I. Meeting Packet

State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Tuesday, November 25, 2014
Immediately Following Commission Conference
Room 105 – Gunter Building

1. Draft Comments on the U.S. Environmental Protection Agency's Proposals to Limit Carbon Emissions from Existing Electric Utility Generating Units. Approval is sought. (Attachment 1)

2. Staff's Review of the 2014 Ten-Year Site Plan. Due December 31. Approval is sought. (Attachment 2)

3. Draft 2014 Lifeline Report. Due December 31. Approval is sought. (Attachment 3)

4. Executive Director's Report. (No attachment)

5. Other Matters.

BB/sc

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.

Attachment 1

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: November 14, 2014

TO: Braulio L. Baez, Executive Director

FROM: Ana Ortega, Public Utility Analyst III, Division of Economics
Jim Breman, Senior Analyst, Office of Industry Development and Market Analysis
Judy G. Harlow, Economic Supervisor, Division of Economics
Jim Dean, Director, Division of Economics
Mark Futrell, Director, Office of Industry Development and Market Analysis
Kathryn Cowdery, Senior Attorney, Office of the General Counsel

RE: Draft Comments on the U.S. Environmental Protection Agency's Proposal to Limit Carbon Emissions from Existing Electric Utility Generating Units.

Critical Information: Please place on the November 25, 2014 Internal Affairs. Commissioner approval of the attached comments is sought.

On June 18, 2014, the U.S. Environmental Protection Agency (EPA) published proposed Carbon Pollution Emission Guidelines for Existing Electric Utility Generating Units (Clean Power Plan) in the *Federal Register* and opened a comment period that was expected to end on October 16, 2014. EPA subsequently announced an extension for accepting comments to December 1, 2014.

Staff seeks approval of the draft comments to the EPA regarding the proposed carbon rule (Attachment A). Staff provided the Commissioners with a briefing of the proposed rule at the September 4, 2014 Internal Affairs meeting. During that Internal Affairs meeting, Commissioners instructed staff to prepare comments to submit to the EPA regarding Florida-specific concerns with the proposal. Staff has prepared the attached draft comments based on Commissioner direction provided at the Internal Affairs meeting as well as other concerns with the proposal.

On October 28, 2014, EPA issued a Notice of Data Availability (NODA) relating to the Clean Power Plan. The purpose of the NODA was to highlight developing technical issues and data related to the rulemaking and to provide additional areas for stakeholders to consider in their comments. The NODA addressed issues relating to three aspects of the Clean Power Plan:

1) the glide path of emissions reductions from 2020-2029,
2) certain aspects of how the building blocks were established such as including new natural gas combined cycles and the use of co-firing as a part of the Best System of Emission Reduction and the possibility of phasing-in requirements of Building Blocks 1 and 2, and

3) how state goals were calculated including the treatment of interstate renewable energy generation and alternative approaches to applying the assumptions of Building Blocks 3 and 4.

On November 6, 2014, EPA also issued additional information regarding the translation of the proposed rate-based targets to a mass-based target. This technical support documentation outlined two methods for converting a state's rate-based target to a mass-based equivalent target, one relying solely on 2012 existing affected fossil-fuel generation and the other combining 2012 existing affected fossil-fuel generation and new fossil-fuel generation. This information does not materially affect the draft comments.

Key Concerns and Recommendations to EPA:

A. FPSC Jurisdiction

- Do not bypass or preempt the FPSC's exclusive jurisdiction under Florida Statutes.
- Defer to the Public Utility Regulatory Policies Act and Florida laws when calculating renewable energy potential for Florida.

B. Best System of Emission Reduction (BSER)

- The BSER has not been adequately demonstrated based on Florida policies and circumstances.
- Revise the BSER and set standards for affected EGUs based on specific technology and equipment at these facilities or other onsite actions within a utility's control.

C. Recognition of Early Actions in Florida

- Adjust Florida's requirements to reflect recent actions by Florida's utilities that have reduced carbon emissions.

D. Interim Performance Requirement

- Florida's interim emission performance requirements should not be mandatory.

E. Corrections to Building Blocks

- Modify Florida's emission performance requirements applied to Florida's coal-fired generation to recognize prior actions taken to improve heat rates.
- Correct Florida's interim and final emission performance requirements to reflect the natural gas combined cycle net, not gross, capacity.
- A multi-year average baseline should be used instead of a single year in the development of emission performance requirements.
- EPA's assumptions do not adequately account for changes to infrastructure that could significantly affect the feasibility and cost of meeting the emission performance requirements in the proposed timeframe.

- Adjust the renewable energy generation requirement to reflect Florida-specific policies and circumstances.
- The EPA's emission performance requirements should not include mandatory implementation of end-use energy efficiency programs, but should allow for voluntary inclusion within a State Implementation Plan.

F. <u>FPSC Concerns Regarding Proposed Rule Implementation</u>

- The effects of EPA's final rule should not compromise fuel diversity or electric system reliability. Therefore, allow Florida to incorporate a reliability safety valve into its State Implementation Plan to guard against unforeseen impacts on reliability and cost.

Attachment

cc: Lisa Harvey
Apryl Lynn
S. Curtis Kiser

UNITED STATES OF AMERICA
BEFORE THE
ENVIRONMENTAL PROTECTION AGENCY

Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units

Docket ID No. EPA-HQ-OAR-2013-0602

COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION

The Florida Public Service Commission (FPSC or Commission) appreciates the opportunity to provide comments on the proposed Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, also referred to as the Clean Power Plan (Proposed Rule).[1] We recognize the necessity and role of the U.S. Environmental Protection Agency (EPA) to address public health and environmental issues. The FPSC is concerned, however, that the Proposed Rule in its current form will reduce fuel diversity, adversely impact reliability, and impose unacceptable cost increases for a large number of Florida's electric consumers. Even with the clarifications provided with EPA's October 2014 Notice of Data Availability (NODA), the structure of the rule is such that meaningful comments require unique knowledge of the state compliance plan and predetermination of the reasonable achievability of EPA's modeled emission performance requirements. Without knowing the structure of the State Implementation Plan, the FPSC cannot address the achievability of EPA's proposed emission performance requirements through EPA's best system of emission reduction (BSER) approach or any other compliance approach with certainty. The comments below address the particular attributes of Florida and its electric industry, the FPSC's statutory authority, detailed concerns with the Proposed Rule, and areas of concern with Florida's proposed interim and final emission performance requirements.

These comments presume EPA will adopt carbon emission rules based on the strategy, or a similar strategy, in the proposed rule notice. The Commission's comments contained herein

[1] The FPSC previously provided input into EPA's development of proposed standards for carbon emission reductions from existing sources by letter of December 13, 2013, The Florida Public Service Commission's Responses to EPA's Questions to States Regarding the Design of a Program to Reduce Carbon Pollution from Existing Power Plants (FPSC December 13, 2013 Comments).

are meant to request Florida-specific considerations for the application of that rule and should not be construed as support or opposition to EPA adopting carbon emission rules.

FPSC Concerns and Recommendations to EPA:

A. FPSC Jurisdiction

- Do not bypass or preempt the FPSC's exclusive jurisdiction under Florida Statutes.
- Defer to the Public Utility Regulatory Policies Act and Florida laws when calculating renewable energy potential for Florida.

B. Best System of Emission Reduction (BSER)

- The BSER has not been adequately demonstrated based on Florida policies and circumstances.
- Revise the BSER and set standards for affected EGUs based on specific technology and equipment at these facilities or other onsite actions within a utility's control.

C. Recognition of Early Actions in Florida

- Adjust Florida's requirements to reflect recent actions by Florida's utilities that have reduced carbon emissions.

D. Interim Performance Requirement

- Florida's interim emission performance requirements should not be mandatory.

E. Corrections to Building Blocks

- Modify Florida's emission performance requirements applied to Florida's coal-fired generation to recognize prior actions taken to improve heat rates.
- Correct Florida's interim and final emission performance requirements to reflect the natural gas combined cycle net, not gross, capacity.
- A multi-year average baseline should be used instead of a single year in the development of emission performance requirements.
- Adjust the renewable energy generation requirement to reflect Florida-specific policies and circumstances.
- The EPA's emission performance requirements should not include mandatory implementation of end-use energy efficiency programs, but should allow for voluntary inclusion within a State Implementation Plan.

F. FPSC Concerns Regarding Proposed Rule Implementation

- The effects of EPA's final rule should not compromise fuel diversity or electric system reliability. Therefore, allow Florida to incorporate a reliability safety valve into its State Implementation Plan to guard against unforeseen impacts on reliability and cost.

I. FPSC Jurisdiction

The FPSC is charged with ensuring that Florida's electric utilities provide safe, reliable energy for Florida's consumers in a cost-effective manner. The FPSC regulates five investor-owned electric utilities, including aspects of rate setting, operations, and safety. The FPSC additionally regulates 35 municipally-owned and 18 rural electric cooperatives as to safety, rate structure, and oversight of generation and transmission planning.

The FPSC's exclusive jurisdiction in Florida includes jurisdiction to require electric power conservation and reliability within a coordinated grid, for operational as well as emergency purposes.[2] The FPSC has exclusive jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities.[3] The FPSC is charged with determining need for all new steam electric generating facilities and solar generation over 75 megawatts (MW).[4] The FPSC has the responsibility of allowing an electric utility's recovery from ratepayers of prudently incurred environmental compliance costs, including costs incurred in compliance with the Clean Air Act.[5]

In addition, the FPSC has exclusive jurisdiction to implement the Florida Energy Efficiency and Conservation Act (FEECA).[6] FEECA emphasizes reducing the growth rates of weather-sensitive peak demand, reducing and controlling the growth rates of electricity consumption, and reducing the consumption of expensive resources, such as petroleum fuels. Pursuant to FEECA, the FPSC has authority to adopt goals for increasing the efficiency of energy consumption and increasing the development of demand-side renewable energy systems.[7] Importantly, in adopting these goals, the FPSC evaluates the full Florida-specific technical potential of all available demand-side and supply-side conservation and efficiency measures, and takes into consideration the costs and benefits to participating customers and ratepayers as a

[2] Section 366.04(2)(c), Florida Statutes
[3] Section 366.04(5), Florida Statutes
[4] Section 403.519, Florida Statutes
[5] Section 366.8255(2), Florida Statutes
[6] Sections 366.80 – 366.82, Florida Statutes
[7] Section 366.81, Florida Statutes

whole, and the costs imposed by state and federal regulations on greenhouse gas emissions.[8] Once goals are established, the utilities must submit for Commission approval cost-effective demand-side management (DSM) plans, which contain the DSM programs designed to meet these goals. Among its powers, the FPSC may modify or deny demand-side management plans or programs that would have an undue rate impact from the costs passed on to customers.[9]

The Florida Legislature has established policies to encourage the development of renewable energy resources and to ensure these resources contribute to reliable electric service at a reasonable cost. Florida law requires utilities to facilitate customer-owned renewable energy resources through standard interconnection agreements and net metering.[10] The Public Utility Regulatory Policies Act (PURPA) and Florida law establish requirements relating to the purchase of capacity and energy by investor-owned utilities from renewable energy producers.[11] Utilities must purchase capacity and energy at rates that do not exceed the respective utility's avoided cost, thus protecting customers from undue rate impacts. Also, renewable energy producers, which are able to meet minimum performance requirements during a respective utility's peak demand period, are eligible for fixed capacity payments. Investor-owned utilities may recover from customers prudent and reasonable costs associated with renewable energy purchase power agreements. PURPA and Florida law provide the legal framework for the interconnection and economic parameters to develop renewable energy. Therefore, the EPA must defer to existing federal and state-specific policies in its calculation of renewable energy potential for Florida and other states.

The EPA's authority to propose pollution control regulations is limited by the scope of its delegated authority granted under the Clean Air Act (CAA).[12] The CAA authorizes EPA to promulgate regulations on carbon dioxide (CO_2) emissions only as they relate to pollutant emissions. The EPA is not granted regulatory authority over Florida's planning, development, and maintenance of a coordinated electric power grid, electric power energy efficiency and

[8] Section 366.82(3), Florida Statutes
[9] Section 366.82(7), Florida Statutes
[10] Section 366.91(5) and (6), Florida Statutes
[11] Sections 366.051 and 366.91(3), Florida Statutes
[12] *E.g., City of Park City v. Alon USA Energy Inc. (In re Methyl Tertiary Butyl Ether Prods. Liab. Litig*), 341 F. Supp. 2d 386, 406-408 (S.D.N.Y. 2004), citing to *Fidelity Fed. Savs. and Loan Association de la Cuesta*, 458 U.S. 141, 154 (1982). *See also City of Arlington v. FCC*, 133 S. Ct. 1863, 1869 (2013) (The power of agencies charged with administering congressional statutes to act and how they are to act is authoritatively prescribed by Congress).

conservation, or the development of renewable energy resources in Florida. For this reason, the FPSC's exclusive jurisdiction in these areas is not subject to preemption by the CAA, and the proposed rules may not interfere with, pre-empt, or in any manner attempt to or effect a shift of the Commission's jurisdiction to EPA or to any other federal or state agency or department.

Additionally, the FPSC supports the National Association of Regulatory Utility Commissioners Resolution on Increased Flexibility with Regard to the EPA's Regulation of Greenhouse Gas Emissions from Existing Power Plants that states: "EPA should not intrude on the states' jurisdiction over decisions regarding integrated resource planning or the mix of fuels and resources."[13] The proposed emission performance requirements set by EPA necessarily require compliance and enforcement activities that include changing dispatch methodology, efficiency measures, the type of generation to be constructed, and renewable energy considerations, all of which are matters within the FPSC's exclusive jurisdiction. Intrusion by EPA into these matters directly through a Federal Implementation Plan or by proxy through a State Implementation Plan would interfere with the FPSC's jurisdiction over the generation and distribution of electricity, Florida's electricity grid, and economic regulation of electric retail service. Any changes to this exclusive jurisdiction are a matter for consideration by the Florida Legislature.

II. Best System of Emission Reduction (BSER)

The FPSC is greatly concerned with the methodology EPA used to set the BSER and the resulting Florida performance requirements for existing electric generating units (EGUs). As previously noted, EPA's assumptions and analysis supporting its Proposed Rule, and the Florida CO_2 pounds per megawatt-hour (lbs./MWh) emission performance requirements presume an implementation strategy that either bypasses or preempts the FPSC's exclusive jurisdiction under Chapters 366 and 403, Florida Statutes. The EPA's Proposed Rule establishes CO_2 lbs./MWh emission performance requirements using national or regional averages rather than assessing what is reasonable and technically achievable in Florida. Moreover, EPA did not consider

[13] http://www.naruc.org/Resolutions/EPAsRegulationofGreenhouseGasEmissionsfromExistingPowerPlants.pdf.

Florida-specific policies in developing the Proposed Rule. The CAA requires EPA to set proposed emissions performance requirements to reflect:

> the degree of emission limitation **achievable** through the application of the best system of emission reduction which (**taking into account the cost** of achieving such reduction and any non-air quality health and environmental impact and energy requirements) the Administrator determines has been **adequately demonstrated**.[14] (emphasis added).

When establishing a performance standard based on a BSER determination, EPA must consider among other factors, the system of emission reduction that is technically feasible[15] and the economic costs to the industry.[16] The emission performance requirements must be based on relevant and adequate data, and technology must be achievable for standards promulgated by EPA.[17] Further, "To be achievable, a standard must be capable of being met under the most adverse conditions which can reasonably be expected to recur."[18]

The FPSC contends that EPA's proposed BSER in its current form is unreasonable, extremely difficult to achieve both in scope and timeline, and should not be used to set an emissions performance requirement for Florida. While EPA's NODA goes in the direction of acknowledging some of these concerns, it does not provide solutions. The FPSC's comments are intended to offer such solutions.

The proposed emission performance requirements for Florida are not based on a BSER that has been adequately demonstrated, as required by Section 111(d). An adequately demonstrated system is one that has been shown to be reasonably reliable, reasonably efficient, and that can reasonably be expected to serve the interest of pollution control without becoming exorbitantly costly in an economic or environmental way.[19] The EPA's basis for stating that its BSER analysis is adequately demonstrated is that each of the building blocks may be well-

[14] CAA, Section 111(a)(1); 40 CFR 60.21(e).
[15] *Essex Chemical Corp v. Ruckelshaus*, 486 F. 2d 427, 433-434 (D.C. Cir 1973)(stating that an achievable standard is one which is within the realm of the adequately demonstrated system's efficiency and which need not necessarily be routinely achieved within the industry prior to its adoption), *cert denied*, 416 U.S. 969 (1974).
[16] *Portland Cement Association v. Ruckelshaus*, 486 F. 2d 375, 385, 402 (D.C. Cir. 1973), *cert. denied* 417 U.S. 921 (1974).
[17] *Id*. p. 393.
[18] *White Stallion Energy Ctr., LLC v. EPA*, 748 F. 3d 1222 (S.D. Cal. 2014), citing to *Nat'l Lime Association v. EPA*, 627 F. 2d 416, 431 n. 46, 200 US App. DC 363 (D.C. Cir. 1980).
[19] *Essex Chemical Corp*. 486 F. 2 p. 433.

established in some, but not all states.[20] This basis fails to take into account the Florida-specific factors discussed throughout these comments. The disclaimer in the Notice of Rulemaking that none of the building blocks in the BSER "are being mandated, the states are free to use any compliance strategy" does not alleviate Florida's concerns.

As a part of the FPSC's analysis of the Proposed Rule, the FPSC solicited comments from Florida's generating utilities and other interested persons.[21] Based in part on the responses, the FPSC believes that EPA's CO_2 emission performance requirements for Florida cannot be met solely by increased efficiency of operating coal-fired units, increased dispatch of natural gas-fired electrical units, and decreased use of coal-fired EGUs. The Proposed Rule would require Florida's utilities to attempt to implement all of the proposed building blocks, despite the fact that these proposed requirements do not take into account Florida's specific policies and circumstances. This combination of actions has not been adequately demonstrated as an effective approach to achieve EPA's proposed emission performance requirements for Florida.

Consistent with the FPSC's December 13, 2013 Comments in this proceeding, the FPSC continues to maintain that EPA should set Florida's emission performance requirement based solely on onsite actions at affected EGUs. As evidenced by both emission rates and mass ton reductions, Florida utilities have made great progress in CO_2 reductions in recent years by repowering existing units and adding efficient natural gas combined cycle units. The EPA should only rely on existing EGUs, including the past actions of these EGUs, in establishing reasonable CO_2 reductions.

Since 1981, the FPSC has established DSM and energy efficiency goals for the utilities serving 85 percent of Florida's load. The EPA's national application of energy efficiency reductions based on existing and new load growth, however, is not an appropriate standard setting strategy. Likewise, PURPA and Florida law provide the legal framework for the development, interconnection, and economic parameters of renewable energy. The EPA must defer to existing federal and state-specific policies in its calculation of renewable energy potential for Florida and other states. The FPSC, however, strongly believes EPA lacks jurisdiction to include Building Blocks 3 and 4 in its BSER and the proposed emission

[20] U.S. Environmental Protection Agency Legal Memorandum on Proposed Carbon Pollution Emission Guidelines for Existing Electric Utility Generating Units. p. 15.
[21] http://www.floridapsc.com/utilities/electricgas/EPAcarbonrules/

performance requirements. For these reasons, EPA should revise its BSER and the emission performance requirements to be based exclusively on onsite actions at affected EGUs.

The FPSC also believes it is inappropriate to select a single year (2012) in the development of emission performance requirements. This approach does not take into account anomalies affecting the dispatch of generation in a given year, that could occur in a particular state or market. For example, 2012 was not a typical year for electricity generation in Florida as historically low natural gas prices caused an unusual increase in the use of natural gas-fired generation. During a normal year, more coal-fired generation would have been dispatched, resulting in a higher CO_2 annual emission rate for the state. This is particularly true for utilities which are more dependent on coal-fired generation. Therefore, EPA's use of 2012 as the starting point skews the emissions performance requirements for Florida. The use of a multi-year average when setting the baseline data can dampen the effect of any electric market production, weather, or fuel supply anomaly that may occur in a single year.

III. Recognition of Early Actions in Florida

In the FPSC's December 13, 2013 Comments in this proceeding, the FPSC asserted that EPA's guidelines should avoid setting a performance level that is based on a national uniform approach and recognize the varying characteristics of specific states and regions of the U.S. By applying national averages in establishing state-specific emission performance requirements, EPA did not accurately reflect Florida's ability to comply with the Proposed Rule. The EPA's Proposed Rule does not consider past utility actions by Florida's utilities that were made to improve overall generating efficiency. These past actions have had a beneficial impact on air quality and have resulted in permanent CO_2 emission reductions per MWh. Failure by EPA to consider these early actions is unreasonable.

The proposed emission performance requirements would result in a 38 percent reduction in CO_2 emissions from the 2012 baseline year. This, in effect, penalizes Florida for having taken early actions to reduce CO_2 emissions by requiring stringent, and more difficult to attain, emission performance requirements relative to EPA's 2012 baseline year. The long history of early actions in Florida that has contributed to the declining CO_2 emissions restricts the technical

feasibility of meeting the national assumptions in EPA's proposed building blocks. The Florida Department of Environmental Protection, for example, estimates that Florida's average CO_2 emissions profile, for power produced in Florida, decreased from 1,718 lbs./MWh in 2005 to 1,291 lbs./MWh in 2012, a 25 percent reduction in CO_2 emission rates. The requirement of an additional 38 percent reduction is unreasonable.

Florida's utilities have invested in generation efficiency improvements, repowerings, and nuclear uprates, which have had a beneficial impact on Florida's average CO_2 emissions profile. In addition, Florida's utilities have invested heavily in compliance with other recent EPA air rules, including Mercury Air Toxics Standards and the Cross-State Air Pollution Rule. Florida's ratepayers have borne the costs for these investments. As a result, a significant portion of cost-effective actions to lower emissions that are under each utility's control has already been achieved through regulatory and market driven responses. The FPSC urges EPA to adjust Florida's emission performance requirements to reflect a BSER that can be achieved in Florida and accounts for past utility actions.

IV. Interim Performance Requirement

The FPSC believes the aggressive compliance timeframe is unrealistic. The proposed interim emission performance requirement for Florida is only marginally different from the final requirement, and requires a substantial proportion of the 2030 requirement CO_2 emissions reductions to occur beginning in 2020. Although EPA outlines a few avenues for states to have additional time for submitting their compliance plans, the Proposed Rule does not allow corresponding flexibility in the interim performance period. Regardless, Florida will have had to make compliance decisions before there is certainty of EPA's final rule and before having an approved state implementation plan. Compliance with the proposed emission performance requirements necessitates long-term decisions and investments, potential legislative action, and must account for the statutory timing of siting and constructing new generation, transmission, and pipeline capacity that will likely be needed. Under Florida's existing statutory and regulatory regimes, the State as a whole will not be able to achieve EPA's proposed emission performance requirements within EPA's timeline.

Compliance with EPA's proposed emission performance requirements will likely take more time than EPA envisioned. Particularly problematic is the time required to complete the necessary infrastructure improvements. Two recent examples are illustrative of project timing in Florida. A proposed nuclear project in southern Florida was originally scheduled to complete the Florida Site Certification Application review within 14 months, yet the review schedule was waived and ultimately extended to almost 60 months.[22] The protracted timeline was required in order to address concerns stemming from electric transmission expansion. In 2013, the Commission approved as prudent, a utility's request to enter into a long-term gas transportation contract associated with the proposed Sabal Trail pipeline, which is not expected to commence natural gas delivery until 2017.[23] Whether these cases are typical of future projects is uncertain; however, they illustrate that three years may not be sufficient time to study, permit, and complete infrastructure additions necessary to comply with the interim emission performance requirements. The EPA's 2020 threshold date appears to be more aspirational than realistic when one considers the scope of detailed reviews and justification necessary to support additional power plants, transmission, and pipeline investments that could be needed. The FPSC notes that EPA's NODA appears to recognize the need for increased flexibility to address the timing of various infrastructure projects.

The FPSC asserts that even with the flexibility of expanding timelines, Florida's interim emission performance requirements should not be mandatory. Florida's interim goals, used for tracking or reporting, should be established during the state implementation plan development process. This will allow Florida to review appropriate actions to mitigate the impacts of premature retirements of certain generating units. Florida and the affected entities should be given a more flexible glide path toward the ultimate performance requirement.

[22] http://www.doah.state.fl.us/ALJ/searchDOAH/default.asp, Florida Division of Administrative Hearings Case No. 09003575.
[23] Order No. PSC-13-0505-PAA-EI, in Docket No. 130198-EI, issued October 28, 2013, In re: Proposed Agency Action Order on Florida Power & Light Company's Proposed Sabal Trail Transmission, LLC and Florida Southeast Connection Pipelines.

V. Corrections to Building Blocks

The following analysis addresses each Building Block individually to illustrate how EPA's assumptions of the building blocks used to establish the BSER are not technically feasible and would result in unreasonable costs. Any suggestion to one particular Building Block should not be interpreted as support to expand other Building Blocks to make up any emissions reduction shortfalls due to the interactive effects between the various Building Blocks and potential operational constraints as discussed throughout our comments.

a. Building Block 1

In Building Block 1, EPA assumes that Florida will achieve CO_2 reductions through a six percent heat rate improvement at its coal-fired generating units. The FPSC contends that the national assumption of a heat rate improvement of six percent for Florida's coal-fired generating fleet is not technically feasible, given the long history of efficiency improvements to Florida's fleet. In 1980, the FPSC developed a generating performance incentive factor program (GPIF) for investor-owned utilities,[24] which encourages utilities to maximize unit heat rate efficiency of electric baseload generating units. Unit specific heat rate and availability requirements are set annually through a formal hearing procedure, and the FPSC has the authority to reward utilities that reach their requirements and penalize those utilities that do not. Effectively, the GPIF program provides multi-million dollar incentives for utilities to maximize supply-side energy efficiency improvements, thus reducing average fuel consumed per MWh at the source of air emissions.

In over 30 years of offering incentives, the FPSC has not seen consistent heat-rate improvements in the six percent range as suggested in the Proposed Rule. In the last five years alone, changes in EGU specific heat rate efficiencies ranged from negative eight percent to positive four percent, even with the GPIF program incentives. These fluctuations appear to be driven, in part, by efforts to comply with environmental requirements. Rather than relying on an across the board six percent assumption, we propose a more Florida-specific analysis of achievable, permanent and cost-effective CO_2 emission reductions. Such an analysis will take

[24] Order No. 9558, in Docket No. 800400-CI, issued September 19, 1980, In re: Investigation of Fuel Cost Recovery Clause Application to Investor-owned Electric Utilities.

into account, not only potential for heat rate improvements (which can be verified through historical data under incentive programs like the GPIF program), but also steps already taken to increase efficiencies in Florida's fleet relative to EPA's baseline year.

The EPA has not adequately demonstrated the feasibility of the proposed emission requirements for Florida. This is supported in part by a recent communication by Sargent & Lundy, LLC, which prepared a study on heat rate improvement that was relied on by EPA in its technical support documentation. Sargent & Lundy, LLC, states that its 2009 report on heat rate improvements "did not conclude that any individual coal-fired EGU or aggregation of coal-fired EGUs can achieve six percent heat rate improvement or any broad target, as estimated by EPA."[25] Moreover, Sargent & Lundy, LLC, notes that the feasibility of heat rate improvements at an individual generating unit are limited by "a number of factors, including plant design, previous equipment upgrades, and each plant's operational restrictions."[26]

The FPSC also questions the reasonableness of investing in heat rate improvements only to then retire the plants based on the re-dispatch assumptions in Building Block 2 and the 2020 interim performance requirements. The EPA fails to adequately address the inconsistency of using heat rate improvements in coal-fired units to calculate Building Block 1 savings, only to then substantially negate those savings by re-dispatching from those improved coal-fired units to natural gas-fired units for the savings presented in Building Block 2. While EPA's NODA appears to allow recognition of the remaining book life, EPA did not identify any corresponding changes to its proposed state interim and final emission performance requirements. The EPA should allow certain coal units with long, undepreciated remaining useful lives to be exempt from an interim emission performance requirement and relax the 2030 requirement, as long as these units are brought into compliance with the state implementation plan at the end of their useful lives. This would ameliorate much of the stranded cost burden associated with a strict adherence to a 2030 compliance date. If EPA does not modify the assumptions of Building Block 1 in the proposed BSER, the rapid retirement of coal-fired generation due to the re-dispatch envisioned in Building Block 2 would cause significant costs for Florida and its ratepayers in terms of stranded assets.

[25] Letter from Raj Gaikward Ph.D., VP Sargent & Lundy to Mr. Rae Cronmiller, National Rural Electric Cooperative Association.
[26] *Id.*

b. Building Block 2

In EPA's calculation of Building Block 2, EPA states that Florida's natural gas-fired combined cycle (NGCC) plants operated at a capacity factor of 51 percent.[27] Based on EPA's assumptions of an increase in NGCC capacity factor from 51 percent to 70 percent of capacity, EPA calculates a re-dispatch of existing 2012 NGCC generation that would result in CO_2 emission reductions. EPA's characterization that Florida's NGCC fleet operated at a "51 percent capacity factor" in 2012 is incorrect due to EPA's use of nameplate capacity. When discussing generator capacity, system planners and regulators distinguish generator capacity from nameplate capacity for important reasons. A generator's nameplate capacity is "the maximum rated output of a generator, prime mover, or other electric power production equipment under specific conditions designated by the manufacturer."[28] By contrast, the generator capacity is "the maximum output, commonly expressed in MW, that generating equipment can supply to system load, adjusted for ambient conditions."[29] The EPA states it wanted to use net generating capacity but asserts, incorrectly, that net capacity data was not readily available.[30] Therefore, EPA's choice to use nameplate capacity for purposes of assessing annual capacity factors is not supported by its referenced material.[31, 32] The FPSC contends that EPA should revise its calculations of assumed reductions under Building Block 2 to reflect the 2012 natural gas combined cycle net, not gross capacity.

The EPA's proposal does not identify the consequences on Florida's electric service reliability, transmission load flow, or the scheduling of how its program of displacing existing

[27] U.S. Environmental Protection Agency, Data File: Goal Computation – Appendix 1 and 2, http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule-technical-documents (last updated June 26, 2014).
[28] U.S. Energy Information Administration, Glossary: Generator nameplate capacity, http://www.eia.gov/tools/glossary/index.cfm?id=G (last visited July 18, 2014).
[29] U.S. Energy Information Administration, Glossary: Generator capacity, http://www.eia.gov/tools/glossary/index.cfm?id=G (last visited July 18, 2014).
[30] U.S. Environmental Protection Agency, GHG Abatement Measures, 3-6 (June 2014). The U.S. Energy Information Agency's database of Forms EIA-860 contains summer and winter capacities for facilities across the U.S. The EPA even refers to Form EIA-860 elsewhere in the GHG Abatement Measures; therefore, it is inexplicable that the EPA chose to use the theoretical nameplate capacity over the known and modeled summer/winter capacities reported in the documents the EPA used to perform the BSER analysis.
[31] *Id*.
[32] U.S. Energy Information Administration, Form EIA-860 for 2012, *available at* http://www.eia.gov/electricity/data/eia860/index.html (last visited July 18, 2014).

coal-fired baseload facilities could reasonably be implemented.[33] Florida's coal-fired facilities and NGCC facilities are not typically co-located nor generally located within the same utility system. In Florida, the existing transmission system has not been developed with the expectation that NGCC facilities would displace all or most of the baseload coal-fired facilities. Consequently, it would be necessary to conduct a Florida-specific transmission study to assess the full effects of such a program, which the EPA does not appear to have included in its reference material or factored into the proposed compliance schedule. EPA's NODA appears to acknowledge these are significant and material issues. However, no changes to the Proposed Rule were presented. While EPA has assumed future wholesale level transactions between reliability regions, EPA has not provided the FPSC with any support documentation of electric reliability within the Florida Reliability Coordinating Council region and the potential impacts to each of the Florida cooperative, municipal, and investor-owned systems. Absent this type of data, the FPSC does not believe that electric reliability will be maintained if the Proposed Rule is implemented.

c. Building Block 3

The EPA's adoption of North Carolina's renewable energy and energy efficiency portfolio standard (REPS) for Florida does not realistically reflect the available renewable resources or policy framework in Florida. For example, Florida lacks viable wind resources and has limited biomass opportunities, given competing industrial use of biomass resources.[34] Furthermore, EPA has not clarified whether biomass can be used as a compliance option. If this uncertainty is not resolved, Florida may be limited to the use of solar powered generation. The FPSC believes EPA should provide guidance as to how it intends to treat biomass generation, including municipal solid waste, to meet emission performance requirements.

Additionally, EPA elected to group Florida with Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee to form its modeled Southeast region for the purpose of assigning its assumed achievable renewable energy generation requirement. Of that group, North Carolina is the only state that has a REPS requirement. The

[33] http://www.epa.gov/airmarkets/progsregs/epa-ipm/docs/v513/HRI%20Appendix.pdf and http://www.epa.gov/airmarkets/progsregs/epa-ipm/docs/v513/Chapter_3.pdf

[34] Florida Department of Agriculture and Consumer Services, Division of Forestry, *Woody Biomass Economic Study*, March 10, 2010.

FPSC contends that EPA has overestimated the assumption for potential renewable energy generation for its southeast region by misinterpreting North Carolina's REPS.[35] As a part of North Carolina's REPS, the state's investor-owned utilities are allowed to utilize energy efficiency programs to achieve up to 25 percent of the annual renewable goal increasing to a maximum of 40 percent in 2021. Additionally, North Carolina's REPS allows municipal and co-operative utilities to use energy efficiency programs to achieve all of their annual renewable goals. By using North Carolina's REPS as a component of the BSER, EPA has double-counted the use of energy efficiency, given the interaction between Building Blocks 3 and 4.

The EPA appears to acknowledge the importance of incorporating renewable energy generation based on the actual potential for each state. The approach described in the technical support documentation "Alternative Renewable Energy Approach" may be closer to representing state realities as it relies in part on a technical potential study conducted by National Renewable Energy Laboratory.[36] This approach, however, falls short due to the use of EPA's Integrated Planning Model (IPM) to evaluate market potential of each type of renewable generation based on a regional dispatch area and the use of an estimated incremental cost of renewables. The EPA did not provide information regarding the impact on the alternative approach to the emission performance requirements for Florida, specifically whether the adoption of the alternative approach would affect the other Building Blocks.

In November, EPA released examples on how to convert the rate-based performance requirement to an equivalent mass-based standard. The calculations show that EPA's BSER for existing EGUs presumes that all growth in renewable generation displaces generation from existing EGUs, rather than avoiding new fossil generation. This is not a realistic assumption for Florida. Consequently, EPA overstates the level of future renewable generation reasonably attributable to existing affected EGUs. If EPA continues to include renewable generation in establishing emission standards, then it should explicitly set standards for renewable generation that directly displaces existing affected EGU generation.

Furthermore, it appears that EPA has not taken into account requirements under PURPA and Florida law regarding the purchase of renewable energy by Florida utilities. The FPSC is

[35] N.C. Gen. Stat. Section 62-133.8 (2013).
[36] http://www2.epa.gov/sites/production/files/2014-06/documents/20140602tsd-alternative-re-approach.pdf

required by these laws to take into account the utility's avoided cost when reviewing the purchase of renewable energy generation. The FPSC asserts that federal and Florida law, along with the technical feasibility of renewables in Florida (not in North Carolina or the region), should determine the extent of renewable generation that could be developed and used to offset emissions from fossil sources.

d. Building Block 4

The EPA's BSER determination should not include reductions attributable to energy efficiency programs because these programs are not under the direct control of the utility and cannot be traced to solely offsetting CO_2 emissions from existing affected EGUs. The EPA would need to demonstrate a direct correlation to a specific affected EGU using a generating unit-by-generating unit analysis. To the best of the FPSC's understanding, EPA has yet to perform such an analysis. Florida should, however, have the discretion to comply with any standards by utilizing cost-effective end-use energy efficiency programs that can be demonstrated to permanently reduce CO_2 emission at an affected EGU, while also not sacrificing reliability or resulting in excessive cost impacts.

If EPA continues to include energy efficiency as a component of its BSER, it should modify Florida's energy efficiency requirement to reflect Florida-specific realities. The EPA's proposed ten percent reduction in net retail electric sales as a result of Building Block 4 is unreasonable, in terms of both proposed cost and achievability, based on Florida's actual historic data. In over 30 years of offering demand-side management and energy efficiency programs, the FEECA utilities have reduced winter peak demand by an estimated 6,465 MW and reduced annual energy consumption by an estimated 8,937 GWh. In 2012, FEECA utilities achieved an annual energy consumption reduction of 482.3 GWh. However, the FPSC has found that energy efficiency programs capable of achieving savings of ten percent are not cost-effective.

Additionally, the ten percent MWh savings requirement is becoming increasingly difficult because federal and state energy efficiency standards and building codes have become more stringent, leaving less energy savings potential from utility or other third party actions. Setting an emission performance requirement without considering the Florida-specific technical or achievable potential or the cost-effectiveness of the necessary programs to achieve the requirement is contrary to Florida Statutes and the CAA.

VI. FPSC Concerns Regarding Proposed Rule Implementation

Electricity usage in Florida is impacted by the state's unique weather, customer base, and high reliance on electricity for cooling and heating. Florida has the highest number of cooling degree days of any state in the continental U.S., indicating the greatest need for air conditioning in the summer months. Compared to other states, Florida's customers rely more heavily on electricity to meet their energy needs, rather than the direct use of natural gas or other fuels, for cooling and heating. Residential consumers make up almost 89 percent of Florida's electricity customers. Approximately 85 percent of Florida's residential customers' energy requirements are met with electricity, which makes Florida's customers particularly sensitive to electric rate increases. This, combined with Florida's geography and climate, requires the FPSC to carefully examine all factors related to electricity generation to ensure cost-effective, reliable electricity for all Floridians.

a. Fuel Diversity Consequences

In 2012, Florida utilities had a net summer generating capacity of 57,454 MW.[37] Transmission capability to import energy into peninsular Florida from other states is approximately 3,600 MW. Florida's reliance on natural gas as a generation fuel has significantly increased over time and has resulted in a state policy to seek greater diversification in our fuel mix. Currently, approximately 60 percent of the electric power in Florida is generated from natural gas. The concern with Florida's current dependency on natural gas generation pales in comparison to EPA's modeled projection that by 2025 Florida will be using natural gas generation to serve 85 percent of load.[38]

Florida law requires the FPSC to determine the need for new generating facilities and specifically to consider the need for electric system reliability and integrity, adequate electricity at a reasonable cost, and the need for fuel diversity and supply reliability.[39] It is important for Florida to maintain a diversified generation fuel source mix when seeking to comply with relevant CO_2 standards because a diversified fuel supply can enhance system reliability and

[37] Florida Public Service Commission, Facts and Figures of the Florida Utility Industry (Mar. 2014) p. 1. http://www.floridapsc.com/publications/pdf/general/factsandfigures2014.pdf
[38] EPA's "Parsed File" Option 1 State, 2025.
[39] Section 403.519(3), Florida Statutes.

significantly mitigate the effects of volatile fuel price fluctuations, extreme weather events and unplanned plant outages. Additional pipeline capacity would have to be built to accommodate a further reliance on natural gas as a generating fuel. One of Florida's primary pipelines crosses the Gulf of Mexico and is subject to some risk of hurricanes, which adds to the concern of diminished fuel diversity.

b. Reliability Consequences

The FPSC is also concerned about the impact of additional intermittent resources on service reliability requirements. Because of the state's unique characteristics described earlier, Florida requires a robust, diverse, and dispatchable baseload generating fleet. However, many of the low- or zero-carbon technologies EPA assumes in its Building Block 3 allocation to Florida are intermittent, non-dispatchable, non-baseload technologies. For example, in 2013, the monthly capacity factor for solar photovoltaics in the U.S. ranged from 13 to 22 percent.[40] Due to operational constraints from the availability of sunshine, there is no currently demonstrated baseload solar option. The low capacity factors of many low- or zero-carbon technologies (excluding nuclear and possibly co-firing with biomass) combined with Florida's need for dispatchable baseload generation means that Florida would likely need to build additional natural gas-fired facilities and related infrastructure for use as stand-by units for reliability purposes simply because of EPA's assumed requirement.[41] A recent report assessing Germany's efforts to increase renewable generation resources noted an expected cost increase associated with re-dispatch, curtailment, and other remediation actions necessary to maintain reliability.[42] EPA errs in failing to account for these additional expenditures or the implementation time needed to ensure electric reliability.

c. Need for Safety Valve

Given the untested approach EPA has used in developing the BSER and the broad application of non-state specific assumptions, there remains considerable uncertainty about the ability of states to comply with these stringent performance requirements. Such uncertainty calls for some type of off-ramp or safety valve for those states that – despite their best efforts – cannot

[40] U.S. Energy Information Agency, Electric Power Monthly (February 2014), Table 6.7.B. *available at* http://www.eia.gov/electricity/monthly/current_year/february2014.pdf.
[41] http://www.brattle.com/system/publications/pdfs/000/005/060/original/Solar_Energy_Support_in_Germany_-_A_Closer_Look.pdf?1406753962.
[42] Id, pp. 28-37.

fully comply with the performance requirements. Safety valve modifications could take the form of a relaxation of the performance requirements, exemptions for must run or critically needed units, or extension of time to meet the 2030 requirement. State Implementation Plans should be allowed to include such provisions to guard against unforeseen impacts on reliability and cost. It is imperative that any rule EPA adopts contain such flexibility.

d. Cost of Proposal

At this time, states cannot even begin to develop reliable estimates of compliance costs with the Proposed Rule. Without knowing the final requirements of an EPA approved State Implementation Plan, individual utilities will not be able to determine their most cost-effective compliance path. In turn, states will not be able to develop aggregate costs resulting from consolidation and coordination of each utilities' compliance plans across the state. However, the Commission is confident that if EPA's proposed BSER is not revised, the stringent emission performance requirements will require substantial compliance costs for Florida. These costs include compliance costs assumed in the Building Blocks and additional costs such as the building of new natural gas pipelines, the building of new generation, the possible improvements and/or building of new transmission lines, and the cost of stranded assets resulting from the premature retirement of existing baseload generation. Therefore, any estimate of compliance costs may be grossly understated at this time.

Preliminary estimates from the Florida Electric Power Coordinating Group, Environmental Committee, support the conclusion that EPA may have understated the potential range in its estimated direct and indirect costs. These results show that average statewide retail rates could increase by 25 to 50 percent by 2030 above a business as usual case as a result of the Proposed Rule.[43] This estimated range of potential impact is necessarily based on idealized and simplifying assumptions for high-level screening purposes.

[43] Florida Electric Power Coordinating Group, Environmental Committee, *Impact of EPA's CO2 Proposal on Florida's Electric Generation System*, October 2014.

VII. Conclusion

We recognize the necessity and role of EPA to address public health and environmental issues. However, as discussed throughout these comments, the proposed emission reductions do not reflect what is technically or economically feasible in Florida. There are at least three critically needed revisions before EPA moves forward with the Proposed Rule. First, EPA should set performance requirements on affected EGUs subject to Section 111(d) and those requirements should be established for these EGUs based on specific technology and equipment at these facilities or other onsite actions within the control of a utility. Second, any components of the BSER should be based on Florida-specific policies and circumstances, rather than using national and regional assumptions. The EPA should only establish a final compliance date. Interim performance requirements should not be mandatory, to allow time to construct new and upgraded electric grid and fuel infrastructure so as not to jeopardize reliability. EPA's failure to consider and incorporate concerns raised in these comments will result in unreasonable and costly emission performance requirements for Florida.

Attachment 2

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: November 13, 2014

TO: Braulio L. Baez, Executive Director

FROM: Phillip O. Ellis, Engineering Specialist III, Division of Engineering POE

RE: Draft Review of the 2014 Ten-Year Site Plans of Florida's Electric Utilities

CRITICAL INFORMATION: Please place on the November 25, 2014, Internal Affairs Agenda. Approval by the Commission is required by December 31, 2014.

Pursuant to Section 186.801(2), Florida Statutes, the Commission is required to classify each generating electric utility's Ten-Year Site Plan as either "suitable" or "unsuitable" within nine months of its filing. The attached draft satisfies this requirement and its approval by the Commission is sought.

Please let me or Moni Mtenga know if you have any questions or need additional information in reference to the attached document.

Thank you,

POE:tj

Attachment

cc: Moni Mtenga
Paul Vickery
Tom Ballinger
Lisa Harvey

REVIEW OF THE

2014 TEN-YEAR SITE PLANS

OF FLORIDA'S ELECTRIC UTILITIES

NOVEMBER 2014

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List of Ten-Year Site Plan Utilities

Name	Abbreviation
Investor-Owned Electric Utilities	
Florida Power & Light Company	FPL
Duke Energy Florida, Inc.	DEF
Tampa Electric Company	TECO
Gulf Power Company	GPC
Municipal Electric Utilities	
Florida Municipal Power Agency	FMPA
Gainesville Regional Utilities	GRU
JEA	JEA
Lakeland Electric	LAK
Orlando Utilities Commission	OUC
City of Tallahassee Utilities	TAL
Rural Electric Cooperatives	
Seminole Electric Cooperative	SEC

List of Acronyms

Acronym	Term
CC	Combined Cycle
CT	Combustion Turbine
DACS	Florida Department of Agriculture and Consumer Services
DEP	Florida Department of Environmental Protection
DSM	Demand-Side Management
EIA	Energy Information Administration
EPA	Environmental Protection Agency
F.A.C.	Florida Administrative Code
F.S.	Florida Statutes
FEECA	Florida Energy Efficiency & Conservation Act
FRCC	Florida Reliability Coordinating Council
GWh	Gigawatt-hour
LFG	Landfill Gas
MMBtu	Million British Thermal Units
MSW	Municipal Solid Waste
MW	Megawatt
NSB	Utilities Commission of New Smyrna Beach
NEL	Net Energy for Load
NUG	Non-Utility Generator
OBS	Other Biomass Solids
PPSA	Power Plant Siting Act
QF	Qualifying Facilities
RPS	Renewable Portfolio Standard
TLSA	Transmission Line Siting Act
TYSP	Ten-Year Site Plan
WDS	Wood and Wood Waste Solids

Executive Summary

Pursuant to Section 186.801(1), Florida Statutes (F.S.), each generating electric utility must submit to the Florida Public Service Commission (Commission) a Ten-Year Site Plan (TYSP or Plan) which estimates the utility's power generating needs and the general locations of its proposed power plant sites over a ten-year planning horizon. The Ten-Year Site Plans of Florida's electric utilities are designed to give state, regional, and local agencies advance notice of proposed power plants and transmission facilities. The Commission is required to perform a preliminary study of each plan and classify each one as either "suitable" or "unsuitable." This document represents the study of the 2014 Ten-Year Site Plans for Florida's electric utilities, filed by 11 reporting utilities.[1]

All findings of the Commission are made available to the Florida Department of Environmental Protection for its consideration at any subsequent certification proceedings pursuant to the Power Plant Siting Act or the Transmission Line Siting Act.[2] In addition, this document is forwarded to the Florida Department of Agriculture and Consumer Services pursuant to Section 377.703(2)(e), F.S., which requires the Commission to provide a report on electricity and natural gas forecasts.

Review of the 2014 Ten-Year Site Plans

The Commission has divided this review into two portions: a Statewide Perspective, which covers the whole of Florida, and Utility Perspectives, which address each of the reporting utilities. From a statewide perspective, the Commission has reviewed the implications of the combined trends of Florida's electric utilities regarding load forecasting, renewable generation, and traditional generation.

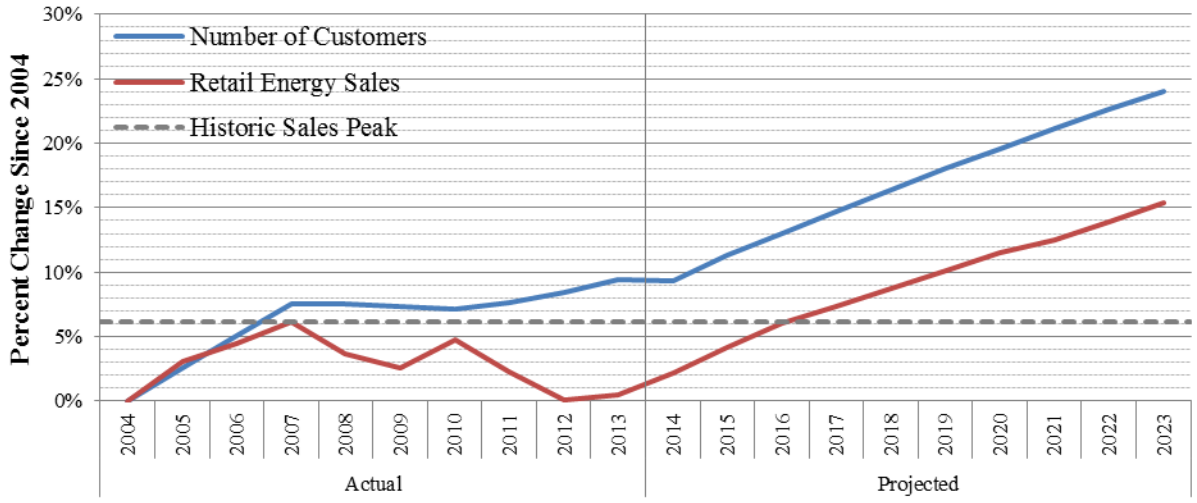
Load Forecasting

Forecasting load growth is an important component of system planning for Florida's electric utilities. Over the past ten years, the total number of electric customers has increased by 9.46 percent above 2004. However, growth in the number of customers has not necessarily resulted in growth in customer load. As of 2013, retail energy sales have only increased 0.52 percent above 2004, down from a historic 2007 peak. Florida's electric utilities project the economy to recover over the planning period, with growth remaining slower than before the financial crisis. Based on current projections, Florida's electric utilities anticipate exceeding the historic 2007 peak by 2017. Figure 1 below details these trends.

[1] Investor-owned utilities filing 2014 TYSPs include Florida Power & Light Company (FPL), Duke Energy Florida, Inc. (DEF), Tampa Electric Company (TECO), and Gulf Power Company (GPC). Municipal utilities filing 2014 TYSPs include Florida Municipal Power Agency (FMPA), Gainesville Regional Utilities (GRU), JEA (formerly Jacksonville Electric Authority), Lakeland Electric (LAK), Orlando Utilities Commission (OUC), and City of Tallahassee Utilities (TAL). Seminole Electric Cooperative (SEC) also filed a 2014 TYSP.

[2] The Power Plant Siting Act is Sections 403.501 through 403.518, F.S. Pursuant to Section 403.519, F.S., the Commission is the exclusive forum for the determination of need for an electrical power plant. The Transmission Line Siting Act is Sections 403.52 through 403.5365, F.S. Pursuant to Section 403.537, F.S., the Commission is the sole forum for the determination of need for a transmission line.

Figure 1: Florida Growth in Customers and Sales



Source: FRCC 2014 Load & Resource Plan

Florida's electric utilities reduce the rate of growth in customer peak demand and annual energy consumption through demand-side management. The Commission, through its authority granted by Sections 366.80 through 366.85 and Section 403.519, F.S., otherwise known as the Florida Energy Efficiency and Conservation Act (FEECA), encourages demand-side management by establishing goals for the reduction of seasonal peak demand and annual energy consumption for those utilities under its jurisdiction. The Commission establishes goals at least once every five years, and is scheduled to establish goals by the end of 2014, which would be reflected in the 2015 Ten-Year Site Plans.

Based on current proposals, Florida's electric utilities project that by 2023 demand-side management programs will reduce the system's total summer peak demand by approximately 8,000 megawatts (MW), and annual energy consumption by over 11,000 gigawatt-hours (GWh). Including these reductions, Florida is forecasted to experience by 2023 a net firm summer peak demand of 52,633 MW and annual net energy for load of 270,773 GWh.

Renewable Generation

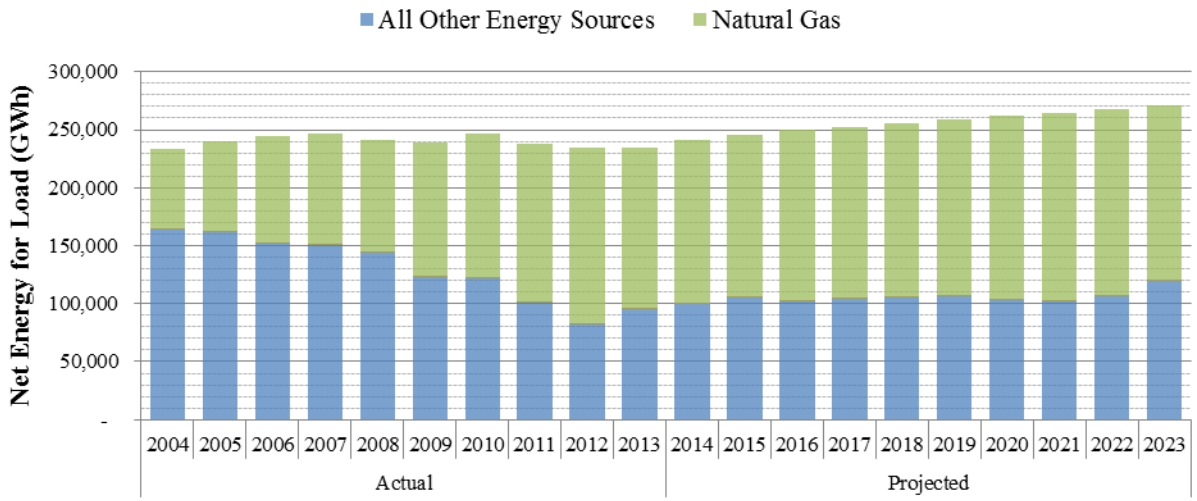
Renewable resources continue to expand in Florida, with approximately 1,620 MW of renewable generating capacity currently installed in Florida. The majority of installed renewable capacity is represented by biomass and municipal solid waste, making up approximately 60 percent of Florida's renewables. Other major renewable types, in order of capacity contribution, include waste heat, solar, hydroelectric, and landfill gas. Notably, Florida had 63 MW of demand-side renewable energy systems installed and using net metering by the end of 2013, an increase in capacity of 50 percent from 2012.

