

**Brian Schultz**

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**From:** Ellen Plendl  
**Sent:** Friday, May 22, 2020 9:17 AM  
**To:** Consumer Correspondence  
**Subject:** Docket 20200001-EI  
**Attachments:** Consumer Inquiry - Duke Energy Florida; FW Duke energy fuel charge - Michael Healer

See attached email and reply and add to the correspondence side of Docket 20200001-EI.

## Brian Schultz

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**From:** Shonna McCray  
**Sent:** Friday, May 22, 2020 9:16 AM  
**To:** 'healermj@aol.com'  
**Subject:** Consumer Inquiry - Duke Energy Florida

Mr. Michael Healer  
healermj@aol.com

RE: FPSC Inquiry 1337736C

Dear Mr. Healer:

The Governor's office forwarded a copy of your E-mail regarding Duke Energy Florida (DEF) to the Florida Public Service Commission (FPSC). The FPSC regulates investor-owned electric, and natural gas utilities throughout the state, and investor-owned water and wastewater utilities in those counties which have opted to transfer jurisdiction to the FPSC. The FPSC has authority in the telephone industry which is limited to the Lifeline Assistance Program, Florida Relay Service, and pay telephone service. We appreciate the opportunity to respond directly to you.

You expressed a concern about DEF's fuel adjustment charge. A bit of history may be helpful in understanding how fuel rates are set. Originally, fuel costs were included as part of base rates and were not shown separately on the bill. As the price of oil increased dramatically in the 1970's and 1980's, utilities were filing for base rate increases on a yearly basis, simply to recognize the changing fuel costs. Base rate cases are intensive, expensive reviews of a utility's total operations, and take eight months to complete. The Commission decided at that point to require utilities to remove fuel from base rates and to set fuel charges in a separate proceeding. Since the early 1980's fuel has been shown as a separate line item on customers' bills.

Fuel rates are set annually in public hearings before the Commission. Fuel charges are set on a projected basis each November to be effective January of the following year. Therefore, the fuel charge component of your electric bill will increase or decrease in January based on the outcome of this annual hearing (all other things, such as your usage, equal). Utilities are required to file extensive data on their fuel costs, both past and projected. These filings often reach thousands of pages of testimony and exhibits. FPSC staff and interveners spend several months reviewing and questioning the utility on the information presented. Fuel hearings generally have several interveners who may raise any issues they choose. Intervenors in the last fuel docket included the Office of Public Counsel (the legislative agency representing consumers such as yourself before the Commission), the Office of the Attorney General, the Florida Retail Federation, Florida Industrial Power Users Group, and the Federal Executive Agencies.

Fuel costs charged to customers include only costs directly associated with the purchase, handling and storing of fuel. The utilities recover only the actual costs incurred and do not earn a return or profit on those costs. During each annual hearing, the utility must justify the costs it has incurred in the prior time period and the costs it expects to incur in the upcoming year. In addition, costs and revenues are "trued up." In the true up process, the revenues collected in the past year are compared to the actual costs incurred. If the company recovered more than its actual costs, that over recovery reduces the costs to be charged for the next year. If the utility under recovers in the prior year, that under recovery is added to the projected fuel cost for the next year.

The price of gas fluctuates almost daily, therefore there are two main reasons why the utility's fuel charge does not reflect short term market fluctuations. First, the utility is responsible for ensuring that enough fuel is available to meet the projected need for power. This may involve a combination of short and long term fuel purchase contracts. The utility must buy its fuel in the open market the same way any other user would. It must accept the terms and prices offered in

the international market at the time it makes its purchases. Second, the true up provision also tempers the total fuel costs recovered from customers. If the utility significantly under recovered in the prior period, that shortfall must be made up in the next period. This can result in what seems like an increase in the cost of fuel when market prices may be declining.

You may review all the information filed for Commission consideration in setting fuel rates by accessing the FPSC website at <http://www.floridapsc.com>. Under the Dockets and Filings tab at the top of the page, click on Dockets. Type in the docket number 20200001. Click the Search button to the right. Then select Document Filings Index for a list of all filings in the docket. This procedure allows you to view all of the information filed by the utilities and other parties in the fuel cost recovery docket.

On April 28, 2020, the FPSC approved accelerated bill reductions for customers to assist with the economic effects of COVID-19. DEF customers will receive a one-time bill reduction in May to reflect over recovery of fuel and capacity cost recovery factors. DEF requested FPSC approval to reduce customer rates mainly to reflect lower projected natural gas prices. The approved adjustments will lower a DEF monthly 1,000-kilowatt hour (kWh) residential bill to approximately \$102.90, a decrease of \$26.84.

The fuel and capacity cost component of customers' bills is set for each calendar year, but mid-course corrections are used when a utility's costs increase or decrease significantly in the interim. Under Commission rules, a utility must notify the PSC when it expects an under- or over-recovery greater than 10 percent, although lesser mid-course corrections are allowed, as in this case during the ongoing COVID-19 pandemic.

Current fuel factors for the utilities were set by the PSC during the November 2019 cost recovery clause hearing. The next fuel cost adjustment hearing will be held between November 3, 2020 and November 5, 2020. You may watch the hearings when they happen or after they conclude by using the following link:

<http://www.floridapsc.com/Conferences/AudioVideoEventCoverage>

We appreciate you sharing your views and will add your comments to Docket 20200001.

If you have any questions, please contact Ellen Plendl at 1-800-342-3552 or by fax at 1-800-511-0809.

Sincerely,

Shonna McCray  
Regulatory Program Administrator  
Florida Public Service Commission  
1-800-342-3552

## Brian Schultz

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**From:** Governor's Office of Citizen Services <EOGCitizenServices@eog.myflorida.com>  
**Sent:** Thursday, May 21, 2020 4:32 PM  
**To:** Ellen Plendl  
**Subject:** FW: "Duke energy fuel charge" - Michael Healer

Please find email below received by Governor Ron DeSantis's Office of Citizen Services. This correspondence is forwarded to your office for review and any action you deem appropriate.

Thank you.

Sincerely,

Tyler L. Andrew  
Office of Citizen Services  
Executive Office of the Governor  
Telephone: (850) 488-7146

-----Original Message-----

From: WordPress <wordpress@flgov.com>  
Sent: Sunday, April 26, 2020 1:48 PM  
To: GovernorRon.DeSantis@eog.myflorida.com  
Subject: "Duke energy fuel charge"

From: Michael Healer <healermj@aol.com>  
Subject: Duke energy fuel charge  
County: Pinellas

Message Body:

How many more years are we gong to get ripped off by the power company which is a state sponsored monopoly. There is no reason for Florida citizens to pay an additional fuel charge and a penalty for using over a 1000 KW. The additional money only goes to executive bonuses and golden parachutes. I know the power commissioners are probably in bed with the power companies and will never vote to stop the additional fuel charge. Please end this injustice

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This e-mail was sent from a contact form on Florida Governor Ron DeSantis website (<https://www.flgov.com>)

Please note that under Florida law correspondence sent to the Governor's Office, which is not confidential or exempt pursuant to chapter 119 of the Florida Statutes, is a public record made available upon request.