

Antonia Hover

From: Office of Commissioner Fay
Sent: Monday, July 22, 2024 3:11 PM
To: Commissioner Correspondence
Subject: Docket No. 20240000

Please place the email below in Docket No. 20240000

From: reckmeyermike@gmail.com <reckmeyermike@gmail.com>
Sent: Monday, July 15, 2024 12:11 PM
To: Office of Chairman La Rosa <Commissioner.LaRosa@psc.state.fl.us>; Office of Commissioner Fay <Commissioner.Fay@psc.state.fl.us>; Office of Commissioner Graham <Commissioner.Graham@PSC.STATE.FL.US>; Office of Commissioner Passidomo <Commissioner.Passidomo@psc.state.fl.us>; Office of Commissioner Clark <Commissioner.Clark@psc.state.fl.us>
Cc: reckmeyermike@gmail.com
Subject: Power Grid

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July 12, 2024

Florida Public Service Commission
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To the Florida Public Service Commissioners:

Hope is not a strategy. As an investor, whenever I started to hope for an investment to perform better, I realized that I often lost the investment case as the company fundamentals had deteriorated. As regulators, if you are hoping a severe event doesn't happen due to inadequate policies to prepare for such an event, you have failed in your mission. As regulators, you are responsible for long term public policy which strongly influences how events, either by mother nature or man-made, will impact the electrical grid system. It's your responsibility to anticipate, plan, and take actions to mitigate the fallout of events. Decisions you make have both short term and long-term consequences, and inaction can have as much of an impact as action on the outcome. Protecting your constituencies and minimizing downside risk is paramount and consistent with your mandate. For policy purposes, one should assume that severe adverse events will happen, and you must plan accordingly.

Well thought out policies, scenario planning anticipating unexpected events, and having proper safeguards can help mitigate the downside damage and disruption to such events and allow your constituency and economy to rebound as quickly as possible. Reactionary policies, ill-conceived and not properly thought-out policies, bureaucratic inaction, and/or lack of proper planning can all amplify the negative effects and have significant costs and consequences, both direct and indirect, on your constituency.

As regulators, per the Florida Public Service Commission website, "The Florida Public Service Commission is committed to making sure that Florida's consumers receive some of their most essential services – electric, natural gas, telephone, water, and wastewater – in a safe, reasonable, and reliable manner". This is your duty and responsibility to provide

services safely and reliability, and at a reasonable cost. Poorly planned strategies that are reactionary to events are ultimately more costly and more disruptive to your customer base vs. well-structured policies. Regulatory policies should incorporate low frequency but high-cost scenarios, as preventative measures take years to implement due to the complexity of the electrical grid as well as challenges with the regulatory framework. The electric grid is the foundation/backbone of modern civilization and is critical for the economy and society to function. This requires anticipatory and preventative measures to minimize the consequences of such events and ensure the electrical systems survivability under all scenarios. Taking anticipatory actions will result in higher shorter-term costs to the consumer, but minimizing the potential downside consequences of such events will be far less costly to the consumer in the long run. The benefits of preventative actions have already been proven to benefit consumers. For example, NextEra has been hardening its grid infrastructure for several years to reduce the impact from hurricanes, and their preventative actions have improved response time to recent major hurricanes. This improved resiliency reduces economic cost and disruption, and additionally lowers the cost to consumers as there are less hurricane reimbursement costs to NextEra. Such actions should be replicated in hardening the grid against other risks, such as EMP (electromagnetic pulse) and GMD (geomagnetic disturbance) risks.

The paper “A Call to Action for America”, a collaborative report from the Task force on National and Homeland Security, Secure the Grid Coalition, and others, highlights these risks. Some of these risks, such as EMP and GMD, were highlighted 20 years ago yet policies have been woefully inadequate. Waiting for the Federal Government to mandate effective policies is a fool’s game as evidenced by Washington’s political paralysis. As such, it falls upon the states to take up the initiative, who ultimately would have the responsibility to implement any mandates. Regulatory requirements should be set at standards that are robust and meet the most stringent safeguards. Regulatory actions with low requirements that simply check the box to meet inadequate requirements will be insufficient in their effectiveness and could prove to provide a false sense of security that proper precautions have been implemented. For example, according to “A Call to Action for America”, their recommendation is the regulatory requirement set at a high requirement, recommending an EMP/GMD Standard of 100 volts/kilometer.

Cost is always an issue, but proper up-front planning and execution on preventative measures will likely be significantly less expensive than the costs to repair the damages and dislocations post event. Delaying actions will only cause higher costs in the future. The utility industry is at a period of accelerated T&D (transmission and distribution) spending and implementing a preventative program for grid hardening concurrently with the current planned expenditures may enable some cost efficiency with implementation. For example, Next Era is spending \$8B in 2024 in capital expenditures, with about 40%, or \$3.2B, of this directed to transmission and distribution (T&D). NextEra’s capital expenditure budget should be increased to allow increased spending directed to grid hardening for EMP and GMD resiliency, with the overall costs of such a program mitigated somewhat due to concurrent spending in the T&D system.

In order for successful policy to happen requires two things. The first is courage by you the regulators, to take the initiative positioning Florida as a leader in requiring its utilities to harden their infrastructure to the highest standards. As noted above, waiting for the Federal Government to implement policies may be a never-ending waiting game, and using this as an excuse not to implement policies would be a failure with your mandates, and places significant risks to your constituency. The second is to get support from the utilities, who ultimately are responsible for implementing policies. The urgency and timely implementation must be emphasized, and allowing full expense reimbursement through rate base policies will help align goals between regulators and utilities.

As regulators you face many challenges, but inaction can be as important as action. Delaying a policy response does not solve the problem but amplifies the problem due to inflationary pressures, which is compounded by the strong anticipated growth of the electric grid growth in Florida and continues to put your constituency at significant risk. This is an issue that cannot be postponed. Action is required now.

Thank you for your time and consideration, and I look forward to watching you implement the needed policies.

Thank you.

William Reckmeyer
610-745-8018

Sources:

[A-Call-to-Action-for-America-Revised-on-1-17-2023.pdf \(griddownpowerup.com\)](#)

[Presentation-on-the-Power-Grid-Threats.pdf \(griddownpowerup.com\)](#)

[Resilient Societies Priorities - Foundation for Resilient Societies](#)

[Company Overview – NextEra Energy, Inc.](#)

[Florida PSC \(state.fl.us\)](#)