Over the next ten years, Florida's electric utilities have reported that 722 MW of additional renewable generation is planned in Florida, excluding any potential net metering additions. Almost half of the projected capacity additions are solar generation, the remainder consisting of solid biomass, municipal solid waste, and landfill gas. While these new projects represent a significant increase from the existing total, renewable generation continues to provide a relatively small contribution towards the reduction of the state's reliance upon fossil fuels.

Traditional Generation

Natural gas remains the dominant fuel over the planning horizon, with usage in 2013 at approximately 60 percent of the state's net energy for load (NEL). Figure 2 below illustrates the use of natural gas as a generating fuel for electricity production in Florida. Natural gas usage is expected to remain approximately at its current level, on a percentage basis, and decline somewhat at the end of the planning period due to an increase in nuclear generation.

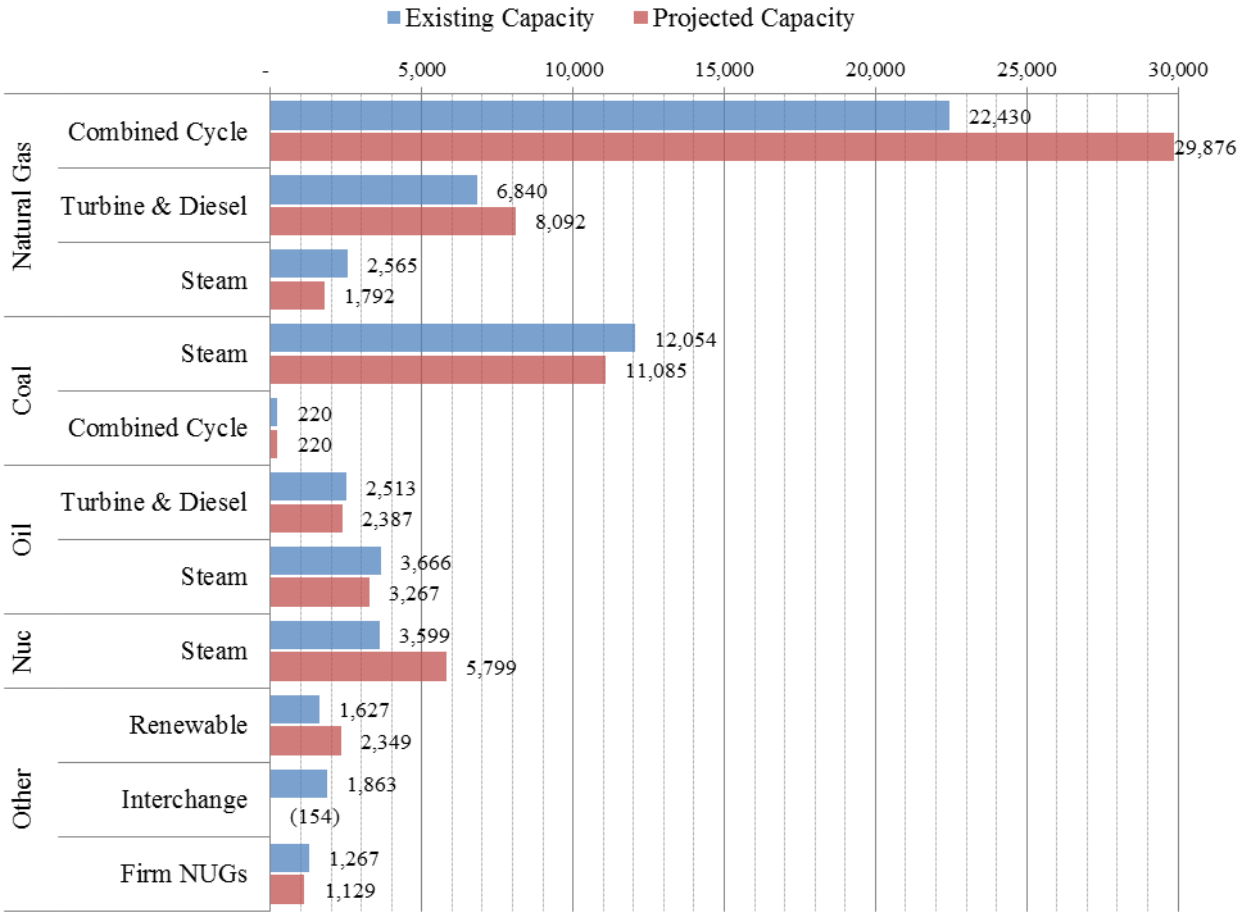
Figure 2: Natural Gas Contribution to Florida Energy Consumption



Source: 2005-2014 FRCC Load & Resource Plans

Generating capacity within the state of Florida is anticipated to grow to meet the increase in customer demand, with approximately 12,570 MW of new utility-owned generation added over the planning horizon. This figure represents an increase from the previous year, which estimated the need for about 9,960 MW new generation. Based on the 2014 Ten-Year Site Plans, Figure 3 below illustrates the present and future aggregate capacity mix of the state of Florida. The capacity values in Figure 3 incorporate all proposed additions, changes, and retirements planned during the ten-year period. As in previous planning cycles, natural gas-fired generating units make up a majority of the generation additions and now represent a majority of capacity within the state.

Figure 3: Florida Current and Projected Installed Capacity by Fuel and Technology



Source: 2014 FRCC Load & Resource Plan and TYSP Utilities Data Responses

As noted previously, the primary purpose of this review of the utilities' plans is to provide information regarding new electric power plants for local and state agencies to assist in the certification process. Table 1 displays those generation facilities that had not yet received from the Commission a certification under the Power Plant Siting Act. A petition for a determination of need is generally anticipated at four years in advance of the in-service date for a natural gas-fired combined cycle unit. The Commission most recently approved a determination of need for DEF's proposed Citrus plant, which will still have to seek approval from DEP and the Siting Board.

Table 1: Planned Units Requiring a Determination of Need

In-Service Year	Utility Name	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
				Sum	Win	
2018	DEF	Citrus	Combined Cycle	1,640	1,820	See Order No. PSC-14-0557-FOF-EI
2019	FPL	Unsited	Combined Cycle	1,269	1,429	
2020	SEC	Unsited	Combined Cycle	440	523	
2021	DEF	Unsited	Combined Cycle	793	866	

Source: 2014 Ten-Year Site Plans

While the Commission certifies transmission lines under the Transmission Line Siting Act (TLSA), there are none projected during the planning period that have not already been approved by the Commission.

Future Concerns

Florida's electric utilities must also consider environmental concerns associated with existing generators and planned generation to meet Florida's electric needs. The U.S. Environmental Protection Agency (EPA) has finalized or proposed several new rules in recent years that have a sizeable impact on Florida's existing generation fleet, as well as on its proposed new facilities.

Notably, the EPA proposed a rule in June 2014 associated with carbon pollution for existing power plants, also known as the Clean Power Plan. Due to the timing of the Ten-Year Site Plan filings, these proposed EPA Rules, though they may have a large effect on Florida's electric utilities, are not considered as part of this review. The Commission anticipates that the 2015 Ten-Year Site Plan will include more discussion of potential impacts to Florida's electric utilities from the Clean Power Plan, but uncertainty would remain as Florida's implementation plan would not be completed.

Regarding reliability, FPL is proposing using a third reliability criterion, a generation only planning reserve margin that excludes the benefits of demand response and incremental energy efficiency programs. While the proposed criterion has only a minor effect in the 2014 TYSP, it generally would result in higher installed or purchased capacity requirements for FPL to meet summer peak demand. At this time, FPL has not requested approval of this criterion, nor has the Commission approved its use. The Commission will continue to monitor annually FPL's reserve margin, demand response, and energy efficiency accomplishments. The Commission will have an opportunity to review FPL's proposed metric if it becomes a controlling factor for a determination of need of a new electrical power plant.

Conclusion

The Commission has reviewed the 2014 Ten-Year Site Plans and finds that the projections of load growth appear reasonable. The reporting utilities have identified sufficient additional generation facilities to maintain an adequate supply of electricity at a reasonable cost. The

Commission will continue to monitor the impact of current and proposed EPA Rules and the state's dependence on natural gas for electricity production.

Based on its review, the Commission finds the 2014 Ten-Year Site Plans to be suitable for planning purposes. Since the Plans are not a binding plan of action for electric utilities, the Commission's classification of these Plans as suitable or unsuitable does not constitute a finding or determination in docketed matters before the Commission. The Commission may address any concerns raised by a utility's Ten-Year Site Plan at a public hearing.

Introduction

The Ten-Year Site Plans of Florida's electric utilities are designed to give state, regional, and local agencies advance notice of proposed power plants and transmission facilities. The Commission receives comments from these agencies regarding any issues with which they may have concerns. The Plans are planning documents that contain tentative data that is subject to change by the utilities upon written notification to the Commission.

For any new proposed power plants and transmission facilities, certification proceedings under the Power Plant Siting Act, Sections 403.501 through 403.518, Florida Statutes (F.S.) or the Transmission Line Siting Act, Sections 403.52 through 403.5365, F.S., will include more detailed information than is provided in the Plans. The Commission is the exclusive forum for determination of need for electrical power plants, pursuant to Section 403.519, F.S., and for transmission lines, pursuant to Section 403.537, F.S. The Plans are not intended to be comprehensive, and therefore may not have sufficient information to allow regional planning councils, water management districts, and other reviewing state and local agencies to evaluate site-specific issues within their respective jurisdictions. Other regulatory processes may require the electric utilities to provide additional information as needed.

Statutory Authority

All major generating electric utilities are required by Section 186.801, F.S., to annually submit for review a Ten-Year Site Plan to the Commission. Based on these filings, the Commission performs a preliminary study of each plan and makes a non-binding determination as to whether it is suitable or unsuitable. The results of the Commission's study are contained in this report, the Review of the 2014 Ten-Year Site Plans, and are forwarded to the Florida Department of Environmental Protection for use in subsequent proceedings. In addition, Section 377.703(2)(e), F.S., requires the Department of Agriculture and Consumer Services in consultation with the Commission to collect and analyze energy forecasts. The Commission has adopted Rules 25-22.070 through 25-22.072, Florida Administrative Code (F.A.C.) in order to fulfill these statutory requirements.

Applicable Utilities

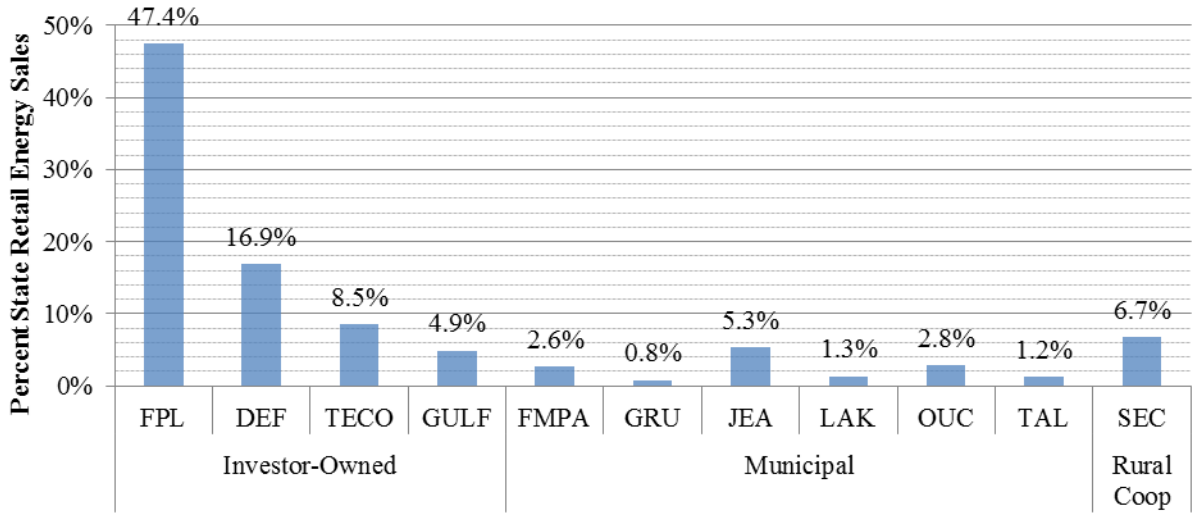
Florida is served by 58 electric utilities, including 5 investor-owned utilities, 35 municipal utilities, and 18 rural electric cooperatives. Pursuant to Rule 25-22.071(1), F.A.C., only generating electric utilities with an existing capacity above 250 megawatts (MW) or a planned unit with a capacity of 75 MW or greater are required to file with the Commission a Ten-Year Site Plan, at least once every two years.

In 2014, 11 utilities met these requirements and filed a Ten-Year Site Plan, including 4 investor-owned utilities, 6 municipal utilities, and 1 rural electric cooperative. The investor-owned utilities, in order of size, are Florida Power & Light Company (FPL), Duke Energy Florida, Inc. (DEF), Tampa Electric Company (TECO), and Gulf Power Company (GPC). The municipal utilities, in alphabetical order, are Florida Municipal Power Agency (FMPA), Gainesville Regional Utilities (GRU), JEA (formerly Jacksonville Electric Authority), Lakeland Electric

(LAK), Orlando Utilities Commission (OUC), and City of Tallahassee Utilities (TAL). The sole rural electric cooperative filing a 2014 Plan is Seminole Electric Cooperative (SEC). Collectively, these utilities are referred to as the Ten-Year Site Plan Utilities (TYSP Utilities).

Figure 4 below illustrates the comparative size of the TYSP Utilities, in terms of each utility's percentage share of the state's retail energy sales in 2013. Combined, the reporting investor-owned utilities account for 77.7 percent of the state's retail energy sales. Non-reporting utilities make up approximately 1.5 percent of the State's retail energy sales.

Figure 4: Comparison of Reporting Electric Utility Size



Source: 2014 Ten-Year Site Plans, 2014 Load & Resource Plan

Required Content

The Commission requires each reporting utility to provide information on a variety of topics. Schedules describe the utility's existing generation fleet, customer composition, demand and energy forecasts, fuel requirements, reserve margins, changes to existing capacity, and proposed power plants and transmission lines. The utilities also provide a narrative documenting the methodologies used to forecast customer demand and the identification of resources to meet that demand over the ten-year planning period. This information, supplemented by additional data requests, provides the basis of the Commission's review.

Additional Resources

The Commission's Rule also task the reporting electric utilities with collecting information on both a statewide basis and for Peninsular Florida, which excludes the area east of the Apalachicola River. The Florida Reliability Coordinating Council (FRCC) provides this aggregate data for the Commission's review. Each year, the FRCC publishes a Regional Load and Resource Plan, which contains historic and forecast data on demand and energy, capacity and reserves, and proposed new generating units and transmission line additions. In addition, the FRCC publishes an annual Reliability Report which is also relied upon by the Commission.

For certain comparisons additional data from various governmental agencies is relied upon, including the Energy Information Administration and the Florida Department of Highway Safety and Motor Vehicles.

The Commission held a public workshop on August 12, 2014, to facilitate discussion of the annual planning process and allow for public comments. A presentation was conducted by the FRCC summarizing the 2014 Load and Resource Plan and other related matters, including fuel reliability, environmental regulations, and physical security of infrastructure. Public comments were provided by the Sierra Club, which focused on the need to evaluate alternative energy options, planning for compliance with existing and future environmental regulations, and fuel diversity.

Structure of the Commission's Review

The Commission's review is divided into multiple sections. The Statewide Perspective provides an overview of the state of Florida as a whole, including discussions of load forecasting, renewable generation, and traditional generation. The Utility Perspectives provides more focus, discussing the various issues facing each electric utility and its unique situation. Lastly, the comments collected from various review agencies, local governments, and other organizations are included as Appendix A.

Conclusion

Based on its review, the Commission finds all 11 reporting utility's 2014 Ten-Year Site Plans to be suitable for planning purposes. During its review, the Commission has determined that the projections for load growth appear reasonable and that the reporting utilities have identified sufficient generation facilities to maintain an adequate supply of electricity at a reasonable cost.

The Commission notes that, as the Ten-Year Site Plans are non-binding, the classification of suitable does not constitute a finding or determination in any docketed matter before the Commission, nor an approval of all planning assumptions contained within the Ten-Year Site Plans. The Commission may address any concerns raised by a utility's Ten-Year Site Plan at a public hearing.

STATEWIDE PERSPECTIVE

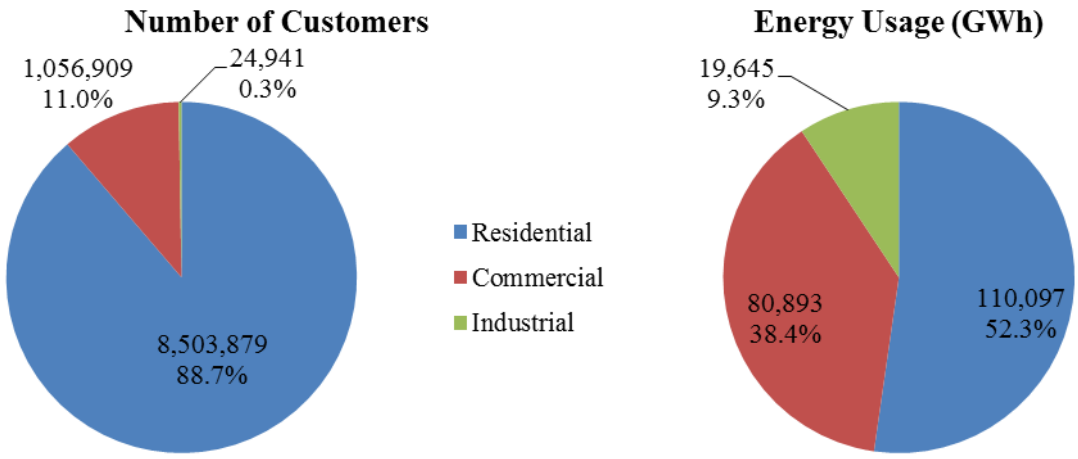
Load Forecasting

Forecasting load growth is an important component of system planning for Florida's electric utilities. In order to maintain system reliability, utilities must be prepared for future changes in electricity consumption, including changes to the number of electric customers, customer usage patterns, building codes and appliance efficiency standards, new technologies such as electric vehicles, and the role of demand-side management.

Electric Customer Composition

The residential class represent the majority in terms of number of customers, at 88.7 percent of customers, and retail energy sales, at 52.3 percent of sales, for the three major customer classes, as illustrated in Figure 5 below. Both commercial and industrial customers make up a sizeable percentage of energy sales, due to each class' higher energy usage per customer account.

Figure 5: Florida Electric Customer Composition in 2013



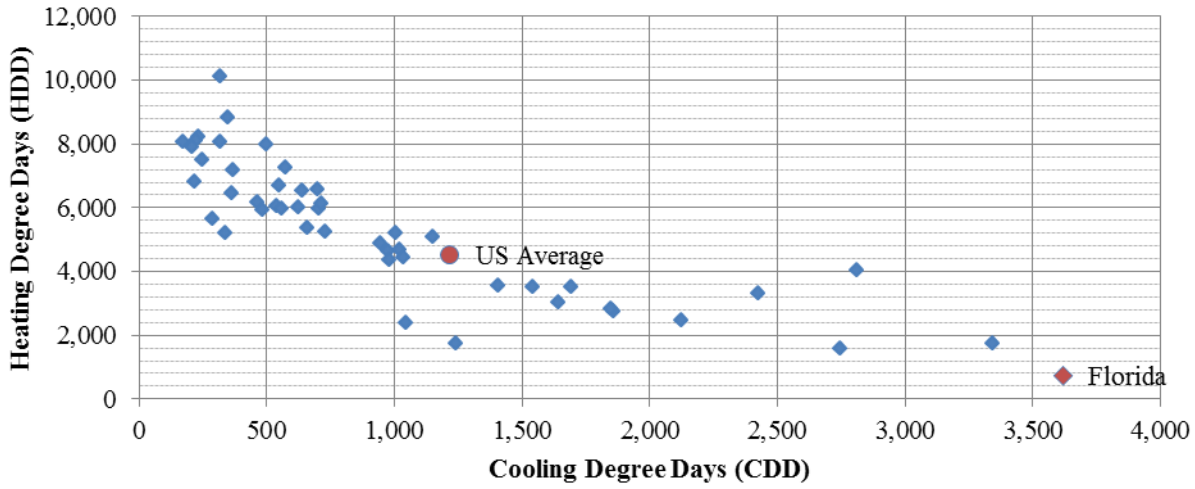
Source: FRCC 2014 Load & Resource Plan

Florida's residential customers make up a larger portion of retail energy sales than the United States as a whole, with a national average of 38 percent for residential retail sales. As a result, Florida's utilities are impacted more by trends in residential energy usage, which tend to be associated with weather conditions. Florida's residential customers rely more upon electricity for heating than the national average, with only a small portion using alternate fuels such as natural gas or oil for home heating needs.

Florida's unique climate plays an important role in electric utility planning. Florida is an outlier in terms of climate, with the highest number of cooling degree days and lowest number of heating degree days within the continental United States, as shown below by Figure 6. Other

states tend to rely upon alternative fuels for heating, but Florida's heavy use of electricity results in high winter peak demand.

Figure 6: Climate Data by State (Continental US)

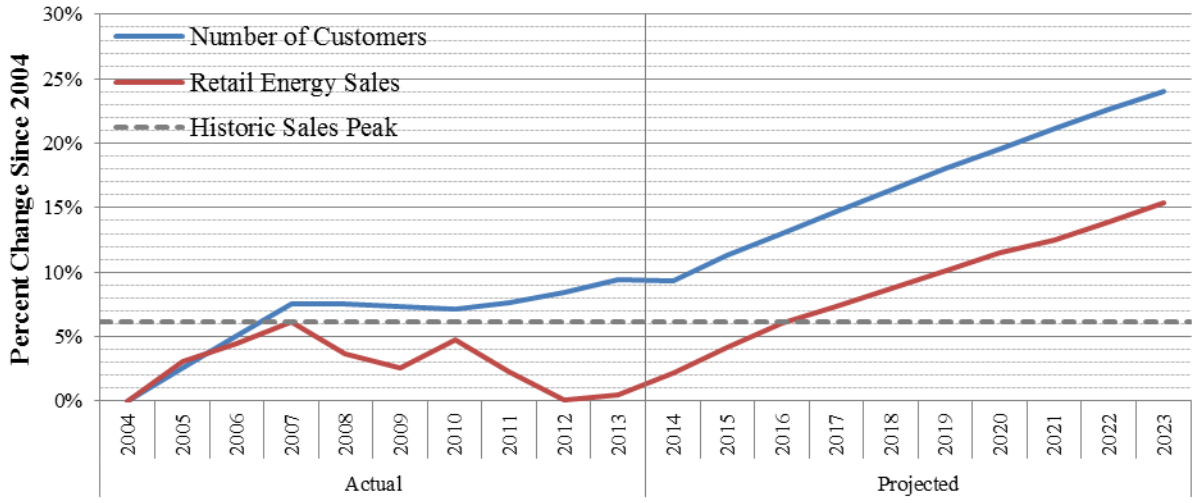


Source: National Oceanic & Atmospheric Administration, Historical Climatology Series 5-1 and 5-2 (30 year period)

Growth Projections

Florida traditionally has been a high growth state, with significant annual increases in both customers and retail energy sales. The financial crisis and resulting economic impact to Florida resulted in a freezing of customer growth and decline in retail energy sales from the 2007 peak. While customer growth has resumed, albeit at a slower pace, retail sales have declined since 2007 excluding a spike in usage associated with extreme winter weather in 2010. The result of both of these trends has been that over the last ten year period, the number of Florida's electric customers have risen 9.46 percent, while retail energy sales have risen only 0.52 percent. Since 2004, the effective average annual growth rate for electric sales during the past ten years was 0.06 percent. These trends are illustrated in Figure 7, below.

Figure 7: Florida Growth in Customers and Sales



Source: FRCC 2014 Load & Resource Plan

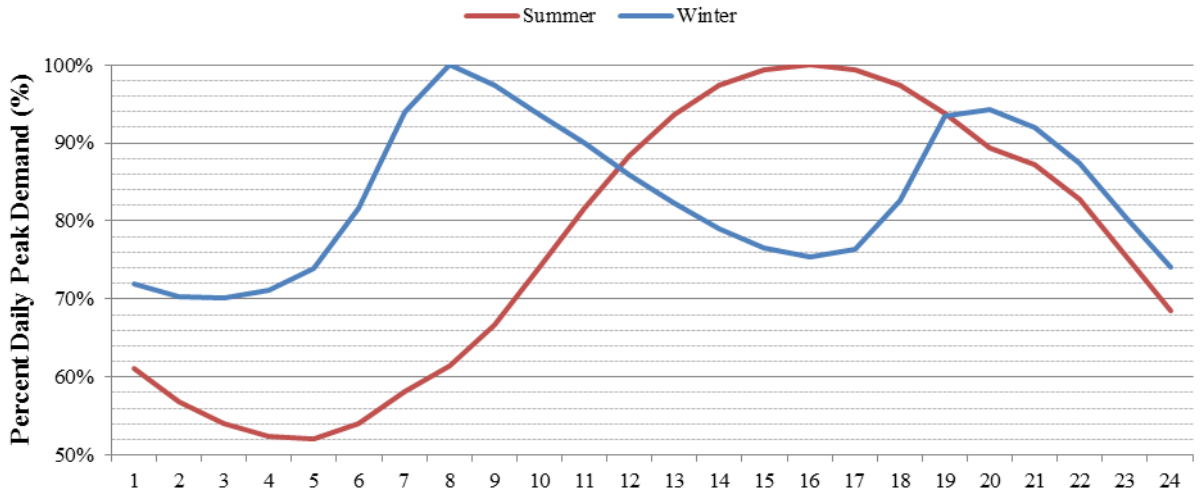
For the next ten year period, Florida's customer base and retail sales are anticipated by the reporting utilities to grow at a faster pace than the last few years, reversing a trend of small population increases with declining retail sales. While this rate remains below those experienced before the financial crisis, it would set the state on track to exceed its previous 2007 retail sales peak in 2017. The current divide between customers and retail sales is anticipated to remain similar over the ten-year period, with customers growing at an average annual rate of 1.41 percent while retail sales increase by 1.36 percent annually. Florida's electric utilities are projecting an increase in economic growth in the state, but at levels below those experienced before the financial crisis.

Peak Demand

The aggregation of each individual customer's electric consumption must be met at all times by Florida's electric utilities to ensure reliable service. The time at which customers demand the most energy simultaneously is referred to as peak demand. While retail energy sales primarily vary the amount of fuel consumed by the electric utilities to deliver energy, peak demand determines the amount of generating capacity required to deliver that energy at a single moment in time.

A primary factor in this is seasonal weather patterns, with peak demands calculated separately for the summer and winter periods annually. The influence of residential customers is evident in the determination of these seasonal peaks, as they correspond to times of increased usage to meet home heating (winter) and cooling (summer) demand. Figure 8 below, illustrates a daily load curve for a typical day for each season. In the summer, air-conditioning needs increase throughout the day, climbing steadily until a peak is reached in the late afternoon and then declining into the evening. In the winter, electric heat and electric water heating produces a higher base level of usage, with a large spike in the morning and a smaller spike in the evening.

Figure 8: Example Daily Load Curves

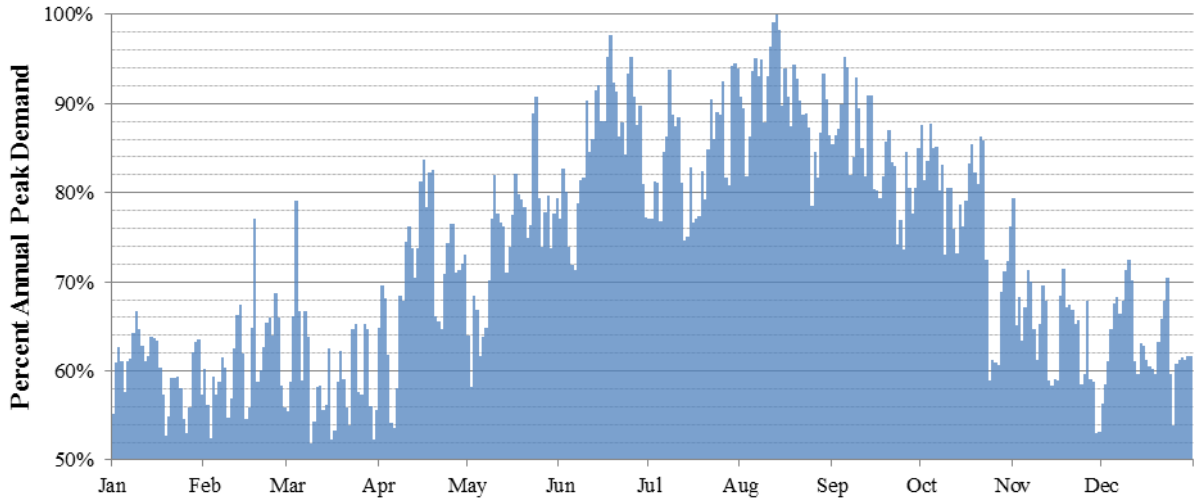


Source: TYSP Utility Data Responses

Florida is typically a summer-peaking state, meaning that the summer peak demand generally exceeds winter peak demand, and therefore controls the amount of generation required. Weather conditions impact generation capacity in ways that cause summer demand to control. Higher temperatures in the summer reduce the efficiency of generation, with high water temperatures reducing the quality of cooling provided, and can sometimes limit the quantity as units may be required to operate at reduced power or go offline based on environmental permits. Conversely, in the winter, utilities can take advantage of lower ambient air and water temperatures to produce more electricity from a power plant.

As daily load varies, so do seasonal loads. Figure 9 below, illustrates this for 2013, showing the daily peak demand as a percentage of the annual peak demand for the reporting investor-owned utilities combined. As 2013 featured a mild winter, so summer peak demand set the annual peak demand. Typically, winter peaks are short events while summer demand tends to stay at near peak levels for longer periods. The periods between seasonal peaks are referred to as shoulder months, in which the utilities take advantage of lower demand to perform maintenance without impacting their ability to meet daily peak demand.

Figure 9: Daily Peak Demand (2013 Actual)



Source: TYSP Utilities Data Responses (Investor-Owned Utilities Only)

While the utilities assume normalized weather in forecasts of peak demand, during operation of the system utilities continuously monitor the short-term weather patterns. Utilities adjust maintenance schedules to ensure the highest unit availability during the utility's projected peak demand, bringing units back online if necessary or delaying maintenance until after a weather system has passed.

Electric Vehicles

Utilities also examine other trends that may impact the amount of customer peak demand and energy consumption. This includes new sources of energy consumption, such as electric vehicles, which can be considered analogous to a home air conditioning system in terms of system load. The reporting electric utilities estimate approximately 8,000 electric plug-in vehicles were operating in Florida by the end of 2013. The Florida Department of Highway Safety and Motor Vehicles lists the number of registered vehicles in Florida as of December 31, 2013, as 18.9 million vehicles, resulting in 0.042 percent penetration rate of electric vehicles of Florida's registered vehicle fleet.

Florida's electric utilities anticipate growth in the electric vehicle market, as illustrated in Table 2 below. Electric vehicles are anticipated to grow rapidly throughout the planning period, resulting in almost a half-million electric vehicles operating within the electric service territories by the end of 2023. The projected increase in electric vehicle ownership would result in approximately 2 percent share of Florida's vehicles being fueled by electricity.

Table 2: Estimated Number of Electric Vehicles by Service Territory

Year	FPL	DEF	TECO	GPC	JEA	OUC	TAL	Total
2013	4,603	1,647	382	196	111	1,030	24	**7,993**
2014	8,787	3,125	N/A	445	173	1,624	36	**14,190**
2015	14,662	5,256	N/A	873	212	2,689	45	**23,737**
2016	22,628	8,273	N/A	1,442	282	4,037	54	**36,716**
2017	35,374	12,273	N/A	2,053	385	5,685	65	**55,835**
2018	48,200	17,482	N/A	2,836	520	7,646	84	**76,768**
2019	64,525	24,228	N/A	3,693	689	9,937	110	**103,182**
2020	97,425	32,893	N/A	4,626	891	12,574	142	**148,551**
2021	146,771	43,882	N/A	5,684	1,156	15,570	185	**213,248**
2022	220,792	57,338	N/A	6,872	1,485	18,859	250	**305,596**
2023	331,824	73,187	N/A	8,111	1,879	22,630	325	**437,956**

Source: TYSP Utilities Data Responses

In terms of energy consumed by electric vehicles, Table 3 below illustrates the estimates provided by the reporting utilities. The anticipated growth would result in an annual energy consumption of 2,266 GWh, or approximately 0.9 percent of retail sales for the state of Florida.

Table 3: Estimates for Electric Vehicle Annual Energy Consumption (GWh)

Year	FPL	DEF	TECO	GPC	JEA	OUC	TAL	Total
2013	22	9	N/A	1	1	0	8	**41**
2014	42	21	N/A	2	1	1	12	**79**
2015	70	41	N/A	4	1	2	15	**133**
2016	108	70	N/A	7	2	2	18	**207**
2017	169	107	N/A	10	3	3	22	**314**
2018	230	152	N/A	13	5	5	28	**433**
2019	309	207	N/A	17	7	6	37	**583**
2020	466	273	N/A	21	9	8	48	**825**
2021	702	349	N/A	26	13	9	62	**1,162**
2022	1,056	421	N/A	32	17	11	84	**1,621**
2023	1,587	495	N/A	37	23	14	110	**2,266**

Source: TYSP Utilities Data Responses

The effect of increased electric vehicle ownership on peak demand is more difficult to determine. While comparable in electric demand to a home air conditioning system, the time of charging and whether charging would be shifted away from periods of peak demand are uncertainties that must be clarified to determine impact on system peak. As electric vehicle ownership increases,

the effects of electric vehicles on system peak should become clearer and able to be addressed by the electric utilities.

Demand-Side Management

Florida's electric utilities also must consider how the efficiency of customer energy consumption changes over the planning period. Changes in government mandates, such as building codes and appliance efficiency standards, reduce the amount of energy consumption for new construction and electric equipment. Electric customers, through the power of choice, can elect to engage in behaviors that decrease peak load or annual energy usage. Examples include, turning off lights and fans in vacant rooms, increasing thermostat settings, and purchasing appliances that go beyond efficiency standards. While a certain portion of customers will engage in these activities without incentives due to economic, aesthetic, or environmental concerns, other customers may lack information or require additional incentives. Demand-side management represents an area where Florida's electric utilities can empower and educate its customers to make choices that reduce peak load and annual energy consumption.

Florida Energy Efficiency and Conservation Act (FEECA)

The Florida Legislature has directed the Commission to encourage utilities to decrease the growth in seasonal peak demand and annual energy consumption by FEECA, which consists of Sections 366.80 through 366.85 and Section 403.519, F.S. Under FEECA, the Commission is required to set goals for seasonal demand and annual energy reduction for seven electric utilities, known as the FEECA Utilities. These include the five investor-owned electric utilities (including Florida Public Utility Company, which is a non-generating utility and therefore does not file a Ten-Year Site Plan) and two municipal electric utilities (JEA and OUC). The FEECA utilities represented approximately 86 percent of 2013 retail sales in Florida.

The FEECA utilities currently offer demand-side management programs for residential, commercial, and industrial customers. Energy audit programs are designed to provide an overview of customer energy usage and to evaluate conservation opportunities, including behavioral changes, low-cost measures customers can undertake themselves, and participation in utility-sponsored DSM programs.

The last FEECA goal-setting proceeding was completed in December 2009, establishing goals for the period 2010 through 2019. As the Commission is required to establish goals once every five years, the Commission opened dockets in 2013 to begin the review process, and held a hearing in July 2014, with a final decision on annual goals anticipated by December 2014. Each FEECA Utility's 2014 Ten-Year Site Plan includes either a continuation of existing programs or the utility's proposed goals. The 2015 Ten-Year Site Plans should reflect the impact of the goals established by the Commission for the period 2015 through 2024.

Demand Side Management Programs

DSM Programs generally are divided into three categories: interruptible load, load management, and energy efficiency. The first two are considered dispatchable, and are collectively known as demand response, meaning that the utility can call upon them during a period of peak demand or other reliability concerns, but otherwise they are not utilized. In contrast, energy efficiency measures are considered passive and are always working to reduce customer demand and energy consumption.

Interruptible load is achieved through the use of agreements with large customers to allow the utility to interrupt the customer's load, reducing the generation required to meet system demand. Interrupted customers may use back-up generation to fill their energy needs, or cease operation until the interruption has passed. A subtype of interruptible customers is curtailable customers, which allow the utility to interrupt only a portion of the customer's load. In exchange for the ability to interrupt these customers, the utility offers a discounted rate for energy or other credits which are paid for by all ratepayers.

Load management is similar to interruptible customers, but focuses on smaller customers and targets individual appliances. The utility installs a device on an electric appliance, such as a water heater or air conditioner that allows for remote deactivation for a short period of time. Load management activations tend to have less advanced notice than those for interruptible customers, but tend to be activated only for short periods and are cycled through groups of customers to reduce the impact to any single customer. Due to the focus on specific appliances, certain appliances would be more appropriate for addressing certain seasonal demands. For example, load management programs targeting air conditioning units would be more effective to reduce a summer peak, while water heaters are more effective for reducing a winter peak. As of 2014, demand response available for reduction of peak load is 3,105 MW for summer peak and 2,987 MW for winter peak. Demand response is anticipated to increase to approximately 3,500 for summer peak and 3,300 for winter peak by the end of the planning period in 2023.

Energy efficiency or conservation measures also have an impact on peak demand, and due to their passive nature do not require activation by the utility. Conservation measures include improvements in a home or business' building envelope to reduce heating or cooling needs, or the installation of more efficient appliances. By installing additional insulation, energy-efficient windows or window films, and more efficient appliances, customers can reduce both their peak demand and annual energy consumption, leading to reductions in customer bills. Demand-side management programs work in conjunction with building codes and appliance efficiency standards to increase energy savings above the minimum required by local, state, or federal regulations. As of 2014, energy efficiency is responsible for peak load reduction of 3,766 MW for summer peak and 3,519 MW for winter peak. Energy Efficiency is anticipated to increase to approximately 4,454 MW for summer peak and 4,223 MW for winter peak by the end of the planning period in 2023.

Forecast Load & Peak Demand

The historic and forecasted seasonal peak demand and annual energy consumption values for the state of Florida are illustrated below in Figure 10. It should be noted that the forecasts shown below are based upon normalized weather conditions, while the historic demand and energy values represent the actual impact of weather conditions on Florida's electric customers. Florida relies heavily upon both air conditioning in the summer and electric heating in the winter, so both seasons experience a great deal of variability due to severe weather conditions.

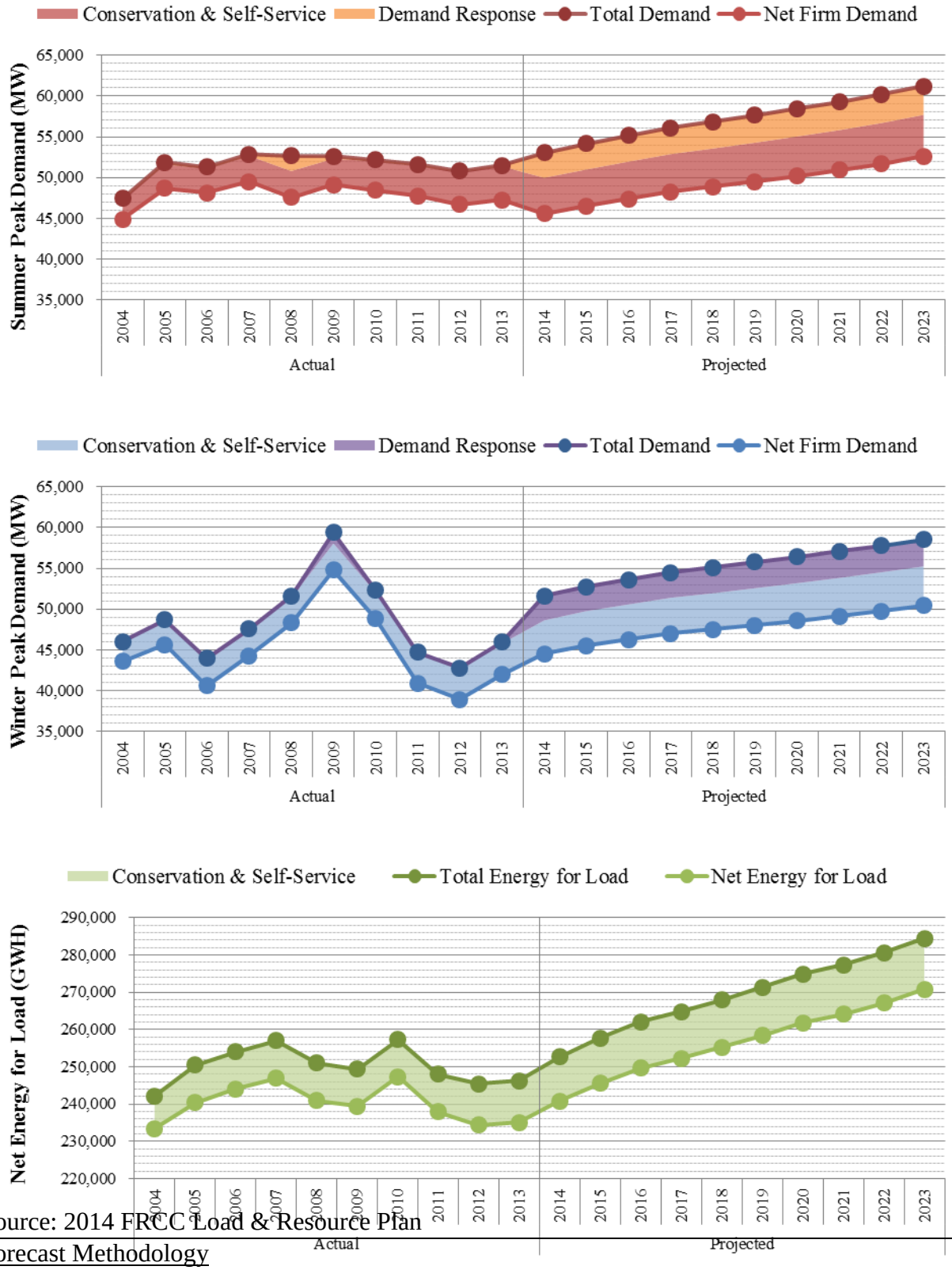
Demand-side management, including demand response and energy efficiency, along with self-service generation is included in each figure for seasonal peak demand and annual energy for load. The total demand or total energy for load represents what otherwise would need to be served if not for the impact of these programs and self-service generators. The net firm demand is used as a planning number for the calculation of generating reserves and determination of generation needs for Florida's electric utilities.

Demand response is included in Figure 10 in two different ways based upon the time period considered. For historic values of seasonal demand, the actual rates of demand response activation are shown, not the full amount demand response that was available at the time. Overall, demand response has only been partially activated as sufficient generation assets were available during the annual peak. Residential load management has been called upon to a limited degree during peak periods, with a lesser amount of interruptible load activated. The primary exception to this trend was the summer of 2008 and winter of 2009, when a larger portion of the available demand response resources were called upon.

For forecast values of seasonal demand, it is assumed that all demand response resources will be activated during peak. The assumption of all demand response being activated reduces generation planning need. Based on operating conditions in the future, if an electric utility has sufficient generating units and it is economic to serve all customer load demand response would not be activated or only partially activated in the future.

As previously discussed, Florida is normally a summer-peaking state. Only three of the past ten years have had higher winter net firm demand than summer, and all ten of the forecast years are anticipated to be summer peaking. Based upon current forecasts using normalized weather data, Florida's electric utilities do not anticipate exceeding the winter 2009 peak during the planning period.

Figure 10: Historic and Forecast for Statewide Seasonal Peak Demand and Annual Energy



Source: 2014 FRCC Load & Resource Plan

Forecast Methodology

Florida's electric utilities perform forecasts of peak demand and annual energy sales using historical data from several variables to infer relationships through multiple linear regressions. These variables include historic energy consumption, customer data such as square footage of housing, climate data such as cooling-degree-days or heating-degree days, and economic indicators such as income and employment. For some customer classes, such as industrial customers, surveys may periodically be conducted to determine the customer's expectations for their own future electricity consumption.

Florida's electric utilities rely upon econometric techniques for load forecasting, incorporating a variety of tools such as advanced software and analysis from independent experts from public and private sources for historic and forecast values of specific variables. Public resources such as the University of Florida's Bureau of Economic and Business Research, which provides data on population growth, and the Bureau of Labor Statistics, which publishes the Consumer Price Index, are utilized along with private forecasts for economic growth from macroeconomic experts. By combining historic and forecast macroeconomic data with customer and climate data, Florida's electric utilities project future load conditions.

Through multiple linear regressions, Florida's electric utilities demonstrate historical relationships between dependent variables such as load and retail energy sales, and independent variables such as economic conditions and climate. Projecting peak loads is more mathematically complicated and depends on the interrelationships between these variables.

Overall, while each of Florida's electric utilities forecast peak load and retail energy sales differently, the econometric techniques utilized appear to be sound. The forecasts allow each electric utility to evaluate its individual needs for new generation, transmission, and distribution resources to meet customers' current and future needs reliably and affordably.

Historic Forecast Accuracy

For each reporting electric utility, the Commission reviewed the historic forecast accuracy of past retail energy sales forecasts. The review methodology, previously used by the Commission, involves comparing actual retail sales for a given year to energy sales forecasts made three, four, and five years prior. For example, the actual 2013 retail energy sales were compared to the forecasts made in 2010, 2009, and 2008. These differences, expressed as a percentage error rate, are used to determine each utility's historic forecast accuracy using a five year rolling average. An average error with a negative value indicates an under-forecast, while a positive value represents an over-forecast. An absolute average error provides an indication of the total magnitude of error, regardless of the tendency to under or over forecast.

For the 2014 Ten-Year Site Plans, determining the accuracy of the five year rolling average forecasts involves comparing the actual retail energy sales for the period 2013 through 2009 to forecasts made between 2010 and 2004. As discussed previously, the period before the financial crisis experienced a higher annual growth rate for retail energy sales than the post-crisis period. As most electric utilities and macroeconomic forecasters did not predict the financial crisis, the economic impact and its resulting effect on retail energy sales of Florida's electric utilities was

not included in these projections. Therefore, the use of a metric that compares pre-crisis forecasts with post-crisis actual data has a high rate of error.

Table 5 below, confirms that the forecast error is increasing with time due to the unexpected impact of the financial crisis on retail energy sales in Florida due to decreased population growth, decreased economic growth, and decreased usage of electricity per capita. However, the forecast error should start to return to its historically normal lower levels as utility retail sales forecasts include more years after the financial crisis.

Table 5: TYSP Utilities – Accuracy of Retail Energy Sales Forecasts

TYSP Year	Five Year Analysis Period	Forecast Years Analyzed	Forecast Error (%)	
			Average	Absolute Average
2009	2008 - 2004	2005-1999	1.74%	3.56%
2010	2009 - 2005	2006-2000	4.98%	5.70%
2011	2010 - 2006	2007-2001	8.28%	8.29%
2012	2011 - 2007	2008-2002	11.93%	11.93%
2013	2012 - 2008	2009-2003	15.13%	15.13%
2014	2013 - 2009	2010-2004	16.16%	16.16%

Source: 1999-2014 Ten-Year Site Plans

To verify whether more recent forecasts lowered these error rates, an additional analysis was conducted to determine with more detail the source of high error rates in terms of forecast timing. Table 6 below, provides the forecast error rate for forecasts made between one and six years prior, along with the average and absolute average error rates for the three- to five-year period used in the analysis above.

Table 6: TYSP Utilities – Accuracy of Retail Energy Sales Forecasts – Annual Analysis

Year	Annual Forecast Error Rate (%)						3-5 Year Error (%)	
	Years Prior						Average	Absolute Average
	6	5	4	3	2	1		
2004	-	-5.08%	-3.18%	0.19%	-0.59%	0.93%	**-2.69%**	**2.81%**
2005	-5.82%	-4.03%	-0.69%	-0.64%	0.71%	0.90%	**-1.79%**	**1.79%**
2006	-3.29%	-0.03%	1.03%	2.30%	2.43%	2.37%	**1.10%**	**1.12%**
2007	0.57%	2.26%	3.49%	3.59%	4.20%	3.05%	**3.11%**	**3.11%**
2008	7.02%	8.40%	8.56%	9.97%	9.24%	8.34%	**8.98%**	**8.98%**
2009	11.95%	12.15%	14.48%	13.91%	12.68%	10.18%	**13.51%**	**13.51%**
2010	12.93%	15.57%	14.89%	13.70%	10.55%	-0.73%	**14.72%**	**14.72%**
2011	21.56%	20.79%	20.09%	17.02%	3.79%	0.08%	**19.30%**	**19.30%**
2012	26.31%	25.97%	23.04%	8.47%	3.90%	3.71%	**19.16%**	**19.16%**
2013	28.55%	26.29%	10.00%	5.98%	5.58%	2.97%	**14.09%**	**14.09%**

Source: 1999-2014 Ten-Year Site Plans

As displayed in Table 6, the companies retail energy sales forecasts show a consistent positive error rate beginning in 2007 and extending through 2013 for forecasts prepared 2 to 6 years prior. However, 2013 sales forecasted in 2009 and 2010 reveal that 3 and 4 year error rates (5.98 percent and 10.00 percent, respectively) have declined considerably compared to the 3 and 4 year forecast error rates associated with 2009-2012 sales. The fact that 3 and 4 year forecast errors started to decline in 2009 and 2010 forecasts is not surprising because by 2009 the inputs to the utilities' forecast models reflected the impacts of the financial crisis and population growth decline.

On a going forward basis (2014 and beyond), average forecasted energy sales error rates for forecasts prepared 3 to 5 years prior are likely to continue to decline as the older forecasts drop out of the analysis. Florida's electric utilities, however, have responded to the recent declines in customer load growth by delaying and cancelling new generation, and by taking opportunities to modernize existing plants, as discussed in previous annual reviews of the Ten-Year Site Plans.

Renewable Generation

Pursuant to Section 366.91, F.S., it is in the public interest to promote the development of renewable energy resources in Florida. Section 366.91(2)(d), F.S., defines renewable energy in part, as follows:

> "Renewable energy" means electrical energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen produced from sources other than fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and hydroelectric power.

Although not considered a traditional renewable resource, some industrial plants take advantage of waste heat, produced in production processes, to also provide electrical power via cogeneration. Phosphate fertilizer plants, which produce large amounts of heat in the manufacturing of phosphate from the input stocks of sulfuric acid, are a notable example of this type of renewable resource. The Section 366.91(2) (b), F.S., definition also includes the following language which recognizes the aforementioned cogeneration process:

> The term [Renewable Energy] includes the alternative energy resource, waste heat, from sulfuric acid manufacturing operations and electrical energy produced using pipeline-quality synthetic gas produced from waste petroleum coke with carbon capture and sequestration.

Existing Renewable Resources

Currently, renewable energy facilities provide approximately 1,617 MW of firm and non-firm generation capacity, which represents 2.8 percent of Florida's overall generation capacity of 57,375 MW in 2013. Table 4 below, is a table that summarizes Florida's existing renewable energy sources.

Table 4: State of Florida - Existing Renewable Resources

Renewable Type	MW	% Total
Municipal Solid Waste	398	24.6%
Waste Heat	308	19.0%
Solar	218	13.5%
Hydro	64	3.9%
Wind	0	0.0%
Solid Biomass	581	35.9%
Landfill Gas	49	3.1%
Total of All	**1,617**	**100.0%**

Source: FRCC 2014 Load & Resource Plan and TYSP Utilities Data Responses

Of the total 1,617 MW of renewable generation, approximately 490 MW are considered firm based on either operational characteristics or contractual agreement. Firm renewable generation can be relied on to serve customers and can contribute toward the deferral of new fossil fueled power plant construction.

