wednesday, FPL CEO and president Eric Silagy finally put a figure on burying neighborhood lines for his customers: \$25 billion to \$35 billion.

How much that will raise FPL customer's monthly electric bills is anybody's guess, though Silagy said he hopes to counter the costs of burying lines with lower overall bills due to its more efficient grid.

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Saying they were tired of hearing from constituents about their power going out in storms, legislators overwhelmingly **approved the bill**, even though opponents said it would raise electric rates every year.

The massive statewide project's details now come down to the state's utilities and the Florida Public Service Commission, which regulates them.

[MORE COVERAGE: FPL seeks state approval to slash energy-efficient goals »](#)

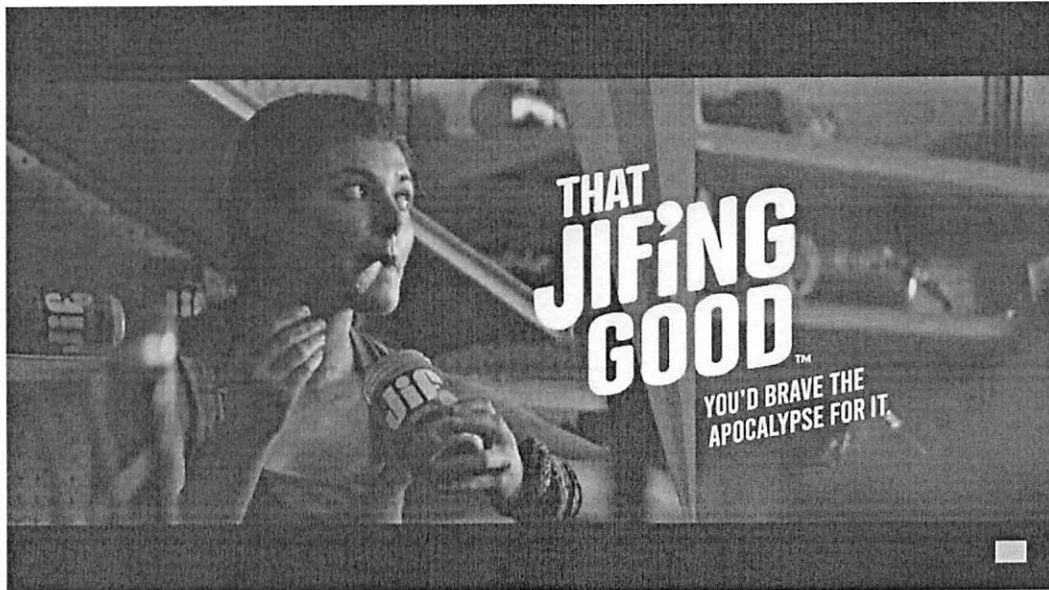
Before Silagy's estimate, the only clue to the costs available was from a staff analysis of the bill, which said FPL's undergrounding program currently costs more than \$632,000 per mile. But that's not a solid number that can be applied across the state, Silagy says.

The cost per mile to bury lines will vary from populated to rural areas, and those prone to flooding such as Miami Beach or with dense trees like Coral Gables. Silagy also said costs to bury lines will depend on increases in labor costs, and changing plans due to the state's rapidly growing population over the next few decades.

The new storm protection law allows FPL and other utilities to start putting more power lines underground in neighborhoods and to charge customers for it through a special recovery process.

In a recent rule-making session with regulators, FPL asked the Public Service Commission for more flexibility in providing details on undergrounding projects, concerned that planned projects could change and customers might get upset.

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provide about its projects and the costs, and is considering a request for a public hearing by regulators.

“We’re not against the utilities collecting prudent and reasonable costs,” said J.R. Kelly, Florida’s consumer watchdog for utilities. “We want to make sure there’s no double recovery, and that the money utilities’ spending is reasonable,” he said.

Kelly said there has not been a thorough regulatory review of what FPL and other utilities are already putting in base rates from storm-hardening activities, which have included burying lines, trimming vegetation and installing stronger utility poles.

“How much are [customers'] paying today in the rates for storm-protection activities? We have to figure out how to get there,” he said.