The remaining renewable generation can generate energy on an as-available basis or for internal use (self-service). As-available energy is considered non-firm, and cannot be counted on for reliability purposes; however, it can contribute to the avoidance of burning fossil fuels in existing generators. Self-Service generation reduces demand on Florida's utilities.

Non-Utility Renewable Generation

The majority of Florida's existing renewable energy generation, approximately 84 percent, comes from non-utility generators. In 1978, the US Congress enacted the Public Utility Regulatory Policies Act (PURPA). PURPA requires utilities to purchase electricity from cogeneration facilities and renewable energy power plants with a capacity no greater than 80 MW (collectively referred to as Qualifying Facilities or QFs). PURPA required utilities to buy electricity from qualifying QFs at the utility's full avoided cost. These costs are defined in Section 366.051, F.S., which provides in part that:

> A utility's "full avoided costs" are the incremental costs to the utility of the electric energy or capacity, or both, which, but for the purchase from cogenerators or small power producers, such utility would generate itself or purchase from another source.

If a renewable energy generator can meet certain deliverability requirements, it can be paid for by its capacity and energy output under a firm contract. Rule 25-17.250, F.A.C., requires each IOU to establish a standard offer contract with timing and rate of payments based on each fossil-fueled generating unit type identified in the utility's TYSP. In order to promote renewable energy generation, the Commission requires the IOUs to offer multiple options for capacity payments, including the options to receive early (prior to the in-service date of the avoided-unit) or levelized payments. The different payment options allow renewable energy providers the option to select the payment option that best fits its financing requirements and provides a basis from which negotiated contracts can be developed. On July 8, 2014, the Commission approved standard offer contracts resulting in the continuous offering of nearly 3,484 MW for Florida's four largest IOUs.

As previously discussed, large amounts of renewable energy is generated on an as-available basis. As-available energy is energy produced and sold by a renewable energy generator on an hour-by-hour basis for which contractual commitments as to the quantity and time of delivery are not required. As-available energy is purchased at a rate equal to the utility's hourly incremental system fuel cost, which reflects the highest fuel cost of generation each hour.

Utility Owned Renewable Generation

Utility owned renewable generation also contributes to the State's total renewable capacity. The majority of this generation is from solar facilities. Due to the intermittent nature of solar resources, capacity from these facilities is considered non-firm for planning purposes.

In 2008, Section 366.92(4), F.S., was enacted and provides, in part, the following:

> In order to demonstrate the feasibility and viability of clean energy systems, the commission shall provide for full cost recovery under the environmental cost-recovery clause of all reasonable and prudent costs incurred by a provider for renewable energy projects that are zero greenhouse gas emitting at the point of the generation, up to a total of 110 MW statewide.

In 2008, the Commission approved a petition by FPL seeking installation of the full 110 MW across three solar energy facilities. The solar projects consisted of, a pair of solar PV facilities and a single solar thermal facility. In response to staff interrogatories, FPL estimated that the three solar facilities would cost an additional $573 million above traditional generation costs over the life of the facilities. In 2012, Section 366.92, F.S., was revised and no longer includes the passage described above.

Based on actual data provided by FPL, the combined cost of generation of the three solar facilities was $.45/kWh in 2013. These facilities make up a significant portion of the utility owned renewable generation. Since full operation began, the two solar PV facilities have operated largely as expected; however, the solar thermal facility has experienced multiple outages which have hindered its performance. Based on actual data collected from the three facilities, the maximum output does not appear to be coincident with the system's peak demand.

Hydroelectric units at two sites, one owned by the City of Tallahassee Utilities, and one operated by the Federal government, supply 63 MW of renewable capacity. Because of Florida's geography, however, new hydroelectric power generation is largely limited.

Customer Owned Renewable Generation

With respect to customer owned renewable generation, Rule 25-6.065, F.A.C., requires the IOUs to offer net metering for all types of renewable generation up to 2 MW in capacity and a standard interconnection agreement with an expedited interconnection process. Net metering allows a customer, with renewable generation capability, to offset their energy usage. In 2008, the effective year of the discussed Rule, customer owned renewable generation accounted for 3 MW of renewable capacity. As of 2013, approximately 63 MW of renewable capacity from nearly 6,700 systems has been installed statewide. Table 5 below, summarizes the growth of customer owned renewable generation interconnections.

Table 5: State of Florida - Net Metering Growth

Year	2008	2009	2010	2011	2012	2013
Number of Installations	577	1,625	2,833	3,994	5,302	6,697
Installed Capacity (MW)	2.8	13.0	19.9	28.4	42.2	63.0

Source: Annual Net Metering Reports

Planned Renewable Additions

Florida's utilities plan to construct or purchase an additional 722 MW of renewable generation over the ten-year planning period. Table 6 below, summarizes the planned renewable capacity increases by generation type.

Table 6: State of Florida - Planned Renewable Resources

Renewable Type	MW	% Total
Municipal Solid Waste	90	12.4%
Waste Heat	0	0.0%
Solar	332	46.1%
Hydro	0	0.0%
Wind	0	0.0%
Solid Biomass	272	37.6%
Landfill Gas	28	3.9%
Total of All	**722**	**100%**

Source: FRCC 2014 Load & Resource Plan and TYSP Utilities Data Responses

Of the 722 MW of planned renewable capacity, 361.5 MW is projected to be from firm resources. All of the projected firm capacity additions are from renewable contracts with non-utility generators. Table 7 below, summarizes the firm capacity renewable resources that are planned over the ten-year planning horizon. The remaining planned capacity from renewable resources is projected to be from non-firm resources including several 50 MW solar facilities.

Table 7: Planned Firm Renewables

Purchasing Utility	Facility Name	Fuel Type	Capacity (MW)	In-Service Date
JEA	Trailridge	LFG	9.0	2014
JEA	Sarasota County	LFG	6.4	2014
RCI	Harvest Power	OBS	2.4	2014
GPC	Perdido	LFG	1.5	2015
JEA	New River	LFG	3.2	2015
OUC	Shaw Environmental	LFG	9.0	2015
FPL	Solid Waste Authority of Palm Beach County	MSW	90.0	2015
DEF	Unknown - US EcoGen	WDS	60.0	2017
FPL	Ecogen Clay	OBS	60.0	2021
FPL	Ecogen Martin	OBS	60.0	2021
FPL	Ecogen Okeechobee	OBS	60.0	2021
Total of All			**361.5**	

Source: FRCC 2014 Load & Resource Plan and TYSP Utilities Data Responses

More than 170 MWs of contracted firm renewable capacity are projected to expire within the ten-year planning. If new contracts are signed in the future to replace those that expire, these resources will once again be included in the state's capacity mix to serve future demand. If these contracts are not extended, the renewable facilities could still deliver energy on an as-available basis.

Renewable Outlook

The Commission, in conjunction with the U.S. Department of Energy and the Lawrence Berkeley National Laboratory, retained Navigant Consulting, Inc. (Navigant) to prepare a detailed assessment of Florida's renewable potential in 2008. Navigant's assessment identified several key drivers that impact renewable energy development in Florida. Three of the "key drivers" were the cost of the natural gas, the cost of CO2, and the adoption of a Renewable Portfolio Standard (RPS).

Under the scenario considered to be favorable in fostering renewable generation, Navigant assumed natural gas prices between $11-$14/MMBTU, CO2 emission costs ($2/ton initially, then scaling to $50/ton by 2020) and the adoption of an RPS in Florida. At this time, natural gas prices are projected at $4.40/MMBTU in 2014, there is no current federal pricing for CO2 emissions, and no RPS legislation has been enacted. Therefore, current market conditions do not favor the development of renewable generation.

Even with these difficulties, Florida's renewable generation is projected to increase over the planning period. Renewable generation contributes to the state's fuel diversity and reduces dependence on fossil fuels. While current economic conditions may prevent more expensive forms of renewable generation, those cost-effective forms of renewable generation will continue to increase the state's share of renewable generation.

Traditional Generation

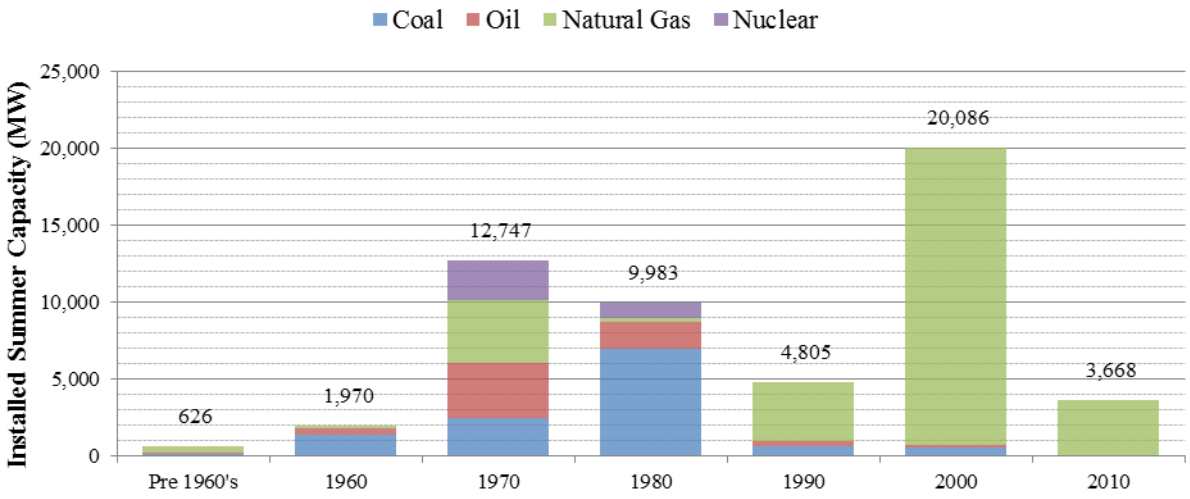
While renewable generation increases its contribution to the state's generating capacity, a majority of generation is projected to come from traditional sources, such as fossil-fueled steam and turbine generators that have been added to Florida's electric grid over the last several decades. Due to forecasted increases in peak demand, further traditional resources are anticipated over the planning period.

Florida's electric utilities have historically relied upon several different fuel types to serve customer load. Previous to the oil embargo, Florida used oil-fired generation as its primary source of electricity until the increase in oil prices made this undesirable. Since that time, Florida's electric utilities have sought a variety of other fuel sources to diversify the state's generation fleet to more reliably and affordably serve customers. Numerous factors, including swings in fuel prices, availability, environmental concerns, and other factors have resulted in a variety of capacity on Florida's electric grid. Solid fuels such as coal and nuclear increased during the shift away from oil-fired generation, and more recently natural gas has emerged as the dominant fuel type in Florida.

Existing Generation

Florida's generating fleet includes incremental new additions to a historic base fleet, with units retiring as they become uneconomical to operate or maintain. Currently, Florida's existing capacity ranges greatly in age and fuel type, and legacy investments continue. The weighted average age of Florida's generating units is 23 years. While the original commercial in-service date may be in excess of 60 years for some units, they are constantly maintained as necessary in order to ensure safe and reliable operation, including uprates from existing capacity which may have been added after the original in-service date. Figure 11 below, illustrates the decade currently operating generating capacity was originally added to the grid, with the largest additions occurring in the 2000s.

Figure 11: Florida Electric Utility Installed Capacity by Decade



Source: 2014 FRCC Load & Resource Plan

The existing generating fleet will be impacted by several events over the planning period. New and proposed environmental regulations may require changes in unit dispatch, fuel switching, or installation of pollution control equipment which may reduce net capacity. Modernizations will allow more efficient resources to replace older generation while potentially reusing power plant assets such as transmission and other facilities, switching to more economic fuel types, or uprates at existing facilities to improve power output. Lastly, retirements of units which can no longer be economically operated and maintained or meet environmental requirements will reduce the existing generation.

Impact of EPA Rules

In addition to maintaining a fuel efficient and diverse fleet, Florida's utilities must also comply with changing environmental requirements. During the past several years, the U.S. Environmental Protection Agency (EPA) has finalized or proposed several rules which will impact both existing and planned generating units in the state. Environmental requirements and associated costs must be considered to fully evaluate any new supply-side resources, as well as the operation of existing generating units.

Six EPA rules are anticipated to affect electric generation in Florida:

- Carbon Pollution Emissions Standards for Modified and Reconstructed Secondary Sources: Electric Utility Generating Units – Sets carbon dioxide emissions limits for modified or reconstructed electric generators. These limits vary by type of fuel (coal/IGCC or natural gas), size of unit (less than or above approximately 100 megawatts), and whether the unit is modified or reconstructed. This rule was proposed by the EPA on June 18, 2014, and has not yet been finalized.

- Carbon Pollution Emission Guideline for Existing Electric Generating Units – Requires each state to submit a plan to EPA that outlines how the state's existing electric generation fleet will meet a series of goals, in terms of pounds of carbon dioxide emitted per generated megawatt-hour, to reduce the state's carbon dioxide emissions. The guidelines will apply to a statewide average of all generating units over 25 megawatts. EPA proposed this rule on June 18, 2014, and anticipates finalizing it by June 2015, with state plans to be filed by June 2016, with possible one-year extensions. The Commission has sought comments from interested parties to be filed with the EPA, which has extended the period to file comments until December 1, 2014.

- Mercury and Air Toxics Standards (MATS) - Sets limits for air emissions from existing and new coal- and oil-fired electric generators with a capacity greater than 25 megawatts. Covered emissions include: mercury and other metals, acid gases, and organic air toxics for all generators, as well as particulate matter, sulfur dioxide, and nitrogen oxide from new and modified coal and oil units. On April 15, 2014, U.S. Court of Appeals for the D.C. Circuit fully upheld the rule. This decision will not become active, however, until all appeals have been resolved.

- Cross-State Air Pollution Rule (CSAPR) - Requires 28 states, including Florida, to reduce air emissions that contribute to ozone and/or fine particulate pollution in other states. The rule applies to all fossil-fueled (i.e., coal, oil, and natural gas) electric generators with a capacity over 25 megawatts within these states. Florida is only subject to the rule's seasonal NOx emissions requirements. On April 29, 2014, the U.S. Supreme Court upheld the rule by a 6-2 vote. On June 26, 2014, EPA asked the U.S. Court of Appeals for the D.C. Circuit to lift its stay on the rule. The court has not yet acted on this request, and it is not clear at this time if or when the stay will be lifted.

- Cooling Water Intake Structures (CWIS) - Sets impingement standards to reduce harm to aquatic wildlife pinned against cooling water intake structures at electric generating facilities. All existing electric generators that use water for cooling with an intake velocity of at least two million gallons per day must meet impingement standards. Generating units with higher intake velocity may have additional requirements to reduce the damage to aquatic wildlife due to entrapment in the cooling water system (entrainment). On May 28, 2014, the final rule was published in the *Federal Register.*

- Coal Combustion Residuals (CCR) - Requires liners and ground monitoring to be installed on new landfills in which coal ash is deposited. A Consent Decree, filed January 29, 2014, in the U.S. District Court for the District of Columbia, requires EPA to publish notice of a final action by December 19, 2014.

For many of the units that will remain in operation, these new rules will result in an increased cost of operations. Each utility will need to evaluate whether these additional costs or new operational limitations allow the continued economic operation of each affected unit, and whether installation of emissions control equipment, fuel switching, or retirement is the proper course of action.

Modernization and Efficiency Improvements

Modernizations involve removing existing generator units that may no longer be economical to operate, such as oil-fired steam units, and reusing the power plant site's transmission or fuel handling facilities with a new set of generating units. The modernization of existing plant sites allows for significant improvement in both performance and emissions, typically at a lower price than new construction at a greenfield site. Not all sites are candidates for modernization due to site layout and other concerns, and to minimize rate impacts, modernization of existing units should be considered along with new construction at greenfield sites.

The Commission has previously granted determinations of need for several conversations of oil-fired steam units to natural gas-fired combined cycle units, including FPL's Cape Canaveral, Riviera, and Port Everglades power plants. DEF has also recently conducted a conversion of its Bartow power plant, but this did not require a determination of need from the Commission.

Utilities also plan several efficiency improvements to existing generating units. An example is the conversion of existing simple cycle combustion turbines into a combined cycle unit, which captures the waste heat and uses it to generate additional electricity using a steam turbine. The Commission has granted a determination of need for the conversion of TECO's Polk Units 2 through 5 to a single combined cycle unit. FPL plans on upgrades to its existing combined cycle fleet by improving the performance of the integrated combustion turbines at many of its current and planned power plants. DEF plans to upgrade the capacity of its Hines combined cycle units by installing chiller modules.

Planned Retirements

Power plant retirements occur when the electric utility is unable to economically operate or maintain a generating unit due to environmental, economic, or technical concerns. Table 8 below, lists the 4,252 MW of existing generation that is scheduled to be retired during the planning period, a majority of which is natural gas-fired peaking units. Approximately 1,260 MW of the planned retirements are three dozen small peaking units at two power plant sites operated by FPL.

A notable retirement is DEF's Crystal River Units 1 and 2. Originally scheduled to retire in 2016, the retirement of these units have been delayed until 2018. This delay is due in part to a temporary averaging of emissions across the existing four units at the Crystal River site to meet environmental regulations, as Crystal River Units 4 and 5 have pollution controls installed.

Some retired units will continue operation in a different form. FPL intends to retire Turkey Point 1, a large oil-fired steam unit, and convert it to a synchronous condenser to support the transmission system and provide voltage regulation. FPL previously converted Turkey Point 2 to operate as a synchronous condenser.

Table 8: Electric Generating Units to be Retired

Year	Utility Name	Plant Name & Unit Number	Unit Type	Fuel Type	Net Summer Capacity (MW)
2014	NSB	Smith (3-4,6-11)	Internal Combustion	Oil	13
2014	NSB	Swoope Station (2-4)	Internal Combustion	Oil	5
2014	DEF	G. E. Turner P3	Combustion Turbine	Oil	53
2014	JEA	Girvin Landfill	Internal Combustion	Landfill Gas	1
				2014 Subtotal	72
2015	FPL	Municipal Plant 1 & 3-4	Steam	Natural Gas	94
2015	JEA	Northside	Steam	Natural Gas	524
2015	TAL	Hopkins GT1	Combustion Turbine	Natural Gas	12
2015	TAL	Purdom GT1&2	Combustion Turbine	Natural Gas	20
2015	FPL	Putnam 1 & 2	Combined Cycle	Natural Gas	498
2015	GULF	Scholz 1 & 2	Steam	Coal	92
				2015 Subtotal	1,240
2016	DEF	Avon Park P2	Combustion Turbine	Oil	24
2016	DEF	Rio Pinar P1	Combustion Turbine	Oil	12
2016	DEF	G. E. Turner P1&2	Combustion Turbine	Oil	20
2016	DEF	Avon Park	Combustion Turbine	Natural Gas	24
				2016 Subtotal	80
2017	FPL	Turkey Point 1	Steam	Oil	396
2017	TAL	Hopkins GT2	Combustion Turbine	Natural Gas	24
				2017 Subtotal	420
2018	DEF	Crystal River 1 & 2	Steam	Coal	740
2018	DEF	Suwannee River 1-3	Steam	Natural Gas	128
2018	GPC	Pea Ridge 1-3	Combustion Turbine	Natural Gas	12
2018	FPL	Lauderdale 1-24	Combustion Turbine	Natural Gas	840
2018	FPL	Port Everglades 1-12	Combustion Turbine	Natural Gas	420
2018	FPL	Municipal Plant 2&5	Combined Cycle	Natural Gas	44
				2018 Subtotal	2,184
2020	DEF	Higgins P1-4	Combustion Turbine	Natural Gas	105
2020	TAL	Hopkins	Steam	Natural Gas	76
				2020 Subtotal	181
2022	GRU	Deerhaven	Steam	Natural Gas	75
				2022 Subtotal	75
				Total Retirements	**4,252**

Source: 2014 FRCC Load & Resource Plan, 2014 Ten-Year Site Plans

JEA's Northside 5, a natural gas and oil-fired steam unit, was scheduled for retirement in 2019 in the utility's Ten-Year Site Plan, but subsequently JEA announced that the retirement would be accelerated by four years to 2015.

Reliability Requirements

Florida's electric utilities are expected to have enough generating assets available at the time of peak demand to meet forecasted customer demand. Potential instabilities could occur if customer demand exceeds the forecast or if generating units are unavailable due to maintenance or forced outages. To address these circumstances, utilities are required to maintain additional planned generating capacity above the forecasted customer demand, referred to as the reserve margin.

Electric utilities within the Florida Reliability Coordinating Council region, which consists of Peninsular Florida, must maintain a minimum of 15 percent reserve margin for planning purposes. Certain utilities have elected to have a higher reserve margin, either on an annual or seasonal basis. The three largest reporting electric utilities, FPL, DEF, and TECO, are party to a stipulation approved by the Commission that utilizes a 20 percent reserve margin for planning.

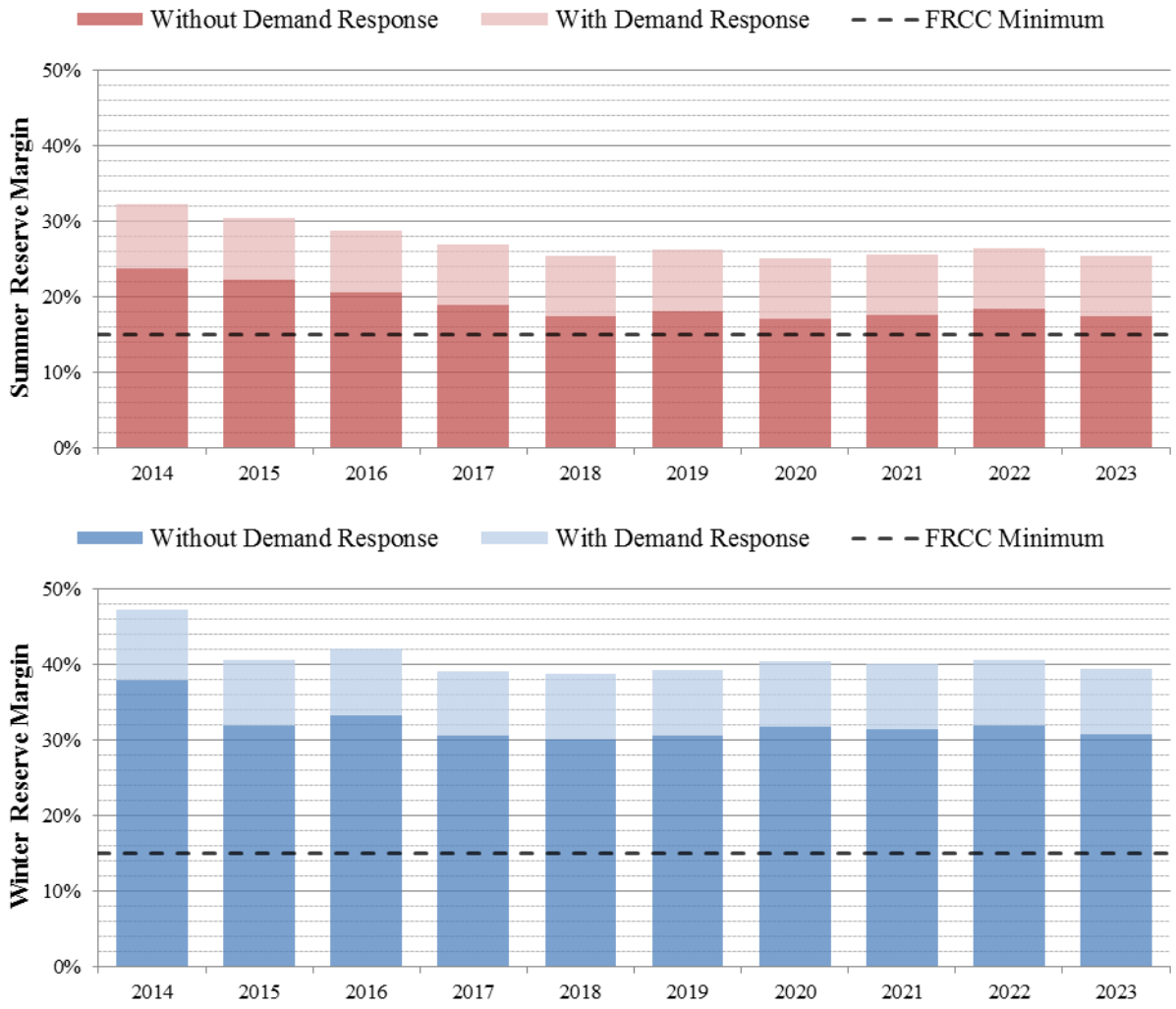
While Florida's electric utilities are separately responsible for maintaining an adequate planning reserve margin, a statewide view illustrates the degree to which capacity may be available for purchases during periods of high demand or unit outages. Figure 12 below, is a projection of the statewide seasonal reserve margin including all proposed power plants.

Role of Demand Response in Reserve Margin

The Commission also considers the planning reserve margin without demand response. As illustrated in Figure 12 below, the statewide seasonal reserve margin exceeds the FRCC's required 15 percent planning reserve margin without activation of demand response. Demand response activation increases the reserve margin in the summer by 8 percent on average, and represents 30 percent of the planning reserve margin.

Demand response participants receive discounted rates or credits regardless of activation, with these costs recovered from all ratepayers. Because of the voluntary nature of demand response, a concern exists that a heavy reliance upon this resource would make participants eschew the discounted rates or credits for firm service. For interruptible customers, participants must provide notice that they intend to leave the demand response program, with a notice period of three or more years being typical. For load management participants, usually residential or small commercial customers, no advanced notice is typically required to leave. Historically, demand response participants have rarely been called upon during the peak hours, but are more frequently called upon during off-peak periods due to other reliability concerns. This trend is assumed to continue during the planning period.

Figure 12: State of Florida Reserve Margin with New Units

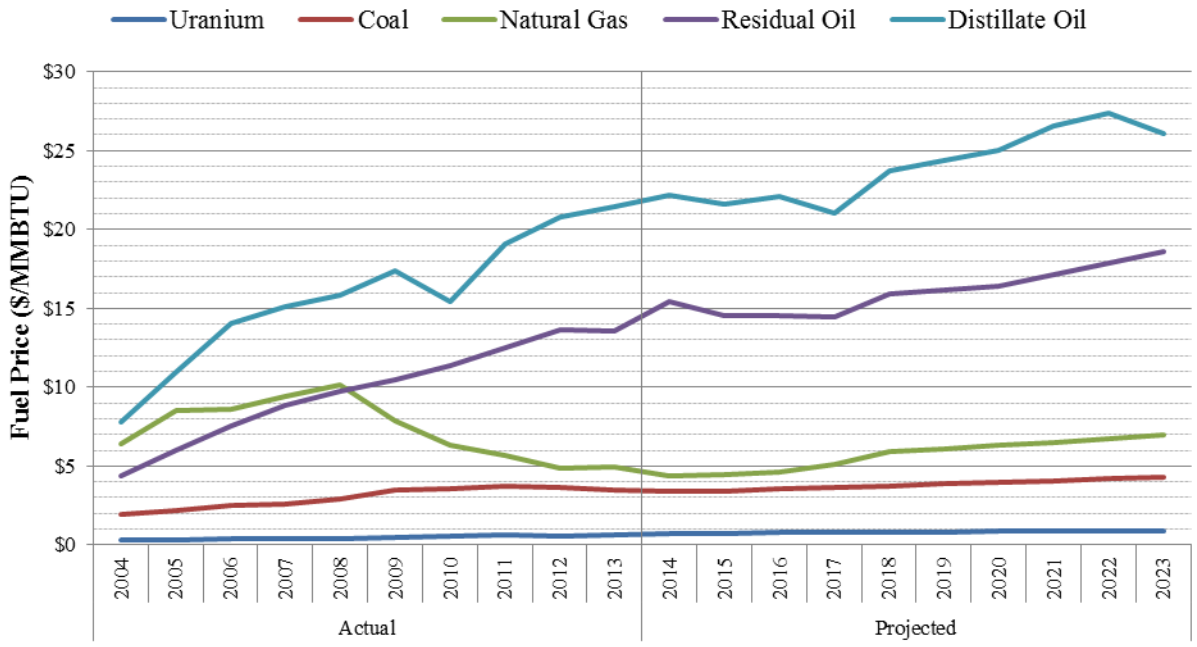


Source: 2014 FRCC Load & Resource Plan

Fuel Price Forecast

In general, the capital cost of a power plant is inversely proportional to the cost of the fuel used to generate electricity from that unit. However, fuel price is an important economic factor affecting the dispatch of the existing generating fleet and the selection of new generating units. The major fuels consumed by Florida's electric utilities are natural gas, coal, uranium, and oil. Figure 13 below, illustrates the weighted average fuel price history and forecasts for the reporting electric utilities.

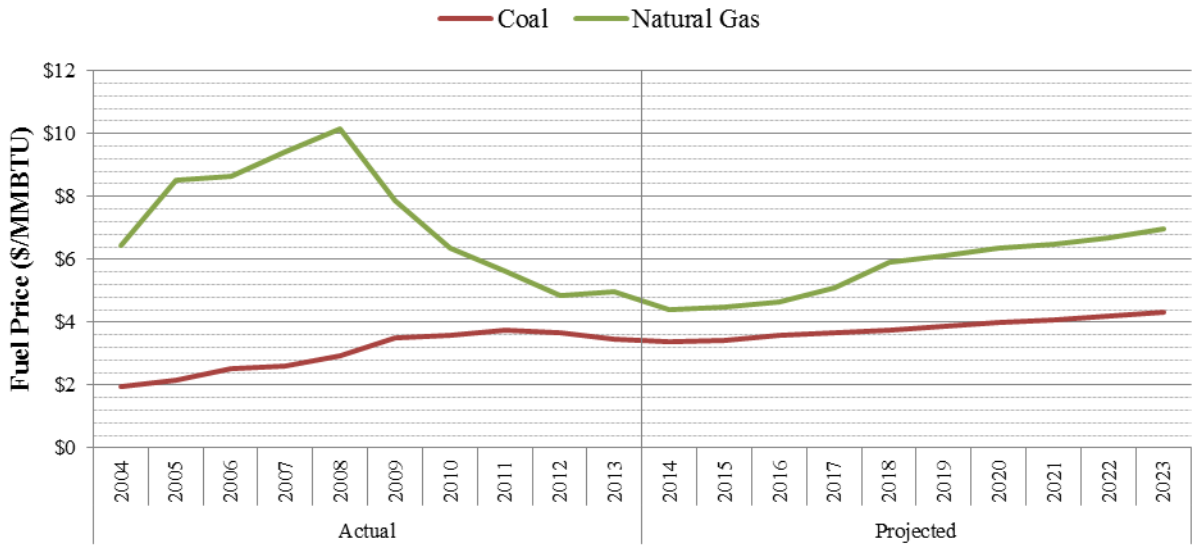
Figure 13: Average Reporting Electric Utility Fuel Price



Source: 2014 TYSP Utilities Data Responses

As Figure 14 below shows, the price of natural gas declined rapidly after the financial crisis, and is forecasted to remain near historically low levels. The smaller differential and higher efficiency of natural gas has shifted the dispatch order, with natural gas units displacing coal units. The trend has also encouraged utilities to modify existing units to be capable of burning natural gas, either as a starter fuel, supplemental fuel, or primary fuel.

Figure 14: Fuel Price Comparison for Coal and Natural Gas

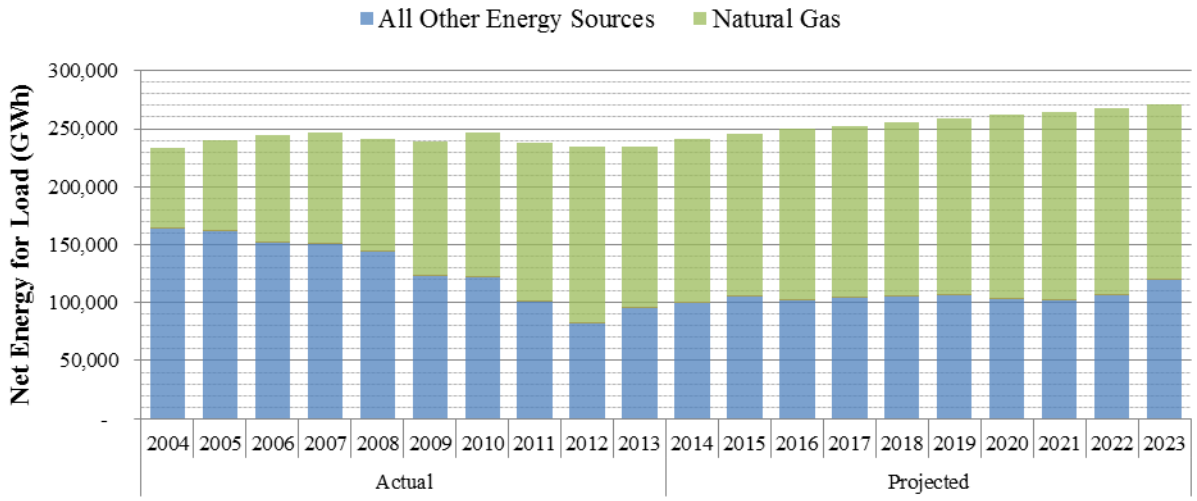


Source: 2014 TYSP Utilities Data Responses

Fuel Diversity

The volatility of natural gas in the early 2000s led to concern regarding escalating customer bills and an expectation that natural gas prices would remain high. While Florida's electric utilities made plans to build coal-fired units rather than continuing to increase the reliance on natural gas, concerns regarding potential environmental regulations and other projected costs lead to cancellation of new coal-fired generation. Traditionally, coal was the lowest cost fuel besides nuclear and was dispatched before most natural gas-fired units. Natural gas has since risen to become the dominant fuel in Florida within the last ten years, displacing coal, and since 2010 has generated more net energy for load than all other fuels combined. As Figure 15 illustrates, natural gas is the source of approximately 60 percent of electric energy consumed in Florida, down from its peak in 2012 of 65 percent. The 2012 spike in natural gas usage was associated with extended outages at FPL's nuclear plants for uprates, with gas usage decreasing as the nuclear units returned to operation. Natural gas generation is anticipated to serve future growth until the end of the planning period, when additional nuclear generation comes online.

Figure 15: Natural Gas Contribution to Florida Energy Consumption



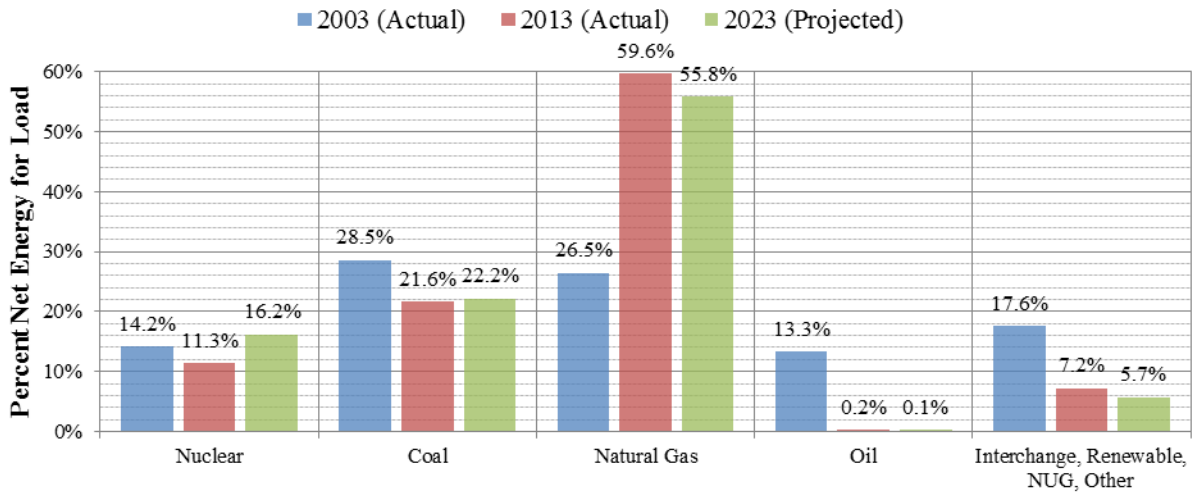
Source: 2005-2014 FRCC Load & Resource Plans

Because a balanced fuel supply can enhance system reliability and mitigate the effects of volatility in fuel price fluctuations, it is important that utilities have a level of flexibility in their generation mix. Maintaining fuel diversity on Florida's system faces several difficulties. Existing coal units will require additional emissions control equipment leading to reduced output, or retirement, if the emissions controls are uneconomic to install or operate. New solid fuel generating units such as nuclear and coal have long lead times and high capital costs. New coal units face challenges relating to new environmental compliance requirements, making it unlikely they could be permitted without novel emissions control technology.

Figure 16, shows Florida's historic and forecast percent net energy for load by fuel type for the actual years 2003 and 2013, and forecast year 2023. Oil has declined significantly, with its uses

reduced to start-up fuel, peaking, and back-up for dual-fuel units in case of a fuel outage. Nuclear generation was reduced beginning in 2010 by the outage and eventual retirement of Crystal River 3 and extended outages for uprates at FPL's St. Lucie and Turkey Point power plants. The uprates of Florida's four remaining nuclear units were completed by 2013, and added approximately 520 MW of capacity, reducing the impact of the loss of Crystal River 3. While coal generation has declined somewhat, it is expected to rebound slightly and remain at a plateau throughout the planning period. This rebound was based upon the Utility's filings before the announcement of the EPA's Clean Power Plan. The 2015 Ten-Year Site Plans should include some considerations of the potential impacts of this regulation on each utility's fuel consumption. Natural gas has been the primary fuel used to meet the growth energy consumption, and this trend is anticipated to continue throughout the planning period.

Figure 16: Florida Historic and Forecast Fuel Consumption



Source: 2005-2014 FRCC Load & Resource Plans

New Generation Planned

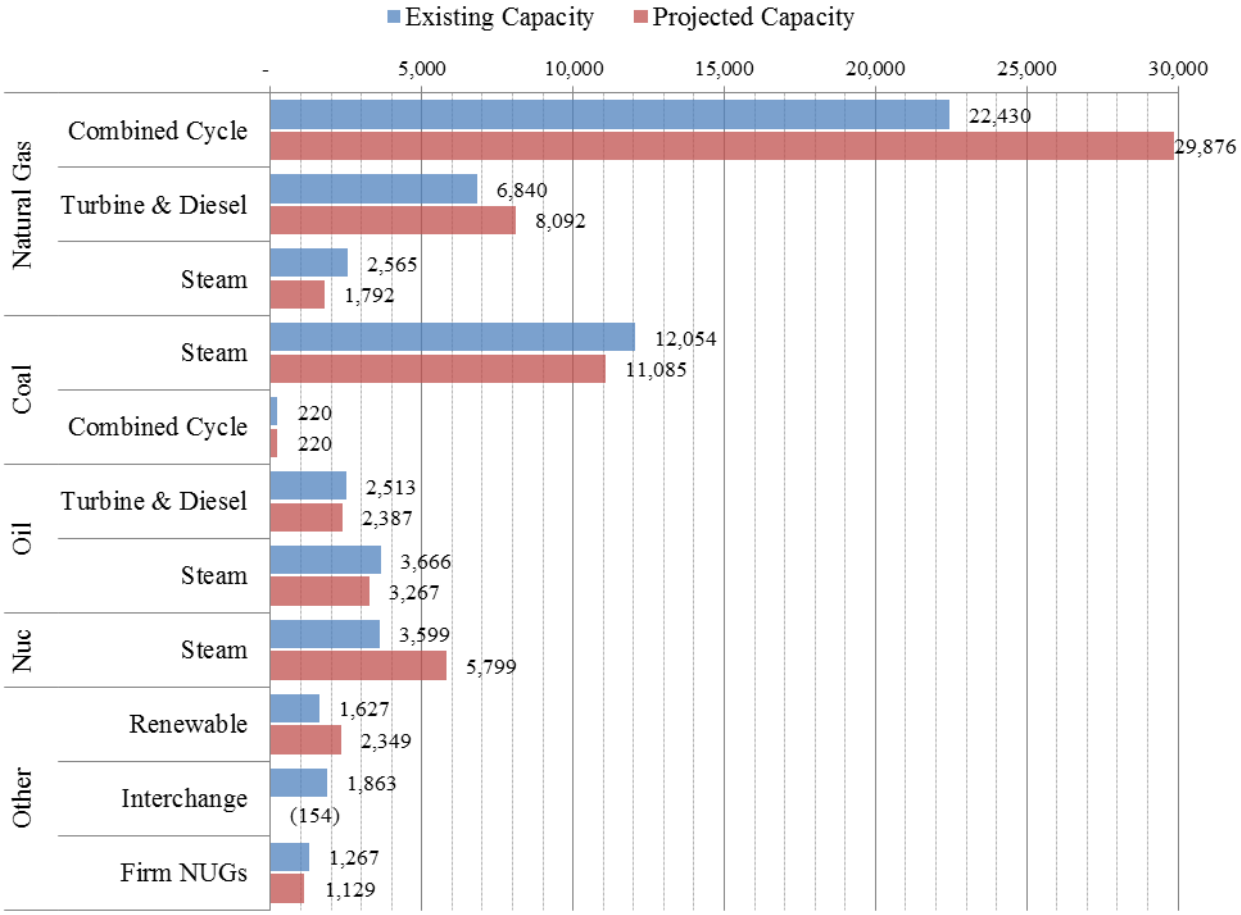
Current demand and energy forecasts continue to indicate that in spite of increased levels of conservation, energy efficiency, renewable generation, and existing traditional generation resources, the need for additional generating capacity still exists. While reductions in demand have been significant, the total demand for electricity is expected to increase, making the addition of traditional generating units necessary to satisfy reliability requirements and provide sufficient electric energy to Florida's consumers. Because any capacity addition has certain economic impacts based on the capital required for the project, and due to increasing environmental concerns relating to solid fuel-fired generating units, Florida's utilities must carefully weigh the factors involved in selecting a supply-side resource for future traditional generation projects.

In addition to traditional economic analyses, utilities also consider several strategic factors, such as fuel availability, generation mix, and environmental compliance prior to selecting a new

supply-side resource. Limited supplies, access to water or rail delivery points, pipeline capacity, water supply and consumption, land area limitations, cost of environmental controls, and fluctuating fuel costs are all important considerations.

Figure 17 below, illustrates the present and future aggregate capacity mix. The capacity values in Figure 17 incorporate all proposed additions, changes, and retirements contained in the reporting utilities' 2014 Ten-Year Site Plans and the FRCC's 2014 Load and Resource Plan.

Figure 17: Florida Current and Projected Installed Capacity by Fuel and Technology



Source: 2014 FRCC Load & Resource Plan and TYSP Utilities Data Responses

New Power Plants by Fuel Type

Nuclear

Nuclear capacity, while an alternative to natural gas-fired generation, is capital-intensive and requires a long lead time to construct. Only a single Florida electric utility, Florida Power & Light, is projecting additional nuclear power plants during the planning period. Table 9 below,

lists the two new nuclear units anticipated in the planning period, Turkey Point units 6 and 7. Florida Power & Light had previously uprated its existing four nuclear generating units, with the last uprate completed in early 2013. While Duke Energy Florida had previously projected the addition of two nuclear units, Levy 1 and 2, it has discontinued this project but continues its efforts to obtain a combined operating license from the Nuclear Regulatory Commission.

Table 9: Planned Nuclear Units

In-Service Year	Utility Name	Plant Name & Unit Number	Unit Type	Net Capacity (MW)	
				Sum	Win
2022	FPL	Turkey Point 6	Nuclear Steam	1,100	1,100
2023	FPL	Turkey Point 7	Nuclear Steam	1,100	1,100

Source: 2014 Ten-Year Site Plans

Natural Gas

All remaining new utility owned power plants are natural gas-fired combustion turbines or combined cycle units. Natural gas-fired combined cycle units represent 39.1 percent of installed capacity in 2013. Combustion turbines, which run in simple cycle mode as peaking units, represent the third most abundant type of generating capacity, behind only coal-fired steam generation. Because combustion turbines are not a form of steam generation, they do not require siting under the Power Plant Siting Act. Table 10 below, lists the approximate 10,363 MW net summer capacity of proposed new natural gas-fired generation included in the 2014 Ten-Year Site Plans.

Table 10: Planned Natural Gas Units

In-Service Year	Utility Name	Plant Name & Unit Number	Unit Type	Net Capacity (MW)	
				Sum	Win
2014	FPL	Riviera Beach	Combined Cycle	1,212	1,344
2016	FPL	Port Everglades	Combined Cycle	1,237	1,346
2017	TECO	Polk	Combined Cycle	459	463
2018	DEF	Citrus	Combined Cycle	1,640	1,820
2019	FPL	Unsited	Combined Cycle	1,269	1,429
2020	SEC	Unsited	Combined Cycle	440	523
2021	DEF	Unsited	Combined Cycle	793	866
			Combined Cycle Subtotal	7,050	7,791
2016	DEF	Suwannee River 3 & 4	Combustion Turbine	316	375
2019	FPL	Lauderdale CT1-5	Combustion Turbine	1,005	1,000
2020	TAL	Hopkins 5	Combustion Turbine	46	48
2020	TECO	Future CT1	Combustion Turbine	190	220
2020	SEC	Unsited CT 1 & 2	Combustion Turbine	402	450
2021	SEC	Unsited CT 3-7	Combustion Turbine	1,005	1,125
2023	GPC	Unsited CT	Combustion Turbine	349	360
			Combustion Turbine Subtotal	3,313	3,578
			Total Planned Natural Gas Units	**10,363**	**11,369**

Source: 2014 Ten-Year Site Plans

Commission's Authority over Siting

The Commission has been given exclusive jurisdiction to determine the need for new electric power plants by the Legislature through the Power Plant Siting Act (PPSA) at Section 403.519, F.S. Any proposed steam or solar generating unit of at least 75 MW requires a certification under the PPSA. Upon receipt of a determination of need, the electric utility would then seek approval from the Florida Department of Environmental Protection, which addresses land use and environmental concerns. Finally, the Governor and Cabinet, sitting as the Siting Board, must approve or deny the overall certification of a proposed power plant.

Approximately 12,565 MW of new utility-owned generating units are planned to enter service over the next ten-year period, with 74 percent of that capacity, 9,250 MW, subject to the PPSA. However, a majority of the proposed units have already received a determination of need from the Commission. The Commission most recently approved the determination of need for DEF's proposed Citrus plant, which will still have to seek approval from DEP and the Siting Board. A total of 2,502 MW still requires a determination of need, as shown in Table 11 below.

Table 11: Planned Units Requiring a Determination of Need

In-Service Year	Utility Name	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
				Sum	Win	
2018	DEF	Citrus	Combined Cycle	1,640	1,820	See Order No. PSC-14-0557-FOF-EI
2019	FPL	Unsited	Combined Cycle	1,269	1,429	
2020	SEC	Unsited	Combined Cycle	440	523	
2021	DEF	Unsited	Combined Cycle	793	866	

Source: 2014 Ten-Year Site Plans

Transmission

The Commission has been given broad authority pursuant to Chapter 366, F.S., to require reliability within Florida's coordinated electric grid and to ensure the planning, development, and maintenance of adequate generation, transmission, and distribution facilities within the state. As generation capacity increases, the transmission system must grow accordingly to maintain the capability of delivering energy to end users.

The Commission has been given sole jurisdiction to determine the need for new electric transmission lines by the Legislature through the Florida Electric Transmission Line Siting Act (TLSA) at Section 403.537, F.S. To require certification under Florida's TLSA, a proposed transmission line must meet the following criteria: a nominal voltage rating of at least 230 kV, crossing a county line, and a length of at least 15 miles. Proposed lines in an existing corridor are exempt from TLSA requirements. The Commission determines the reliability need and the proposed starting and end points for lines requiring TLSA certification. The proposed corridor route is subsequently determined by the Florida DEP during the certification process. Much like the PPSA, the Governor and Cabinet sitting as the Siting Board ultimately must approve or deny the overall certification of a proposed line.

Table 12 below, lists all proposed transmission lines in the 2014 Ten-Year Site Plans that require TLSA certification. All planned lines have already received the approval of the Commission, either independently or as part of a PPSA determination of need.

Table 12: Planned Transmission Lines

Utility	Transmission Line	Line Length	Nominal Voltage	Date Need Approved	Date TLSA Certified	In-Service Date
		(Miles)	(kV)			
FPL	Manatee – Bobwhite	30	230	8/28/2006	11/06/2008	12/01/2014
FPL	St Johns – Pringle	25	230	5/13/2005	4/01/2006	12/01/2018
TECO	Thonotosassa - Wheeler	8	230	6/22/2007	8/08/2008	TBD
TECO	Wheeler - Willow Oak	17	230	6/23/2007	8/09/2008	TBD

Source: 2014 Ten-Year Site Plans

UTILITY PERSPECTIVES

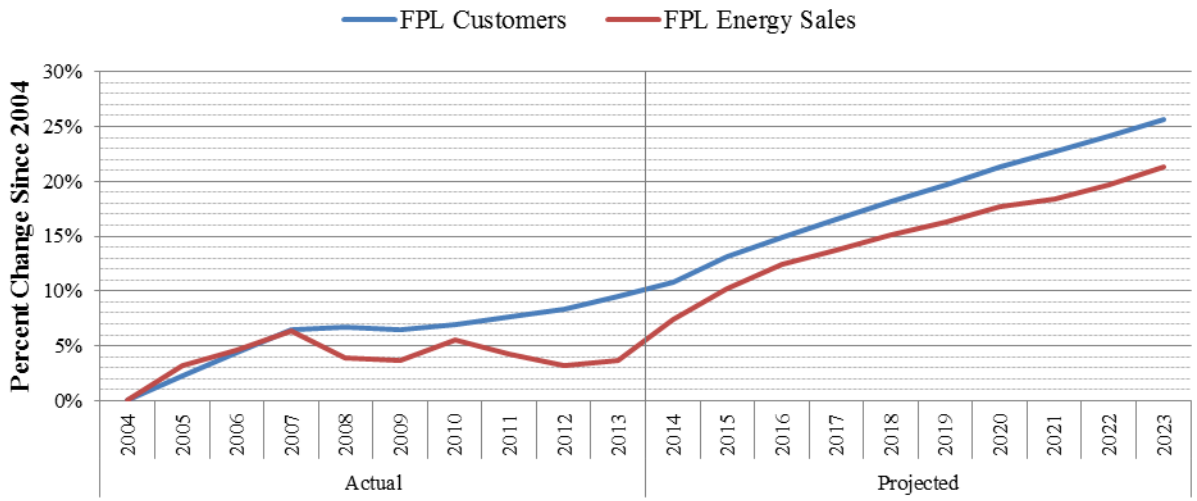
Florida Power & Light Company (FPL)

FPL is an investor-owned utility and Florida's largest electric utility. The utility's service territory is within the FRCC region and is primarily in south Florida and along the east coast. As an investor-owned utility, the Commission has regulatory authority over all aspects of operations, including rates, reliability, and safety. Pursuant to Section 186.801(2), F.S., the Commission finds FPL's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, FPL had approximately 4,627,000 customers and annual retail energy sales of 102,784 GWh, or approximately 47.4 percent of Florida's annual retail energy sales. Figure 18, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, FPL's customer base has increased by 9.5 percent, while retail sales have grown by only 3.7 percent. Since 2009, FPL has been outperforming the state average in retail energy sale growth, a trend it projects to continue into the future. As illustrated below, retail energy sales are anticipated to exceed their historic 2007 peak in 2014, three years faster than the state as a whole. This forecast includes FPL's acquisition of the Vero Beach electric system beginning in 2015, which is estimated to represent 0.6 percent of FPL's 2023 net energy for load.

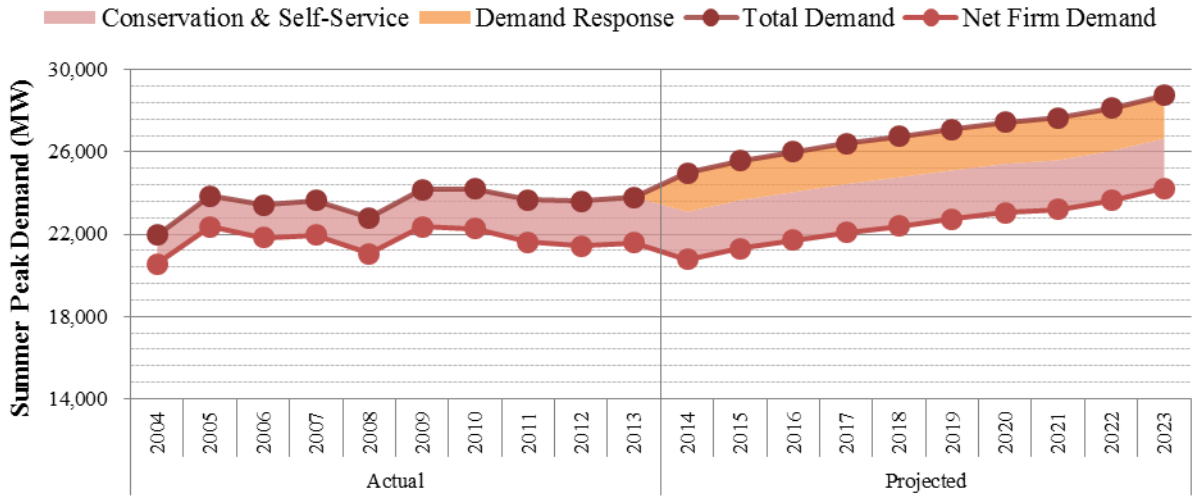
Figure 18: FPL Growth Rate

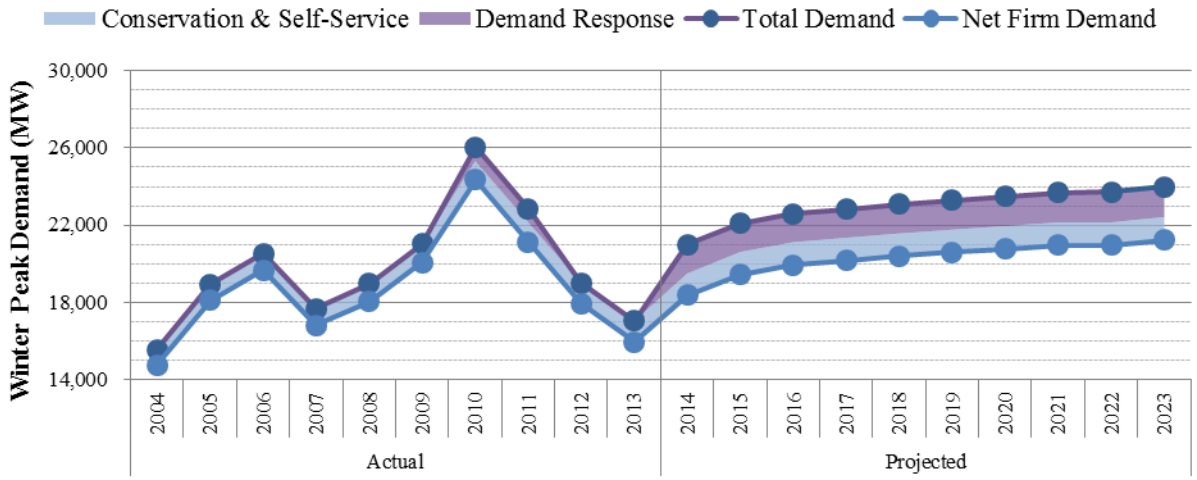


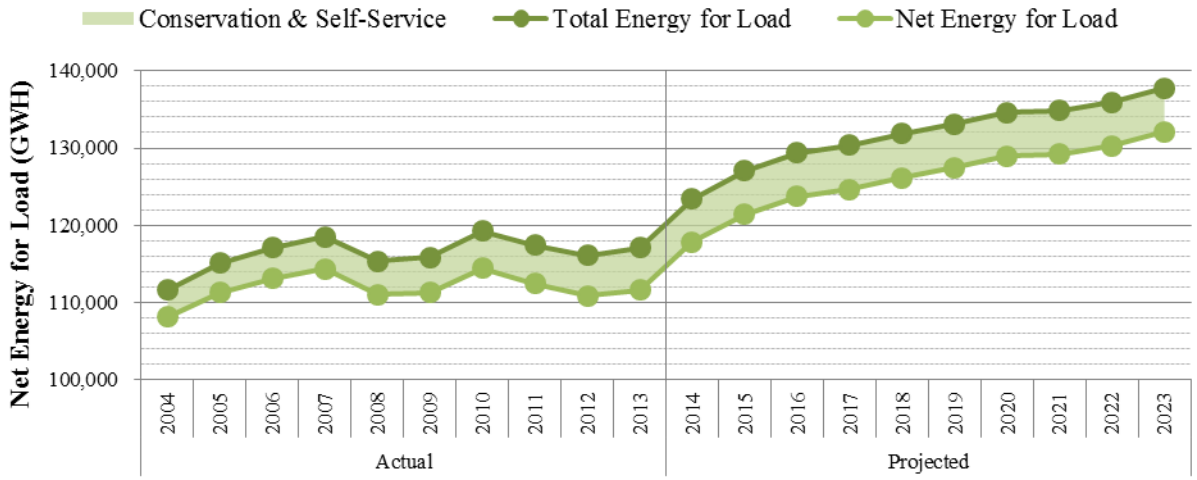
Source: 2014 Ten-Year Site Plan

The three graphs in Figure 19 shows, FPL's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the impact of demand-side management, and for future years assume that all available demand response resources will be activated during the seasonal peak. Historically, demand response was not activated during the seasonal peak demand, excluding the winters of 2010 and 2011.

Figure 19: FPL Demand and Energy Forecasts







Source: 2014 Ten-Year Site Plan and Data Responses

As an investor-owned utility, FPL is subject to FEECA and currently offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. For planning purposes, FPL utilized its proposed demand-side management goals for the forecast period. The utility's 2015 Ten-Year Site Plan should include revised values that would reflect the Commission's decision in the currently open FEECA goal-setting Docket No. 130199-EI.

Fuel Diversity

Table 13 below shows, FPL's actual net energy for load by fuel type as of 2013, and the projected fuel mix for 2023. FPL relies primarily upon natural gas and nuclear for energy generation, making up approximately 90 percent of net energy for load.

Table 13: FPL Energy Consumption by Fuel Type

Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	75,208	**67.4%**	76,379	**57.7%**
Coal	5,981	**5.4%**	6,779	**5.1%**
Nuclear	25,243	**22.6%**	42,915	**32.4%**
Oil	196	**0.2%**	123	**0.1%**
Renewable	155	**0.1%**	192	**0.1%**
Interchange	4,445	**4.0%**	0	**0.0%**
NUG & Other	428	**0.4%**	5,968	**4.5%**
Total	**111,656**		**132,356**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

While previously only reserve margin has been discussed, Florida's utilities use multiple indices to determine the reliability of the electric supply. An additional metric is the Loss of Load Probability (LOLP), which is a probabilistic assessment of the duration of time electric customer demand will exceed electric supply, and is measured in units of days per year. FPL uses a maximum LOLP of no more than 0.1 days per year, or approximately 1 day of outage per ten years. Between the two reliability indices, LOLP and reserve margin, the reserve margin requirement is typically the controlling factor for the addition of capacity.

Since 1999, FPL has utilized a 20 percent planning reserve margin criterion. Figure 20 below, displays the forecast planning reserve margin for FPL through the planning period for both seasons, with and without the use of demand response. As shown in the figure, FPL's generation needs are controlled by its summer peak throughout the planning period.

Figure 20: FPL Reserve Margin Forecast

Source: 2014 Ten-Year Site Plan

Proposed Third Reliability Requirement

In addition to these two reliability indices, FPL is proposing in its 2014 Ten-Year Site Plan to introduce a third reliability criterion. FPL's proposed requirement would be to have available firm capacity 10 percent greater than the sum of customer seasonal demand, without consideration of incremental energy efficiency and all existing and incremental demand response resources. FPL refers to this as its 10 percent generation-only reserve margin. Currently, no other utility has proposed a similar metric. While TECO includes a minimum supply-side contribution in its planning methodology, TECO uses a lower value of seven percent and incremental energy efficiency is included in its calculation.

While FPL proposes to not include incremental energy efficiency resources and cumulative demand response in its resource planning for the proposed metric, the utility would remain subject to FEECA and the conservation goals established by the Commission. FPL would continue paying rebates and other incentives to participants, which are collected from all ratepayers through the Energy Conservation Cost Recovery Clause, but would not consider the potential capacity reductions of any future participation in energy efficiency or demand response programs during the ten-year planning period for planning purposes with this new reliability criterion.

Energy efficiency, which includes installation of equipment designed to reduce peak demand and annual energy consumption, is considered a passive resource. While demand response must be activated by the utility, energy efficiency provides benefits consistently for the duration of the installation, reducing annual energy consumption, and if usage is coincident with system peak, peak demand. Customers do not remove building envelope improvements or newly installed equipment until the end of its service life for replacement.

As noted in the Statewide Perspective, the Commission does review the impact on reserve margin of demand response resources. At this time, FPL offers two types of demand response programs. The first type is interruptible and curtailable load programs, consisting of the Commercial/Industrial Load Control Program (CILC) and Commercial/Industrial Demand Reduction Rider (CDR) tariffs. The second type is load management programs, including the Residential On-Call and Business On-Call Programs.

FPL expresses a that an over-reliance upon demand response will result in frequent customer interruptions, which will in turn, cause customers to end their voluntary participation, which could negatively impact reliability. FPL addresses this concern for large commercial and industrial customers by including minimum noticing requirements for customers to leave the CILC and CDR tariffs. Customers must provide five years notice before the customer is able to end participation, excluding special provisions. This is sufficient time for a utility to plan a unit to provide firm capacity. In contrast, the Residential On-Call and Business On-Call programs have only a seven day advanced notice requirement. However, each individual customer's demand reduction for these programs is much smaller.

As previously noted, FPL has historically not activated demand response customers during seasonal peaks, excluding two winter peaks in which only CILC and CDR customers were activated. Regardless of whether or not demand response capacity is activated, participants receive bill credits or discounted rates. It should be noted that peak reductions during annual peaks, which is the focus of a reserve margin, are not the only use for demand response. In fact, FPL reports a total of 144 activations within the past ten years of its demand response resources, with an average 11 activations per summer and 4 activations per winter. Only seven of the 144 activations included CILC and CDR participants.

While FPL's proposed generation-only reserve margin would increase the amount of capacity required for all years of the planning period, based upon the timing of other unit additions, it is the controlling factor for two years of the ten-year planning period. In 2020 and 2021, FPL would increase firm capacity purchases by 113 MW and 130 MW, respectively, to meet the

proposed metric. At this time, FPL has not yet entered into purchased power agreements for this additional capacity. Without these additional purchases, FPL's generation only reserve margin, excluding demand response and incremental energy efficiency would be 9.6 percent in 2020 and 9.5 percent in 2021. If the impact of incremental energy efficiency is included, the generation-only reserve margin would exceed 10 percent for both 2020 and 2021. During the years of 2020 and 2021, the statewide summer reserve margin would be in excess of 17 percent without activating demand response, so it is likely that additional power would be available for purchase in case of high demand.

As part of FEECA, the Commission annually publishes a report on the accomplishments of the FEECA Utilities, of which FPL is one, towards meeting conservation goals established by the Commission. The Commission monitors and tracks the anticipated and actual program participation and savings associated with the utility's conservation programs, including energy efficiency and demand response. If participation in a program is less than anticipated, the utility has the opportunity to respond by modifying the program. This annual review mechanism would therefore alert the Commission if a utility were not meeting its conservation goals and allow steps to be taken to adjust as necessary.

At this time, while FPL has noted its use of this metric in several dockets before the Commission, the utility has not requested approval to use this metric or its value, nor does the Commission's suitability finding of FPL's 2014 Ten-Year Site Plan constitute approval. The Commission will have an opportunity to review FPL's proposed metric if it becomes a controlling factor for a determination of need of a new electrical power plant.

Generation Resources

FPL plans multiple unit retirements and additions during the planning period, as described below in Table 14. Three dozen of the retirements are small natural gas-fired combustion turbines used as peakers, to be replaced by five new units that will offer superior efficiency and emissions profiles. FPL's 2014 Ten-Year Site Plan includes the acquisition of Vero Beach's generating units, which are all planned for retirement by 2018. Lastly, FPL is converting Turkey Point 1 to operate as a synchronous condenser to support the transmission system in South Florida.

In addition to the peaking units discussed above, FPL included the addition of three new natural gas-fired combined cycle units and two new nuclear steam units. Only one of the combined cycles has yet to receive a determination of need from the Commission, with a filing anticipated sometime during 2015.

Table 14: FPL Unit Retirements and Additions

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
Retiring Units					
Oil					
2017	Turkey Point 1	Steam	396	398	Synchronous Condenser
Natural Gas					
2015	Municipal Plant 1 & 3-4	Steam	94	98	From Vero Beach
2015	Putnam 1 & 2	Combined Cycle	498	529	
2018	Lauderdale 1-24	Combustion Turbine	840	917	
2018	Port Everglades 1-12	Combustion Turbine	420	458	
2018	Municipal Plant 2&5	Combined Cycle	44	46	From Vero Beach
New Units					
Natural Gas					
2014	Riviera Beach Energy Center	Combined Cycle	1,212	1,344	In Service
2016	Port Everglades Modernization	Combined Cycle	1,237	1,346	Previously Approved
2019	Unsited Combined Cycle	Combined Cycle	1,269	1,429	Requires Approval
2019	Lauderdale CT1-5	Combustion Turbine	1,005	1,000	
Nuclear					
2022	Turkey Point 6	Steam	1,100	1,100	Previously Approved
2023	Turkey Point 7	Steam	1,100	1,100	Previously Approved

Source: 2014 Ten-Year Site Plan and Data Responses

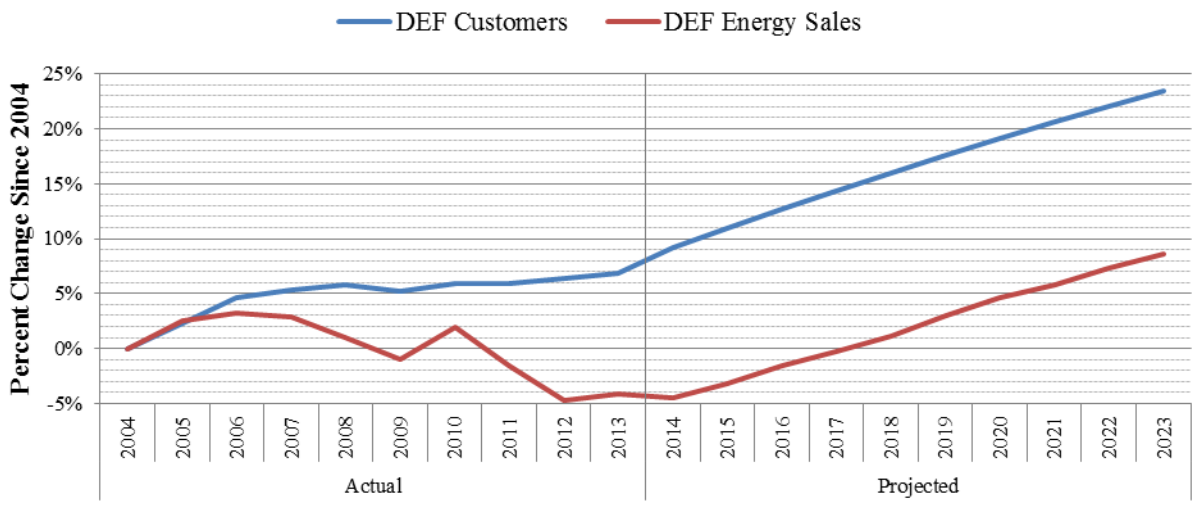
Duke Energy Florida, Inc. (DEF)

DEF is an investor-owned utility and Florida's second largest electric utility. The utility's service territory is within the FRCC region and is primarily in central and west central Florida. As an investor-owned utility, the Commission has regulatory authority over all aspects of operations, including rates, reliability, and safety. Pursuant to Section 186.801(2), F.S., the Commission finds DEF's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, DEF had approximately 1,657,000 customers and annual retail energy sales of 36,616 GWh, or approximately 16.9 percent of Florida's annual retail energy sales. Figure 21, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, DEF's customer base has increased by 6.88 percent, while retail sales have declined by 4.13 percent. As illustrated below, retail energy sales are anticipated to exceed the historic 2006 peak by 2020, three years later than the state as a whole.

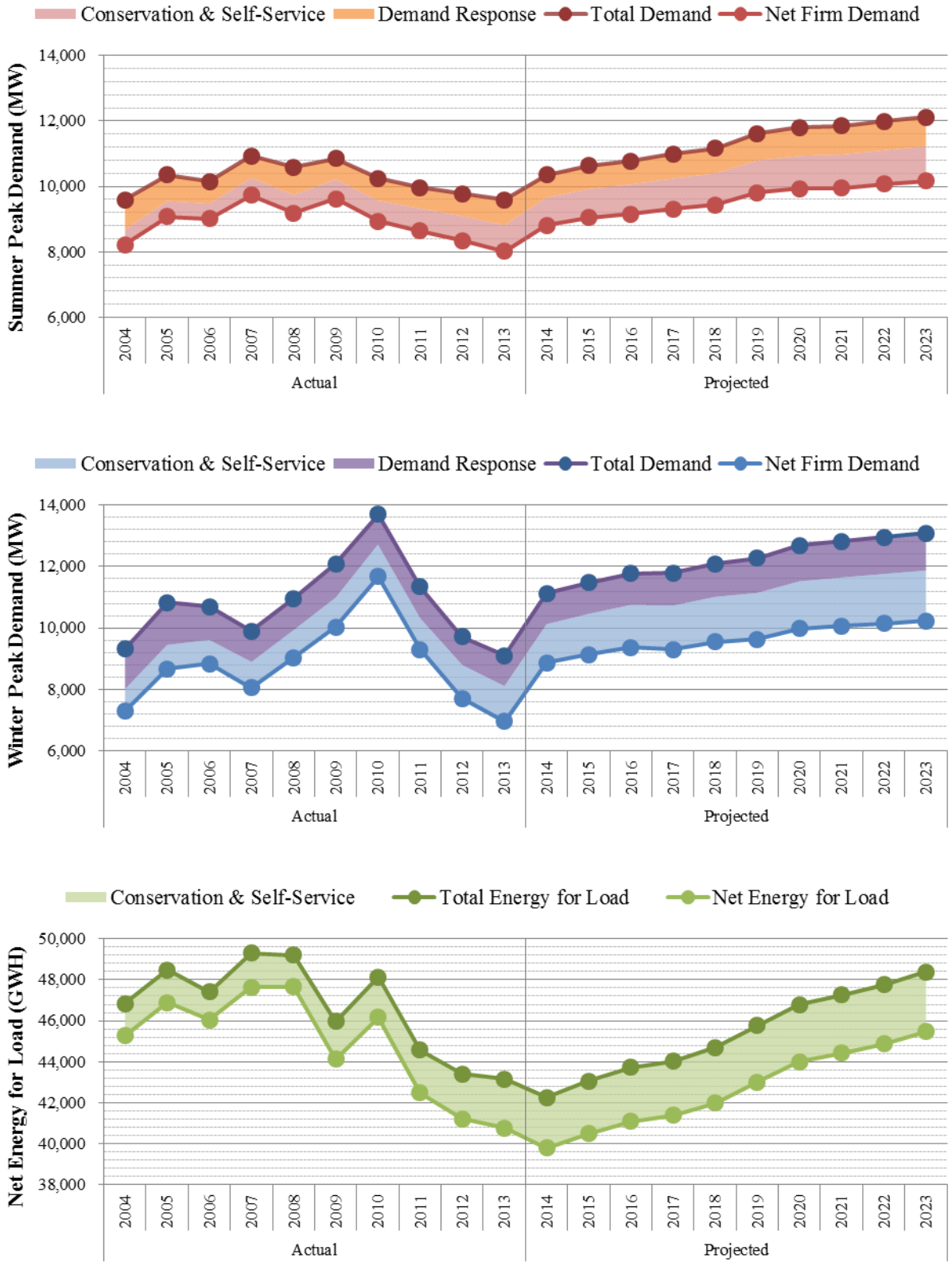
Figure 21: DEF Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 22 show, DEF's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the full impact of demand-side management, and assume that all available demand response resources were or will be activated during the seasonal peak. Historically, demand response has not been activated during seasonal peak demand excluding extreme weather events. As an investor-owned utility, DEF is subject to FEECA and currently offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. DEF based its estimated conservation values off of its existing demand-side management portfolio. The utility's 2015 Ten-Year Site Plan should include revised values that would reflect the Commission's decision in the currently open FEECA goal-setting docket.

Figure 22: DEF Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

Fuel Diversity

Table 15 below shows, DEF's actual net energy for load by fuel type as of 2014 and the projected fuel mix for 2023. DEF relies primarily upon natural gas and coal for energy generation, making up approximately 80 percent of net energy for load. DEF plans to substantially reduce coal usage over the planning period, but coal usage will be greater than all other energy types excluding natural gas.

Table 15: DEF Energy Consumption by Fuel Type

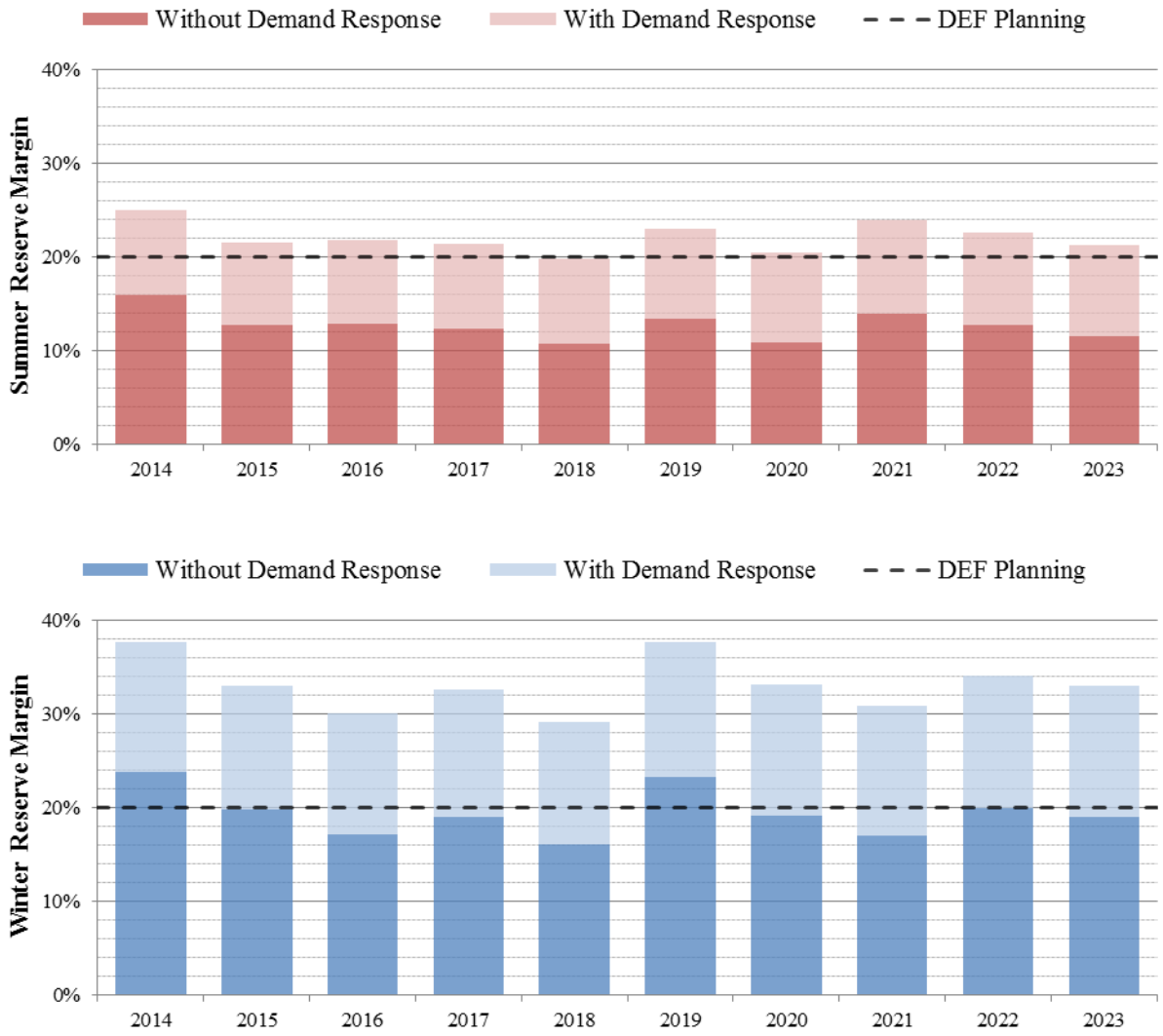
Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	23,061	**56.6%**	35,370	**77.8%**
Coal	10,577	**25.9%**	6,585	**14.5%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	220	**0.5%**	57	**0.1%**
Renewable	1,132	**2.8%**	1,256	**2.8%**
Interchange	1,409	**3.5%**	687	**1.5%**
NUG & Other	4,373	**10.7%**	1,505	**3.3%**
Total	**40,772**		**45,459**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

Since 1999, DEF has utilized a 20 percent planning reserve margin criterion. Figure 23 below, displays the forecast planning reserve margin for DEF through the planning period for both seasons, with and without the use of demand response. As shown in the figure, DEF's generation needs are controlled by its summer peaking throughout the planning period. While the utility's summer planning reserve margin dips below 20 percent in 2018, the deficiency is only 19.6 MW and is anticipated to be resolved by 2019.

Figure 23: DEF Reserve Margin Forecast



Source: 2014 Ten-Year Site Plan

Generation Resources

DEF plans multiple unit retirements and additions during the planning period, as described below in Table 16. DEF's 2014 Ten-Year Site Plan includes the retirement of the coal-fired Crystal River Units 1 and 2, to be replaced by a pair of natural gas-fired combined cycle units. DEF's Plan also includes the addition of two combustion turbines at the Suwannee River plant site, but this is subject to change based upon the outcome of a potential purchase of merchant capacity.

In addition to the units discussed above, DEF includes the retirement of five oil-fired units and eight natural gas-fired units at multiple power plant sites. An additional new combined cycle is planned for 2021 which will require a determination of need from the Commission

Table 16: DEF Unit Retirements and Additions

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
Retiring Units					
Coal					
2018	Crystal River 1 & 2	Steam	740	743	
Oil					
2014	G. E. Turner P3	Combustion Turbine	53	77	
2016	Avon Park P2	Combustion Turbine	24	35	
2016	Rio Pinar P1	Combustion Turbine	12	15	
2016	G. E. Turner P1&2	Combustion Turbine	20	26	
Natural Gas					
2016	Avon Park	Combustion Turbine	24	35	
2018	Suwannee River 1-3	Steam	128	129	
2020	Higgins P1-4	Combustion Turbine	105	116	
New Units					
Natural Gas					
2016	Suwannee River	Combustion Turbine	316	375	Docket No. 140111-EI
2018	Citrus Combined Cycle	Combined Cycle	1,640	1,820	Docket No. 140110-EI
2021	Unsited Combined Cycle	Combined Cycle	793	866	Requires Approval

Source: 2014 Ten-Year Site Plan

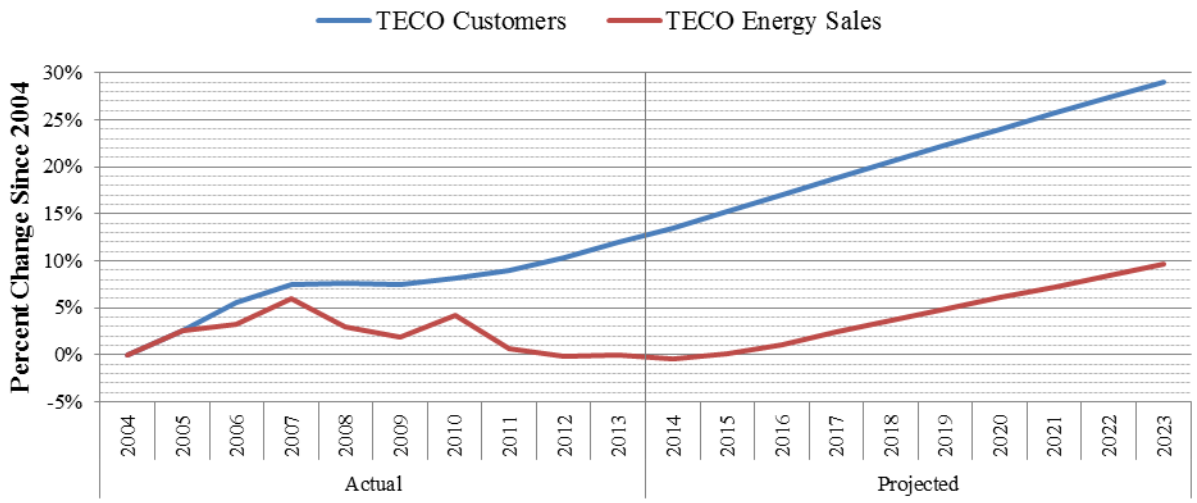
Tampa Electric Company (TECO)

TECO is an investor-owned utility and Florida's third largest electric utility. The utility's service territory is within the FRCC region and consists primarily of the Tampa metropolitan area. As an investor-owned utility, the Commission has regulatory authority over all aspects of operations, including rates, reliability, and safety. Pursuant to Section 186.801(2), F.S., the Commission finds TECO's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, TECO had approximately 695,000 customers and annual retail energy sales of 18,418 GWh, or approximately 8.5 percent of Florida's annual retail energy sales. Figure 24 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, TECO's customer base has increased by 12.01 percent, while retail sales have declined by 0.10 percent. As illustrated below, retail energy sales are anticipated to exceed the historic 2007 peak by 2020, three years later than the state as a whole.

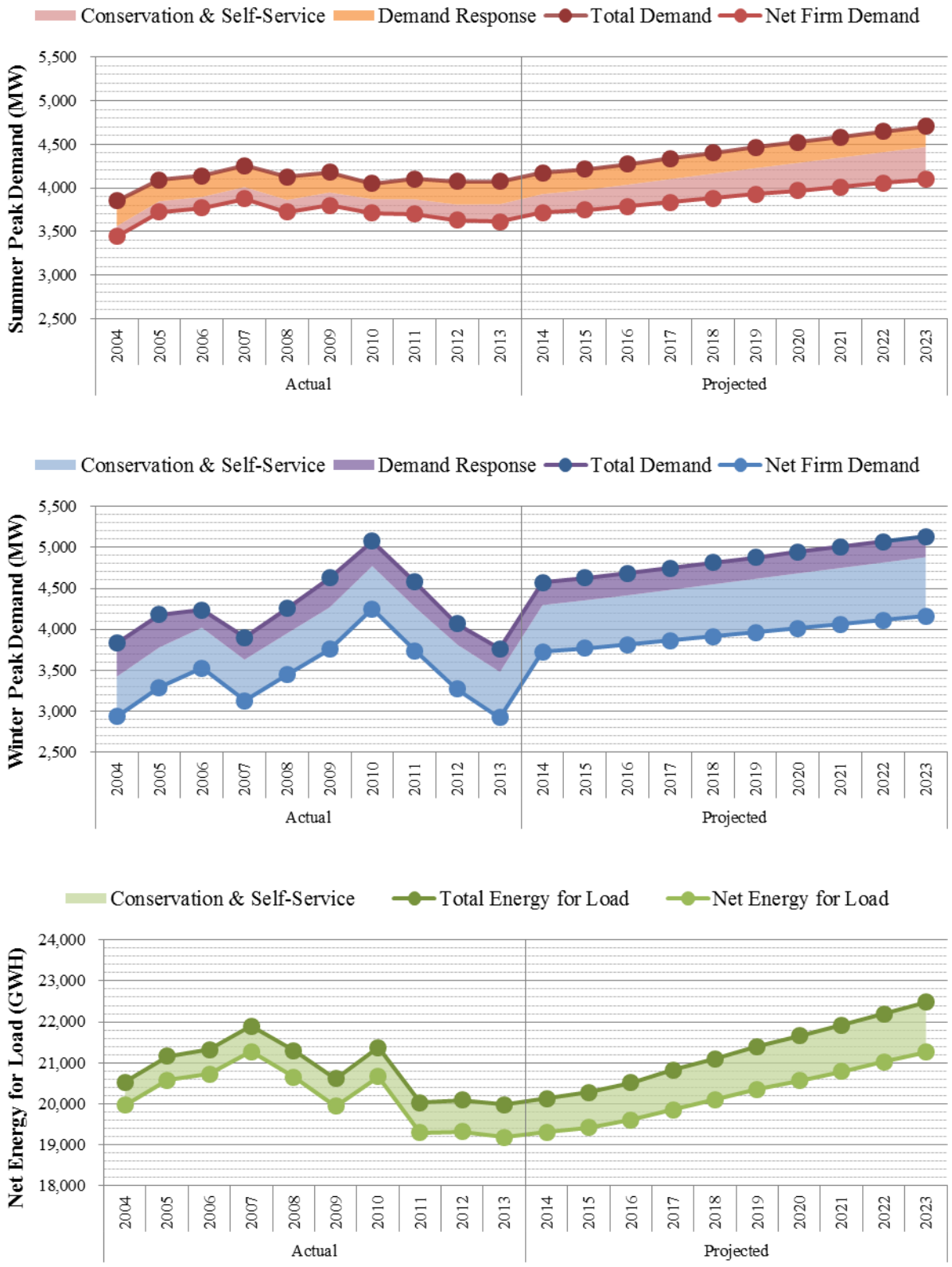
Figure 24: TECO Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 25 below shows, TECO's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the full impact of demand-side management, and assume that all available demand response resources were or will be activated during the seasonal peak. Historically, demand response has not been activated during seasonal peak demand excluding extreme weather events.

Figure 25: TECO Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

As an investor-owned utility, TECO is subject to FEECA and currently offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. The utility's 2015 Ten-Year Site Plan should include revised values that would reflect the Commission's decision in the currently open FEECA goal-setting docket.

Fuel Diversity

Table 17 below, shows TECO's actual net energy for load by fuel type as of 2014 and the projected fuel mix for 2023. TECO uses coal for a majority of energy generation, and based on the 2014 Ten-Year Site Plan, energy from coal is anticipated to be equal to all other sources combined. Natural gas is the second largest source of energy for the utility, at approximately 40 percent of net energy for load.

Table 17: TECO Energy Consumption by Fuel Type

Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	7,601	**39.6%**	9,009	**42.4%**
Coal	9,647	**50.3%**	10,650	**50.1%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	8	**0.0%**	0	**0.0%**
Renewable	0	**0.0%**	0	**0.0%**
Interchange	200	**1.0%**	0	**0.0%**
NUG & Other	1,720	**9.0%**	1,604	**7.5%**
Total	**19,177**		**21,263**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

Since 1999, TECO has utilized a 20 percent planning reserve margin criterion. TECO also elects to maintain a minimum supply-side reserve margin of 7 percent. Figure 26 below, displays the forecast planning reserve margin for TECO through the planning period for both seasons, with and without the use of demand response. As shown in the figure, TECO's generation needs are controlled by its summer peaking throughout the planning period.

Figure 26: TECO Reserve Margin Forecast

Source: 2014 Ten-Year Site Plan

Generation Resources

TECO plans a pair of unit additions during the planning period, as described below in Table 18. TECO plans to convert a set of four natural gas-fired simple cycle combustion turbines at its Polk power plant to combined cycle operation. The additional capacity associated with the modernization is listed below, and has already been certified through the Power Plant Siting Act. TECO also plans the addition of a peaking unit, a natural gas-fired combustion turbine in 2020.

Table 18: TECO Unit Additions

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
New Units					
Natural Gas					
2017	Polk CC Conversion	Combined Cycle	459	463	Previously Approved
2020	Future CT1	Combustion Turbine	190	220	

Source: 2014 Ten-Year Site Plan

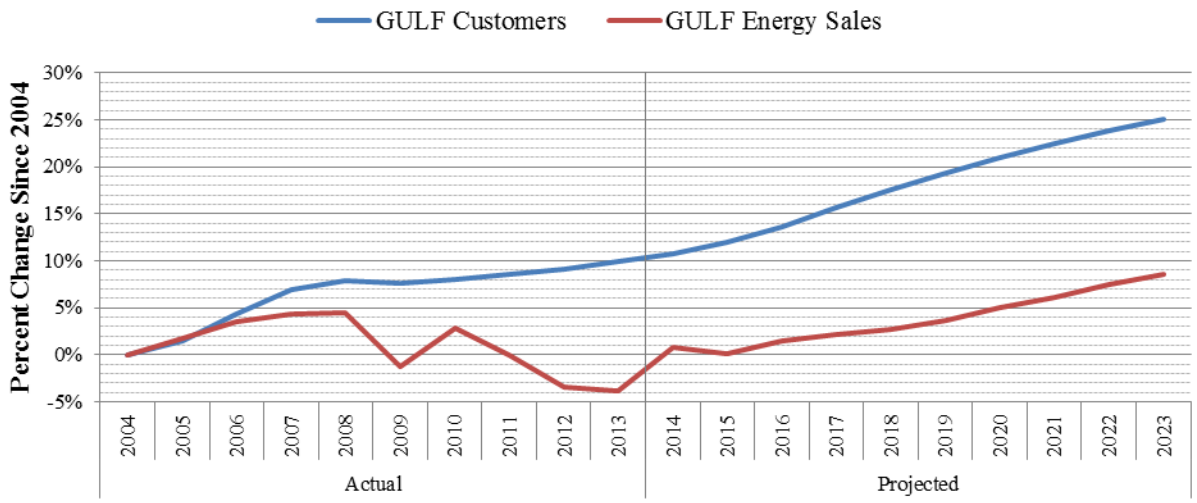
Gulf Power Company (GPC)

GPC is an investor owned utility, and is Florida's sixth largest electric utility. It represents the smallest of the generating investor-owned utilities, and the only one inside the Southern Company electric system. As GPC plans and operates its system in conjunction with the other Southern Company utilities, not all of the energy generated by GPC is consumed within Florida. As an investor-owned utility, the Commission has regulatory authority over all aspects of operations, including rates, reliability, and safety. Pursuant to Section 186.801(2), F.S., the Commission finds GPC's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, GPC had approximately 438,000 customers and annual retail energy sales of 10,620 GWh, or approximately 4.9 percent of Florida's annual retail energy sales. Figure 27 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, GPC's customer base has increased by 9.90 percent, while retail sales have declined by 3.86 percent. As illustrated below, retail energy sales are anticipated to exceed the historic 2008 peak by 2020, three years later than the state as a whole.

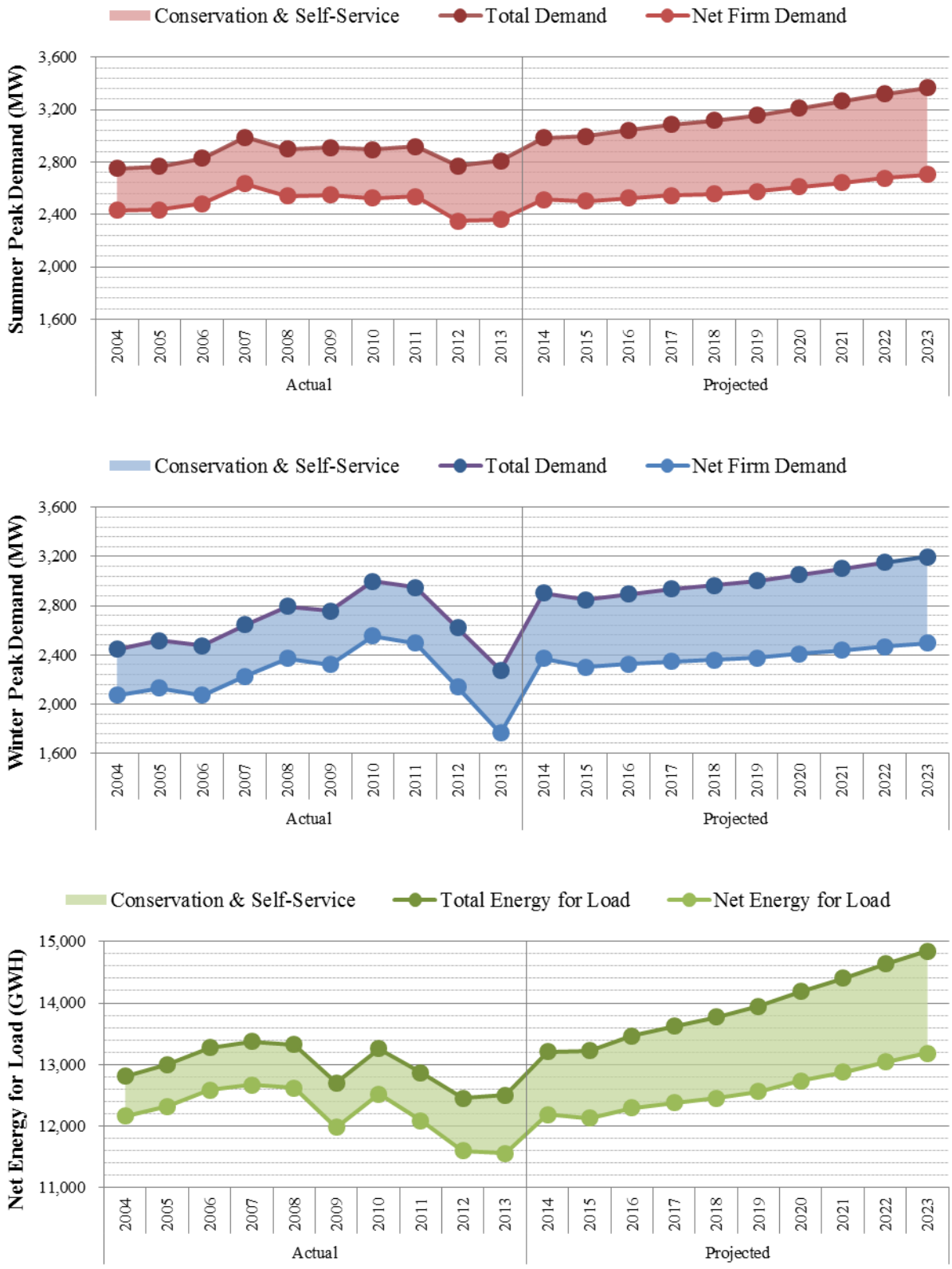
Figure 27: GPC Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 28 below shows, GPC's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the full impact of demand-side management.

Figure 28: GPC Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

As an investor-owned utility, GPC is subject to FEECA and currently offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. The utility's 2015 Ten-Year Site Plan should include revised values that would reflect the Commission's decision in the currently open FEECA goal-setting docket.

Fuel Diversity

Table 19 below, shows GPC's actual net energy for load by fuel type as of 2013, and the projected fuel mix for 2023. GPC is an energy exporter, producing over a quarter more energy than it requires for native load. While natural gas was the dominant fuel source in 2013, coal made up approximately half of energy produced. By 2023, GPC's 2014 Ten-Year Site Plan projects a decline in sales to only 11.1 percent of native load, with coal representing approximately 70 percent of system energy. GPC projects a greater percent of energy consumption from coal in 2023 than any other investor-owned utility and all but two other TYSP Utilities, JEA and OUC.

Table 19: GPC Energy Consumption by Fuel Type

Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	8,834	**76.5%**	5,258	**39.9%**
Coal	5,601	**48.5%**	9,078	**68.9%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	1	**0.0%**	1	**0.0%**
Renewable	0	**0.0%**	0	**0.0%**
Interchange	-3,174	**-27.5%**	-1,469	**-11.1%**
NUG & Other	290	**2.5%**	311	**2.4%**
Total	**11,552**		**13,179**	

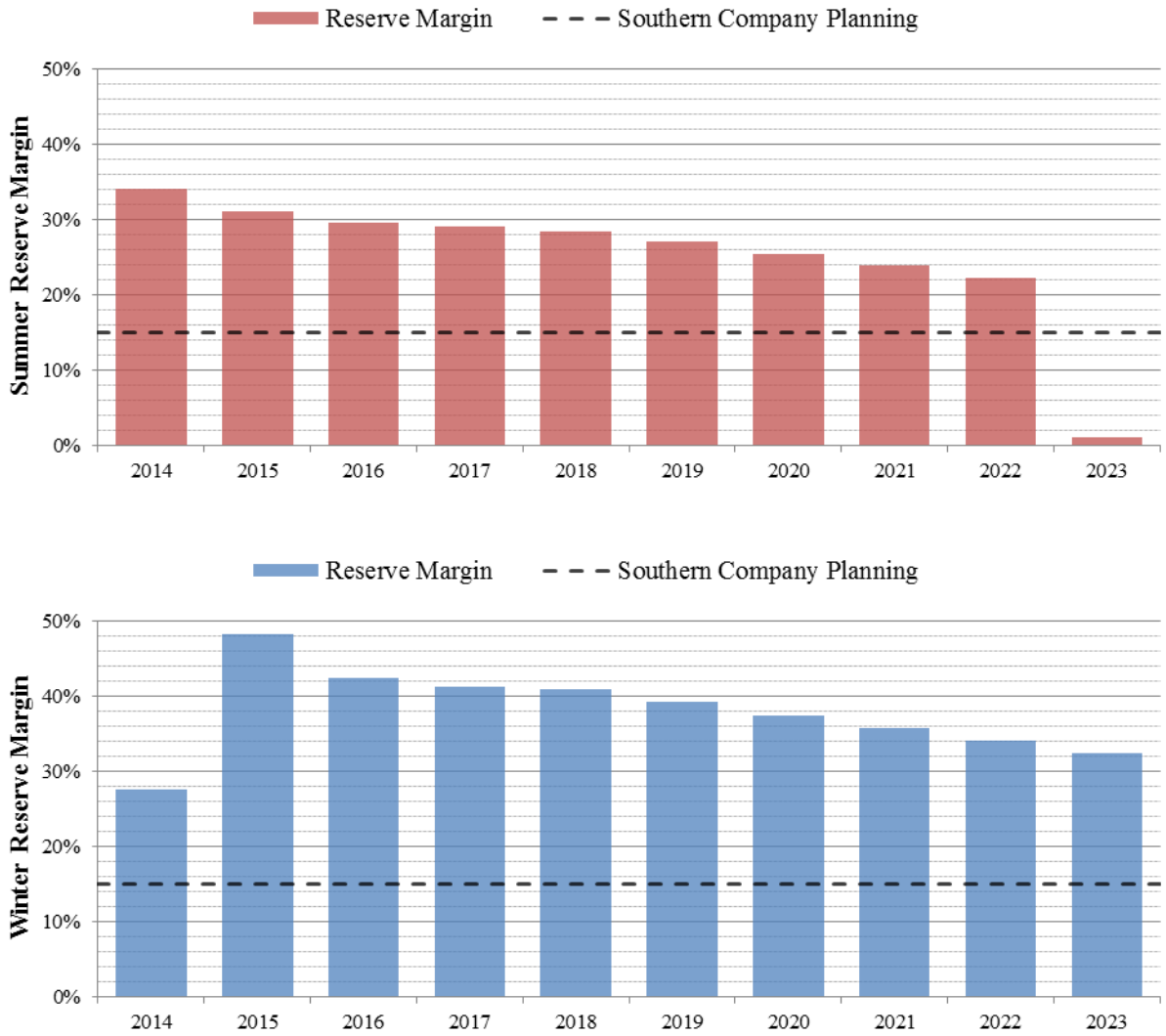
Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

As previously noted, GPC is the only Ten-Year Site Plan Utility outside of the FRCC region. As part of Southern Company's electric system, GPC plans to maintain a 15 percent seasonal planning reserve margin beginning in 2017. Figure 29 below, displays the forecast planning reserve margin for GPC through the planning period for both seasons, including the impact of energy efficiency programs. As shown in the figure, GPC's generation needs are typically determined by its summer peak, but in 2014 the winter peak is the controlling factor. Notably, GPC's 2014 Ten-Year Site Plan projects a low reserve margin for its summer 2023 period, with a reserve margin of only 1.1 percent. The decline in reserve margin is associated with the expiration of a purchased power agreement of approximately 885 MW of natural gas-fired generation in June 2023. It is anticipated that GPC would either construct additional generation

beyond the units identified above or contract for purchased power to meet its planning reserve requirement in 2023.

Figure 29: GPC Reserve Margin Forecast



Source: 2014 Ten-Year Site Plan

Generation Resources

GPC plans multiple unit retirements and additions during the planning period, as described below in Table 20. A pair of coal-fired steam units and three natural gas-fired combustion turbines would be retired during the planning period. Based on its 2014 Ten-Year Site Plan, GPC plans to add a single natural gas-fired combustion turbine in 2023, after the expiration of a purchased power agreement expires. In addition, GPC plans on the addition of utility-owned renewable generation from a landfill gas-fired internal combustion unit, which would provide firm capacity.

Table 20: GPC Unit Retirements and Additions

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
Retiring Units					
Coal					
2015	Scholz 1 & 2	Steam	92	92	
Natural Gas					
2018	Pea Ridge 1-3	Combustion Turbine	12	15	
New Units					
Natural Gas					
2023	Unsited CT	Combustion Turbine	349	360	
Landfill Gas					
2015	Perdido	Internal Combustion	2	2	

Source: 2014 Ten-Year Site Plan

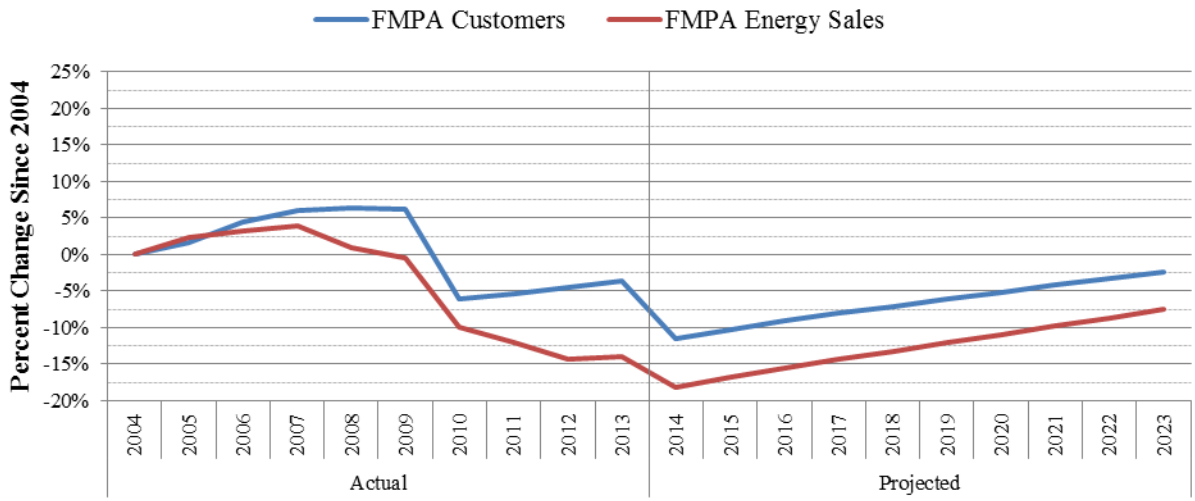
Florida Municipal Power Agency (FMPA)

FMPA is a governmental wholesale power company owned by several Florida municipal utilities throughout Florida. Collectively, FMPA is Florida's eighth largest electric utility and third largest municipal electric utility. While FMPA has 31 member systems, only those members who are participants of the All-Requirements Power Supply Project (ARP) are addressed in the utility's Ten-Year Site Plan. FMPA is responsible for planning activities associated with ARP member systems. As a municipal utility, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds FMPA's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

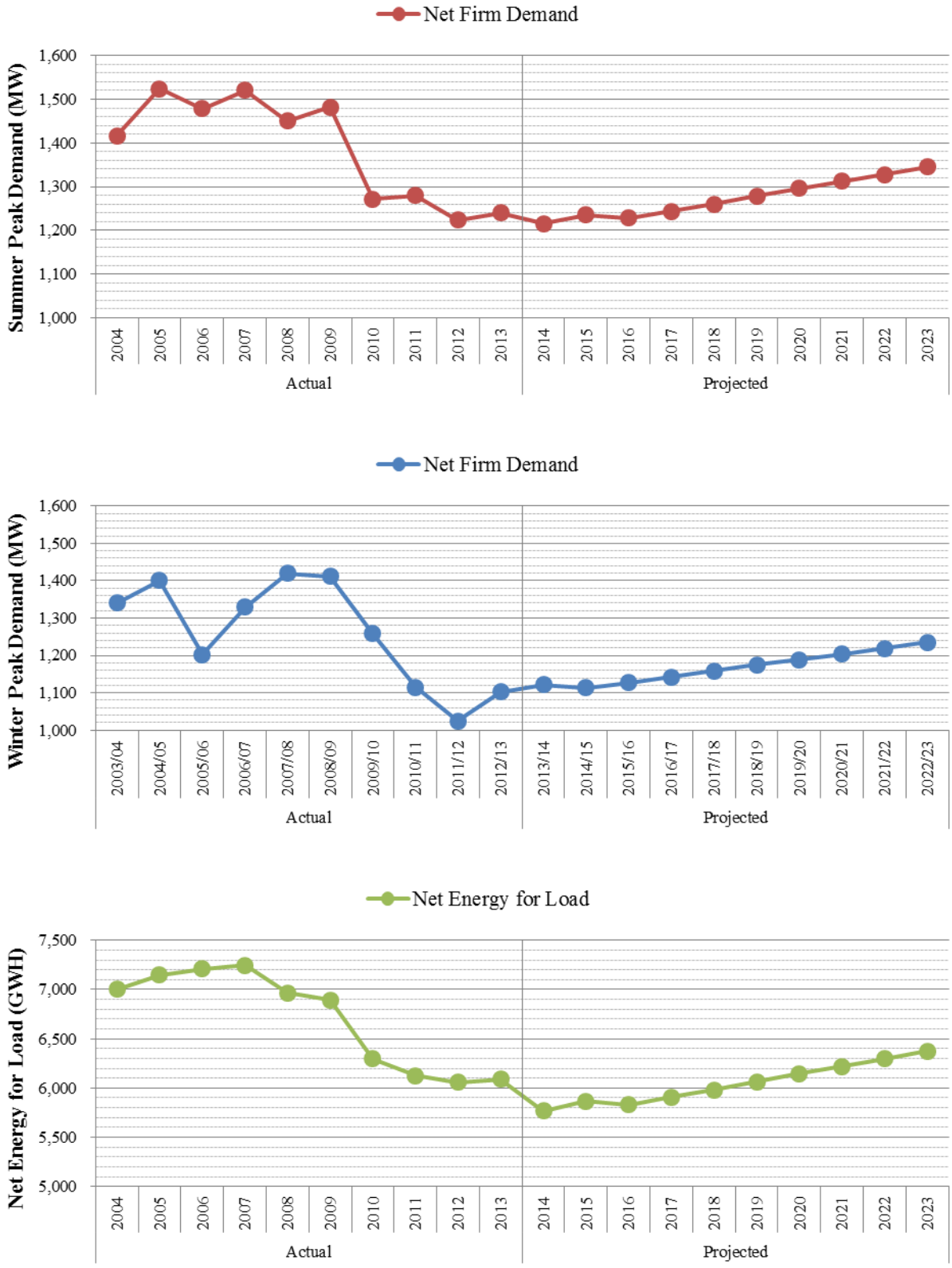
In 2013, FMPA had approximately 267,000 customers and annual retail energy sales of 5,688 GWh, or approximately 2.6 percent of Florida's annual retail energy sales. Figure 30 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, FMPA's customer base has decreased by 3.68 percent, while retail sales have decreased by 14.04 percent. As illustrated below, retail energy sales are not anticipated to exceed the historic 2007 peak during the planning period, and will, in fact, be below 2004 retail energy sale levels by 7.56 percent. The reduction in sales is associated with several ARP member systems modifying their contractual agreements with FMPA, such that FMPA no longer provides for the system's capacity and energy needs. Those member systems modifying agreements include the City of Vero Beach in 2010, the City of Lake Worth in 2014, and the City of Fort Meade in 2015.