In the interview, Silagy took issue with the Public Counsel's concerns over "double recovery."

The consumer watchdog has previously challenged FPL on recovery of certain expenses, such as for out-of-state crews brought in to restore power after a storm.

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When FPL sought recovery of its expenses from 2017's Hurricane Irma, the Public Counsel questioned about **\$50 million in costs**, which were reclassified.

"There's not going to be any double recovering," Silagy said, saying that all expenses for underground projects will be put through the commission.

As FPL's undergrounding program becomes more routine, FPL will be able to do multiyear contracts, which should reduce labor costs, he said.

"We are long-term thinkers, planners, and we run the business that way," Silagy said.

FPL has 71,000 miles of neighborhood lines in its service territory, which is about half the state, and it has buried about 26,000 or 38 percent. That leaves about 43,000 lines to bury, according to FPL's CEO.

"We have proposed a multi-decade type of approach so we're careful there's not rate shock," said Silagy, referring to customers' electric bills, which FPL frequently touts as low compared with many parts of the country.

"Instead of ripping out existing power poles and replacing them with more poles, you put them underground," Silagy explained.

He said FPL's customers won't be charged until the projects begin and regulators sign off on the expenses the utility can recover. Silagy said he hopes to keep the additional monthly bill charges low, and that the FPL's increasing grid efficiency should help counter any major bill hikes.

FPL customers probably won't know whether their particular neighborhood is on the underground project list — if it doesn't already have buried power lines — until they're notified by the utility.

For those who complain that they're paying for burying lines in somebody else's neighborhood, Silagy counters that for every neighborhood where lines are buried, "there is a savings to all customers of about 25 percent operationally," or reduced costs of delivering power systemwide.

FPL has been doing pilot underground programs in both urban and rural communities to get an idea of the costs. "We believe that we can bring the cost of undergrounding neighborhood power lines equal to or less than the cost of hardening that same overhead power line," said Bill Orlove, spokesman for FPL.

Orlove said the electric utility plans to bury "about 2 to 3 percent of our neighborhood lines each year."

The Public Counsel's office says the first years of the storm protection project are crucial in setting the standard by which utilities provide details on plans to regulators, and estimate the costs to customers.

Under the new law, utilities have to file 10-year plans with the commission about their storm-protection plans and must update them every three years.

In a recent session to create rules for the program, some commissioners were concerned about whether they'll have enough information to set electric rates, and how they'll be able to tell whether expenses being billed under "storm-protection recovery" are different from those being charged through base rates — a mandate of the law.

FPL proposed utilities' providing project and cost detail in only the first year of the three years of data requested by lawmakers, with FPL lawyer Ken Rubin telling commissioners projects could change year-to-year due to storms and reliability data, change-out of



equipment, electrical load changes and customers' acceptance of installing lines underground in a neighborhood.

Deputy Public Counsel Charles Rehwinkel told commissioners they should get as much detail as possible from the utilities upfront. "There's so much money involved that I think the additional effort and cost to get the details is worth it and overrides any customer confusion," he said.

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Jon Moyle, who represents the Florida Industrial Power Users Group — big-energy users — said "both the Legislature and customers want clarity and a range of certainty about the rate impacts of the storm hardening plans."

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Mark Futrell, deputy executive director of the PSC staff, said in the rule-making session that he sees potential litigation if project details and expenses are not provided upfront.

But in the end, commissioners opted to give FPL and other utilities flexibility it asked for in detailing projects and costs.

Commissioner Julie Brown, responding to Futrell's concerns, said, "I do feel there are plentiful checks and balances here in the public interest. ... We're going to have so much opportunity to review the projects and the costs associated. We're going to get annual reports."

The proposed rules will advance for approval if the Public Service Commission receives no request for a public hearing by Oct. 28.

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**Marcia Heroux Pounds**  
South Florida Sun Sentinel



Marcia Heroux Pounds is a business writer for the Sun Sentinel. She writes about the job market, entrepreneurs, technology and the workplace. She's the author of I Found a Job!, a book about how some people found jobs during the worst years of the recession.

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