Figure 30: FMPA Growth Rate



Source: 2014 Ten-Year Site Plan

Figure 31: FMPA Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

The three graphs in Figure 31 above, shows FMPA's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. As FMPA is a wholesale power company, it does not directly engage in energy efficiency or demand response programs. ARP member systems do offer demand-side management programs, the impacts of which are included in the graphs below.

Fuel Diversity

Table 21 below, shows FMPA's actual net energy for load by fuel type as of 2014 and the projected fuel mix for 2023. FMPA uses natural gas as its primary fuel, supplemented by coal and nuclear generation. FMPA projects an increase in purchased power and energy from coal in 2023, but 70 percent of energy would still be sourced from natural gas and nuclear.

Table 21: FMPA Energy Consumption by Fuel Type

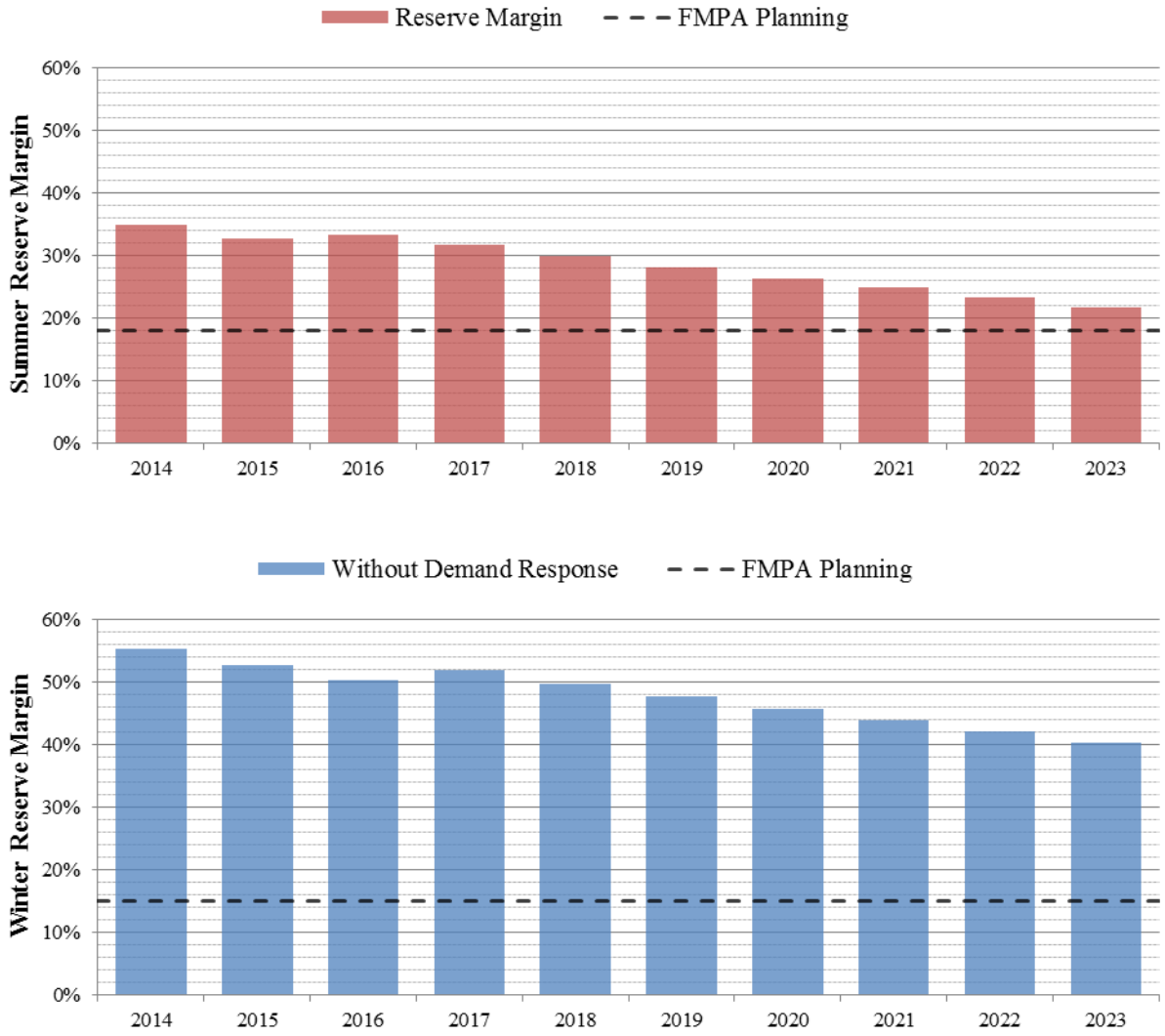
Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	4,527	**73.8%**	4,336	**66.8%**
Coal	734	**12.0%**	960	**14.8%**
Nuclear	618	**10.1%**	287	**4.4%**
Oil	2	**0.0%**	1	**0.0%**
Renewable	46	**0.8%**	23	**0.4%**
Interchange	0	**0.0%**	0	**0.0%**
NUG & Other	206	**3.4%**	881	**13.6%**
Total	**6,133**		**6,488**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

FMPA utilizes an 18 percent planning reserve margin criterion for summer peak demand, and a 15 percent planning reserve margin criterion for winter peak demand. Figure 32 below, displays the forecast planning reserve margin for FMPA through the planning period for both seasons, with the impact of energy efficiency programs. As shown in the figure, FMPA's generation needs are controlled by its summer peak throughout the planning period.

Figure 32: FMPA Reserve Margin Forecast



Source: 2014 Ten-Year Site Plan

Generation Resources

FMPA plans no unit additions or retirements during the planning period. However, as discussed above, several ARP member systems have elected to modify their contractual agreements with FMPA, such that FMPA no longer utilizes the member system's generation resources.

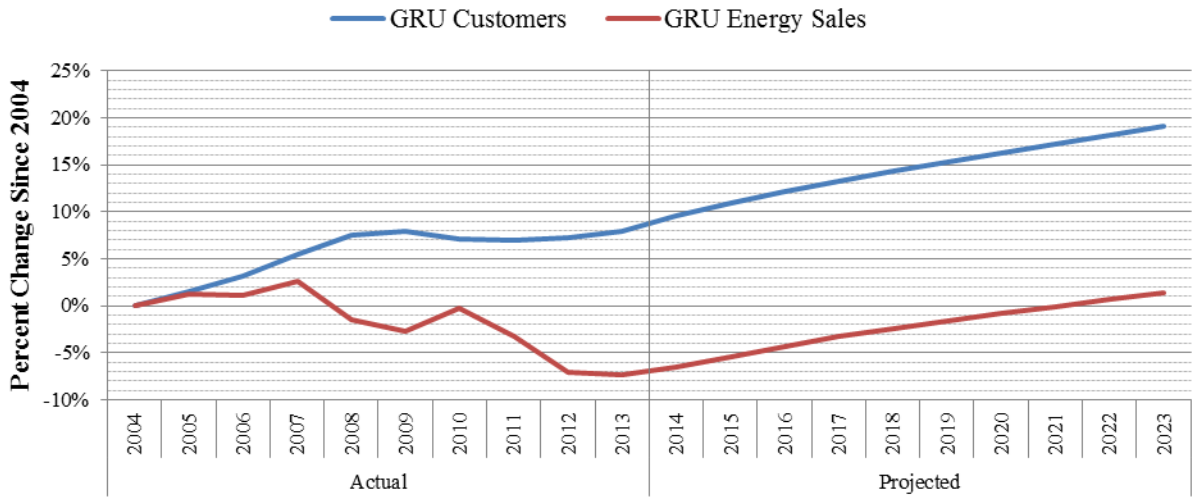
Gainesville Regional Utilities (GRU)

GRU is a municipal utility and the smallest electric utility required to file a Ten-Year Site Plan. The utility's service territory is within the FRCC region and consists of the City of Gainesville and its surrounding area. GRU also provides wholesale power to the City of Alachua and Clay Electric Cooperative. As a municipal utility, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds GRU's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, GRU had approximately 93,000 customers and annual retail energy sales of 1,694 GWh, or approximately 0.8 percent of Florida's annual retail energy sales. Figure 33 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, GRU's customer base has increased by 7.96 percent, while retail sales have decreased by 7.41 percent. As illustrated below, retail energy sales are not anticipated to exceed their historic 2007 peak during the planning period.

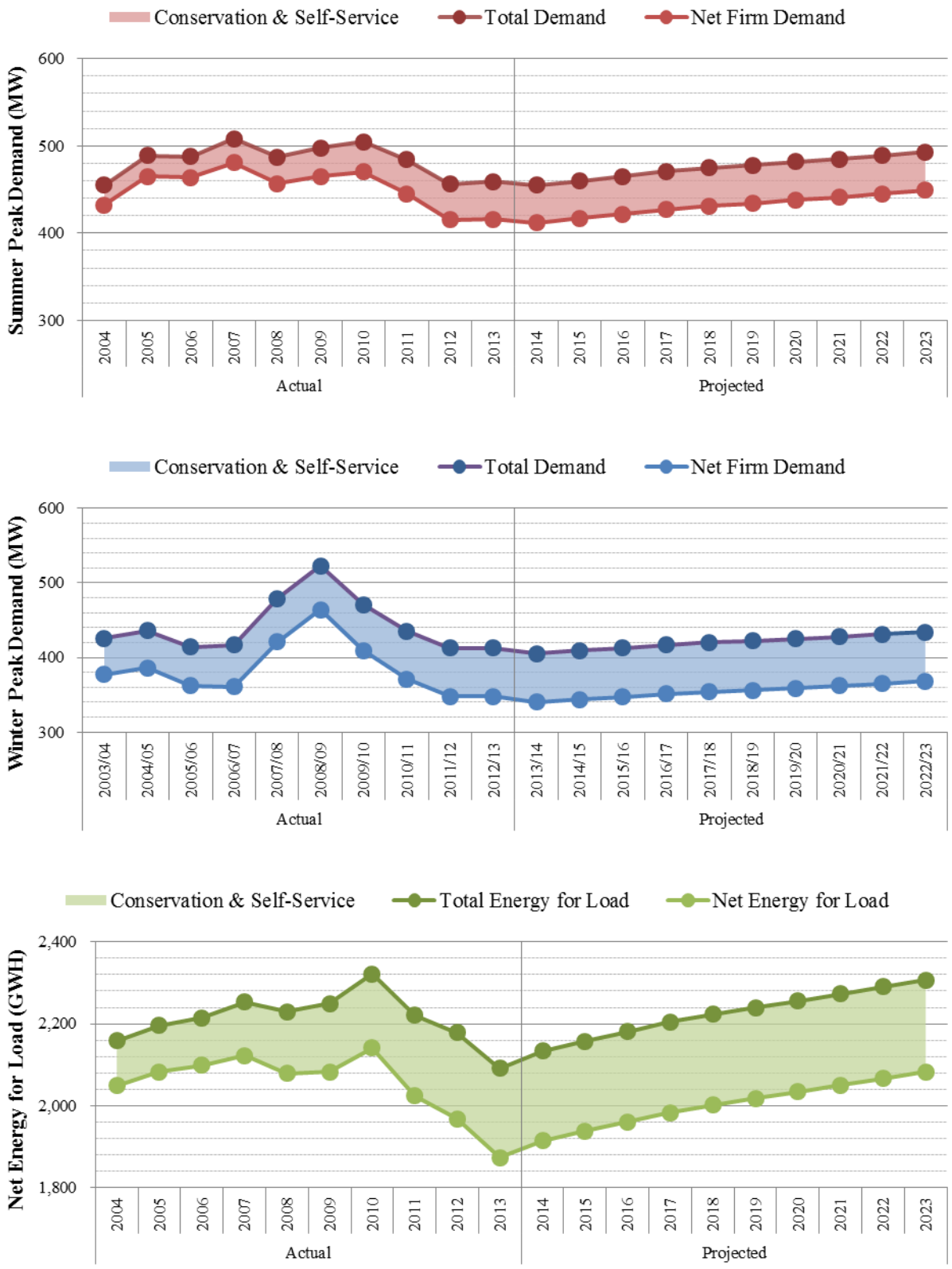
Figure 33: GRU Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 34 below, shows GRU's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. GRU engages in multiple energy efficiency programs to reduce customer peak demand and annual energy for load. The graphs in Figure 34 include the impact of these demand-side management programs.

Figure 34: GRU Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

Fuel Diversity

Table 22 below, shows GRU's actual net energy for load by fuel type as of 2013 and the projected fuel mix for 2023. In 2013, natural gas and coal were approximately equal in terms of contribution to net energy for load, with the remaining energy split between renewable generation and non-utility generators. By 2023, GRU projects a decline in natural gas and an increase in renewable energy to over 40 percent of net energy for load. This increase in renewables is primarily associated with the Gainesville Renewable Energy Center, a biomass facility that GRU has a long-term purchased power agreement with for approximately 100 MW of firm capacity and energy.

Table 22: GRU Energy Consumption by Fuel Type

Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	696	**37.1%**	426	**20.5%**
Coal	626	**33.4%**	756	**36.3%**
Nuclear	81	**4.3%**	0	**0.0%**
Oil	0	**0.0%**	0	**0.0%**
Renewable	215	**11.5%**	901	**43.3%**
Interchange	0	**0.0%**	0	**0.0%**
NUG & Other	255	**13.6%**	0	**0.0%**
Total	**1,873**		**2,083**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

GRU utilizes a 15 percent planning reserve margin criterion for seasonal peak demand. Figure 35 below, displays the forecast planning reserve margin for GRU through the planning period for both seasons, including the impacts of demand-side management. As shown in the figure, GRU's generation needs are controlled by its summer peak throughout the planning period. As a smaller utility, the reserve margin is an imperfect measure of reliability due to the relatively large impact a single unit may have on reserve margin. For example, GRU's largest single unit, Deerhaven 2, a coal-fired steam unit, represents 56.3 percent of summer net firm peak demand in 2014, almost the entirety of the utility's reserve margin.

Figure 35: GRU Reserve Margin Forecast

Source: 2014 Ten-Year Site Plan

Generation Resources

GRU currently plans to retire a natural gas-fired steam unit towards the end of the planning period, as described below in Table 23. As a smaller utility, single units can have a large impact upon reserve margin, discussed below. GRU does not plan to add additional generating capacity during the planning period.

Table 23: GRU Unit Retirements

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
Retiring Units					
Natural Gas					
2022	Deerhaven	Steam	75	75	

Source: 2014 Ten-Year Site Plan

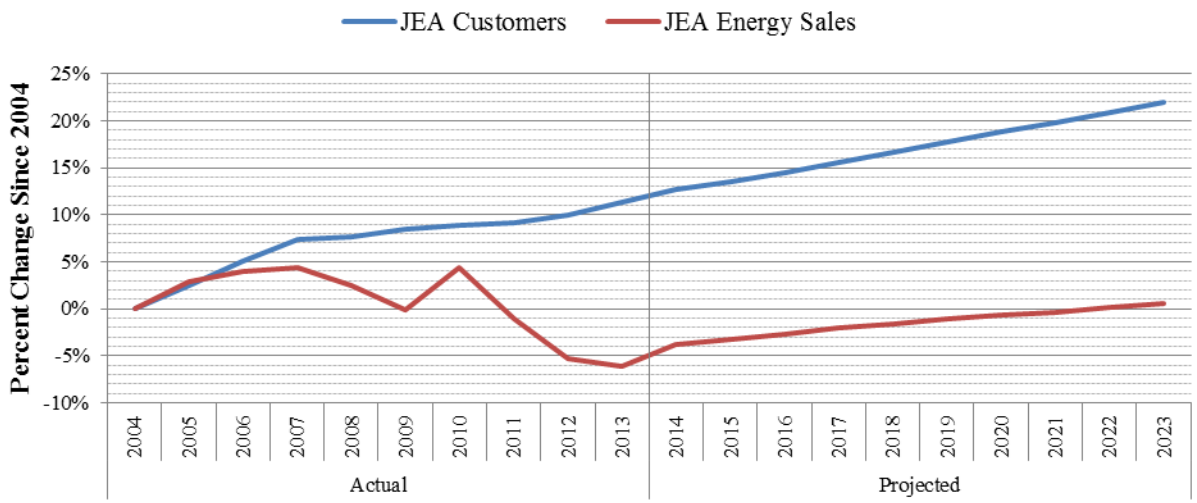
JEA

JEA, formerly known as Jacksonville Electric Authority, is Florida's largest municipal utility and fifth largest electric utility. JEA's service territory is within the FRCC region, and includes all of Duval County as well as portions of Clay and St. Johns Counties. As a municipal utility, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds JEA's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, JEA had approximately 425,000 customers and annual retail energy sales of 11,556 GWh, or approximately 5.3 percent of Florida's annual retail energy sales. Figure 36 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, JEA's customer base has increased by 11.36 percent, while retail sales have declined by 6.14 percent. As illustrated below, JEA exceeded its 2007 peak for retail energy sales in 2010, but does not forecast returning to that level of energy sales during the planning period.

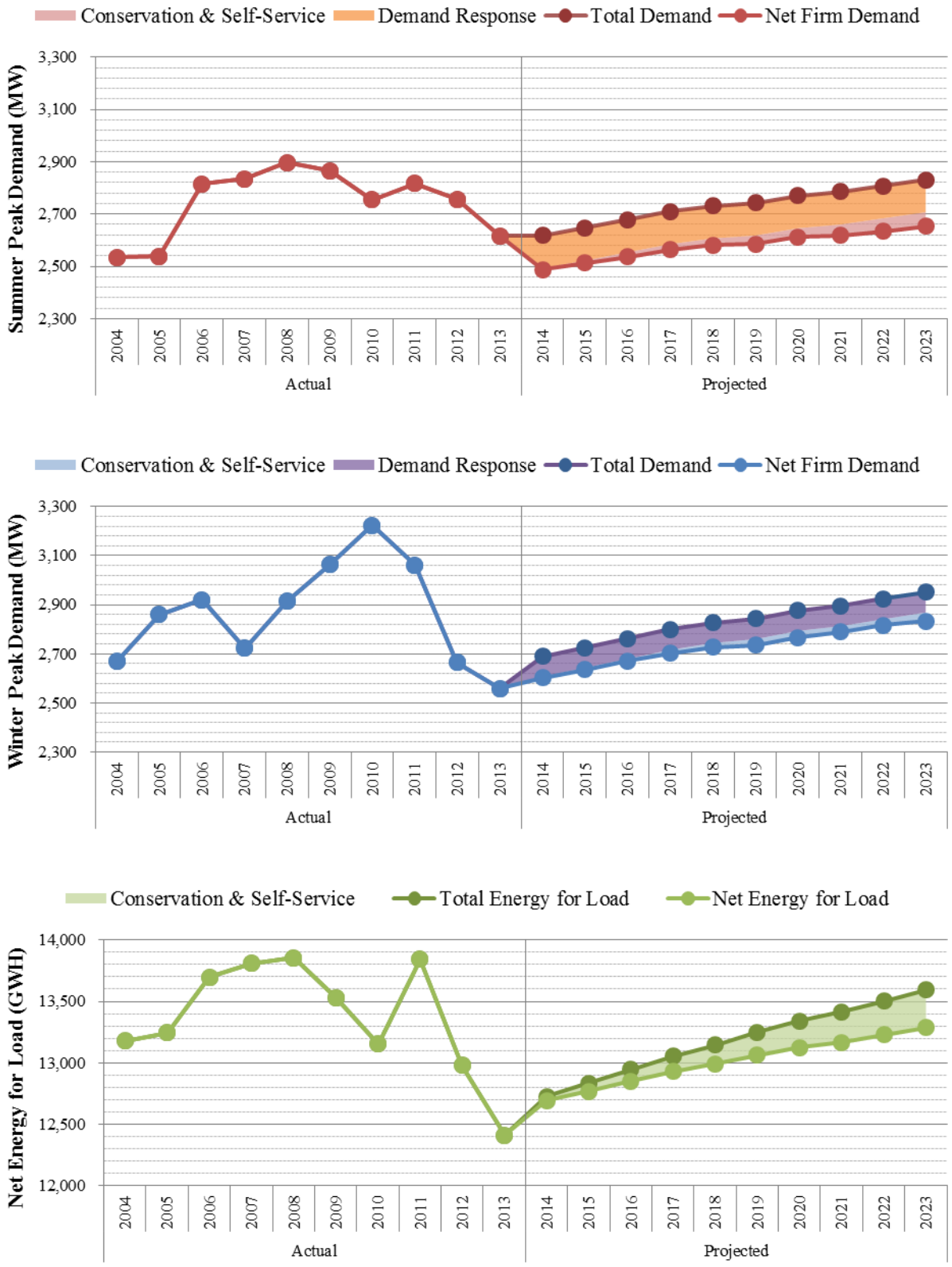
Figure 36: JEA Growth Rate



Source: 2014 Ten-Year Site Plan and 2014 FRCC Load & Resource Plan

The three graphs in Figure 37 below, shows JEA's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the full impact of demand-side management, and assume that all available demand response resources were or will be activated during the seasonal peak.

Figure 37: JEA Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

While a municipal utility, JEA is subject to FEECA and currently offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. The utility's 2015 Ten-Year Site Plan should include revised values that would reflect the Commission's decision in the currently open FEECA goal-setting docket.

Fuel Diversity

Table 24 below, shows JEA's actual net energy for load by fuel type as of 2013 and the projected fuel mix for 2023. In 2013, a majority JEA's net energy for load came from coal and petroleum coke, which is listed in the "NUG & Other" category in Table 24. While the utility plans on eliminating petroleum coke usage over the planning period, JEA projects the highest percent energy consumption from coal in 2023 of the Ten-Year Site Plan utilities, almost doubling its usage of the solid fuel.

Table 24: JEA Energy Consumption by Fuel Type

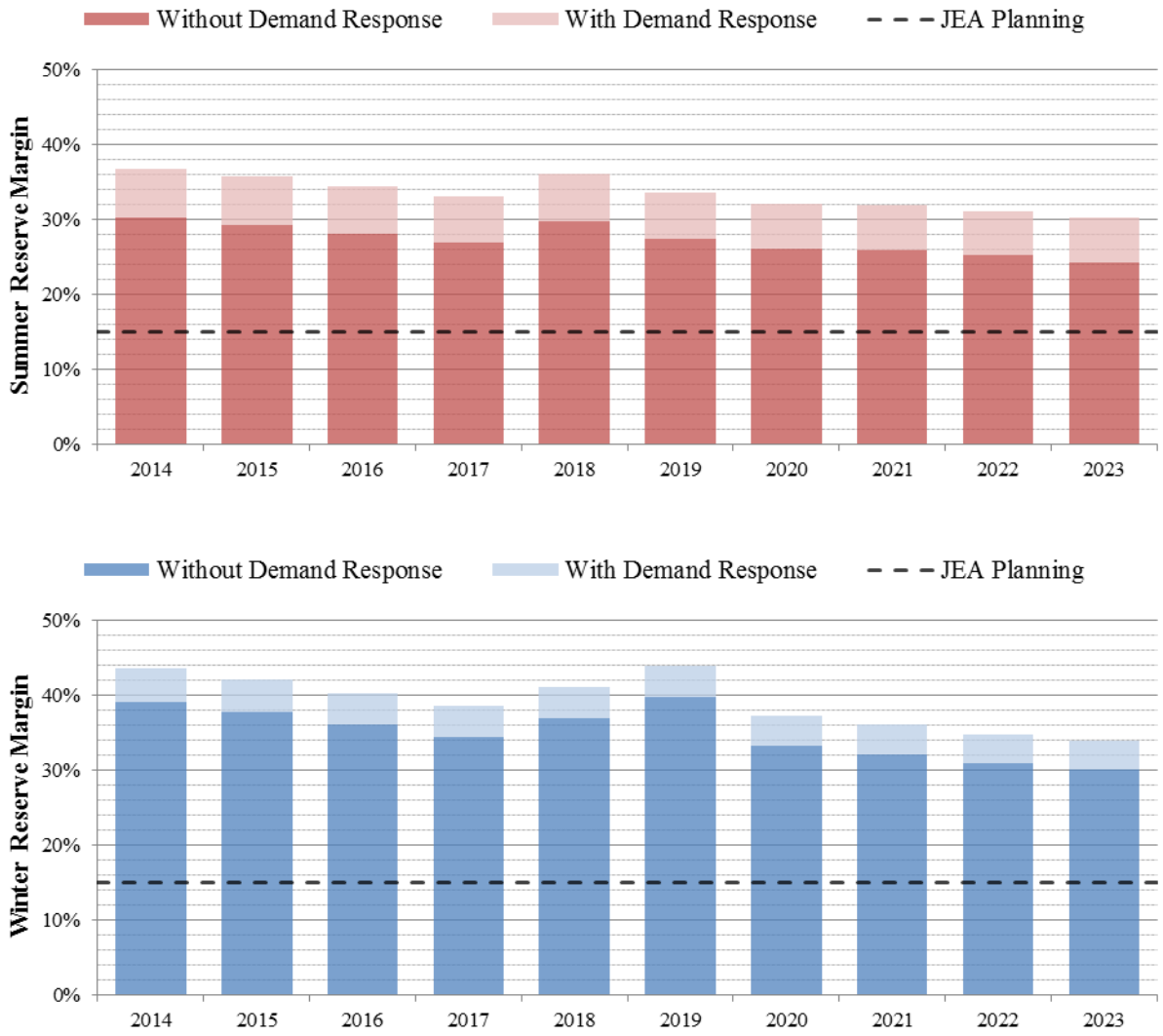
Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	3,890	**31.7%**	1,090	**8.2%**
Coal	5,376	**43.8%**	10,440	**78.6%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	3	**0.0%**	2	**0.0%**
Renewable	92	**0.7%**	101	**0.8%**
Interchange	841	**6.8%**	1,654	**12.4%**
NUG & Other	2,084	**17.0%**	0	**0.0%**
Total	**12,286**		**13,286**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

JEA utilizes a 15 percent planning reserve margin criterion for seasonal peak demand. Figure 38 below, displays the forecast planning reserve margin for JEA through the planning period for both seasons, with and without the use of demand response. As shown in the figure, JEA's generation needs are controlled by its summer peak throughout the planning period.

Figure 38: JEA Reserve Margin Forecast



Source: 2014 Ten-Year Site Plan

Generation Resources

JEA plans to retire a pair of units during the planning period, as described below in Table 25. The Northside Unit 3, a natural gas-fired steam unit is planned for retirement in 2019 based on the utility's Ten-Year Site Plan, but JEA subsequently announced that its retirement would be accelerated to 2015. JEA also has retired its Girvin landfill units due to a decline in gas flows.

Table 25: JEA Unit Retirements

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
Retiring Units					
Natural Gas					
2019	Northside	Steam	524	524	Accelerated to 2015
Landfill Gas					
2014	Girvin Landfill	Internal Combustion	1	1	2014

Source: 2014 Ten-Year Site Plan

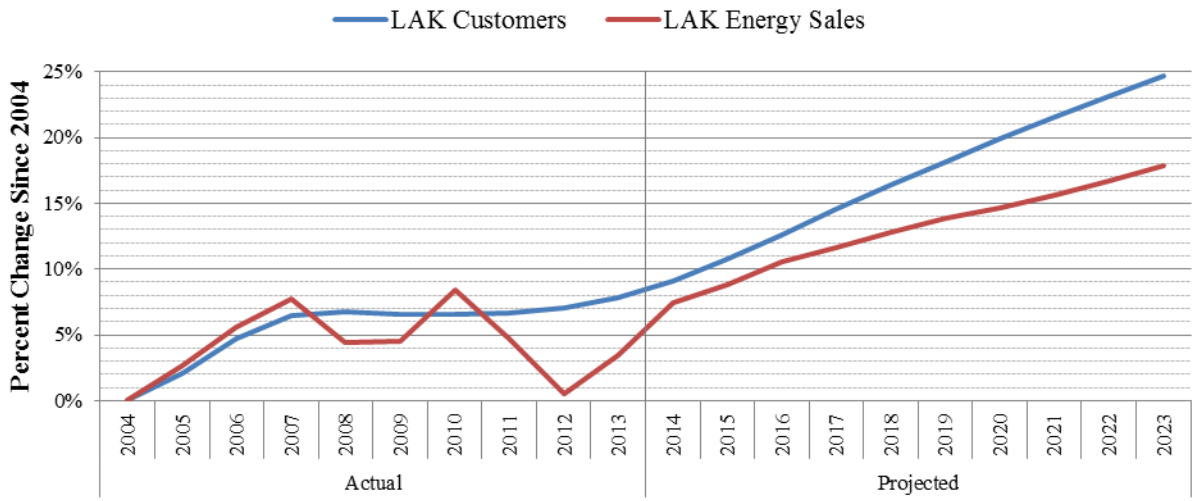
Lakeland Electric (LAK)

LAK is a municipal utility and the state's third smallest electric utility required to file a Ten-Year Site Plan. The utility's service territory is within the FRCC region and consists of the City of Lakeland and surrounding areas. As a municipal utility, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds LAK's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, LAK had approximately 123,000 customers and annual retail energy sales of 2,831 GWh, or approximately 1.3 percent of Florida's annual retail energy sales. Figure 39 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, LAK's customer base has increased by 7.82 percent, while retail sales have grown by 3.47 percent. As illustrated below, retail energy sales exceed their historic 2007 peak in 2010, and are anticipated to again exceed this value in 2015.

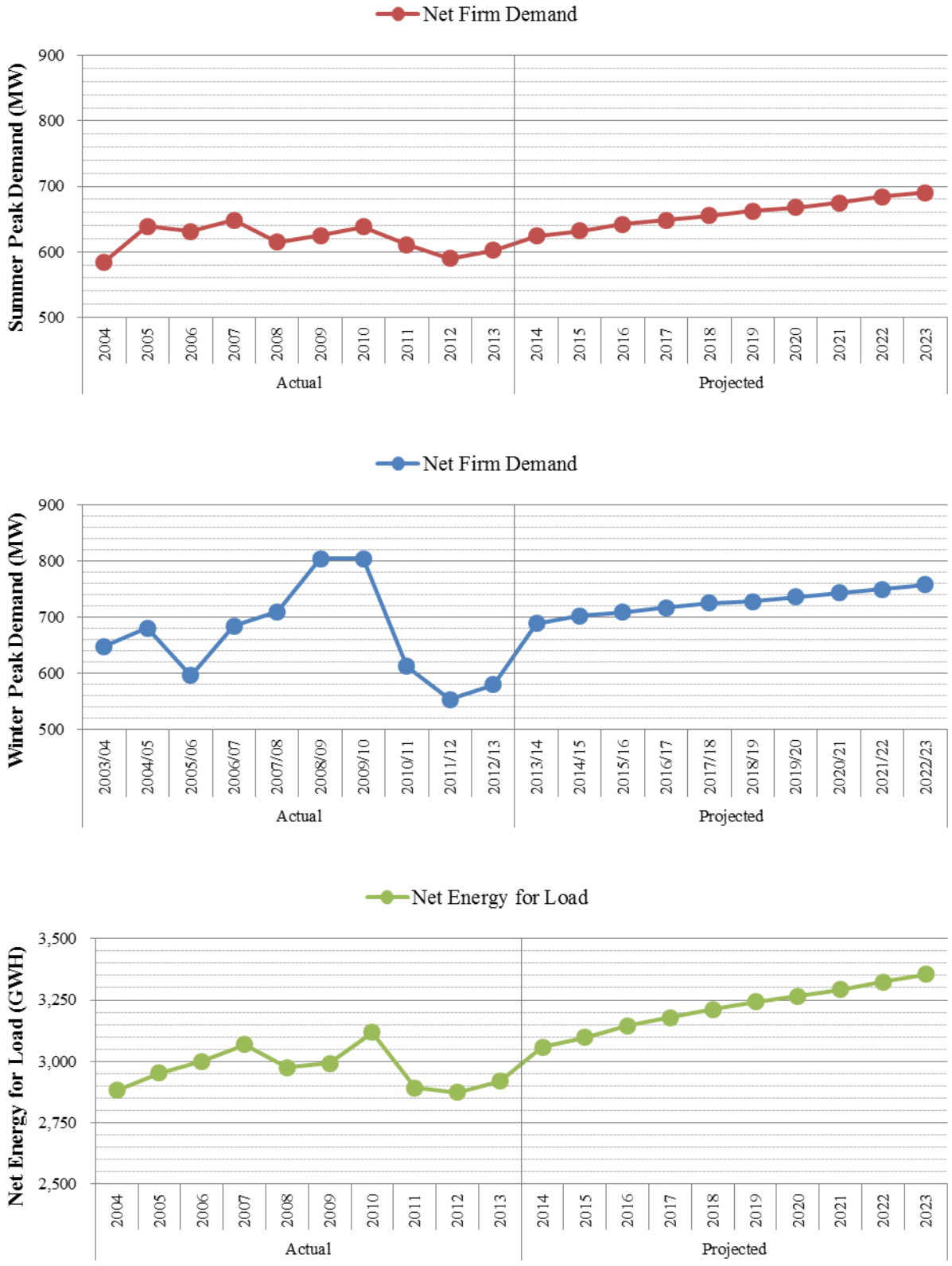
Figure 39: LAK Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 40 below shows, LAK's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. LAK offers energy efficiency programs, the impacts of which are included in the graphs below.

Figure 40: LAK Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

Fuel Diversity

Table 26 below, shows LAK's actual net energy for load by fuel type as of 2013 and the projected fuel mix for 2023. LAK uses natural gas as its primary fuel type for energy, with coal representing slightly more than a quarter of net energy for load. While natural gas usage is anticipated to increase somewhat as a percent of net energy for load, coal is projected to remain at a similar level to 2013.

Table 26: LAK Energy Consumption by Fuel Type

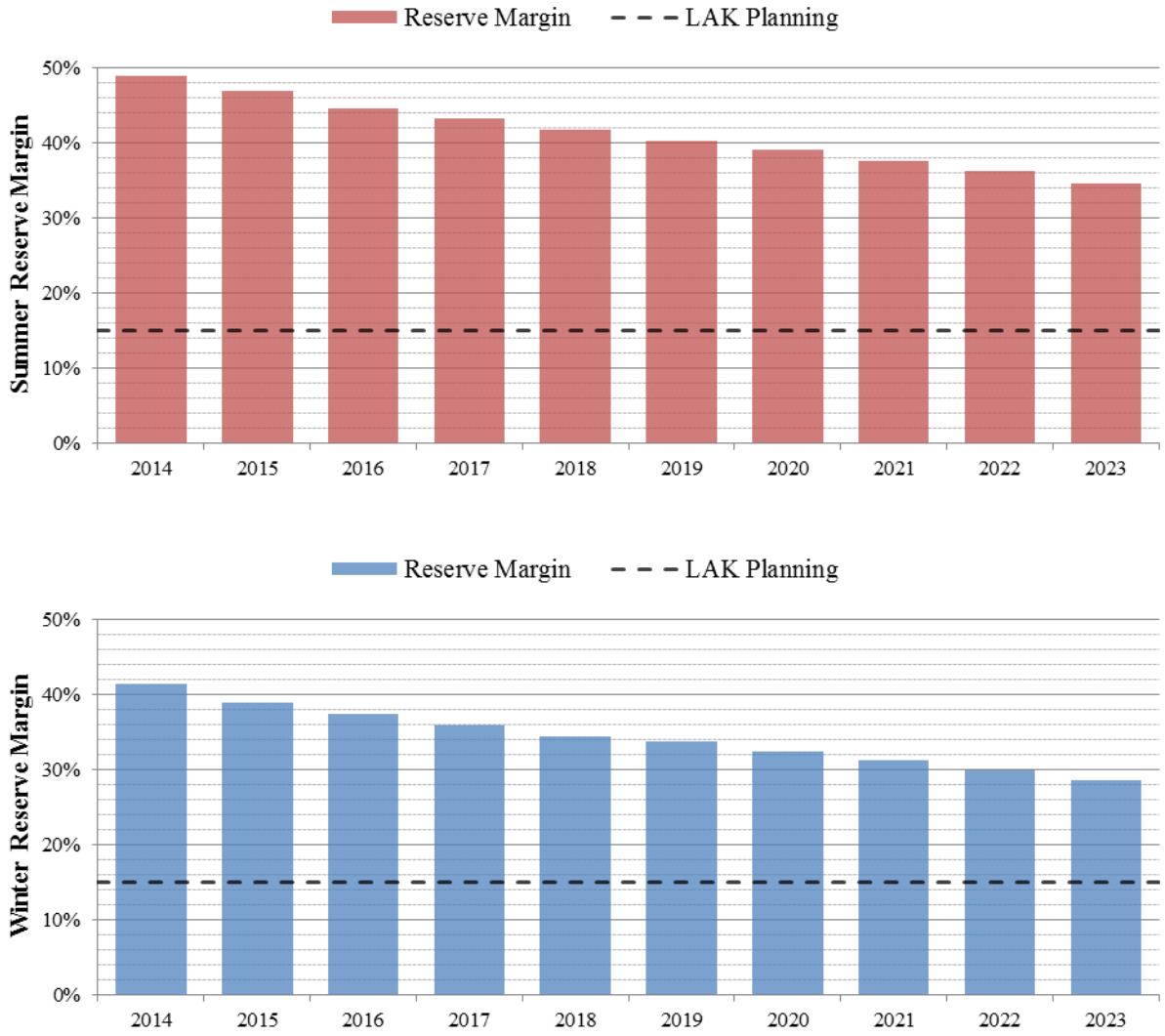
Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	2,018	**69.1%**	2,705	**80.6%**
Coal	786	**26.9%**	926	**27.6%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	0	**0.0%**	0	**0.0%**
Renewable	6	**0.2%**	21	**0.6%**
Interchange	0	**0.0%**	0	**0.0%**
NUG & Other	109	**3.7%**	-297	**-8.9%**
Total	**2,919**		**3,355**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

LAK utilizes a 15 percent planning reserve margin criterion for seasonal peak demand. Figure 41 below, displays the forecast planning reserve margin for LAK through the planning period for both seasons, including the impacts of demand-side management. As shown in the figure, LAK's generation needs are controlled by its winter peak throughout the planning period. As a smaller utility, the reserve margin is an imperfect measure of reliability due to the relatively large impact a single unit may have on reserve margin. For example, LAK's largest single unit, McIntosh 5, a natural gas-fired combined cycle unit, represents 51.4 percent of winter net firm peak demand in 2014, in excess of the utility's reserve margin.

Figure 41: LAK Reserve Margin Forecast



Source: 2014 Ten-Year Site Plan

New Units

LAK plans no unit additions or retirements during the planning period.

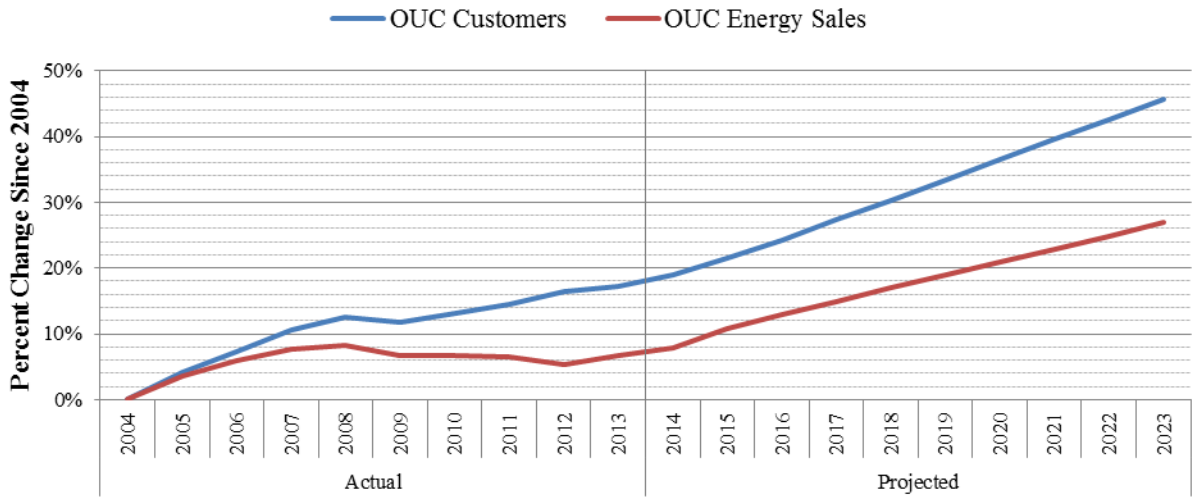
Orlando Utilities Commission (OUC)

OUC is a municipal utility and Florida's seventh largest electric utility and second largest municipal utility. The utility's service territory is within the FRCC region and primarily consists of the Orlando metropolitan area. As a municipal utility, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds OUC's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, OUC had approximately 215,000 customers and annual retail energy sales of 6,025 GWh, or approximately 2.8 percent of Florida's annual retail energy sales. Figure 42 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, OUC's customer base has increased by 17.28 percent, while retail sales have grown by 6.62 percent. As illustrated below, retail energy sales are anticipated to exceed their historic 2008 peak in 2015.

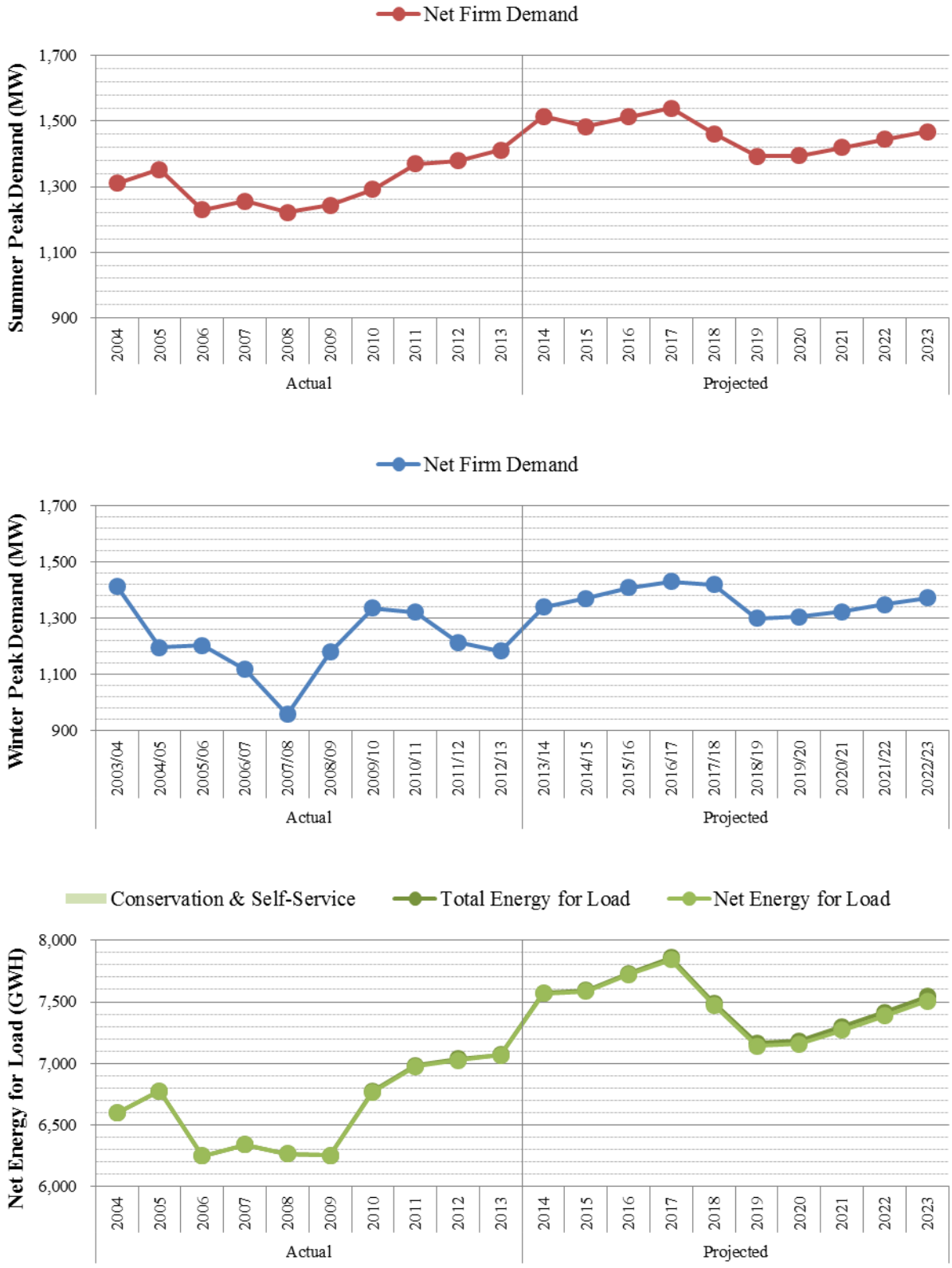
Figure 42: OUC Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 43 below, shows OUC's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the impact of the utility's demand side management programs. While a municipal utility, OUC is subject to FEECA and currently offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. The utility's 2015 Ten-Year Site Plan should include revised values that would reflect the Commission's decision in the currently open FEECA goal-setting docket.

Figure 43: OUC Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

Fuel Diversity

Table 27 below, shows OUC's actual net energy for load by fuel type as of 2013 and the projected fuel mix for 2023. In 2013, OUC used approximately equal portions of natural gas and coal as fuel to meet the utility's net energy for load. However, OUC projects to significantly increase the quantity of energy consumed from coal, while decreasing natural gas usage by 2023. Based upon this projection, OUC as a percent of net energy for load would be the second largest user of coal in Florida by 2023.

Table 27: OUC Energy Consumption by Fuel Type

Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	3,040	**43.0%**	839	**12.4%**
Coal	3,030	**42.9%**	5,284	**77.9%**
Nuclear	569	**8.1%**	462	**6.8%**
Oil	0	**0.0%**	0	**0.0%**
Renewable	91	**1.3%**	194	**2.9%**
Interchange	0	**0.0%**	0	**0.0%**
NUG & Other	336	**4.8%**	0	**0.0%**
Total	**7,065**		**6,779**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

OUC utilizes a 15 percent planning reserve margin criterion for seasonal peak demand. Figure 44 below, displays the forecast planning reserve margin for OUC through the planning period for both seasons, including the impact of demand-side management programs. As shown in the figure, OUC's generation needs are controlled by its summer peak demand throughout the planning period.

Figure 44: OUC Reserve Margin Forecast

Source: 2014 Ten-Year Site Plan

Generation Resources

OUC plans no unit additions or retirements during the planning period.

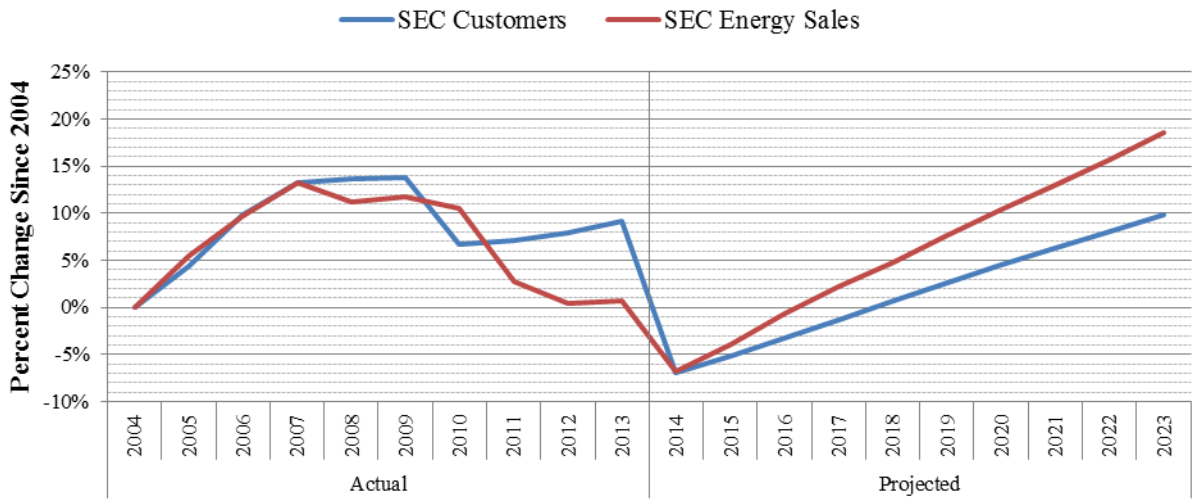
Seminole Electric Cooperative (SEC)

SEC is a generation and transmission rural electric cooperative that serves its member cooperatives, and is collectively Florida's fourth largest utility. SEC's generation and member cooperatives are within the FRCC region, with member cooperatives located in central and north Florida. As a rural electric cooperative, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds SEC's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

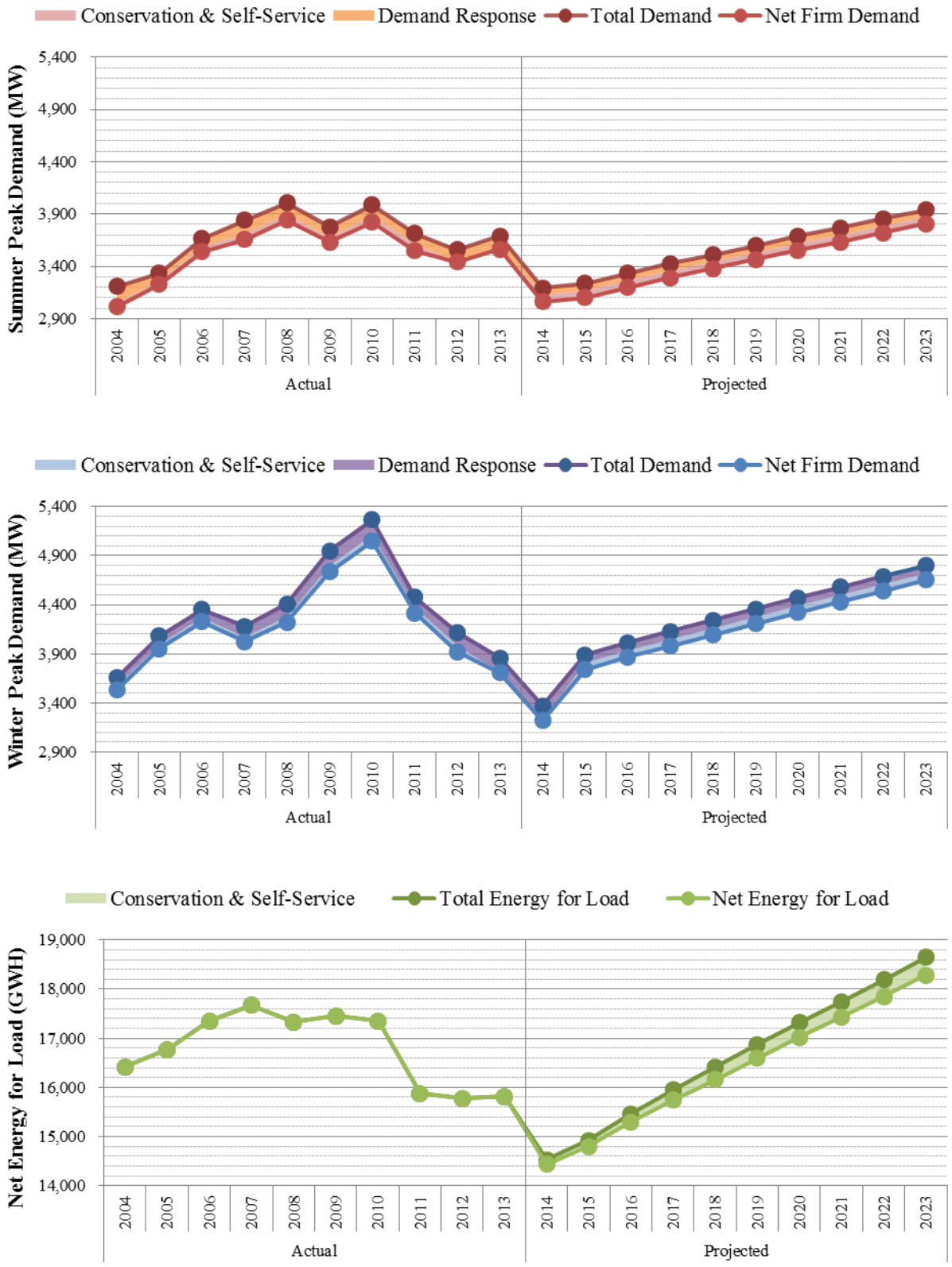
In 2013, SEC had approximately 865,000 customers and annual retail energy sales of 14,631 GWh, or approximately 6.7 percent of Florida's annual retail energy sales. Figure 45 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, SEC's customer base has increased by 9.15 percent, while retail sales have grown by only 0.67 percent. As illustrated below, retail energy sales are anticipated to exceed their historic 2007 peak by 2022, approximately five years later than Florida as a whole. The decline shown in 2014 is associated with one member cooperative, Lee County Electric Cooperative, electing to end its membership with SEC.

Figure 45: SEC Growth Rate



Source: 2014 Ten-Year Site Plan

Figure 46: SEC Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

The three graphs in Figure 46 above, shows SEC's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. As SEC is a generation and transmission company, it does not directly engage in energy efficiency or demand response programs. Member cooperatives do offer demand-side management programs, the impacts of which are included in the graphs below.

Fuel Diversity

Table 28 below, shows SEC's actual net energy for load by fuel type as of 2013 and the projected fuel mix for 2023. In 2013, SEC uses a combination of coal and natural gas to meet its member cooperatives' net energy for load, with coal use slightly higher than natural gas. By 2023, SEC projects this to reverse, with natural gas usage somewhat higher than coal.

Table 28: SEC Energy Consumption by Fuel Type

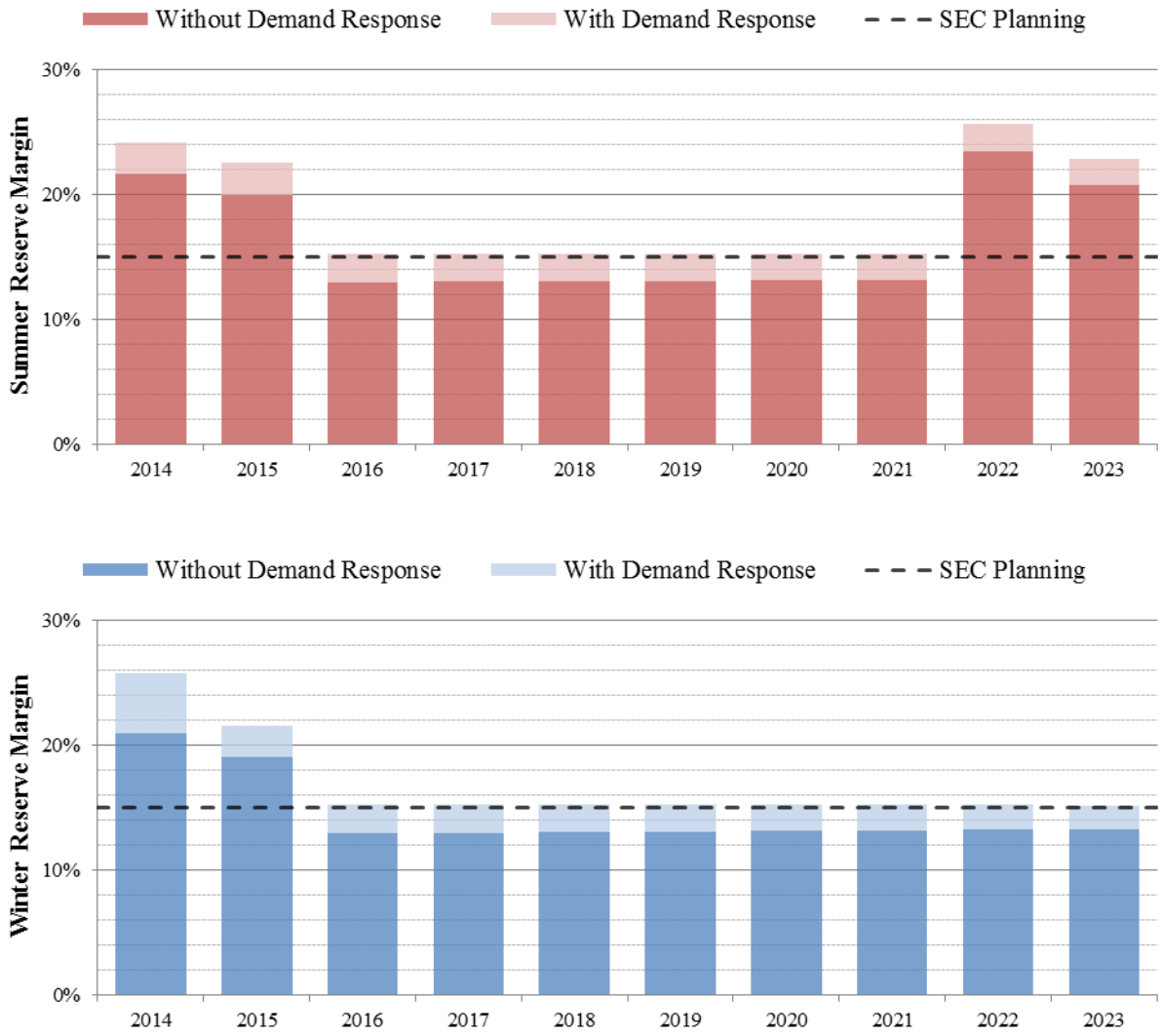
Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	7,071	**44.7%**	9,814	**53.7%**
Coal	7,725	**48.9%**	7,859	**43.0%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	54	**0.3%**	61	**0.3%**
Renewable	962	**6.1%**	550	**3.0%**
Interchange	0	**0.0%**	0	**0.0%**
NUG & Other	0	**0.0%**	0	**0.0%**
Total	**15,812**		**18,284**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

SEC utilizes a 15 percent planning reserve margin criterion for seasonal peak demand. Figure 47 below, displays the forecast planning reserve margin for SEC through the planning period for both seasons, with and without the use of demand response. Member cooperatives allow SEC to coordinate demand response resources to maintain reliability. As shown in the figure, SEC's generation needs are determined by winter peak demand more often than summer peak demand during the planning period.

Figure 47: SEC Reserve Margin Forecast



Source: 2014 Ten-Year Site Plan

Generation Resources

SEC plans the addition of several generating units during the planning period, as described below in Table 29. All unsited natural gas-fired units, SEC plans the addition of a total of seven combustion turbines and a single combined cycle unit over the planning period.

Table 29: SEC Unit Retirements and Additions

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
New Units					
2020	Unsited Combined Cycle	Combined Cycle	440	523	Requires Approval
2020	Unsited CT 1 &2	Combustion Turbine	402	450	
2021	Unsited CT 3-7	Combustion Turbine	1,005	1,125	

Source: 2014 Ten-Year Site Plan

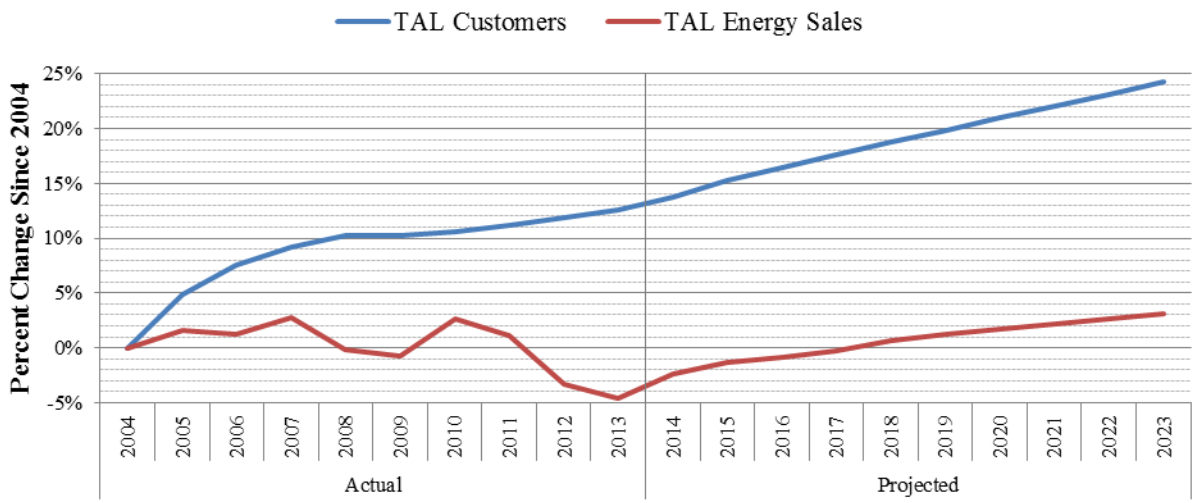
City of Tallahassee Utilities (TAL)

TAL is a municipal utility and the second smallest electric utility and municipal electric utility. The utility's service territory is within the FRCC region and primarily consists of the City of Tallahassee and surrounding areas. As a municipal utility, the Commission's regulatory authority is limited to safety, rate structure, territorial boundaries, bulk power supply, operations, and planning. Pursuant to Section 186.801(2), F.S., the Commission finds TAL's 2014 Ten-Year Site Plan suitable for planning purposes.

Load & Energy Forecasts

In 2013, TAL had approximately 116,000 customers and annual retail energy sales of 2,558 GWh, or approximately 1.2 percent of Florida's annual retail energy sales. Figure 48 below, illustrates the company's historic and forecast number of customers and retail energy sales, in terms of percentage growth from 2004. Over the last ten years, TAL's customer base has increased by 12.59 percent, while retail sales have declined by 4.63 percent. As illustrated below, retail energy sales are not anticipated to exceed their historic 2007 peak until 2023, six years later than the state as a whole.

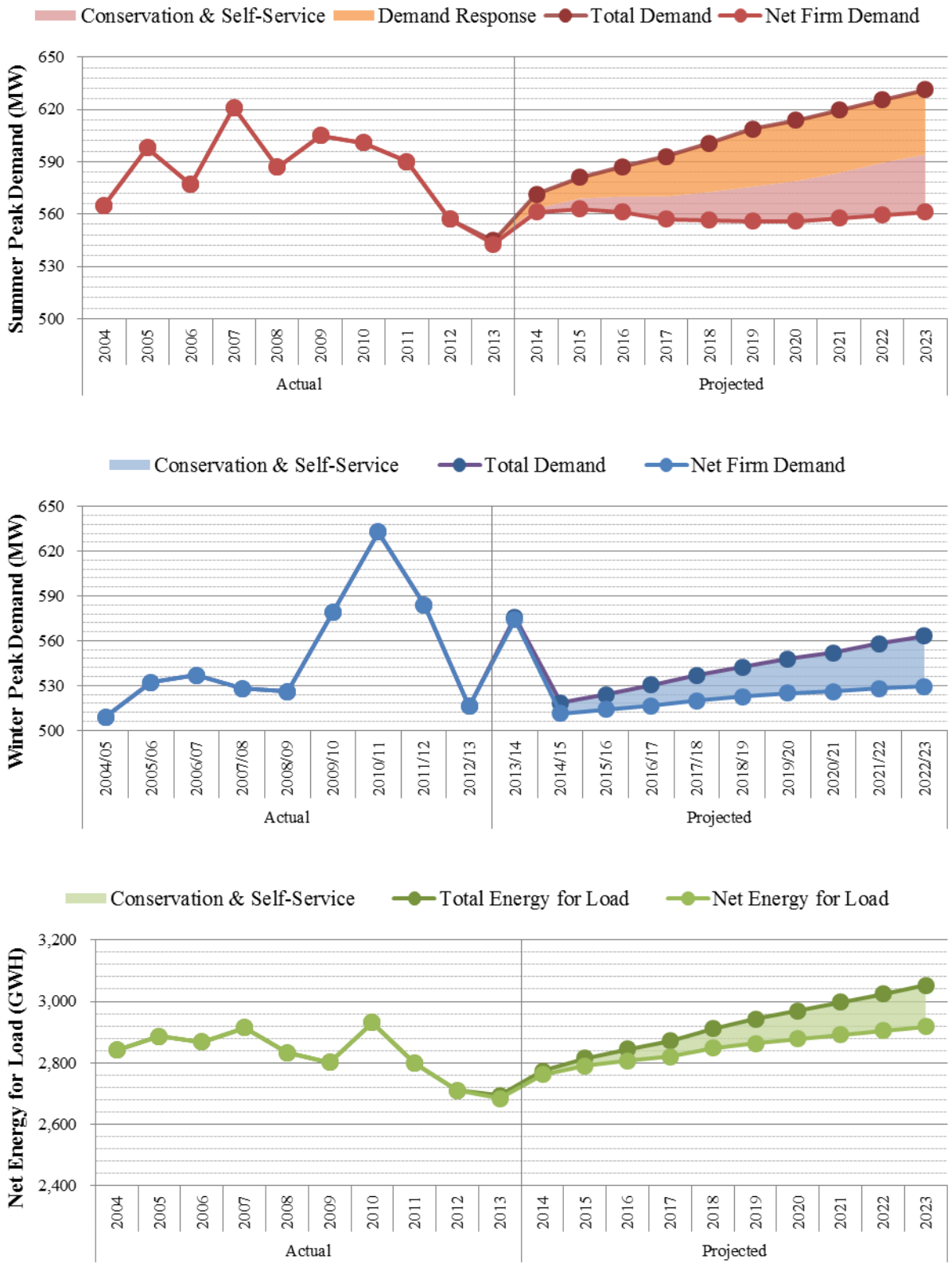
Figure 48: TAL Growth Rate



Source: 2014 Ten-Year Site Plan

The three graphs in Figure 49 below, shows TAL's seasonal peak demand and net energy for load for the historic years of 2004 through 2013 and forecast years 2014 through 2023. These graphs include the impact of demand-side management, and for future years assume that all available demand response resources will be activated during the seasonal peak. TAL offers energy efficiency and demand response programs to customers to reduce peak demand and annual energy consumption. Currently TAL only offers demand response programs targeting appliances that contribute to summer peak, and therefore have no effect upon winter peak.

Figure 49: TAL Demand and Energy Forecasts



Source: 2014 Ten-Year Site Plan and Data Responses

Fuel Diversity

Table 30 below, shows TAL's actual net energy for load by fuel type as of 2013 and the projected fuel mix for 2023. TAL relies almost exclusively on natural gas for its generation, excluding some purchases from other utilities and qualifying facilities and the use of oil as a backup fuel. Natural gas is anticipated to remain the sole fuel on the system, with only natural gas-fired generation to be added.

Table 30: TAL Energy Consumption by Fuel Type

Fuel Type	Net Energy for Load			
	2013		2023	
	GWh	%	GWh	%
Natural Gas	2,662	**99.2%**	2,903	**99.5%**
Coal	0	**0.0%**	0	**0.0%**
Nuclear	0	**0.0%**	0	**0.0%**
Oil	2	**0.1%**	0	**0.0%**
Renewable	23	**0.8%**	11	**0.4%**
Interchange	1	**0.0%**	27	**0.9%**
NUG & Other	-3	**-0.1%**	-23	**-0.8%**
Total	**2,684**		**2,918**	

Source: 2014 Ten-Year Site Plan and Data Responses

Reliability Requirements

TAL utilizes a 17 percent planning reserve margin criterion for seasonal peak demand. Figure 50 below, displays the forecast planning reserve margin for TAL through the planning period for both seasons, with and without the use of demand response. As discussed above, TAL only offers demand response programs applicable to the summer peak. As shown in the figure, TAL's generation needs are controlled by its summer peak throughout the planning period.

Figure 50: TAL Reserve Margin Forecast

Source: 2014 Ten-Year Site Plan

Generation Resources

TAL plans multiple unit retirements and a single addition during the planning period, as described below in Table 31. Several older combustion turbines at two plant sites and a single steam unit, all natural gas-fired, are anticipated to be retired during the planning period. Based upon its current planning, TAL intends to add a new natural gas-fired combustion turbine in 2020.

Table 31: TAL Unit Retirements and Additions

Year	Plant Name & Unit Number	Unit Type	Net Capacity (MW)		Notes
			Sum	Win	
Retiring Units					
Natural Gas					
2015	Hopkins GT1	Combustion Turbine	12	14	
2015	Purdom GT1&2	Combustion Turbine	20	20	
2017	Hopkins GT2	Combustion Turbine	24	26	
2020	Hopkins	Steam	76	78	
New Units					
Natural Gas					
2020	Hopkins 5	Combustion Turbine	46	48	

Source: 2014 Ten-Year Site Plan

APPENDIX A

REVIEW OF THE

2014 TEN-YEAR SITE PLANS

OF FLORIDA'S ELECTRIC UTILITIES

FLORIDA
PUBLIC
SERVICE
COMMISSION

NOVEMBER 2014

Ten-Year Site Plan Comments

State Agencies

- Department of Economic Opportunity
- Department of Environmental Protection
- Fish and Wildlife Conservation Commission

Regional Planning Councils

- Central Florida Regional Planning Council
- East Central Florida Regional Planning Council
- Treasure Coast Regional Planning Council
- West Florida Regional Planning Council

Water Management Districts

- Northwest Florida Water Management District
- Southwest Florida Water Management District
- Suwannee River Water Management District

Local Governments

- Leon County
- Suwannee County

State Agencies

- Department of Economic Opportunity
- Department of Environmental Protection
- Fish and Wildlife Conservation Commission

Rick Scott
GOVERNOR

FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY

Jesse Panuccio
EXECUTIVE DIRECTOR

June 30, 2014

Mr. Phillip Ellis
Engineering Specialist
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Mr. Ellis:

At your request we have reviewed the 2014 Ten-Year Site Plans of the electric utilities. The Department of Economic Opportunity's review focused on potential sites for future power generation, and the compatibility of those sites with the applicable local comprehensive plan, including the adopted future land use map, adjacent land uses, and natural resources on or adjacent to the potential sites.

Our review of the 2014 Ten-Year Site Plans addressed eighteen potential power plant sites identified in the Ten-Year Site Plans of the following utilities: Duke Energy Florida, Florida Power & Light Company, Gulf Power Company, Seminole Electric Cooperative, City of Tallahassee, and Tampa Electric Company. Two of the potential sites were found to be incompatible with the applicable local comprehensive plan. Please see our enclosed comments.

Should you have any questions regarding these comments, please call Scott Rogers, Planning Analyst, at (850) 717-8510, or by email at scott.rogers@deo.myflorida.com.

Sincerely,

Ana Richmond, Chief
Bureau of Community Planning

AR/sr

2014 Ten-Year Site Plan Review

Six utilities, Gulf Power Company, Florida Power and Light Company, Seminole Electric Cooperative, Duke Energy Florida, City of Tallahassee, and Tampa Electric Company have identified a total of eighteen potential sites for future power generation. Potential sites are identified in Rule 25-22.070, F.A.C., as "sites within the state that an electric utility is considering for possible location of a power plant, a power plant alteration, or an addition resulting in an increase in generating capacity." These sites are discussed below.

1. Gulf Power Company

In its Ten-Year Site Plan, Gulf Power stated it will consider five properties as potential sites for future generating facilities. Three potential sites contain existing power plants: Plant Crist site in Escambia County, Plant Smith Site in Bay County, and Plant Scholz in Jackson County. Two potential sites are undeveloped: Caryville Site in Holmes County and Shoal River Site in Walton County.

A. Plant Crist Site. This site, located in Escambia County (approximately ten miles north of the City of Pensacola), is designated Industrial and Agriculture on the adopted Future Land Use Map (FLUM). Electric power generation facilities are an allowed use in the Industrial category and may be allowed as a conditional use in Agriculture through the Land Development Code. The site is located along the Escambia River, and the northern and eastern parts of the site are located in the coastal high hazard area and contain wetlands and 100-year floodplain. Adjacent land uses are Industrial, Conservation, Agriculture, and Mixed-Use Suburban. The existing Plant Crist facility consists of 924 megawatts of steam generation.

For information regarding wetland compatibility issues, Gulf Power should contact the Florida Department of Environmental Protection (DEP) Office of Submerged Lands and Environmental Resources at (850) 245-8474. For information on floodplain compatibility, contact the State of Florida Floodplain Management Office at (850) 413-9960.

B. Plant Smith Site. Located in Bay County, the Plant Smith site (approximately ten miles northwest of Panama City) is adjacent to the North Bay area of St. Andrews Bay. The site is designated Industrial and Conservation on the adopted FLUM. Public utilities are allowed uses in both Industrial and Conservation. Adjacent land uses are Agriculture-Timber and Conservation. The site is located in the Category 1, 2, 3 and 4 storm surge zones and wetlands and 100-year floodplains are also located onsite. The existing Plant Smith facility consists of 945 megawatts of generation capacity.

For assistance with wetland compatibility issues, Gulf Power should contact the DEP Office of Submerged Lands and Environmental Resources at (850) 245-8474. For information on floodplain compatibility, contact the State of Florida Floodplain Management Office at (850) 413-9960.

C. Plant Scholz Site. Located in Jackson County, the Plant Scholz site (approximately three miles southeast of the Town of Sneads) is along the Apalachicola River, near U.S. Highway 90. The Jackson County Future Land Use Map designates the site as primarily Agricultural-1 and some Conservation (along the Apalachicola River). Electric power generating facilities are not identified as an allowable land use within the Agrcultural-1 and Conservation future land use categories. Gulf Power Company should contact the Jackson County Department of Community Development at (850) 482-9637 for information regarding consistency with the Jackson County Comprehensive Plan. The site contains some wetlands. The existing Plant Scholz facility consists of 92 megawatts of generation capacity.

D. Caryville Site. The Caryville site is located in Holmes County, Washington County, and the City of Caryville, and it is adjacent to the Choctawhatchee River. The site is designated Agriculture in Holmes County, Agriculture/Silviculture in Washington County, and Agriculture and Conservation in Caryville. In all three jurisdictions, public utilities are allowed in areas designated Agriculture. The site is surrounded by agricultural land uses. Floodplain and wetland areas exist throughout the site.

Gulf Power should contact the following DEP offices for further information: (1) for compatibility with Outstanding Florida Waters, contact the Standards and Assessment section at (850) 245-8064; and (2) for wetland compatibility issues, contact the Office of Submerged Lands and Environmental Resources at (850) 245-8474. For information on floodplain compatibility, contact the State of Florida Floodplain Management Office at (850) 413-9960.

E. Shoal River Site. The site is located in Walton County (approximately three miles northwest of Mossy Head) along the Shoal River, near U.S. Highway 90. The Walton County Future Land Use Map designates the site as General Agriculture (approximately two-thirds of site) and Rural Residential (approximately one-third of site). Public utilities are allowed in areas designated General Agriculture or Rural Residential. The site is primarily wooded upland. The Shoal River is designated as an Outstanding Florida Water, and Gulf Power should contact FDEPs Standards and Assessment section at (850) 245-8064 for further information regarding compatibility with the Shoal River.

2. Florida Power and Light Company. Florida Power and Light (FPL) has identified four potential sites as described below.

A. Babcock Ranch, Charlotte County. This site is designated Babcock Ranch Overlay District (BROD) on the FLUM. The Development Order for the Babcock Ranch Development of Regional Impact (DRI) identifies this site as a Primary Active Greenway approved for the placement of solar generating facilities. Adjacent land uses to the east, west and south are also BROD. Land north of the site is designated Resource Conservation. The BROD is being developed under a cohesive set of policies, guided by the County's comprehensive plan, through the Master Incremental DRI process. No environmental or other compatibility issues have been identified for this site.

B. DeSoto Solar Expansion, DeSoto County. This site is designated Electrical Generating Facility on the County's adopted Future Land Use Map. The surrounding FLUM designations are Electrical Generating Facility and Rural/Agriculture. The site has been disturbed as a result of agricultural activities on the property. The site is adjacent to an existing transportation corridor with roadway capacity. Demands on water facilities have already been considered in the growth projections of the County's comprehensive plan. No environmental or other compatibility issues have been identified for this site.

C. Manatee Plant site, Manatee County. This site (9,500 acres) is designated Public/Semipublic-2 on the adopted Manatee County FLUM. Power generating facilities are an allowed use in this FLUM category. Adjacent uses are Public/Semipublic-2 and Agricultural-Rural. The site is also adjacent to Lake Parrish, which provides water to the existing power facility. Much of the property is disturbed due to agricultural activities onsite. This site is a possible location for a future solar facility. No environmental or other compatibility issues have been identified for this site.

D. Martin County site. FPL is currently evaluating potential sites in Martin County for a future solar facility. No specific locations have been selected. The County's adopted comprehensive plan contains provisions for siting power generating facilities which use renewable energy sources. Future Land Use Policy 4.8C.1 allows alternative energy facilities in appropriate zoning districts. The policy states that "As the technology for wind, solar and other forms of power generation advance, the Land Development Regulations shall be revised to permit different forms of power generation in appropriate zoning districts." Policy 4.13A.12, which addresses the Public Utilities future land use category, states that "electrical power facilities solely utilizing solar, wind or other renewable energy fuel or energy source may be permitted in any other Future Land Use Designation, consistent with the Land Development Regulations."

For assistance with wetland compatibility issues, FPL should contact the Office of Submerged Lands and Environmental Resources at (850) 245-8474. For information on floodplain compatibility, contact the State of Florida Floodplain Management Office at (850) 413-9960.

3. Seminole Electric Cooperative.

Seminole Electric has identified one site (Gilchrist Generating Station site), a 530-acre parcel located northeast of the City Bell in the central portion of Gilchrist County, as a potential power plant site for future power generation. Much of the site has been used for silviculture (pine plantation) and consists of large tracts of planted longleaf and slash pine community, and the site contains a limited amount of wetlands (10.1 acres). The site is designated Agriculture-2 on the adopted Future Land Use Map of the Gilchrist County Comprehensive Plan. Electric generating facilities are not identified as an allowable land use within the Agriculture-2 future land use category. Seminole Electric Cooperative should contact the Gilchrist County Community Development Department at (352) 463-3173 for information regarding consistency with the Gilchrist County Comprehensive Plan. The Gilchrist parcel is located near the Wacasassa Flats, a 50,000-acre high quality wetlands-to-uplands ecosystem located in the

middle of the County. Wacasassa Flats is a perched water table system that provides significant water storage, water filtering and wildlife habitat.

4. Duke Energy Florida.

Duke Energy Florida has identified two potential sites (a site in Citrus County and another site in Suwannee County) to increase generating capacity within the Ten-Year Site Plan (TYSP) planning horizon and a third potential site (in Levy County) to increase capacity beyond the TYSP planning horizon.

A. Citrus County site: The TYSP identifies a 400 acre property located east of the existing Crystal River Energy Center as a potential site for the addition of a natural gas powered electric generating facility. The potential site is designated as "Extractive" on the adopted Future Land Use Map of the Citrus County Comprehensive Plan. Electric generating facilities are not allowed in the Extractive future land use category, and Duke Energy Florida intends to request that Citrus County amend the future land use map to change the designation from Extractive to "Transportation, Communications and Utilities," which would allow the electric generating facility. The 400 acre potential site consists of timber lands, forested wetlands, and rangeland and is currently part of the Holcim mine.

B. Suwannee County site: The TYSP identifies the existing Suwannee River Energy Center site in Suwannee County for the addition of a natural gas powered facility on 68 acres within the Energy Center. The 68 acres is designated as "Agriculture" on the adopted Future Land Use Map of the Suwannee County Comprehensive Plan. Electric generating facilities may be allowed as a special exception in the Agriculture future land use category. The 68 acre project area consists of a naturally occurring pine and oak vegetative community, does not contain any wetlands, and may potentially contain gopher tortoise (a wildlife species listed as Threatened and protected by Florida law). The TYSP states that a permit will be acquired from the Florida Fish and Wildlife Conservation Commission in order to relocate any gopher tortoise from the project area prior to construction.

C. Levy County site: The TYSP identifies an approximately 3,100 acre property located in Levy County as a potential site for a nuclear powered generation facility beyond the ten-year planning horizon of the current TYSP. The Levy County site is located along the east side of U.S. Highway 19, approximately three miles north of the Withlacoochee River. The site is designated as Public Use on the adopted Future Land Use Map of the Levy County Comprehensive Plan. Power generating facilities are an allowed use within the Public Use future land use category at this potential site. The site is generally highly disturbed from past commercial silviculture activity and wetlands and floodplains constitute approximately 65% of the site.

5. City of Tallahassee.

The City of Tallahassee has identified one potential site, the existing Hopkins Plant, for the addition of a combustion turbine generator to increase generating capacity as other generating facilities are scheduled to be retired. The Hopkins Plant is located in Leon County, and the site is designated as "Government Operational" on the adopted Future Land Use Map of the Tallahassee-Leon County Comprehensive Plan. Electric generating facilities are an allowed use in the Government Operational future land use category. The site appears to contain available upland area that is already cleared/disturbed and does not appear to contain significant wetlands or floodplains.

6. Tampa Electric Company.

Tampa Electric Company has identified the existing Polk Power Station as the site for the addition of future generating capacity. According to the Ten-Year Site Plan, construction of the addition at the Polk Power Station began in January 2014 and all Federal permits have been received. In addition, Tampa Electric Company has identified the need for proposed generating facilities (combustion turbine, net capability of 190 megawatts summer and 220 megawatts winter) at an undetermined location with anticipated construction to begin in September 2019. The Ten-Year Site Plan states that the future generating capacity additions could occur at three existing power plant sites: (1) Polk Power Station; (2) H.L. Culbreath Bayside Power Station; and (3) Big Bend Power Station.

The Polk Power Station is located in southwest Polk County, and the site is designated as "Phosphate Mining" on the adopted Future Land Use Map of the Polk County Comprehensive Plan. Certified Electric-Power Generating Facilities may be allowed as a conditional use in the Phosphate Mining future land use category.

The H.L. Culbreath Bayside Power Station is located in unincorporated Hillsborough County, and the site is designated mostly as "Heavy Industrial" with a smaller area as "Light Industrial" on the adopted Future Land Use Map of the Hillsborough County Comprehensive Plan. Electric generation plants are an allowed use in the Heavy Industrial future land use category.

The Big Bend Power Station is located in unincorporated Hillsborough County, and the site is designated as "Heavy Industrial," "Light Industrial," and "Environmentally Sensitive Areas" on the adopted Future Land Use Map of the Hillsborough County Comprehensive Plan. Electric generation plants are an allowed use in the Heavy Industrial future land use category. The Environmentally Sensitive Areas protect wetlands and significant wildlife habitat along the southern portion of the site.

7. Utilities With No Potential Sites Identified in the TYSP: The following utilities identified no potential sites in their TYSPs: Gainesville Regional Utilities, Lakeland Electric, Florida Municipal Power Agency, JEA, and Orlando Utilities Commission.

Phillip Ellis

From: Green, Justin B. <Justin.B.Green@dep.state.fl.us>
Sent: Wednesday, June 18, 2014 2:58 PM
To: Phillip Ellis
Cc: Bull, Robert
Subject: DEP Siting Coordination Office Ten-Year Site Plan Review

Mr. Ellis -

The Department of Environmental Protection's Siting Coordination Office has reviewed the 2014 Ten-Year Site Plans for Florida's Electric Utilities and found the documents to be adequate for planning purposes. Thank you for the opportunity to review and comment on the plans. If you have any questions for our office, feel free to contact me.

Justin B. Green
Program Administrator
Siting Coordination Office
Division of Air Resource Management
Florida Department of Environmental Protection
(850) 717-9024

June 30, 2014

Mr. Phillip O. Ellis
Division of Engineering
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
pellis@psc.state.fl.us

RE: Ten-Year Power Plant Site Plans

Dear Mr. Ellis:

Florida Fish and Wildlife Conservation Commission (FWC) staff has reviewed the 2014 Ten-Year Power Plant Site Plans submitted to the Public Service Commission (PSC).
We will be providing comments on the Duke Energy Florida (DEF) site plan in a subsequent letter. However, we are submitting this letter to notify you that we have reviewed the following plans and have no comments regarding fish and wildlife resources:

- Gainesville Regional Utilities (GRU)
- Jacksonville Energy Authority (JEA)
- Florida Power and Light (FPL)
- Gulf Power Company (GULF)
- Florida Municipal Power Agency (FMPA)
- City of Tallahassee Utilities (TAL)
- Seminole Electric Cooperative (SEC)
- Lakeland Electric (LAK)
- Tampa Electric Company (TECO)
- Orlando Utilities Commission (OUC)

The FWC appreciates the opportunity to review the Ten-Year Site Plans, as submitted by the PSC. If you need further assistance, please do not hesitate to contact Jane Chabre either by phone at (850)410-5367 or by email at FWCConservationPlanningServices@MyFWC.com.

Sincerely,

Jennifer Goff
Land Use Planning Program Administrator
Office of Conservation Planning Services

jg/jh
ENV 1
Gainesville Regional Utilities 2014 Ten-year Site Plan_19085_06302014

JEA 2014 Ten Year Site Plan_19088_06262014
FPL 2014 Ten Year Site Plan_19084_06262014
Gulf Power Company 2014 Ten Year Site Plan_19087_06262014
Florida Municipal Power Agency 2014 Ten-Year Site Plan_06262014
City of Tallahassee 2014 Ten-Year Site Plan_06262014
Seminole Electric Cooperative 2014 Ten Year Site Plan_19091_06262014
Lakeland Electric 2014 Ten Year Site Plan_19089_06262014
Tampa Electric Company 2014 Ten Year Site Plan_19092_06262014
Orlando Utilities Commission 2014 Ten Year Site Plan_19090_06262014

Appendix A

Florida Fish and Wildlife Conservation Commission

Commissioners
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Chairman
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MyFWC.com

June 30, 2014

Mr. Phillip Ellis
Division of Engineering
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
PEllis@psc.state.fl.us

RE: Duke Energy Florida, Inc., 2014–2023 Ten-Year Site Plan, Multiple Counties

Dear Mr. Ellis:

The Florida Fish and Wildlife Conservation Commission (FWC) has reviewed the 2014–2023 Ten-Year Site Plan (Plan) submitted by Duke Energy Florida, Inc., (DEF) and provides our comments pursuant to Rule 25-22.071, Florida Administrative Code.

DEF provides service to approximately 20,000 square miles in west-central Florida, ranging from Bay County in the west to Highlands County in the south, including 19 counties in north-central and central Florida. Within this area, DEF currently has three steam-generated power plants, three combined-cycle power plants, and ten combustion turbine power plants. DEF also maintains approximately 5,000 circuit miles of transmission lines, 18,000 circuit miles of overhead distribution lines, and 13,000 miles of underground distribution lines; these form part of a nationwide system of transmitting electricity. According to the Plan's overview of the existing facilities, DEF has Demand-Side Management programs consisting of "six residential programs, eight commercial and industrial programs, one research and development program, and six solar pilot programs" (p. 1-1).

The Plan projects that there will be three new or expanded facilities during the ten-year planning horizon: a new combined-cycle facility near its Crystal River Energy Center in western Citrus County in 2021, two additional combustion turbines at DEF's facility in northwestern Suwannee County in 2016, and a seven-mile 240-kV bulk transmission line between Orange City and DeBary in 2015. The plan also mentions adding additional capacity to the Hines Energy Center by installing a combined-cycle facility in 2018; however, since the Plan states that the bids have already closed for that addition, we are not evaluating this as a "proposed" new facility.

FWC staff reviewed our geographic information system data layers for an initial identification of fish and wildlife resource issues that may need to be addressed during site certification, and offers the following information.

New power plant in Citrus County

We met with representatives of DEF in early May 2014 to discuss potential issues that may be encountered in certifying the new plant in Citrus County. This site lies within the secondary range of the Chassahowitzka subpopulation of the Florida black bear (*Ursus americanus floridanus*) and is near an eagle (*Haliaeetus leucocephalus*) nest that DEF has identified, but which has not yet been assigned an FWC identifier number. While both species are no longer listed, the FWC's Black Bear Management Plan (http://myfwc.com/media/2612908/bear-management-plan.pdf) provides measures to avoid negative human-bear interactions during construction and operation of the facility. The bald eagle is protected under the Bald and Golden Eagle Protection Act (http://www.fws.gov/midwest/midwestbird/eaglepermits/bagcpa.html), Florida's Bald Eagle rule (section 68A-16.002), and the Florida Bald Eagle Management Plan (http://myfwc.com/media/427567/Eagle_Plan_April_2008.pdf). We are coordinating with DEF's representatives on recommendations with respect to black bears, and it appears that the eagle nest is over 660 feet away from any planned activities. Nests occurring further than 660 feet from any

project activities will not require an FWC eagle permit; however, not all eagle nests in Florida have been documented by FWC, and undocumented nests receive the same level of protection as documented nests. Please keep in mind that eagle nests may become reactivated at any time or eagles may establish a new nest, at which point the FWC Bald Eagle Management Plan (http://myfwc.com/media/427567/Eagle_Plan_April_2008.pdf) guidelines, found in the Section entitled "Permitting Framework April 2008," would apply.

It is also unclear whether the outflows from the new plant would add to the impacts on the nearshore environment from the Crystal River Energy Complex. The potential for additional nearshore impacts would depend on if any of the existing plants are decommissioned. The potential for impacts should be considered as part of the assessments completed for this site.

Addition to the Suwannee power plant

Our initial review identified potential habitat at the site of the proposed addition to the Suwannee power plant for the gopher tortoise (*Gopherus polyphemus*, State-Threatened), which indicates that listed commensal burrow species [e.g., the Florida mouse (*Podomys floridanus*, State Species of Special Concern) and the eastern indigo snake (*Drymarchon corais couperi*, Federally Threatened)] may also be present. The Plan mentions the potential for there being gopher tortoises on site, and commits to working with the FWC to ensure that they will be adequately addressed. The FWC's Gopher Tortoise Permitting Guidelines (http://myfwc.com/license/wildlife/gopher-tortoise-permits/) provides recommended survey methodologies, permitting options, and guidelines for commensal species. In addition, there is the potential for Sherman's fox squirrels (*Sciurus niger shermani*, State Species of Special Concern) to be identified during site-specific surveys.

New bulk transmission line

Our initial review identified records of the Florida scrub-jay (*Aphelocoma caerulescens*, Federally Threatened) between Orange City and DeBary. Should more site-specific surveys identify the presence of Florida scrub-jays, the DEF may need to consult with the U.S. Fish and Wildlife Service to determine the potential for impacts.

We appreciate the opportunity to provide input on this ten-year plan. If you need any further assistance, please do not hesitate to contact Jane Chabre either by phone at (850) 410-5367 or by email at FWCConservationPlanningServices@MyFWC.com. If you have specific technical questions regarding the content of this letter, please contact Mary Ann Poole at (850) 488-8783 or by email at maryann.poole@myfwc.com.

Sincerely,

Jennifer D. Goff
Land Use Planning Program Administrator
Office of Conservation Planning Services

jdg/map

ENV 1-11-2/3
Duke Energy Florida 2014 Ten-Year Site Plan_19082_06302014

Regional Planning Councils

- Central Florida Regional Planning Council
- East Central Florida Regional Planning Council
- Treasure Coast Regional Planning Council
- West Florida Regional Planning Council

July 1, 2014

Phillip Ellis
State of Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd
Tallahassee, FL 32399

Dear Mr. Ellis,

RE: Review of 2014 Ten-Year Site Plans for Florida's Electric Utilities

The CFRPC reviewed ten-year site plans from Duke Energy Florida, Lakeland Electric, Orlando Utilities Commission, Seminole Electric Cooperative, and Tampa Electric Company as requested in the letter dated April 22, 2014, and included on the Public Service Commission's website. As requested, comments on the plans and a brief summary related to the suitability of the above mentioned plans as planning documents is below.

Duke Energy Florida:

According to the plan, Duke Energy anticipates additional summer capacity at the Hines Energy Center (Polk County) through the installation of Inlet Chilling by March 2017 and the retirement of the Avon Park facility (Highlands County) in 2016.

This document is suitable for a planning document at a regional level because it provides information as to the proposed locations of planned new facilities. It is somewhat less suitable as a planning document at providing insight on the development through current demand and forecast demand because it cannot be extrapolated to a regional or county level because Progress Energy's boundaries cover so much of the State of Florida. It is helpful to know what energy conservation and management programs are being utilized as well as the environmental and land impacts are predicted to occur for the overall planning of the region's growth and development and protection.

Lakeland Electric:

The plan states that there are no planned facilities for the 10-year planning reporting period. There are also no upgrades of existing facilities planned. As of December 2013, there are no long-term firm power sales or purchase contracts in place.

This document is suitable for a planning document at a regional level because it provides insight on the development of areas within a portion of the region through current demand and forecast demand. It also is helpful to know what energy conservation and management programs are being utilized as well as the environmental and land impacts are predicted to occur for the overall planning of the region's growth and development and protection.

This document is also written in a manner that makes it easy for non-utility planners to understand. However, due to the scanning or production process, the figures included in the document are blurry and very hard to read.

Orlando Utilities Commission:

According to the plan, no facilities are planned for development or retirement within the Central Florida Regional Planning Council Region for the 10-year planning reporting period. OUC has a contract to provide power to Bartow for the 2011 through 2017 period. Bartow purchases the power from OUC, and then distributes it to its customers through its existing infrastructure. The plan discusses upgrades of existing facilities. Unfortunately, since there is not a map included to show where these facilities are located, it is not possible to determine which of them may be in the region.

This document is suitable for a planning document at a regional level because it provides information as to facilities located within the region. It is somewhat less suitable as a planning document at providing insight on the development through current demand and forecast demand because it cannot be extrapolated to a regional or county level the document does not provide clear information on the areas. This document would also be more helpful as a planning document with the inclusion of a service area map.

Seminole Electric Cooperative:

According to the plan, no facilities are planned within the Central Florida Regional Planning Council Region for the 10-year planning reporting period. There are also no upgrades of existing facilities or retirement of existing facilities planned in these areas.

This document is suitable for a planning document at a regional level because it provides information as to facilities located within the region. It is somewhat less suitable as a planning document at providing insight on the development through current demand and forecast demand because it cannot be extrapolated to a regional or county level because Seminole Electric Cooperative services so much of the State of Florida.

Tampa Electric Company:

According to the plan, no additional facilities are planned within the Central Florida Regional Planning Council Region for the 10-year planning reporting period. However, to meet the expected system demand and energy requirements over the next ten years, both peaking and intermediate resources are needed. The peaking capacity need will be met by purchased power agreements for peaking capacity secured through 2016. In 2017, Tampa Electric currently expects to meet its intermediate load needs by converting Polk Power Station's simple cycle combustion turbines (Polk Units 2-5) to a natural gas combined cycle (NGCC) unit to be in service January 2017. Beyond 2017, the company foresees the future needs being that of additional peaking capacity, which it will meet by combustion turbine additions and/or future purchased power agreements. Associated Transmission Lines right-of-way issues are under review for Polk 2 CC with an anticipated in-service date of January 2017.

This document is suitable for a planning document at a regional level because it provides information as to the proposed locations of planned new expansions and because it provides insight on the development of areas within a portion of the region through current demand and forecast demand. It also is helpful to know what energy conservation and management programs are being utilized as well as the environmental and land impacts are predicted to occur for the overall planning of the region's growth and development and protection.

The proposed expansions/potential sitings as identified in the ten-year power plant site plans as submitted are consistent with the Central Florida Regional Planning Council Strategic Regional Policy Plan (SRPP). Thank you for the opportunity to review these electric utility ten-year site plans.

Sincerely,

Marisa M. Barmby, AICP
Senior Planner

East Central Florida Regional Planning Council

309 Cranes Roost Blvd. Suite 2000, Altamonte Springs, FL 32701
Phone 407.262.7772 • Fax 407.262.7788 • www.ecfrpc.org

Hugh W. Harling, Jr. P.E.
Executive Director

MEMORANDUM

To: Phillip Ellis, Florida Public Service Commission

From: Hugh W. Harling, Jr., Executive Director
Tara M. McCue, AICP, Director of Planning and Community Design

Date: July 30, 2014

Subject: 2014 Ten-Year Site Plans Review
- Florida Power and Light
- Orlando Utilities Commission
- Duke Energy Florida

The East Central Florida Regional Planning Council staff has no comments concerning the 10-Year Site Plans for utility companies within the east central region at this time. The ECFRPC will conduct a detailed review of any new facilities or upgraded facilities requiring an agency review when a proposal is submitted.

If you require any further information or comments, please contact Tara McCue, AICP at tara@ecfrpc.org or by phone at (407) 262-7772, ext. 327.

TREASURE COAST REGIONAL PLANNING COUNCIL

INDIAN RIVER – ST. LUCIE – MARTIN – PALM BEACH

June 24, 2014

Mr. Phillip Ellis
Division of Engineering
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Subject: 2014 Ten Year Power Plant Site Plans

Dear Mr. Ellis:

Treasure Coast Regional Planning Council has reviewed the ten year power plant site plan prepared by Florida Power and Light Company. Council approved the comments in the attached report at a board meeting on June 20, 2014. The report concludes that the FPL Ten Year Power Plant Site Plan, 2014-2023 is inconsistent with **Strategic Regional Policy Plan Goal 9.1**, decreased vulnerability of the region to fuel price increases and supply interruptions. Council urges FPL and the State of Florida to continue developing new programs to: 1) reduce the reliance on fossil fuels as future energy sources; 2) increase conservation activities to offset the need to construct new power plants; and 3) increase the reliance on renewable energy sources to produce electricity.

Please contact me if you have any questions.

Sincerely,

Peter G. Merritt, Ph.D.
Assistant Director

Attachment

cc: Nick Blount, FPL

TREASURE COAST REGIONAL PLANNING COUNCIL

Report on the

Florida Power & Light Company Ten Year Power Plant Site Plan 2014-2023

June 20, 2014

Introduction

Each year every electric utility in the State of Florida produces a ten year site plan that includes an estimate of future electric power generating needs, a projection of how those needs will be met, and disclosure of information pertaining to the utility's preferred and potential power plant sites. The Florida Public Service Commission (FPSC) has requested that Council review the most recent ten year site plan prepared by Florida Power & Light Company (FPL). The purpose of this report is to summarize FPL's plans for future power generation and provide comments for transmittal to the FPSC.

Summary of the Plan

The plan indicates that total summer peak demand is expected to grow by 16.5 percent from 22,768 megawatts (MW) in 2014 to 26,525 MW in 2023. During the same period, FPL is expecting to reduce electrical use through demand side management programs, which include a number of conservation, energy efficiency, and load management initiatives. FPL's demand side management programs are expected to grow by 15.1 percent from 1,992 MW in 2014 to 2,292 MW in 2023. After FPL's demand side management efforts are factored in, FPL will still require additional capacity from conventional power plants to meet future electrical demand (Exhibit 1). FPL is proposing to add a total of about 2,731 MW of summer capacity to its system from 2014 to 2023. FPL plans to obtain additional electricity through: 1) power purchases from qualifying facilities, utilities, and other entities; 2) upgrades to existing facilities; 3) addition of an existing municipal facility; 4) modernization of existing FPL facilities; and 5) construction of new generating units. Major additions of new generating capacity are as follows:

- 2014 – place in service the Riviera Beach Next Generation Clean Energy Center (1,212 MW) in the City of Riviera Beach;
- 2016 – place in service the Port Everglades Next Generation Clean Energy Center (1,237 MW) in the City of Hollywood;
- 2019 – place in service new combined cycle power plant (not sited);
- 2022 – place in service Turkey Point Nuclear Unit 6 (1,100 MW) in Miami-Dade County; and
- 2023 – place in service Turkey Point Nuclear Unit 7 (1,100 MW) in Miami-Dade County.

Based on the projection of future resource needs, FPL has identified the following six preferred sites for future power generating facilities:

1. Port Everglades Plant in Broward County

2. Lauderdale Plant in Broward County
3. Hendry County
4. Northeast Okeechobee County
5. Putnam County
6. Turkey Point Plant in Miami-Dade County

Also, FPL has identified 4 potential sites for new or expanded power generating facilities. The identification of potential sites does not represent a commitment by FPL to construct new power generating facilities at these sites. The potential sites include:

1. Babcock Ranch in Charlotte County
2. DeSoto Solar Expansion in DeSoto County
3. Manatee Plant Site in Manatee County
4. Martin County unidentified location for a photovoltaic (PV) facility

The ten year site plan describes eight factors that are influencing FPL's resource planning work. These factors include:

1. Maintaining/enhancing fuel diversity in the FPL system.
2. Maintaining a balance between load and generating capacity in southeastern Florida, particularly in Miami-Dade and Broward counties.
3. Updated projections of federal and state energy efficiency codes and standards.
4. Decline in the projected cost-effectiveness of demand side management measures and programs.
5. FPL's growing dependence upon demand side management resources to maintain system reliability.
6. The schedule for the Turkey Point Nuclear Units 6 and 7.
7. Potential changes in environmental regulations and/or legislation.
8. Possible establishment of a Florida standard for renewable energy or clean energy.

Evaluation

One of the main purposes of preparing the ten year site plan is to disclose the general location of proposed power plant sites. The FPL ten year site plan identifies no preferred sites and one potential site for future power generating facilities in the Treasure Coast Region (Exhibit 2). The only potential site identified in the Treasure Coast Region is in Martin County. The plan indicates FPL is currently evaluating potential sites in Martin County for a future PV facility. No specific locations have been selected at this time.

The ten year site plan indicates FPL will begin serving the City of Vero Beach's electrical load beginning in January 2015. In early 2013, FPL came to an agreement with the City of Vero Beach to purchase the City's electric utility system. FPL is expected to begin providing electric service to more than 34,000 customers formerly served by the City of Vero Beach. As part of FPL's acquisition of Vero Beach's electric utility system, FPL is projected to take ownership of Vero Beach's five existing generating units starting January 2015. The current plan is to immediately retire three of these older generating units and operate the remaining two, which

supply approximately 46 MW of combined cycle summer capacity, for a maximum of three years.

The ten year site plan indicates that fossil fuels will be the primary source of energy used to generate electricity by FPL during the next 10 years (Exhibit 3). The plan indicates fossil fuels will account for 71.8 percent (5.1 percent from coal, 0.4 percent from oil, and 66.3 percent from natural gas) of FPL's electric generation in 2014. The plan predicts fossil fuels will account for 62.9 percent (5.1 percent from coal, 0.1 percent from oil, and 57.7 percent from natural gas) of FPL's electric generation in 2023. During the same period, nuclear sources are predicted to change from 23.6 percent in 2014 to 32.4 percent in 2023. Solar sources are predicted to decline from 0.2 percent in 2014 to 0.1 percent in 2023.

Regarding solar energy, FPL has three solar generating facilities: 1) a 75 MW steam generation solar thermal facility in Martin County (the Martin Next Generation Solar Energy Center); 2) a 25 MW PV electric generation facility in DeSoto County (the DeSoto Next Generation Solar Energy Center); and 3) a 10 MW PV electric generation facility in Brevard County at NASA's Kennedy Space Center (the Space Coast Next Generation Solar Energy Center). These three projects were completed in response to the 2008 Energy Bill, which was enacted to enable the development of clean, zero greenhouse gas emitting renewable generation in the State of Florida. Specifically, the bill authorized cost recovery for the first 110 MW of eligible renewable projects that had the proper land use, zoning, and transmission rights in place.

In addition to the three solar facilities noted above, the plan indicates that FPL is currently in the process of identifying other potential sites in the state for PV facilities. FPL is evaluating existing generation sites along with other sites within FPL's service territory. FPL is also planning to establish a voluntary community based solar partnership pilot program to provide customers with the opportunity to support the use of solar energy at the community scale. In addition, FPL is planning to establish a commercial and industrial solar partnership program in order to examine the effect of rooftop PV facilities on FPL's distribution system. Council continues to support FPL's existing solar projects and encourages FPL to develop additional projects based on renewable resources.

Other Comments

As part of the review of the ten year site plan, Council solicited comments from jurisdictions that may be affected by or are neighboring FPL's existing and proposed power generating facilities in the region. Council received correspondence from the Indian River County planning staff concerning a 2,800 acre site in northeast Okeechobee County (Exhibit 4). The county staff noted that the site, which is proposed as a potential combined cycle or PV plant location, is located adjacent to Indian River County. The comments indicate that if the Okeechobee site is developed and is to be accessed from Indian River County, then FPL will need to coordinate with Indian River County to evaluate and address any traffic impacts.

Conclusion

The FPL ten year site plan is inconsistent with **Strategic Regional Policy Plan Goal 9.1**, decreased vulnerability of the region to fuel price increases and supply interruptions, because the plan predicts continued heavy reliance on only two primary fuel types, natural gas and nuclear fuel. The plan predicts a decrease in the reliance on fossil fuels and an increase in the reliance on nuclear energy during the next ten years. This outcome is a step toward consistency with **Strategy 9.1.1**, reduce the Region's reliance on fossil fuels. However, this shift in fuel supply is not sufficient to decrease vulnerability of the region to fuel price increases and supply interruptions. Council recommends that FPL adopt a more balanced portfolio of fuels that includes a significant component of renewable energy sources. Council remains concerned that the ten year site plan does not predict an increase in the use of renewable energy during the next decade. Council continues to encourage the Florida Legislature to adopt a Renewable Portfolio Standard in order to provide a mechanism to expand the use of renewable energy in Florida.

Council recommends that FPL consider new strategies to expand reliance on renewable sources. FPL should consider expanding its solar rebate programs for customers who install PV and solar water heating systems on their homes and businesses. This program is part of a five-year pilot program authorized by the FPSC to promote clean solar power and reduce energy consumption. The program should be expanded, because demand far exceeds the availability of funds. Also, the application period should be standardized so that the rebates can be coordinated with other programs, such as the Solar and Energy Loan Fund (SELF) and Property-Assessed Clean Energy (PACE) programs, to provide participants in these programs the option of receiving a rebate. SELF is a low interest rate loan program that provides financing for clean energy solutions. PACE programs allow property owners to finance energy retrofits by placing an additional tax assessment on the property in which the investment is made. New PACE programs have recently been established in Martin and St. Lucie counties, and the cities of Fellsmere, Sebastian, Stuart, and West Palm Beach. The current schedule for rebate applications makes it difficult for SELF and PACE participants to take part in the FPL rebate program.

FPL should also consider developing a program to install, own, and operate PV units on the rooftops of private and public buildings. The shift to rooftop PV systems distributed throughout the area of demand could reduce reliance on large transmission lines and reduce costs associated with owning property; purchasing fuel; and permitting, constructing, and maintaining a power plant. Another advantage of this strategy is that PV systems do not require water for cooling. The incentive for owners of buildings to participate in this strategy is they could be offered a reduced rate for purchasing electricity. The future development of ocean current technology, which is currently under investigation by the Florida Atlantic University Southeast National Marine Renewable Energy Center, may be another opportunity to expand the use of renewable energy.

Council urges FPL and the State of Florida to continue developing new programs to: 1) reduce the reliance on fossil fuels as future energy sources; 2) increase conservation activities to offset the need to construct new power plants; and 3) increase the reliance on renewable energy sources to produce electricity. The complete costs of burning fossil fuels, such as the costs to prevent environmental pollution and costs to the health of the citizens, need to be considered in evaluating these systems. State legislators should amend the regulatory framework to provide

financial incentives for the power providers and the customers to increase conservation measures and to rely to a greater extent on renewable energy sources. Also, the State should reconsider the currently used test for energy efficiency and choose a test that will maximize the potential for energy efficiency and renewable energy sources. The phasing in of PV and other locally available energy sources will help Florida achieve a sustainable future.

Attachments

EXHIBIT 1

Table ES-1: Projected Capacity & Firm Purchase Power Changes

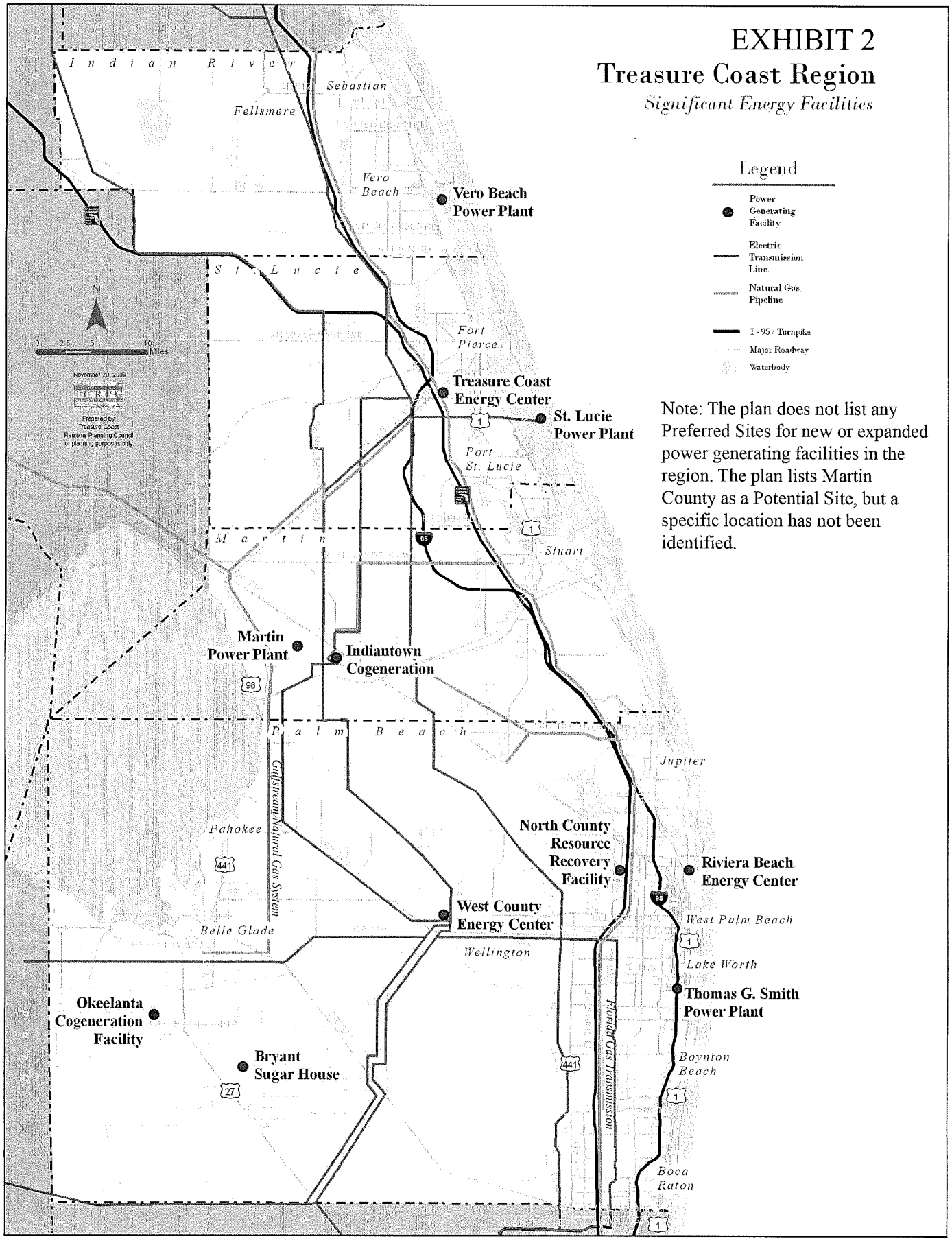
Year *	Projected Capacity & Firm Purchase Power Changes	Summer MW	Date	Summer Reserve Margin **
2014	Martin Unit 1 ESP - Return from ESP outage	823	March-14	
	Martin Unit 2 ESP - Temporary Outage to install ESPs	(826)	March-14	
	Turkey Point Unit 5 CT Upgrade	30	March-14	
	Sanford 5 CT Upgrade	9	September-13	
	Riviera Beach Next Generation Clean Energy Center	1,212	April-14	
	Total of MW changes to Summer firm capacity:	**1,247**		**28.0%**
2015	Manatee Unit 3 CT Upgrade	32	October-14	
	Martin Unit 2 ESP - Returned from ESP Outage	823	December-14	
	Putnam 1&2 Retirement	(498)	December-14	
	OUC - Stanton PPAs	37	January-15	
	Vero Beach Combined Cycle 1/	46	January-15	
	Palm Beach SWA - additional capacity	70	January-15	
	Fort Myers Unit 2 CT Upgrades	18	June-15	
	Fort Myers Unit 2 CT Upgrades	18	March-15	
	Fort Myers Unit 2 CT Upgrades	18	May-15	
	Total of MW changes to Summer firm capacity:	**563**		**27.5%**
2016	UPS Replacement	(928)	December-15	
	Port Everglades Next Generation Clean Energy Center	1,237	June-16	
	Total of MW changes to Summer firm capacity:	**309**		**26.6%**
2017	Turkey Point Unit 1 synchronous condenser	(396)	October-16	
	Total of MW changes to Summer firm capacity:	**(396)**		**22.6%**
2018	OUC - Stanton PPAs	(37)	December-17	
	Vero Beach Combined Cycle 1/	(46)	January-18	
	Total of MW changes to Summer firm capacity:	**(83)**		**20.5%**
2019	Port Everglades GT retirement	(420)	December-18	
	Lauderdale GT retirement	(840)	December-18	
	Lauderdale CT	1,005	January-19	
	SJRPP suspension of energy	(381)	April-19	
	Unsited CC	1,269	June-19	
	Total of MW changes to Summer firm capacity:	**633**		**21.6%**
2020	Unspecified Purchase	129	June-20	
	Total of MW changes to Summer firm capacity:	**129**		**20.5%**
2021	Eco-Gen PPA	180	January-21	
	Unspecified Purchase	168	June-21	
	Total of MW changes to Summer firm capacity:	**348**		**20.6%**
2022	Cape Next Generation Clean Energy Center	87	June-22	
	Turkey Point Nuclear Unit 6	1,100	June-22	
	Total of MW changes to Summer firm capacity:	**1,187**		**22.6%**
2023	Riviera Beach Next Generation Clean Energy Center	55	June-23	
	Turkey Point Nuclear Unit 7	1,100	June-23	
	Total of MW changes to Summer firm capacity:	**1,155**		**24.4%**

* Year shown reflects when the MW change begins to be accounted for in Summer reserve margin calculations. (Note that addition of MW values for each year will not yield a current cumulative value.)

** Winter Reserve Margins are typically high than Summer Reserve Margin. Winter Reserve Margin are shown on Schedule 7.2 in Chapter III.

1/ This unit will be added as part of the agreement that FPL will serve Vero Beach's electric load starting January, 2015. This unit is expected to be retired within 3 years.

EXHIBIT 2
Treasure Coast Region
Significant Energy Facilities



Note: The plan does not list any Preferred Sites for new or expanded power generating facilities in the region. The plan lists Martin County as a Potential Site, but a specific location has not been identified.

EXHIBIT 3

Schedule 6.2
Energy Sources % by Fuel Type

Energy Source	Units	Actual [1] 2012	Actual [1] 2013	Forecasted 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(1) Annual Energy Interchange [2]	%	4.7	4.0	3.0	3.2	1.7	1.9	2.1	0.8	0.0	0.0	0.0	0.0
(2) Nuclear	%	15.3	22.6	23.6	23.0	23.1	22.6	22.1	22.4	21.8	21.6	25.6	32.4
(3) Coal	%	4.3	5.4	5.1	5.5	3.1	4.4	5.1	5.4	5.4	5.3	5.2	5.1
(4) Residual (FO6) -Total	%	0.3	0.1	0.4	0.6	0.6	0.3	0.3	0.1	0.1	0.1	0.1	0.0
(5) Steam	%	0.3	0.1	0.4	0.6	0.6	0.3	0.3	0.1	0.1	0.1	0.1	0.0
(6) Distillate (FO2) -Total	%	0.0	0.1	0.0	0.0	0.1	0.0	0.2	0.1	0.2	0.2	0.1	0.1
(7) Steam	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(8) CC	%	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
(9) CT	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
(10) Natural Gas -Total	%	72.6	67.4	66.3	64.1	67.9	67.1	66.6	66.5	67.8	68.1	64.3	57.7
(11) Steam	%	5.0	2.2	0.3	0.6	0.8	0.7	0.6	0.2	0.2	0.2	0.1	0.1
(12) CC	%	67.3	64.8	65.9	63.4	67.0	66.3	65.7	66.1	67.3	67.6	64.0	57.5
(13) CT	%	0.3	0.4	0.1	0.1	0.2	0.1	0.3	0.2	0.2	0.2	0.1	0.1
(14) Solar [3]	%	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
(15) PV	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(16) Solar Thermal	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(17) Other [4]	%	2.6	0.4	1.5	3.4	3.4	3.6	3.5	4.6	4.7	4.6	4.6	4.5
		100	100	100	100	100	100	100	100	100	100	100	100

1/ Source: A Schedules and Actual Data for Next Generation Solar Centers Report
2/ The projected figures are based on estimated energy purchases from SJRPP, the Southern Companies (UPS contract), and other utilities.
3/ Represents output from FPL's PV and solar thermal facilities.
4/ Represents a forecast of energy expected to be purchased from Qualifying Facilities, Independent Power Producers, net of Economy and other Power Sales.

EXHIBIT 4

Peter G. Merritt

From: Stan Boling <sboling@ircgov.com>
Sent: Thursday, May 08, 2014 9:59 AM
To: 'lgulick@tcrpc.org'
Cc: BCC - Board Members; Joe Baird; Chris Mora; Phil Matson; Sasan Rohani; John McCoy; Roland Deblois; John King; Michael Zito; Dylan Reingold; Vincent Burke; Dori Roy; 'Amy_Brunjes@fpl.com'; 'pmerritt@tcrpc.org'
Subject: Indian River County Community Development Staff Comments on Florida Power & Light Ten Year Power Plant Site Plan 2014-2023

Liz:

Indian River County Community Development staff reviewed FPL's latest 10 year plan. Although no sites for future development are located within Indian River County, the 2,800 acre site in northeast Okeechobee County is proposed as a potential combined cycle (CC) or photovoltaic (PV) plant location and is adjacent to Indian River County. At this time, staff's only comment is that if the Okeechobee site is developed and is to be accessed from Indian River County, such as via SR 60, then FPL will need to coordinate with Indian River County to evaluate and address any identified traffic impacts. We appreciate the opportunity to comment.

.....Stan Boling, Community Development Director

MEMORANDUM

DATE: 7/1/14

TO: Phillip Ellis, Engineering Specialist, Public Service Commission
pellis@psc.state.fl.us

FROM: Terry Joseph, Executive Director, WFRPC
850-332-7976, Extension 201
terry.joseph@wfrpc.org

RE: WFRPC:	Grant Application Project Description:
MJ894042514	Review of the 2014 Ten-Year Site Plans for Florida's Electric Utilities (Gulf Power Company)

The Florida State Clearinghouse referred your grant application to the WFRPC Regional Clearinghouse for review. Section 4 of Gubernatorial Executive Order 95-359 provides that all federal applications which originate from non-state agencies, such as local governments and not-for-profit organizations, and which will have no significant effect on Florida's environment, are exempted from the intergovernmental coordination and review process overseen by the State Clearinghouse. Your application was referred to the WFRPC for review because the State Clearinghouse determined it meets exempted review requirements.

As required by the Executive Order, the staff of the West Florida Regional Planning Council has reviewed the above referenced proposed project under the Intergovernmental Coordination & Review Process (IC&RP) for consistency with the West Florida Strategic Regional Policy Plan (WFSRPP). **Based upon review of the information submitted, the Planning Council staff finds the proposal generally consistent with the WFSRPP, adopted July 15, 1996.** A finding of consistency with the West Florida Strategic Regional Policy Plan does not necessarily affect eligibility or obligate funding of your project. For information about the WFSRPP, please see the WFRPC's web page www.wfrpc.org

X	Staff had no additional comments.
	Please find attached staff comments.

If you have any questions concerning this communication, please refer to the WFRPC # listed above.

Water Management Districts

- Northwest Florida Water Management District
- Southwest Florida Water Management District
- Suwannee River Water Management District

Northwest Florida Water Management District

152 Water Management Drive, Havana, Florida 32333-4712
(U.S. Highway 90, 10 miles west of Tallahassee)

Phone: (850) 539-5999 • Fax: (850) 539-2693

Jonathan P. Steverson
Executive Director

June 24, 2014

State of Florida Public Service Commission
Attn: Mr. Phillip Ellis
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Review of the 2014 Ten-Year Site Plans for Florida's Electric Utilities

Dear Mr. Ellis,

The Northwest Florida Water Management District (District) has reviewed the Ten-Year Site Plans for Gulf Power Company and the City of Tallahassee Utilities as requested in your correspondence dated April 22, 2014. The District has no comments on the site plans at this time.

If you have any questions or if any additional information is needed, please feel free to contact us at (850) 539-5999.

Sincerely,

Kevin R. Hayes

Kevin R. Hayes, P.G., CPG, GISP
Chief, Bureau of Groundwater Regulation

Y:\REG_GW\PSC 10-Year Plan Reviews 2014\PSC Ten-Year Plan Reviews - Electrical Utilities June 2014.docx

Southwest Florida Water Management District
2379 Broad Street, Brooksville, Florida 34604-6899
(352) 796-7211 or 1-800-423-1476 (FL only)
On the World Wide Web at *WaterMatters.org*

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Sarasota Service Office
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Sarasota, Florida 34240-9711
(941) 377-3722 or
1-800-320-3503 (FL only)

Tampa Service Office
7601 U.S. 301 North
Tampa, Florida 33637-6759
(813) 985-7481 or
1-800-836-0797 (FL only)

May 16, 2014

Mr. Phillip Ellis, Engineering Specialist III
Division of Engineering
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Subject: Electric Utility 2014 Ten-Year Site Plans

Dear Mr. Ellis:

In response to your request, the Southwest Florida Water Management District (District) has completed its review of the 2014 Ten-Year Site Plans (Site Plans) for Duke Energy Florida (DEF) and Tampa Electric Company (TECO). The District's review is being conducted pursuant to Section 186.801(2)(e), Florida Statutes, which requires that the Public Service Commission consider "the views of the appropriate water management district as to the availability of water and its recommendation as to the use by the proposed plant of salt water or fresh water for cooling purposes."

Please note that, pursuant to Section II.A.1.f of the current Operating Agreement between the Florida Department of Environmental Protection (DEP) and the District concerning the division of responsibility for management and storage of surface waters regulation and wetland resource regulation under Chapter 373, Part IV, Florida Statutes, the DEP is responsible for conducting the Environmental Resource Permit-related review and for taking final agency action for power plants, electrical distribution and transmission lines, and other facilities related to the production, transmission, and distribution of electricity.

Both DEF and TECO indicate in their Site Plans that new generating facilities are proposed within the ten-year planning horizon. The Site Plan for DEF indicates that new combined cycle units are proposed in 2018 and 2021 adjacent to the Crystal River Site and at an undesignated site, respectively. The Site Plan for TECO indicates that conversion of the Polk Power Station's simple cycle combustion turbines (Units 2-5) to a natural

gas combined cycle unit is proposed in 2017. In addition, a new combustion turbine is proposed in 2020 at an undesignated site.

Based on the information provided in the Site Plans, the District offers the following technical assistance comments for your consideration:

1) During the site certification or permitting process, consideration must be given to the lowest quality water available which is acceptable for the proposed use. If a lower quality water is available and is environmentally, technically and economically feasible for all or a portion of the proposed use, this lower quality water must be used.

2) For new generating facilities proposed in the southern and much of the central portions of the District, there are additional water use constraints. These areas have been designated as Water Use Caution Areas. This designation has occurred in response to water resource impacts, such as salt water intrusion, lowered water levels in lakes and wetlands, and reduced stream flows, which have been caused by excessive ground water withdrawals. Regional recovery strategies are being implemented to address these adverse water resource impacts. Consequently, the District has heightened concerns regarding potential impacts due to additional water withdrawals.

3) The most water conserving practices must be used in all processes and components of the power plant's water use that are environmentally, technically and economically feasible for the activity, including reducing water losses, recycling, and reuse.

We appreciate this opportunity to participate in the review process. If you have any questions or require further assistance, please do not hesitate to contact me at (352) 796-7211, extension 4790, or james.golden@watermatters.org.

Sincerely,

James J. Golden, AICP
Senior Planner

JG

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

July 1, 2014

Florida Public Service Commission
ATTN: Phillip Ellis
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: SRWMD Review of the 2014 Ten-Year Site Plans for Florida's Electric Utilities – Duke Energy Florida and Seminole Electric Cooperative

Dear Mr. Ellis:

The Suwannee River Water Management District (District) appreciates the opportunity to provide comments regarding the above-referenced ten-year site plans. After review by District Staff, no comment is offered related to the Duke Energy proposal as it involves no change from the current water usage. The Seminole Electric Cooperative (SEC) proposal, however, is of concern.

The SEC site is almost entirely within the Lower Santa Fe River Water Resource Caution Area. This is a region that the District has determined to already have water resource problems or in which water resource problems are projected to develop during the next twenty years. As such, additional large groundwater withdrawals will likely exacerbate these problems. A previous evaluation of the effects of both a two and an eight million gallon per day groundwater withdrawal were submitted to the District. At that time the technical report for the Lower Santa Fe and Ichetucknee Rivers and Associated Springs Minimum Flows and Levels (MFLs) was not completed. The recently completed and proposed MFLs show that these river and spring resources will be in recovery when the proposed rule is adopted. Based on the Florida Department of Environmental Protection's proposed rule (Chapter 62-42, Florida Administrative Code) any new impacts to the MFLs from groundwater withdrawals would need to be offset or eliminated.

These constraints will be evaluated under the District's existing rules at the time a water use permit application or site certification is submitted for review. Please contact our office if you have any questions.

Respectfully,

Ann B. Shortelle, Ph.D.
Executive Director

ABS/wz

Local Governments

- Leon County
- Suwannee County

Leon County

Board of County Commissioners

301 South Monroe Street, Tallahassee, Florida 32301
(850) 606-5302 www.leoncountyfl.gov

June 4, 2014

Mr. Phillip Ellis
Division of Engineering
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Mr. Ellis:

The Tallahassee-Leon County Planning Department has reviewed the City of Tallahassee's 2014 Ten Year Site Plan Report and determined that it is suitable as a planning document. The report indicates the City Utilities plan for additional power supply needs is to add another generator at the existing Hopkins Plant site. The Hopkins Power Plant site is currently in the Government Operations Future Land Use Map category or our Comprehensive Plan and is a suitable site for continued power generation.

A hard copy of this letter will be mailed to you and an electronic copy will be e-mailed to pellis@psc.state.fl.us, as requested in your April 22, 2014 letter.

Thank you for the opportunity to review the Ten Year Site Plan Report. If you have any questions concerning these comments, please contact Brian Wiebler of my staff at (850) 891-6400.

Sincerely,

Vincent S. Long
County Administrator

Suwannee County

COUNTY OFFICES
13150 80th Terrace
Live Oak, FL 32060

(386) 364-3400
FAX (386) 362-1032

"In The Heart Of The Suwannee River Valley"

Please Reply to: _____

June 23, 2014

Mr. Phillip Ellis
Engineering Specialist
Division of Engineering
State of Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Fl. 32399-0850

Re: Review of the 2014 Ten-Year Site Plans for Florida's Electric Utilities

Dear Mr. Ellis:

Suwannee County has completed its' review of the Ten-Year Site Plan for Duke Energy Florida electric utility and has concluded that it is "suitable" as a planning document.

If you have any questions or need additional information please feel free to contact my office.

Sincerely,

Randy Harris
County Administrator

Attachment 3

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: November 18, 2014

TO: Braulio L. Baez, Executive Director

FROM: Catherine S. Beard, Public Utility Analyst II, Office of Telecommunications
Cynthia L. Muir, Director, Office of Consumer Assistance & Outreach
Adam J. Teitzman, Attorney Supervisor, Office of the General Counsel

RE: 2014 Annual Lifeline Report regarding the Number of Customers Subscribing to Lifeline Service and the Effectiveness of Any Procedures to Promote Participation.

Critical Information: ACTION IS NEEDED – November 25, 2014 Internal Affairs. Commission Approval of the Lifeline draft report is sought. The 2014 Lifeline Final Report is due to the Governor, President of the Senate, and Speaker of the House by December 31, 2014.

Staff is seeking approval of the draft 2014 Annual Lifeline Report regarding the number of customers subscribing to Lifeline Service and the effectiveness of any procedures to promote participation. Section 364.10(2)(h), Florida Statutes, requires the FPSC to provide this report to the Governor, President of the Senate, and Speaker of the House of Representatives by December 31 each year. The report details regulatory actions impacting the Lifeline Program and Lifeline Awareness promotions in Florida.

As of June 30, 2014, 957,792 eligible customers participated in the Florida Lifeline program representing a 4.3% increase over the June 30, 2013 subscribers. The attached draft report has been prepared to fulfill the Florida legislative requirement. Staff is seeks approval of the draft of the 2014 annual Lifeline Report.

Attachment

A REPORT TO THE
Governor
President of the Senate
Speaker of the House of Representatives

FLORIDA

LIFELINE

ASSISTANCE

Number of Customers
Subscribing to Lifeline Service
And the Effectiveness of
Procedures to Promote Participation

DECEMBER 2014

Table of Contents

Attachments

List of Figures

List of Acronyms

CFR	Code of Federal Regulations
DCF	Department of Children and Families
ETC	Eligible Telecommunications Carrier
FCC	Federal Communications Commission
FPSC	Florida Public Service Commission
NCPW	National Consumer Protection Week
NLAD	National Lifeline Accountability Database
OPC	Office of Public Counsel
SNAP	Supplemental Nutrition Assistance Program (formerly Food Stamps)
TCA	Temporary Cash Assistance
USAC	Universal Service Administrative Company

I. Executive Summary

The Florida Lifeline program is part of the federal Universal Service Program designed to enable low-income households to obtain and maintain basic local telephone service in accordance with Section 364.10, Florida Statutes. The Lifeline program offers qualifying households a minimum $9.25 discount on their monthly phone bills, or a free Lifeline cell phone and monthly minutes from certain wireless providers. This report presents Lifeline participation data for the July 2013 through June 2014 program year, and evaluates procedures put in place to strengthen and streamline the Lifeline program.

As of June 30, 2014, 957,792 eligible households participated in the Florida Lifeline program, which equates to approximately one of every eight Florida households. Lifeline assistance participation includes the involvement of the Florida Public Service Commission (FPSC), the Florida Department of Children and Families (DCF), the Florida Office of Public Counsel (OPC), the Florida Department of Education (DOE) and other state agencies that provide benefits to persons eligible for Lifeline service.[1]

Approximately 50% of all Lifeline-eligible Florida households are receiving Lifeline assistance. The Supplemental Nutrition Assistance Program (SNAP) continues to be the largest qualifying program for Lifeline assistance in Florida. Based upon June 2014 SNAP participants, the Lifeline eligible households[2] decreased by 1.2 percent compared to 2013 data, which may reflect the improving Florida economy.

The Faces of Lifeline was the slogan for Florida's 2014 Lifeline Awareness Week, September 8-14. In addition to increasing awareness among eligible citizens, this year's Lifeline Awareness Week also aimed to educate residents about the Federal Communications Commission (FCC) rule. This rule allows one Lifeline benefit per eligible household and requires eligible citizens to annually recertify to continue the benefit.

The Commission continues to focus on enrollment process issues as a means of increasing participation. Specific enrollment process initiatives include the following:

- FPSC Lifeline Coordinated Online Application Process
- FPSC/DCF Coordinated Lifeline Enrollment
- Annual Recertification Procedures
- DCF Certification/Verification Web Services Interface
- Lifeline Work Group Meetings

[1] Section 364.10(2)(g)1, Florida Statutes, requires each state agency that provides benefits to persons eligible for Lifeline service to undertake, in cooperation with the DCF, the Department of Education, the FPSC, the OPC, and ETCs providing Lifeline services, the development of procedures to promote Lifeline participation.

[2] According to the U.S. Department of Agriculture Report, "*Supplemental Nutrition Assistance Program: Number Of Households Participating, ending June 30, 2014,*" over 1,930,106 Florida households participated in the Supplemental Nutrition Assistance Program. See Figure 2.

II. Background

Each year, the FPSC is required to report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the number of customers subscribing to Lifeline service and the effectiveness of procedures to promote participation in the program. This report is prepared pursuant to the requirements contained in Section 364.10, Florida Statutes.

In Florida, if an applicant uses the electronic Lifeline Coordinated Enrollment Process[3] to apply for Lifeline, the process will confirm if the applicant is currently participating in the Medicaid, SNAP or Temporary Cash Assistance (TCA)[4] programs. If a program other than Medicaid, SNAP, or TCA, is used for certification, the customer must provide documentation of participation from the administering agency, which could be the Florida Department of Education (free school lunch program), the Social Security Administration (Supplemental Security Income), a county-level agency (Low-Income Home Energy Assistance Plan or Section Eight Housing), or the Bureau of Indian Affairs for documentation. Current data shows that over ninety-five percent of Florida applicants using the Lifeline Coordinated Enrollment Process use Medicaid, SNAP, or TCA for eligibility.

If a Lifeline applicant chooses to apply for Lifeline directly with an eligible telecommunications carrier (ETC), the ETC can access the DCF web services[5] to confirm program participation for Medicaid, SNAP, and TCA. In Florida, certification and verification can be accomplished using this process if the applicant or existing Lifeline customer participates in the Medicaid, SNAP, or TCA programs which are administered by the DCF.

The National Lifeline Accountability Database (NLAD), which is maintained by the Universal Service Administrative Company (USAC),[6] is designed to help carriers identify and resolve duplicate claims for Lifeline Program supported service and prevent future duplicates. This database provides a means for carriers to check, on a real-time and nationwide basis, if the household is already receiving a Lifeline Program supported service. USAC activated the National Lifeline Accountability Database for Florida Lifeline participants on March 6, 2014.

The FCC Lifeline Reform Order also called for the creation of a national eligibility database for certification and program participation verification of Lifeline applicants.[7]

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[3] The electronic Lifeline coordinated enrollment process was set up by the FPSC and DCF to allow an applicant for Medicaid, SNAP, or TCA to request and receive Lifeline assistance after approved for the DCF program.

[4] Nationally known as Temporary Assistance for Needy Families (TANF).

[5] The Web services interface allows Florida ETCs a secure gateway into the DCF computer to verify that a Lifeline customer is participating in the Medicaid, SNAP, or TCA programs administered by DCF. The ETC enters the person's first and last name, date of birth, and last four digits of the person's social security number. The DCF computer responds as to whether the person currently participates in one of the DCF programs without identifying the program because of confidentiality. An ETC must pre-register with DCF to use the Web services interface to ensure security is maintained.

[6] The Universal Service Administrative Company (USAC) is an independent, not-for-profit corporation designated by the Federal Communications Commission as the administrator of the Universal Service Fund. USAC collects contributions from telecommunications carriers and administers support programs designed to help communities across the country secure access to affordable telecommunications services.

[7] A single nationwide database will be deployed and the physical infrastructure, connections, and all related components will be located in a single location (or several locations to establish sufficient redundancy).

III. Lifeline Participation

Currently, FCC rules allow a $9.25 maximum reimbursement from the USAC to a participating Lifeline carrier. The additional tier of support, available only to eligible subscribers living on tribal lands, provides a credit up to $25.00 per month.

Florida Transitional Lifeline Assistance requires that ETCs offer former Lifeline customers, who are no longer eligible, a 30 percent discount off the residential basic local service rate. The customers are eligible to receive the discount for one year from the date the customer ceases to be qualified for Lifeline.[8]

Program-Based

Eligibility for Lifeline in Florida can be determined by customer enrollment in any one of the following programs:[9]

- Food Assistance (SNAP)
- Medicaid
- Federal Public Housing Assistance (Section 8)
- Supplement Security Income
- Low-Income Home Energy Assistance Program
- Temporary Cash Assistance (TCA)
- National School Lunch Program - Free Lunch
- Bureau of Indian Affairs Programs: Tribal Temporary Assistance to Needy Families, Head Start Subsidy and National School Lunch Program

Income-Based

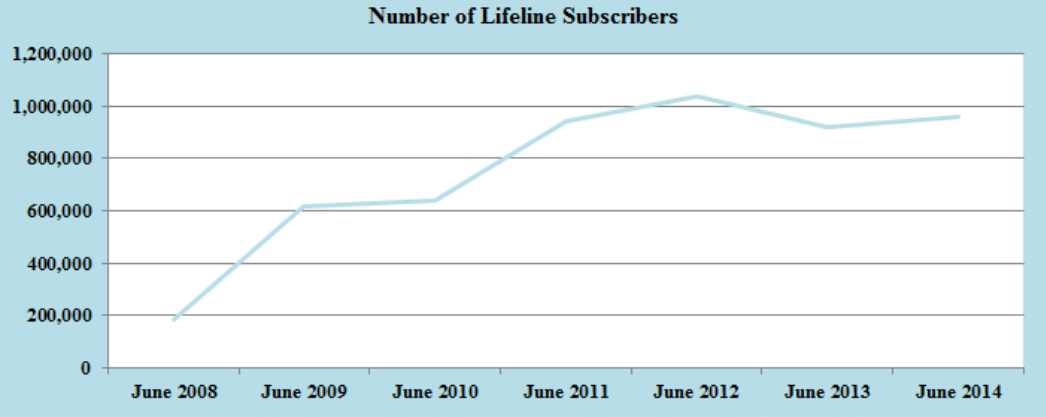
In addition to the program-based criteria, customers with annual incomes up to 150 percent of the Federal Poverty Guidelines may be eligible to participate in the Florida Lifeline program. Section 364.10(2)(a), Florida Statutes, provides that each local exchange telecommunications company that has more than one million access lines and is an ETC shall provide Lifeline service to citizens who meet an income eligibility test of up to 150 percent of the Federal Poverty Guidelines. The U.S. Department of Health and Human Services updated the 2014 Federal Poverty Guidelines, as shown in Attachment A.[10] The OPC certifies customer eligibility under the income test for customers requesting to be enrolled in the Lifeline program for the three major companies designated as ETCs. The OPC also performs income certification for wireless ETCs who have filed a notice of election to do so with the FPSC.[11]

The number of subscribers enrolled in Lifeline was 957,792 as of June 30, 2014, a 4.3 percent increase from the number of subscribers last year. Figure 1 shows the number of

[8] Section 364.105, Florida Statutes.
[9] Rule 25-4.0665(1) and (2), Florida Administrative Code.
[10] Department of Health and Human Services, Annual Update of the Department of Health and Human Service Poverty Guidelines. See Federal Register Notice, January 22, 2014.
[11] See Section 364.10(2)(a), Florida Statutes.

Lifeline subscribers from June 2008 through 2014. In 2013, the decrease in subscribership was largely attributable to the new FCC rules which require annual recertification of every subscriber receiving Lifeline credits. Many customers failed to respond to the ETCs' recertification requests and were removed from the program.

Figure 1. Florida Lifeline Subscribership



Source: Industry responses to FPSC data requests (2008-14)

In 2014, there was an increase in subscribership of 39,547 households, or 4.3 percent. Lifeline eligible households decreased by 22,784 or 1.2 percent compared to 2013. The participation rate grew to 49.6 percent, an increase of 2.6 percentage points, or 5.5 percent over the 47.0 percent participation rate for the previous year. This may reflect an improving Florida economy. Considering the number of households which are eligible to receive Lifeline in Florida and the current participation rate, these numbers demonstrate the continued need for the Lifeline program. Figure 2 shows participation rates in Florida households from June 2011 through June 2014.

Figure 2. Lifeline Participation Rate In Eligible Florida Households for 2011-2014

Year	Lifeline Enrollment	Eligible Households	% Participation Rate
June 2011	943,854	1,690,512	55.8%
June 2012	1,035,858	1,864,183	55.6%
June 2013	918,245	1,952,890	47.0%
June 2014	957,792	1,930,106	49.6%

Sources: U.S. Department of Agriculture data figures are as of June 2014

IV. Lifeline Providers

Section 54.201(b) of the Code of Federal Regulations (CFR) allows state commissions to designate a common carrier that meets certain requirements as an ETC[12] in a non-rural service area. The CFR also allows state commissions to designate one or more common carriers as an ETC in a rural service area.[13] The FPSC has determined that before designating a carrier as an ETC, it should make an affirmative determination that such designation is in the public interest, regardless of whether the applicant seeks designation in an area served by a rural or non-rural carrier.[14]

To qualify as an ETC, a common carrier must offer services that are supported by federal universal service support mechanisms, either using its own facilities or a combination of its own facilities and another carrier's resold service,[15] and the carrier must advertise the availability of such services and charges. Additionally, a company applying and qualifying for designation as an ETC must demonstrate good management and legitimate business practices to successfully administer the Lifeline program.

In 2011, the FCC took a technology neutral approach and determined that ETCs can use any platform to provide voice service. Figure 3 shows the twenty-two companies which had ETC status and participated in the Lifeline Program in Florida as of June 30, 2014.[16]

[12] Florida House Bill 1231, the Florida 2011 Legislature, removed the FPSC authority to designate ETC wireless telecommunication providers. Effective July 1, 2012, wireless providers must directly apply for Florida ETC designation with the FCC.

[13] A state commission also has the authority to rescind the ETC status of any ETC designated by it that does not follow the requirements of the Lifeline Assistance program.

[14] See Docket No. 100124-TX, In RE: Petition for designation as eligible telecommunications carrier by Sun-Tel USA, Inc., Order No. PSC-10-0634-PAA-TX, issued October 25, 2010.

[15] Those services supported by Universal Service include the following: (1) voice grade access to the public switched network or its functional equivalent, (2) minutes of use for local service provided at no additional charge to end users, (3) toll limitation to qualifying low-income consumers, and (4) access to the emergency services 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems. However, the FCC started phasing down toll limitation service reimbursement in 2012 and completely eliminated it effective January 1, 2014.

[16] By Order No. PSC-13-0547-PAA-TX, issued October 29, 2013, the FPSC approved Unity Telecom, LLC's request for relinquishment of its ETC designation. By Order No. PSC-14-0144-PAA-TX, issued March 31, 2014, the FPSC approved Express Phone Service, Inc.'s request for relinquishment of its ETC designation.

Figure 3. ETCs Participating in Florida Lifeline Program

Florida Companies Designated as ETCs	
AT&T Florida (AT&T)	Budget Phone
Cox Florida Telecom, LP	CenturyLink
FLATEL, Inc.	Frontier Communications
Global Connection Inc.	FairPoint Communications
Access Wireless	ITS Telecommunications
Knology of Florida, Inc.	Nexus Communications, Inc.
NEFCOM	Quincy Telephone Company
Smart City Telecom	Sun-Tel USA, Inc.
T-Mobile Wireless	Tele Circuit Corporation
SafeLink Wireless	Verizon Florida, LLC
Assurance Wireless	Windstream Florida, Inc.

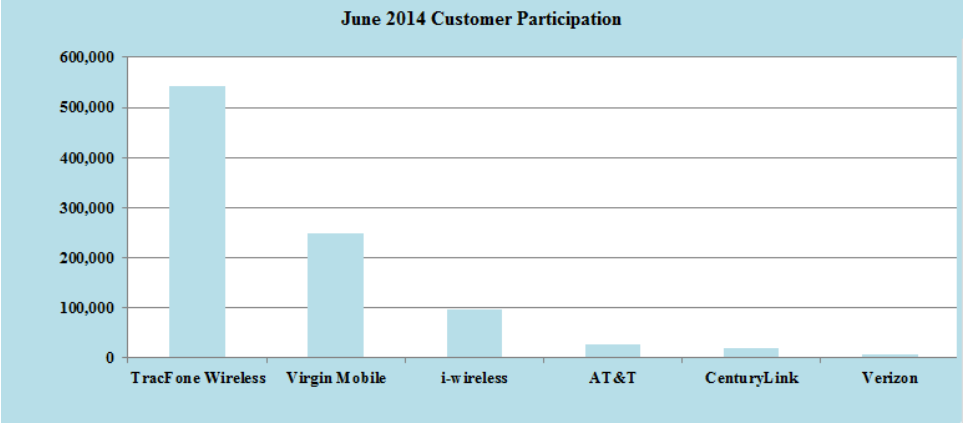
As of July 1, 2011, the FPSC no longer has authority to designate wireless ETCs in the State of Florida. Wireless ETC applications for Florida are now filed directly with the FCC. Figure 4 shows the 34 Florida ETC Wireless petitions pending at the FCC.

Figure 4. Companies with Pending ETC Designation Petitions at FCC as of June 2014

ETC Petitions Pending at FCC	
Airvoice Wireless	American Broadband
Amerimex	Assist Wireless
Blue Jay Wireless	Boomerang Wireless
Budget PrePay, Inc.	Cintex Wireless
Consumer Cellular	EZ Reach Mobile
FedLink Wireless	ZING PCS
Free Mobile	Global Connection
Kajeet	Linkup Telecom
LTS of Rocky Mount	Millennium 2000
Mobile Net POSA	Nexus Communications
Platinum Tel	Odin Wireless
Q Link Wireless	TAG Mobile
TNT Wireless	Tele Circuit Network
AmTel	Telrite
Tempo Telecom	TerraCom
Total Call Mobile	True Wireless
Vast Communications'	You Talk Mobile

Figure 5 shows the six Florida ETCs with the largest number of Lifeline customers in June 2014, which represents 98.7 percent of the total Lifeline customer participation.

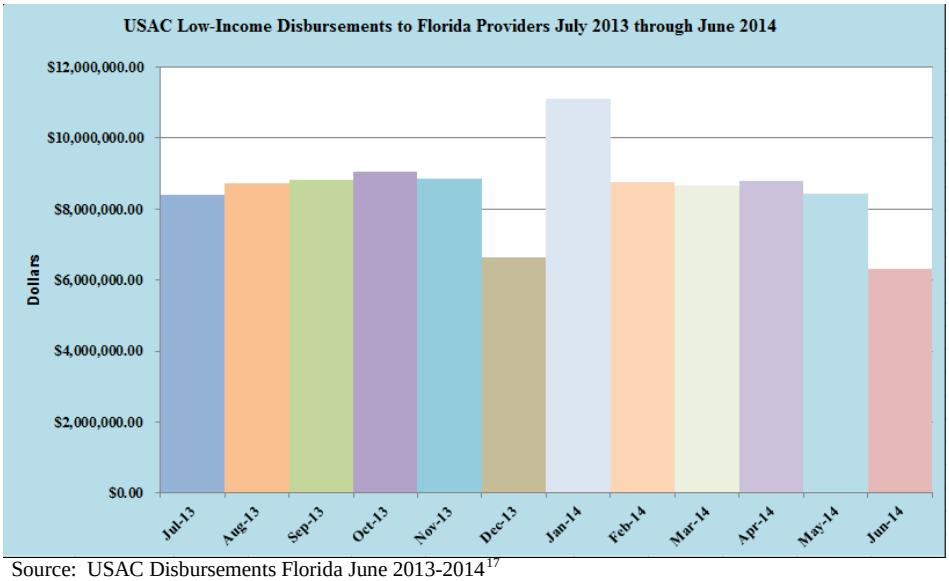
Figure 5. Six Florida ETCs with the Largest Number of Lifeline Customers in June 2014



Source: Industry responses to 2014 FPSC data requests

Figure 6 reflects the USAC Lifeline disbursements to Florida for the 12-month period ending June 2014, totaling $107,537,790, an average of $8,961,483 per month over the period. These dollars enabled Florida citizens qualifying for Lifeline benefits to receive discounted monthly bills with a current minimum credit of $9.25, or a free Lifeline wireless phone with up to 250 free monthly minutes from certain wireless providers.

Figure 6. USAC Low Income ETC Disbursements to Florida Providers



Source: USAC Disbursements Florida June 2013-2014[17]

[17] The Figure 6 fluctuations in the months of December 2013 and January 2014 were caused by Assurance Wireless' filing dates for Lifeline credit reimbursement from the universal service fund.

As of June 30, 2014, the total Lifeline enrollment in Florida was 957,792 households. Florida had a 4.31 net percentage increase in enrollment as of June 30, 2014, over the previous year. Attachment B represents the historic enrollment figures for the Lifeline program listed by each of the ETCs.

V. Lifeline Enrollment Process and Improvement Activities

A. Lifeline Electronic Coordinated Enrollment Process

Implementation of the electronic Lifeline Coordinated Enrollment Process has been a major success. The FPSC began formally tracking the number of Lifeline applications filed via the Lifeline Coordinated Enrollment Process in April 1, 2007. Cumulative Lifeline coordinated enrollment applications as of June 30, 2014, totaled 650,825 over the seven year period.

The coordinated enrollment process requires a DCF client to indicate an interest in receiving the Lifeline discount. The applicant then identifies a telephone service provider from a drop-down box on the application and answers applicable questions. Once a client is determined to be eligible for Medicaid, SNAP, or TCA, DCF will forward the necessary information for Lifeline enrollment to the FPSC. The FPSC places this information on a secure Web site for retrieval by the appropriate ETC.

All ETCs are required to enroll the subscriber in the Lifeline program as soon as possible, but no later than 60 days from the receipt of the FPSC's e-mail notification. In addition, the ETC is required to credit the subscriber's bill for Lifeline service as of the date the ETC received the FPSC's e-mail notification.[18]

ETCs are required to provide the FPSC the names, addresses, telephone numbers, and the date of the application for any misdirected applications; any applications for customers currently receiving Lifeline service; or any rejected applicants, including the reason(s) the applicants were rejected. FPSC staff then sends letters to the rejected applicants if the company they named on the application as providing their telephone service does not have them listed as a current customer, or if DCF could not confirm their current participation in one of their qualifying programs. FPSC staff includes a new application with the letter along with staff contact information if they need assistance with the application process.

B. Transitional Lifeline

In accordance with Section 364.105, Florida Statutes, current Lifeline customers who no longer meet eligibility criteria and are removed from Lifeline service are eligible to receive a 30 percent discount on the residential basic local service rate for a period of one year after ending Lifeline service. For example, a former Lifeline customer with a phone bill that includes a $25.00 basic rate would receive a $7.50 monthly discount for one year. Transitioning from Lifeline service means that the consumer's socio-economic status may have improved, and the customer may have advanced beyond the qualifying eligibility criteria.

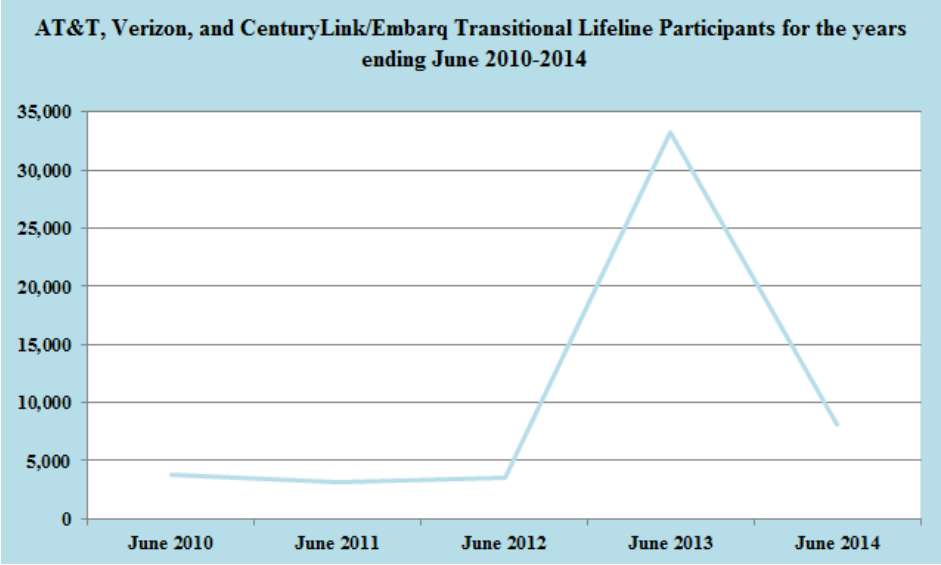
Figure 7 presents the number of Transitional Lifeline customers for AT&T, Verizon, and CenturyLink for June 2010 through June 2014. The large increase in the number of Transitional Lifeline participants in 2013[19] is attributable to customers being de-enrolled from the Florida Lifeline program due to the new FCC requirement to annually recertify Lifeline customers.

[18] See Rule 25-4.0665(10)(b), Florida Administrative Code.

[19] In 2013, AT&T reported 32,783; CenturyLink reported 488; and Verizon reported 23. In 2014, AT&T reported 4,921; CenturyLink reported 566; and Verizon reported 2,550.

These former Lifeline participants may elect to receive Transitional Lifeline benefits for up to one year.

Figure 7. AT&T, Verizon, and CenturyLink Transitional Lifeline Participants 2010-2014



Source: Industry responses to FPSC data requests (2010-2014)

Several actions by the FPSC and FCC occurred during the July 1, 2013 through June 30, 2014 period. A discussion of these initiatives is presented below.

C. Florida Public Service Commission Activities

1. Lifeline Work Group Met December 2013

The Lifeline Work Group was created by Section 364.10(2)(g)3, Florida Statutes, and includes the FPSC, DCF, OPC, and each Florida ETC offering Lifeline service. Its purpose is to determine how the eligible Lifeline subscriber information will be shared, the obligations of each party with respect to the use of that information, and the procedures to be implemented to increase enrollment and verify eligibility in these programs.

FPSC staff conducted a meeting of the Lifeline Work Group on December 5, 2013. The purpose of this meeting was for the Lifeline Work Group to discuss:

a. The DCF Web Services Interface which verifies participation in the Medicaid, SNAP, and TCA for Lifeline verification, and new federal rules regarding state databases.

b. The status of the FCC Temporary Waiver for Florida of the FCC rules which require state agencies that make the initial determination of a subscriber's eligibility for Lifeline to provide each ETC with a hard-copy of each of the Lifeline certification forms.

c. Determine how each Florida ETC will perform the required 2013 Lifeline customer recertification required by the FCC.
d. Solicit ideas to further streamline the Lifeline enrollment process for both the applicant and ETC.

2. FPSC Continued Actions to Prevent Waste, Fraud and Abuse of the Federal Universal Service Fund

In 2013-2014, Florida continued enforcing safeguards to prevent waste, fraud, and abuse of the Universal Service Fund. Florida's leadership in implementing and administering the National ETC State Coordinating Group to monitor prospective and existing ETCs across the country, has enabled information sharing with all states[20] on a national basis. Protecting against waste, fraud, and abuse in the Lifeline program is contingent upon developing adequate safeguards to ensure that funds are being disbursed and expended according to state and federal regulations and guidelines. The FPSC monitors monthly federal universal service funds disbursed to ETCs operating in Florida to determine the number of Lifeline participants in Florida by month.

The FPSC strives to protect the integrity of the Lifeline program in the State of Florida and takes appropriate enforcement action when necessary. The FPSC has statutory authority to grant landline ETC designations, and can also revoke ETC status when warranted. Unlawful and inappropriate federal Universal Service Fund disbursements are inconsistent with public trust and negatively impacts states like Florida, which contribute more into the Universal Service Fund than it receives. Florida continues to be commended by the FCC for its continued and formidable efforts to identify and eliminate fraud in the Lifeline Assistance program and Universal Service Fund.

3. FCC Requirement to Provide Hard-Copy Certifications of Lifeline Applicants to ETCs

FCC Order 12-11 stated that ETCs must not seek reimbursement from the federal Universal Service Fund unless the ETC has received from the state Lifeline administrator or other state agency, a copy of the Lifeline subscriber's certification form.[21] The Order also required state Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline to provide each ETC with a hard-copy of each of the Lifeline certification forms.[22]

The United States Telecom Association (US Telecom) filed for and received three consecutive waivers of this requirement on behalf of states, which included Florida, through February 1, 2014. The US Telecom Waiver Request granted August 30, 2013,[23] states that "...if an ETC or state believes that it will be unable to come into compliance and seeks a permanent

[20] The ETC State Coordinating group includes state commission members from all fifty states and the District of Columbia.
[21] 47 C.F.R. §54.410(b)(2)(ii), 47 C.F.R. §54.410(c)(2)(ii), and 47 C.F.R. §54.407(d)
[22] 47 C.F.R. §54.410(e)
[23] In the Matter of Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, DA 13-1853, released August 30, 2013.

waiver from the rules, it must provide in its request for permanent relief an explanation for why such relief is appropriate."

Florida has put in place a streamlined, efficient, and verifiable Lifeline Electronic Coordinated Enrollment process that does not have the capability or necessity of printing out a hard-copy Lifeline application. This advanced process involves a computer interface between the FPSC and the DCF for Lifeline applicants who currently participate in the Medicaid, the SNAP, or the TCA program. The Florida process eliminates the need to require or maintain hard-copy Lifeline certification applications.

On October 25, 2013, the FPSC filed a petition with the FCC providing a status update and request for a permanent waiver of the requirement to provide hard-copy certifications to ETCs. On June 6, 2014, the FCC released Order DA 14-785, granting Florida a permanent waiver of the FCC requirements to provide hard-copy Lifeline applications to eligible telecommunications carriers. In the Order, the FCC stated a permanent waiver is appropriate because Florida's screening system fulfills the underlying purpose of the rules to limit Lifeline benefits to eligible consumers.

4. Comments FPSC Filed with the FCC Addressing the Waiver of Certain Lifeline Rules for the Benefit of Those Individuals Participating in State-Administered Address Confidentiality Programs

On November 21, 2013, the FCC released a Public Notice (DA 13-2240) seeking comment on waiving certain Lifeline rules for the benefit of those individuals participating in state-administered Address Confidentiality Programs. Address Confidentiality Programs protect victims of domestic violence by allowing them to use a substitute mailing address rather than their physical home address. On December 17, 2013, the FPSC submitted comments in response to the FCC's Public Notice and encouraged the FCC to consider the following:

a. The FCC should waive the rule limiting the use of P.O. Boxes as residential addresses, to allow qualifying, low-income consumers who participate in state-administered Address Confidentiality Programs to receive Lifeline service.

b. In Florida, Eligible Telecommunications Carriers should accept a Florida Address Confidentiality Program authorization card as proof of Address Confidentiality Program enrollment.

c. The FCC should waive the requirement for Address Confidentiality Program participants to fill out a one per household worksheet.

During 2013, there were 108,030 cases of domestic violence reported to the Florida Department of Law Enforcement. Developing a process for Address Confidentiality Program participants to enroll in Lifeline while protecting their physical address is vital.

D. Federal Communications Commission Activities

1. 2013 Recertification of Florida Lifeline Subscribers

The FCC adopted a set of uniform recertification procedures that all ETCs must perform annually to verify the ongoing eligibility of their Lifeline subscribers.[24] To comply with the annual requirement for 2013, all ETCs and state Lifeline administrators were required to recertify the eligibility of their Lifeline subscriber base by the end of 2013, and report the results to USAC by January 31, 2014. Subscribers failing to respond to recertification efforts had to be de-enrolled from Lifeline. As a result of the 2013 recertification process, 350,817 customers or 34.05 percent were de-enrolled from the Florida Lifeline program.

ETCs have the option of recertifying subscribers in one of two ways. The first is to verify program or income-based eligibility where an ETC can query the available database to confirm the subscriber's continued eligibility. In the absence of a database, the ETC must recertify the continued eligibility of a subscriber by writing, phone, text message, e-mail, Interactive Voice Response, or otherwise through the Internet using an electronic signature. If an ETC is unable to recertify a subscriber, the subscriber is offered transitional Lifeline benefits at a 30 percent discount of the local telecommunications service rate for one year.[25]

2. 2014 Recertification of Florida Lifeline Subscribers

As explained in the requirements for Lifeline recertification, subscribers failing to respond to recertification efforts must be de-enrolled from Lifeline. The number of subscribers claimed by Florida ETCs in February 2014 was 825,046, and the number of subscribers not responding for recertification was 154,348. The number of subscribers who responded that they are no longer eligible for Lifeline benefits was 217. As a result of the 2014 recertification process, 154,565 customers or 18.73 percent were de-enrolled from the Florida Lifeline program.[26] Results of the recertification by company are presented in Attachment C.

3. Duplicate Lifeline Support

Eligible consumers can only receive one Lifeline-supported service per household.[27] If there are two households residing at one address and each desire to participate in Lifeline, each applicant would have to complete a one-per-household worksheet to demonstrate that each applicant is living in a separate economic unit and not sharing living expenses (bills, food, etc.) or income with another resident.[28]

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[24] See Order FCC 12-11, 27 FCC Rcd at 6714-22, paras. 129-148; 47 C.F.R. § 54.410(f).

[25] Section 364.105, Florida Statutes, Discounted rate for basic service for former Lifeline subscribers.

[26] Numbers recorded by ETCs on FCC Form 555, Annual Lifeline Eligible Telecommunications Carrier Certification Form.

[27] See id., 27 FCC Rcd at 6689, para. 74. The one-per-household rule is codified at 47 C.F.R. § 54.409(c). See 47 C.F.R. § 54.409(c). This rule became effective June 1, 2012. See Lifeline Reform Order, 27 FCC Rcd at 6859-60, para. 515; 77 FR 12952 (March 2, 2012), corrected by 77 FR 19125 (Mar. 30, 2012).

[28] A household Lifeline eligibility pre-screening tool is available at www.lifelinesupport.org.

By Order FCC 12-11, the FCC directed USAC to establish a database to both eliminate existing duplicative support and prevent duplicative support in the future. To prevent waste in the Universal Service Fund, the FCC created and mandated the use by ETCs of a National Lifeline Accountability Database (NLAD) to ensure that multiple ETCs do not seek and receive reimbursement for the same Lifeline subscriber.

The NLAD conducts a nationwide real-time check to determine if the consumer or another person at the address of the consumer, is already receiving a Lifeline Program-supported service. The NLAD can only be effective if ETCs provide to the NLAD the following information for each new and existing Lifeline subscriber.

- The subscriber's full name
- Full residential address
- Date of birth
- Last four digits of the subscriber's Social Security number or Tribal Identification number, if the subscriber is a member of a Tribal nation and does not have a Social Security number
- The telephone number associated with the Lifeline service
- The date on which the Lifeline service was initiated
- The date on which the Lifeline service was terminated, if it has been terminated
- The amount of support being sought for that subscriber, and
- The means through which the subscriber qualified for Lifeline

After December 2013, ETCs must provide information for existing Lifeline subscribers to the NLAD by state, and for new subscribers upon initiation of service. The NLAD transitioned states to its database on a state-by-state basis. Florida ETCs were operational on the NLAD starting March 6, 2014.

4. AT&T TDM-to-IP Transition

On November 7, 2012, AT&T filed a petition asking the FCC to allow incumbent local exchange carriers to retire their existing Time-Division Multiplexing (TDM) services in select exchanges and introduce all-IP services in their place. On January 31, 2014, the FCC invited interested providers to submit detailed proposals to test real-world applications of planned changes in technology likely to have tangible effects on consumers. AT&T submitted its proposal to the FCC on February 27, 2014, to conduct the trials in a rural wire center in Carbon Hill, AL, and in a suburban wire center in Palm Beach County, FL (Kings Point).

AT&T proposes to conduct the trials in three phases: phase one will have customers opt for new services voluntarily, phase two will grandfather TDM-based services, and phase three will sunset all TDM-based services in these exchanges and require customers to migrate to IP-based products. Within AT&T's wireline and wireless footprints, it will offer consumers and businesses wireline and wireless products as substitutions for traditional TDM services. In areas within AT&T's wireless footprint but outside its wireline footprint, only wireless services plan will be offered. In its February 27, 2014 filing, AT&T stated that there is no reason to require AT&T to remain an eligible telecommunications carrier in the trial rate center solely to provide

Lifeline, so it will be requesting that its ETC status be relinquished in the trial rate center and, if approved, it will no longer provide Lifeline there.

5. Petitions to FCC to Allow Incumbent Wireline Lifeline Providers to Opt Out of the Lifeline Program

On January 23, 2012, AT&T met with the FCC and suggested that it should allow incumbent wireline Lifeline providers to choose whether to participate in the Lifeline program. AT&T emphasized that wireline telephone companies are no longer dominant providers of voice service and thus should be able to choose whether to participate in the Lifeline program, just as wireless providers do today.

In Order FCC 12-11, the FCC sought comment on this suggestion in this docket, and how it might be implemented given the statutory framework for revocation of ETC designations set forth in section 214. The FCC wanted to know how the FCC, or the states, would ensure that low-income consumers in all regions of the country have "access to telecommunications and information services."

On September 15, 2014, AT&T submitted comments to the FCC stating that there is no reason in law or policy for the FCC to continue its current overly-broad ETC regime or its mandatory Lifeline requirements for incumbent local exchange companies. It believes Lifeline participation should be made voluntary for ILECs. AT&T urged the FCC to update its ETC and Lifeline rules and requirements to better reflect the existing competitive landscape." [29]

On October 6, 2014, the United States Telecom Association (USTA) filed a petition with the FCC for forbearance from various outdated regulatory requirements applicable to incumbent local exchange carriers, including mandatory provision of Lifeline. The USTA stated that almost all Lifeline customers prefer wireless services, and given the substantial non-reimbursable costs to carriers involved in Lifeline participation and the multiple Lifeline providers in price cap carriers' service areas, there is no reason to continue compelling price cap carriers to offer Lifeline service to consumers that do not want it.[30] An FCC decision is pending.

[29] WC Docket No. 10-90, Connect America Fund; WC Docket No. 11-42, Lifeline and Link Up Reform and Modernization.

[30] Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. §160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks.

VI. Lifeline Promotion Activities

Promotional activities in 2014 featured National Lifeline Awareness Week, National Consumer Protection Week, Older American's Month, and ongoing "grass roots" efforts to increase awareness and enrollment in the Lifeline program**.**

Lifeline Across America. In 2014, the Lifeline Across America Working Group [FCC, National Association of Regulatory Utility Commissioners, and National Association of State Utility Consumer Advocates representatives] concentrated on the sixth annual National Lifeline Awareness Week (Lifeline Awareness Week). The Group's national effort is to ensure that low income families and individuals are aware of the Lifeline program and understand the participation requirements, including the requirement that eligible consumers may receive no more than one Lifeline discount. The FCC continues to review reforms to further reduce program fraud and abuse, working with its Lifeline Across America Working Group partners and others to increase awareness among low-income consumers about the recent program reforms and participation requirements.

According to National Association of Regulatory Utility Commissioners, more than fifteen state public utility commissions issued press releases, received gubernatorial proclamations, released radio and television public service announcements, and published letters-to-the-editor to help promote Lifeline.

National Lifeline Awareness Week (September 8-14, 2014). *The Faces of Lifeline* was the theme for Florida's 2014 Lifeline Awareness Week, September 8-14. In addition to increasing awareness among eligible citizens, this year's Lifeline Awareness Week also aimed to continue educating residents on the FCC rule changes to limit benefits to one per eligible household and require annual recertification to continue the benefit. FPSC Chairman Art Graham kicked off the week by showcasing Florida's "Faces of Lifeline." He stressed how people need phone service to help them find jobs, contact community services, call doctors and schools or connect to family and friends. Chairman Graham urged consumers to meet the "Faces of Lifeline" on the FPSC's website, then identify faces within their community, maybe even some neighbors, who could benefit from the program. The FPSC partners with many agencies year-round to make sure eligible consumers know about Lifeline and know how to sign up.

Now in its sixth year, Lifeline Awareness Week events were also held around Florida to help seniors and low-income Floridians learn about, and apply for, the Lifeline program. The FPSC visited senior centers in Lakeland, Orlando, Starke, and Tallahassee and partnered with the Career Source Tampa Bay to help Florida's residents save money on their telephone and utility bills and to share recent Lifeline information. Each Lifeline Awareness Week event offered individual assistance to consumers applying for the program.

Lifeline Outreach to Florida's Superintendents. In July, Florida's Superintendents were sent a Lifeline outreach letter with brochure samples (in three languages) and applications to include in students' Back-to-School information. As a result, the FPSC provided more than 26,000 Lifeline brochures and applications to eligible families in six Florida counties.

National Consumer Protection Week and Other Community Events. The FPSC continuously seeks existing community events as well as new venues and opportunities where Lifeline educational materials can be distributed and discussed with citizens. National Consumer Protection Week (NCPW), March 2-8, 2014, was a good backdrop for Lifeline outreach activities. NCPW, an annual consumer education campaign, encourages individuals to take advantage of their consumer rights. For this year's event, FPSC Chairman Art Graham was featured in a Public Service Announcement about scams targeting utility customers and customer protection tips for the FPSC website; it was also made accessible to media outlets for their broadcasts. Also during NCPW, the FPSC made presentations in Madison, Jasper, Lake Panasoffkee, and at Pow Wow's in Deland and Mount Dora showing consumers how to save money through energy and water conservation and how to sign up for the Lifeline program.

For the third year, the FPSC participated in a national project called Older Americans Month--celebrated each May to honor and recognize older Americans for the contributions they make to their families, communities, and society. *Safe Today. Healthy Tomorrow.* was this year's theme, and the FPSC held educational sessions with Florida senior centers in Sarasota, Venice, Jacksonville, and Bristol to show seniors ways to conserve energy and water and learn about the Lifeline program. For the second year, the FPSC distributed brochures and publications at the Jacksonville Expo, where over 5,000 seniors attended. An FPSC article highlighting the FPSC's website video, "Life Before Air Conditioning," and the Commission's outreach activities were featured in the July/August 2014 issue of the Florida Department of Elder Affairs' *Elder Update.*

Each year the FPSC provides educational packets, including publications, Lifeline brochures and applications in English, Spanish, and Creole, to Florida public libraries across the state for consumer distribution. For the second year, the FPSC's Library Outreach Campaign increased in number from 333 sites to 583 sites, including all state public libraries and branches. Following the Campaign, many libraries' requests for additional publications have been filled.

Figure 8. Events and locations where Lifeline information was shared in Florida

Lifeline Events and Locations	
Ambassadors for Aging Day	Active Living Expo
Tallahassee Housing Authority	Pinellas Housing Authority
Clearwater Housing Authority	Baker Manor Housing Authority
Alachua County Senior Center	Taylor County Senior Center
Jefferson County Senior Center	8th Avenue Senior Center
Barbara Washington Senior Center	Mary L. Singleton Senior Center
Moncrief Senior Center	Woodville Senior Center
Dixie Suwanee County Senior Center	Lafayette Suwanee County Senior Center
Oceanway Senior Center	Louis Dinah Senior Center
Lincoln Villa Senior Center	Ft. Braden Senior Center
Senior Day at Jake Gaither Center	Baker Council on Aging
Florida DOH American Indian Heritage Month	Northeast Community Action Agency
Springfield Community Center	Shine Women's Conference
Community Rehabilitation Center	Maranatha Seventh-Day Adventist Church
Florida DOEA Fraud Prevention Seminar	Florida DOH Community Fair and Refugee Day

Community Services Block Grant Program. The Florida Department of Economic Opportunity includes Lifeline services as an indicator in its work plan, allowing the Community Action Agencies to report on the number of clients they help to secure Lifeline services. During the October 1, 2012–September 30, 2013 reporting period, an estimated 1,390 households signed up for Lifeline benefits through local Community Action Agencies, with $181,000 in estimated benefits to clients. For the reporting period, 16 of the 27 community action agencies provided Lifeline enrollment services to clients.

Income-Based Lifeline Applicants. The OPC provides assistance to consumers applying for Lifeline Assistance based upon income level. During July 2013–June 2014 reporting period, OPC received over 20,000 calls from potential applicants seeking assistance, and processed 36,136 applications. The OPC verifies consumer income eligibility for the following telecommunication carriers: Assurance Wireless, AT&T Landline, CenturyLink Landline, SafeLink Wireless, T-Mobile Wireless, and Verizon Landline.

Ongoing Lifeline Outreach. Ensuring easily accessible Lifeline information through the agencies and organizations having regular interaction with eligible consumers is crucial to the Lifeline awareness effort. The Lifeline Partners listed in the next section participate in local community events, offer training sessions, provide updates about program changes, and supply brochures and applications.

Lifeline Partners. Attachment D shows local, state, and federal agencies, organizations, businesses, and telecommunications companies that are involved in the collaborative effort to increase awareness and participation in the Lifeline program. Each month, the FPSC sends a cover letter and informational packet to two organizations to encourage continued Lifeline outreach to their eligible clientele. Additionally, the FPSC attends two community events monthly to promote Lifeline.

VII. Conclusion

As of June 30, 2014, 957,792 eligible customers participated in the Florida Lifeline program. The success of the Florida Lifeline program can be attributed to the continued partnership between the FPSC, DCF, OPC, and other agencies around the state that assist Florida low-income families.

As a result of Florida Lifeline participation, USAC Low Income disbursements for Florida ETCs for the 12-month period ending June 2014, totaled over $107 million. These dollars enabled Florida citizens qualifying for Lifeline benefits to receive discounted monthly bills with a current credit of at least $9.25, or a free Lifeline wireless phone with 250 free monthly minutes. The ETC designation of successful prepaid wireless providers, such as SafeLink Wireless Assurance Wireless, and i-wireless, which provide a free phone and free monthly minutes to the customer, has been a major growth factor in the Florida Lifeline program the last several years.

Efforts to increase Lifeline participation can be separated into two categories, consumer outreach and enrollment process. The FPSC, in cooperation with other state and federal agencies, the OPC, ETCs, and other organizations, remains engaged in extensive outreach efforts. Because most of these efforts run concurrently, measuring the impact of any single activity on Lifeline participation is difficult. Nevertheless, outreach efforts overall are having a positive outcome and should be continued. Outreach efforts are also being expanded to include more competitive local exchange carrier and wireless ETCs.

The Commission continues to focus on enrollment process issues as a means of increasing participation. As previously discussed in this report, specific enrollment process initiatives include the following:

- FPSC Lifeline Coordinated Online Application Process
- FPSC/DCF Coordinated Lifeline Enrollment
- Annual Recertification Procedures
- DCF Certification/Verification Web Services Interface
- Lifeline Work Group Meetings

The FPSC remains committed to enabling low-income households in Florida obtain and maintain basic local telephone service to help them find jobs, contact community services, call doctors and schools, and connect to family and friends. The FPSC will continue to identify and find solutions to barriers that may prevent Lifeline from achieving greater success for the benefit of Florida's low-income consumers. The FPSC will also continue its work on streamlining the Lifeline enrollment process and refining the FPSC/DCF Lifeline coordinated application procedure in Florida so that applying for the Lifeline program is easier and faster than in previous years.

Attachment A. 2014 U.S. Poverty Guidelines

Household size (number persons)	2014 U.S. Poverty Guidelines Total Household Annual Income	150% of U.S. Poverty Guidelines Total Household Monthly Income	150% of U.S. Poverty Guidelines Total Household Annual Income*
1	$11,670	$1,459	$17,505
2	$15,730	$1,966	$23,595
3	$19,790	$2,474	$29,685
4	$23,850	$2,981	$35,775
5	$27,910	$3,489	$41,865
6	$31,970	$3,996	$47,955
7	$36,030	$4,504	$54,045
8	$40,090	$5,011	$60,135
*For families with more than 8 persons, add $6,090 for each additional person to the yearly amount.			

Attachment B. Lifeline Net Enrollment and Year-to-Year Net Growth Rate

ETCs	June 2010	June 2011	Net Growth Rate 2010 to 2011	June 2012	Net Growth Rate 2011 to 2012	June 2013	Net Growth Rate 2012 to 2013	June 2014	Net Growth Rate 2013 to 2014
TracFone	396,114	447,379	12.9%	430,048	-3.9%	490,828	14.1%	543,174	10.7%
Virgin Mobile		286,866	100.0%	428,830	49.5%	323,014	-24.7 %	249,664	-22.7%
i-wireless						12,450	100.0%	97,044	679.5%
AT&T	126,114	122,849	-2.6%	102,363	-16.7%	44,796	-56.2%	28,156	-37.2%
CenturyLink	41,593	39,524	-5.0%	35,154	-11.1%	22,179	-36.9%	18,756	-15.4%
Verizon	23,681	22,307	-5.8%	18,496	-17.1%	11,327	-38.8%	8,245	-27.2%
Windstream	5,517	6,249	13.3%	6,775	8.4%	5,176	-23.6%	4,348	-16.0%
T-Mobile		70	100.0%	232	231.4%	1,373	491.8%	3,091	125.1%
FairPoint	3,093	2,446	-20.9%	2,146	-12.3%	1,437	-33.0%	1,307	-9.1%
Tele Circuit				1,497	100.0%	637	-57.5%	666	4.6%
Non-ETC Reseller	13,664	4,941	-63.8%	2,828	-42.8%	979	-65.4%	658	-32.8%
NEFCOM	769	795	3.4%	804	1.1%	712	-11.4%	545	-23.5%
Cox Telecom						41	100.0%	522	1173.2%
Budget Phone	3,099	2,912	-6.0%	1,399	-52.0%	776	-44.5%	407	-47.6%
TDS Telecom	920	811	-11.9%	728	-10.2%	582	-20.1%	406	-30.2%
Knology	959	761	-20.7%	751	-1.3%	516	-31.3%	294	-43.0%
Global Connection				594	100.0%	789	32.8%	275	-65.2%
Frontier	159	157	-1.3%	174	10.8%	114	-34.5%	84	-26.3%
ITS Telecom	147	178	21.1%	190	6.7%	112	-41.1%	77	-31.3%
Nexus	333	201	-39.6%	132	-34.3%	69	-47.7%	51	-26.1%
Smart City	18	23	27.8%	33	43.5%	21	-36.4%	12	-42.9%
FLATEL	1,888	2,845	50.7%	1,469	-48.4%	304	-79.3%	10	-96.8%
Sun-Tel		434	100.0%	1,065	145.4%	13	-98.8%	0	-100.0%
ETCs which Relinquished Designation	23,870	2106	-91.2%	150	-92.9%	0	100.0%	0	0.0%
Total	641,938	943,854	47.0%	1,035,858	9.8%	918,245	-11.4%	957,792	4.3%

Sources: FPSC data requests (2010-2014).

Attachment C. Recertification of Florida Lifeline Subscribers

Company	Number of Subscribers Claimed in February 2014	Number of Lifeline Not Responding To Recertification	Number of Lifeline Subscribers Responding That They Are No Longer Eligible	Number of Subscribers De-Enrolled	Percent of Lifeline Subscribers De-Enrolled
ILECs					
NEFCOM	653	192	0	192	29.40%
Smart City Telecommunications	24	10	0	10	41.67%
TDS/Quincy	533	163	0	163	30.58%
AT&T	37,313	12,696	0	12,696	34.03%
CenturyLink	17,314	6,389	0	6,389	36.90%
ITS Telecommunications	110	58	0	58	52.73%
Frontier	103	41	0	41	39.81%
Verizon	10,525	2,388	0	2,388	22.69%
Windstream	4,766	1,785	0	1,785	37.45%
GTC - Florala, St. Joe, Gulf	952	367	0	367	38.55%
CLECs					
Knology	498	0	217	217	43.57%
Unity Telecom f/k/a dPi	0	0	0	0	N/A
Absolute Home Phones	0	0	0	0	N/A
Global Connection Inc.	330	24	0	24	7.27%
Tele Circuit	103	0	0	0	0.00%
Easy Telephone Services	0	0	0	0	N/A
Budget Prepay	946	400	0	400	42.28%
FLATEL	323	0	0	0	0.00%
Sun-Tel USA	0	0	0	0	N/A
Nexus Communications	0	0	0	0	N/A
Express Phone Service	0	0	0	0	N/A
Cox Florida Telecom, L.P.					N/A
Wireless					
T-Mobile	476	57	0	57	11.97%
Assurance Wireless	285,289	107,178	0	107,178	37.57%
SafeLink Wireless	461,344	22,439	0	22,439	4.86%
i-wireless	3,444	161	0	161	4.67%
Total	825,046	154,348	217	154,565	18.73%

Source: Form 555 forms submitted to FCC and Universal Service Administrative Company by ETCs.

Attachment D. Agencies, Organizations, and Business Lifeline Partners

Florida Lifeline Partners	
AARP - Florida Chapter	Ability Housing of Northeast Florida
ACCESS Florida Community Network	Agency for Health Care Administration
Agency for Persons with Disabilities	Aging Matters in Brevard County
Alliance for Aging, Inc.	Area Agencies on Aging
Big Bend 2-1-1 and other 2-1-1 Agencies	Boley Centers, Inc.
Braille and Talking Book Library	Brain Injury Association of Florida, Inc.
Bureau of Indian Affairs Programs	Capital Area Community Action Agency
Catholic Charities of Central Florida	Centers for Drug Free Living
Centers for Independent Living	City and County Consumer Assistance
City and County Housing Authorities	Foster Grandparent Program
Community Partnership Group	Disability Rights Florida
Faith Radio and other Florida radio stations	Federal Social Security Administration
First Quality Home Care	Florida Alliance for Information and Referral
Florida Assisted Living Association	Florida Association for Community Action
Florida Assoc. of Community Health Centers	Florida Association of Counties
Florida Assoc. of Human Service Admin.	Florida Association of Food Banks (FAFB)
Florida Housing and Redevelopment	Florida Coalition for Children
Florida Coalition for the Homeless	Florida Council on Aging
Florida Deaf Services Centers Association	Florida Department of Children and Families
Florida Department of Community Affairs	Florida Dept. of Economic Opportunity
Florida Department of Education	Florida Department of Elder Affairs (DEA)
Florida Department of Revenue (DOR)	Florida Department of Veterans' Affairs
Florida Developmental Disabilities Council	Florida Elder Care Services
Florida Home Partnership	Florida Hospital Association
Florida Housing Coalition	Florida Housing Finance Corporation
Florida League of Cities, Inc.	Florida Low Income Housing Associates
Florida Nurses Association	Florida Office of Public Counsel (OPC)
Florida Public Libraries	Florida Public School Districts
Florida Rural Legal Services, Inc.	Florida Senior Medicare Patrol
Florida Senior Program	Florida Telecommunications Relay, Inc.
Florida Voters League	1000 Friends of Florida, Inc.
Habitat for Humanity – Florida	HANDS of Central Florida
Hemophilia Foundation of Greater Florida	Hispanic Office for Local Assistance
Leon County School Board	Living Stones Native Circle
Marion Senior Services	Mid-Florida Housing Partnership, Inc.
Miccosukee Tribe of Indians of Florida	NAACP (Florida Associations)
Nursing Homes Administrators	Florida Dept. of Economic Opportunity
Seminole County Community Development	Seniors First
Senior Resource Alliance	South East American Council, Inc.
Refuge House of the Big Bend	Tallahassee Memorial and other hospitals
Tallahassee Urban League	Tampa Vet Center
Three Rivers Legal Services, Inc.	United Home Care Services
United Way of Florida	Urban Leagues of Florida
U.S. Housing and Urban Development	Washington County Council on Aging

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

OUTSIDE PERSONS WHO WISH
TO ADDRESS THE COMMISSION AT

INTERNAL AFFAIRS
November 25, 2014

Speaker	**Representing**	**Item #**
Stephanie Kunkel	Sierra Club	1 & 2
T.J. Szelistowski	TECO	2

III. Supplemental Materials for Internal Affairs

Note: The following material pertains to Item 1 of this agenda.

Changes to draft comments

Page 17 (Building Block 3)

The EPA's adoption of North Carolina's renewable energy and energy efficiency portfolio standard (REPS) for Florida does not realistically reflect the available renewable resources or policy framework in Florida. [1] For example, Florida lacks viable wind resources and has limited biomass opportunities, given competing industrial use of biomass resources. [2] ~~Furthermore, EPA has not clarified whether biomass can be used as a compliance option. If this uncertainty is not resolved Florida may be limited to the use of solar powered generation. The FPSC believes EPA should provide guidance as to how it intends to treat biomass generation, including municipal solid waste, to meet emission performance requirements.~~ Additionally, baseload solar generation has yet to be a proven commercially available option in Florida.

~~Additionally,~~ Instead, EPA elected to group Florida with Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee to form its modeled Southeast region for the purpose of assigning its assumed achievable renewable energy generation requirement. Of that group, North Carolina is the only state that has a REPS requirement.

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[1] The FPSC appreciates the additional information regarding "Framework for Assessing Biogenic CO_2 Emissions from Stationary Sources," issued November 2014, as to how EPA intends to treat biomass generation, including municipal solid waste options. See http://www.epa.gov/climatechange/downloads/Framework-for-Assessing-Biogenic-CO2-Emissions.pdf.

[2] Florida Department of Agriculture and Consumer Services, Division of Forestry, *Woody Biomass Economic Study*, March 10, 2010.

IV. Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

PROCEEDINGS:	INTERNAL AFFAIRS
COMMISSIONERS PARTICIPATING:	CHAIRMAN ART GRAHAM COMMISSIONER RONALD A. BRISÉ COMMISSIONER LISA POLAK EDGAR COMMISSIONER EDUARDO E. BALBIS COMMISSIONER JULIE I. BROWN
DATE:	Tuesday, November 25, 2014
TIME:	Commenced at 2:00 p.m. Concluded at 2:37 p.m.
PLACE:	Gerald L. Gunter Building Room 105 2540 Shumard Oak Boulevard Tallahassee, Florida
REPORTED BY:	ANDREA KOMARIDIS, Court Reporter

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P R O C E E D I N G S

CHAIRMAN GRAHAM: Guys, we're going to take up Item No. 3 first, Lifeline, and then Item No. 2. All right. Let's get started with the Lifeline.

MS. BEARD: Good afternoon, Commissioners. Catherine Beard on behalf of staff. Item No. 3 addresses the draft 2014 Lifeline report prepared pursuant to Section 364.10 Florida Statutes.

The Commission is required by December 31st to report to the Governor and Legislature on the number of customers prescribing to Lifeline service and the effectiveness of procedures to promote participation in the program.

As of June 30th, 2014, the total Lifeline enrollment in Florida was approximately 960,000 households, a 4.31 percent increase in enrollment over the previous year.

Staff is requesting Commission approval to submit this report.

CHAIRMAN GRAHAM: Commissioners, any questions or comments to staff?

Commissioner Brisé.

COMMISSIONER BRISÉ: First, I wanted to move approval of the report.

COMMISSIONER BROWN: Second.

(Brief interruption.)

COMMISSIONER EDGAR: I couldn't carry everything. Nobody came to help me. And then Bobby came. I couldn't even open the doors.

(Laughter.)

CHAIRMAN GRAHAM: We decided to take it in reverse order. We're on No. 3, then two, then one, items on the agenda.

COMMISSIONER EDGAR: So, how many have you already done?

COMMISSIONER BALBIS: There is a motion on the table.

(Laughter.)

COMMISSIONER BROWN: There is, actually.

CHAIRMAN GRAHAM: So, Commissioner Brisé moved to approve the report for the Lifeline. And it's been seconded.

Further discussion, Commissioner Brisé.

COMMISSIONER BRISÉ: Yeah. I think it's an accurate depiction of where our Lifeline program is within the state. And we certainly wish that as many people who could qualify for the program continue to seek to enroll.

CHAIRMAN GRAHAM: Any other further discussion on Lifeline?

Commissioner Balbis.

COMMISSIONER BALBIS: Thank you, Mr. Chairman. I just want to confirm with the staff -- I know the state has been recognized on our measures we've used to prevent waste, fraud, and abuse in this program. Could you just briefly explain how that is going and if we're still doing as good a job as we have done, and can we do better?

MR. CASEY: We're constantly monitoring the amount of disbursements that are given to ETCs in Florida. We're constantly on the watch for anything that may be fraud, waste, and abuse.

To get back to your point about Florida being recognized, actually the FCC started U.S.F Strike Force to prevent fraud, waste, and abuse. And the first state they called was Florida and asked us to set up a telephone call with the ETC group to introduce themselves.

And they are looking to work with us, the ETC group, in all 50 states to prevent fraud, waste, and abuse, and watch out for it and give them tips if they need to do anything.

Of course, we have -- in the past years, we've done a lot of things, put a few ETCs out of business that were creating fraud, waste, and

abuse.

COMMISSIONER BALBIS: Okay. Thank you.

CHAIRMAN GRAHAM: Any further discussion? Seeing none, all in favor, say aye.

(Chorus of ayes.)

CHAIRMAN GRAHAM: Any opposed? By your action, you've approved the motion to approve staff's recommendation on Lifeline.

Thank you very much.

MS. BEARD: Thank you.

CHAIRMAN GRAHAM: Item No. 2, ten-year site plan.

And the reason why I did this is because we're standing-room only. This way, we free up the spaces quicker, so people can start sitting down for the longer piece of the agenda.

Please.

MR. ELLIS: Good afternoon, Commissioners. Item 2 is the draft review of the 2014 ten-year site plan for Florida's electric utilities. The review is similar in format and content to last year's review.

Regarding the statewide perspective, the three notable items are retail and resales are below their 2007 peak; natural gas is currently at

60 percent of that energy for load; and the third item is that 60 percent is before the clean power plant. So, it does not include any impacts from that as of yet. Those we expect to start trickling in in next year's review.

On the utility side, only one utility was especially notable. FPL's 2014 ten-year site plan includes a proposed generation-only reserve margins of 10 percent. That excludes incremental energy efficiency.

At this time, FPL has not sought approval of this metric, nor does it impact the timing of any generation units. The Commission will have an opportunity to review this metric if it becomes a controlling factor in a determination for need.

And lastly, it includes Appendix A, which is comments from other state, regional, and local government agencies, which include subjects such as zoning, wildlife, water resources, dependence upon natural gas, and renewables.

Staff at this time is aware of a series of scrivener's errors associated with the list of figures and tables in the individual header numbers. Staff would seek administrative approval to make these corrections before the final version

would be published.

If the Commission approves the draft with these modifications, the review and the attached comments would be submitted to DEP for consideration in future proceedings, and at this time, seeks the Commission's approval -- staff seeks the Commission's approval for the draft review and to find each utility site plan suitable.

Staff is available for any questions you may have.

CHAIRMAN GRAHAM: We have one person that requested to speak, Stephanie from Sierra Club.

MS. KUNKEL: Should I approach the table or --

CHAIRMAN GRAHAM: Right there -- no, you're fine.

MS. KUNKEL: Thank you. Stephanie Kunkel on behalf of Sierra Club of Florida. I appreciate the opportunity to speak. I'll keep my comments very brief.

We urge the Commission to require the utilities to test the market and reconcile the available and low-cost, low-risk clean power sources with any decisions to add more conventional power plants.

Although Florida certainly has the know-how to

do this right, we offer the example of our neighboring Georgia. That state's major investor-owned utility just completed a record procurement that returned more than five gigawatts worth of solar projects. The prices were so low that Georgia Power is seeking approval for more than the required amount under the state's advanced solar initiative.

Because the U.S. DOE's latest market research shows that Florida is the least expensive market to invest in solar rooftop systems, the question is why aren't Florida utilities completing similar solar procurements.

We're very excited to hear the push for rooftop for solar in the last FECA hearing and appreciate that, and look forward to working with the Commission on that moving forward.

The Georgia Public Service Commission also requires Georgia Power to issue a request for information to test the wind market after the successful 250-megawatt wind contract discussed earlier.

All of the market trends suggest that Florida, like Georgia, can access cost-effective wind power. The utilities should be required to test the market

and publicly report on the results.

We look forward to continuing to work with the Commission on the ten-year site plans moving forward and appreciate the opportunity to present comments.

Thank you so much.

CHAIRMAN GRAHAM: Thank you.

Commissioners.

Commissioner Brown.

COMMISSIONER BROWN: Hi. Thank you for compiling this information. The demand-side management section -- are you going to make edits to it pursuant to our vote?

MR. ELLIS: We can do so, if that is your wish.

COMMISSIONER BROWN: Since it's not due until December 31st.

MR. ELLIS: We can definitely make those edits.

COMMISSIONER BROWN: Question on Page 16 regarding the table, Table 2 is the estimated number of electric vehicles by service territory. I'm actually very curious about this and know that it's a growing industry.

I was just curious why TECO did not have

available information for 2014 through 2023. If TECO wants to speak on it or if you have that information --

MR. ELLIS: I have that, but if they would like to speak as well -- from my understanding, they did not project any future -- they didn't have a projection of what those values would be. So, they did not provide it. But they did have a current-year value in the data request.

MS. BROWN: So, do they anticipate not having any future use?

MR. ELLIS: From my understanding, they just did not have a projection of the specific number of vehicles, whereas some of the other companies had creative projections from that.

COMMISSIONER BROWN: It doesn't look like anybody wants to talk on it.

MR. SZELISTOWSKI: Sure. T.J. Szelistowski with Tampa Electric. We didn't have anything we could rely on. We'll continue to look. If we have something -- I don't know what the other utilities relied on. As we looked, we didn't have anything that we felt comfortable relying on to provide to the Commission.

We'll continue to look at that. And as we

have things that come up or we believe we can rely those numbers, we'll provide that.

COMMISSIONER BROWN: Great answer. Thank you. I appreciate it.

I also have a few modifications, stylistic, grammatical, non-substantive changes, errors that I would be glad to provide to you before --

MR. ELLIS: We can -- we can definitely make those edits as well.

COMMISSIONER BROWN: I won't go over them here. Thanks.

CHAIRMAN GRAHAM: Any other questions or concerns for staff?

Can we get a motion to approve?

COMMISSIONER BROWN: So moved.

COMMISSIONER BALBIS: Second.

CHAIRMAN GRAHAM: It's been moved and seconded. The motion also takes for you to make those errors and bring that back before my office. We won't be able to come back here. But my office will get one last look at it and make sure everything is correct.

Everybody in favor say aye.

(Chorus of ayes.)

CHAIRMAN GRAHAM: Any opposed? By your

actions, you approve the motion. Thank you.

Okay. Item No. 1. I apologize for the musical chairs.

MS. ORTEGA: I'm always a fan of saving the best for last. Good afternoon, Commissioners. Ana Ortega from staff with Ms. Cowdery and Mr. Breman also from staff.

Item No. 1, staff is seeking approval --

CHAIRMAN GRAHAM: Can you slide that mic over a little bit?

MS. ORTEGA: Sure. Sure. How is this? Is this better?

CHAIRMAN GRAHAM: Yeah, that's fine. I just want to make sure everybody back in the back can hear you.

MS. ORTEGA: Yes, thank you. I'll try to speak a little louder.

Item No. 1, staff is seeking approval of the draft comments to the EPA regarding the proposed clean power plant. Comments are due to be filed with the EPA on Monday, December 1st.

At the internal affairs in September, the Commission directed staff to draft comments that focus on three particular concerns; the PSC's jurisdiction, cost, and reliability.

The attached comments incorporate those areas as well as discuss areas of the best system of emission reduction used by EPA to set those standards for Florida, our request for recognition of early actions, and the removal of an interim performance requirement and technical corrections to each of the building blocks.

Staff is available to answer any questions that you have regarding the draft comments. We also note that we have draft language to change on Page 17 that recognizes new information released by EPA last week. And when it becomes appropriate, we can talk about it, then.

CHAIRMAN GRAHAM: Commissioners.

Commissioner Balbis.

COMMISSIONER BALBIS: Thank you. And I want to thank staff for putting this together. I think it's a fairly accurate reflection of the comments that we made in September. And I think that it also focuses on issues that we do have jurisdiction over.

And that's important because the Attorney General's Office has issued their comments in handling the strictly legal aspects and challenges to the rule. And I think it's important that each

agency in the state has their own specific area to provide the information to EPA so that they can revise this rule to something that's more that achievable without as many impacts.

Of course, there are some -- not truly grammatical issues. Just things that, if I would have written it, it would have come across a little differently. But I think all the points that I made and provided to staff they've incorporated it into it with the other Commissioners. So, I'm happy with the draft comments as they are, but will be willing to hear from my colleagues on it, if they have any other issues.

CHAIRMAN GRAHAM: Commissioners?

Commissioner Edgar.

COMMISSIONER EDGAR: Thank you, Mr. Chairman and Commissioners. I might have one other issue, but generally, I agree with Commissioner Balbis. And I shared this with staff in our briefing yesterday. I think they've done a really fine job of bringing together so many issues. And I'm touching on the points that we, in open meetings, had discussed that we had concerns about and thought should be addressed. I really think you've done an excellent job.

I did, in my briefing yesterday, point out a couple of sentences that I thought were -- could, perhaps, be clarified or reworded just to be a little more straightforward. And I didn't even mark all of them, but staff has that. And as we make our comments, I know that they'll take a look at that as well.

I've said this before, but I think it's important to say, probably every time that we discuss this issue, this is, I recognize, one step in a much longer process.

EPA is -- if they have proposed a rule, they have solicited comment. I am very glad that we have chosen as an agency to provide comments on behalf of this Commission from our statutory authority and those areas that we are charged with, which fall under, again, the larger umbrella of reliability and potential cost impact.

I recognize that some states have chosen to do one state comment, but of course, every state is organized somewhat differently. And in this instance, I think it's important that we speak from our perspective on behalf of the ratepayers for, again, potential cost impacts and reliability.

I also think that it's important to point out

the obvious, which is, to participate by providing comments during this part of the process, I do not believe, forecloses or limits in any way other routes, should we as an agency choose to go there or, of course, other arms of the state as far as legal challenges, clarifications, et cetera. I do believe that they -- we can go on parallel processes.

And the Federal agency has asked for comments as to potential disagreements, corrections, ways to make it more implementable. And as a government agency, I think it is our responsibility to participate in that process. So, I'm very pleased that we are.

The only issue -- and I mentioned this to staff this morning, and we have not had the chance to get back together -- is I don't believe we touch at all on nuclear in these comments. Nuclear, of course, is part of the portfolio for Florida, not for every state, but it is for us.

Implicit, if not explicit, in the proposed language as it exists right now seems to be a recognized reliance by EPA on nuclear as a way of getting to lower emissions.

So, I had asked the staff to look at that this

morning and just see if there was a place to maybe add a little language.

COMMISSIONER BROWN: See (indicating).

COMMISSIONER EDGAR: Oh, okay. So, that's the only issue I saw when we went through it that I felt we had touched on that really wasn't really included. So, I'll toss that out. And then if you want to respond, that would be fine.

MS. ORTEGA: Sure. I did -- if I could --

COMMISSIONER EDGAR: Sure.

MS. ORTEGA: -- briefly look a couple of places in the document where we didn't explicitly talk about nuclear because the impact of including it in the goal was less than the impact of all the other areas.

But there are a couple of places where we noted the assumptions, a national or regional assumptions being applied to Florida as being inappropriate. And the inclusion of the 6 percent national assumption of nuclear at risk is another area where it is not appropriate for Florida.

We could certainly, if it's a little deficient, include some language in that section. And also we do touch on the early actions --

COMMISSIONER BROWN: That's what I was going

to suggest.

THE WITNESS: -- that our utilities have taken for nuclear upgrades. So, there are certainly areas that we could expand upon.

COMMISSIONER EDGAR: I would put that out for our consideration and discussion as we come to finalize the document.

CHAIRMAN GRAHAM: I have two things. One should be pretty easy. The other one, I guess, all depends on where the Board sits. The first one I didn't see in here -- maybe it is in here and I just didn't read it. I think one comment should be participation in comments on this proposed rule does not indicate agreement that EPA has the authority to regulate greenhouse gas emissions from existing power plants under Section 1.11(d).

MS. ORTEGA: We -- we briefly touched on that at bottom of Page 4 leading into Page 5. And it's the last sentence. "The Commission's comments contained herein are meant to request Florida-specific considerations for application of the rule and should not be constructed as support or opposition to EPA's adopting carbon emission rules.

If you would like us to tweak the language to incorporate the jurisdiction, I think I heard in

your comments, we can certainly do that.

COMMISSIONER BALBIS: If I could make a suggestion --

CHAIRMAN GRAHAM: Sure.

COMMISSIONER BALBIS: In reading the attorney general's comments, they specifically had, I believe, five or six legal-authority challenges, if you will. So, you may want to refer to those. And in our comments, it's our understanding they may not have jurisdiction, et cetera.

I mean, what are your thoughts?

COMMISSIONER BROWN: I say we do your work.

COMMISSIONER EDGAR: Yeah, I don't -- personally, I support the attorney general doing what the attorney general does, but for us to reference specific petitions or pending other litigation, I just --

COMMISSIONER BALBIS: Yeah, I guess --

COMMISSIONER EDGAR: -- don't know that that needs to be here.

COMMISSIONER BALBIS: My point isn't to refer to the attorney general's comments, but if there are questions to the EPA's authority that Chairman Graham brought up, it may be helpful for staff to look at what the attorney general is challenging as

a reference -- not referencing their challenges specifically.

COMMISSIONER EDGAR: I'm sure staff will do that.

MR. KISER: Mr. Chairman?

CHAIRMAN GRAHAM: Yes, sir. I think it was about two weeks ago we had the briefing. And Commissioner Brown, I know you were going to try to be there. And unfortunately, you had to be out of town.

But one of the lead lawyers who will probably be involved in litigating this on behalf of the states -- the attorney general put together a meeting of -- I guess, we had five or six people from PSC. We had the Attorney General's Office, a lot of people from both Ag and from DEP.

And as he went through the vulnerability of this carbon rule, I came away pretty impressed that they are -- they really have some really solid issues to challenge their authority on.

And if you look at the attorney general's statement, really right in the very first two or three pages, it outlines showing one, two, three, four, five -- I think it's maybe six -- but the very first one, for example, in my opinion is going

to be a tough barrier to get over.

And we -- a lot of the discussion at that -- and it went for, like, an hour and a half. The briefing we had talked a lot about timing. And one of the comments the guy made was, you know, the time period for comments. And he said, but we really don't expect that to have any effect on what their approach on the rule was. And it was just very, very informative.

And you know, just like a blatant power grab at Federal level to take over the whole energy sector. And it's very offensive to me what they are trying to do and trampling on states' rights.

And it's -- but I do believe there will be substantial amount of litigation. So, we're probably looking at a couple of years before some of this has any real effect, I would think.

MR. BAEZ: Mr. Chairman, I would only add that as far as -- as far as I've been part of -- witness to your conversations, the question of whether we're going to engage in litigation on this or not really hasn't come before you.

It's not that I'm recommending that we do or that we don't, but it's something that you ought to discuss, perhaps, not through what have become more

technical comments on the rule.

I think the Chairman's suggested language is sort of a reservation of our rights. And that's -- that's a nice limit to have at this point for purposes of these comments. If you want to talk about how far you're going to take this and you think right now is a proper time, then you should have that conversation before you, you know, start telling the EPA they don't have authority in these comments. They may --

CHAIRMAN GRAHAM: Well, I think -- I think what I said was not that we're -- just because we're giving the comments, we're not saying that you -- we're not blessing you --

MR. DIAS: Understood. You're reserving -- you know, as an agency, we're reserving our rights to challenge and, otherwise, you know -- whatever our legal rights are. I think it's just one person's opinion. That's an appropriate reservation of our rights, but to -- to have this turn into a legal paper is probably a step -- a step further than -- at least that these comments were intended to be.

I mean, if that's the prism through which we're looking at them, they are woefully short, you

know.

COMMISSIONER EDGAR: Mr. Chairman, if I may.

CHAIRMAN GRAHAM: Yes.

COMMISSIONER EDGAR: As I said, I think there can be parallel tracks and different timelines. And I think that's part of the process and will be part of the process.

I do think that the statement that Ana pointed out does cover the point that you have raised. However, your language is a little stronger. And if you or others are more comfortable bolstering that, I think it says the same thing, but I'm fine with that language or, again, I think it is covered.

There will be much litigation and for those of us who -- for lawyers and for environmental consultants and --

MR. KISER: I need a job, now. So, maybe we can work something out.

(Laughter.)

COMMISSIONER EDGAR: About environmental policy and the creative tension between states and the Federal Government -- it's going to be Christmas. And it's going to be a lot of really, really great issues.

I do think that any further discussion, though, of particular legal positions is premature. And it's not what this document is designed for. And we'll see where those issues take us as --

MR. KISER: Mr. Chairman --

CHAIRMAN GRAHAM: I agree with you with that.

I have one other comment that won't be as easy as the first one. I don't know. In this document, in this draft, it has a lot of things that staff does need to be Florida-specific. They need to be plant-specific and Florida-specific.

I guess the other comment I was looking for because we basically don't take a position; we're just making comments on what the EPA is trying to do -- should we put something in there that if they are not going to be Florida-specific, that we do not support the proposed rule?

COMMISSIONER BALBIS: I think that implies we support the proposed rule if it is Florida-specific.

MR. KISER: Don't put yourself in a corner.

CHAIRMAN GRAHAM: Okay.

MR. KISER: Mr. Chairman?

CHAIRMAN GRAHAM: Yes, sir.

MR. KISER: May be of little help, too. One

of the comments that was made at the meeting by the lawyer that conducted the briefing is that really nobody should do too much until the comment period is over because technically, they still have the opportunity to change it.

Now, he commented he didn't expect much -- any change to any degree. But in terms of doing too much, we really kind of need to wait for the comment period to run and then see what that response is after that. And then we would be in a position to decide where you want to go and how.

CHAIRMAN GRAHAM: Before we continue, do we have Stephanie from Sierra Club wanting to speak to this again?

MS. KUNKEL: Yeah, I can just be very brief. We know that this is going to be a very long process and look forward to working with all of the stakeholders on the state implementation plan as it goes forward.

We just have some real technical concerns dealing specifically with what we believe are key inaccurate statements about clean power that deals specifically with efficiency, solar, and wind.

On the efficiency section -- and I apologize, I don't have the page number -- but the comments

say that the Florida Public Service Commission has found that energy-efficiency programs capable of achieving savings of 10 percent are not cost-effective. But the comments do not cite, in our opinion, supporting market data.

It appears that staff is adopting the utilities' assertions about what is and is not cost-effective. And staff does so despite overwhelming market data and utility admissions that you all have heard in the hearings. Specifically FPL mentioned it in the FECA hearings that Florida could save a lot more money by ramping up utility energy-saving programs, instead of cutting them back to make way for expensive risky power plants.

On the issue of solar, staff proposes to lower the renewables base portion of Florida's proposed targets, but never substantiates that Florida's solar market cannot meet or exceed the levels proposed by EPA.

We just feel that the Public Service Commission is simply not looking at the utilities to rigorously and transparently explore our solar market and add all of the cost-effective solar. But again, we are excited to hear that that will be

a workshop issue coming forward.

And then just lastly, on wind -- I know, Commissioner Edgar, you had mentioned it specifically. In the comments, it says that Florida lacks viable wind resources without citing any market data. We feel that, actually, the opposite is true.

Florida has as much as 1500 megawatts of onshore wind potential according to the National Renewable Energy Laboratory. Florida can also access proven sheath out-of-state wind thanks to transmission upgrades and wind procurement by neighboring states such as Georgia.

Gulf Power, which is Gulf -- Georgia Power, which is Gulf Power's sister subsidiary just produced 250 megawatts of wind. And Georgia Power characterized that wind as an extraordinary advantage for ratepayers and disclosed that the price fell below the company's energy-cost productions.

So, I'll just wrap by saying that we would respectfully request that the Commission amend staff comments prior to submission to EPA to clarify some of the clean power issues that we've raised. Thank you so much.

CHAIRMAN GRAHAM: Thank you.

Commissioner Edgar.

COMMISSIONER EDGAR: I'll just say very briefly -- and I know Ana will jump in here -- and I don't know page marked either. But the specific sentence that she referenced was one of the ones that I discussed with staff. And I said I think I know what you're trying to say, but I felt like it was a little unclear and asked them to consider clarifying. So, I know they are taking another look at that section.

MS. ORTEGA: Yes, it's on Page 19. If I can, the middle paragraph when we're speaking about Building Block 4. And I apologize for the sentence not saying exactly what really we intended it to say. We have a framework in Florida, as we are all aware, of looking at cost-effective energy-efficiency programs.

And if we found the level of energy-efficiency programs that EPA is assuming to be cost-effective, we would have already been doing that level. And that was kind of what staff was trying to achieve with this sentence.

But we're very open to changing it to reflect the fact that our point being is that we have 20 --

32 years -- I think we started in '82 -- 32 years of energy-efficiency data. If we had found that level to be cost-effective, we would.

The solar and the wind cites -- we can certainly add additional information if it's the will of the Commission to cite specific NREL -- the National Energy Laboratory report that the Sierra Club was referencing.

But again, we have a process in place that, with our need determination, that if those options are available to the utilities at the least cost, then we would already be doing more of them.

COMMISSIONER EDGAR: My own preference -- I'm sorry --

COMMISSIONER BROWN: It's okay.

COMMISSIONER EDGAR: -- would be, as we had discussed and as you have them describe in more detail, to look at rewording. And again, I see it as a non-substantive change, but a clarification along the lines of energy efficiency. And I don't think we need to reference any more studies.

MS. ORTEGA: Okay.

COMMISSIONER EDGAR: I think there will be plenty of time for that down the road.

CHAIRMAN GRAHAM: Any other comments or

questions of staff?

Can I entertain a motion?

COMMISSIONER EDGAR: Mr. Chairman, I would move that we approve these comments with the understanding that the staff make a few adjustments, run a final through your office, as is our general procedure. And also -- oh, do you want to talk about --

MS. ORTEGA: Let me interrupt. Yeah, I'm so sorry.

COMMISSIONER EDGAR: May I hold off on that? I got ahead of myself.

MS. ORTEGA: I apologize.

COMMISSIONER EDGAR: There is additional language that we discussed yesterday in response to the most recent EPA --

CHAIRMAN GRAHAM: The biomass.

MS. ORTEGA: Yes, the biomass. If I could direct everybody's attention -- sorry -- to Page 17. If you want, I have some drafts typed up you can look at.

So, currently, in our -- on Page 17, in the Building Block 3 discussion, we refer to the lack of information that EPA has given with the proposal in June in regards to biomass.

Last week, they released a framework about how they will assess biomass. Although, it wasn't a definitive answer as to whether or not it's emission -- CO2-emission neutral, it was a step in the right direction.

So, staff has proposed, if accepted, a change in the language that would essentially strike the discussion of the lack of clarity on biomass and insert a footnote recognizing that EPA has released additional information in regards to that area.

CHAIRMAN GRAHAM: Now what is your motion?

COMMISSIONER EDGAR: Thank you. Thank you, Mr. Chairman. Again, I move that we approve comments directing staff to make the slight wording changes per the discussion on the different issues that we've had, compare them, run them through the Chairman's office and then, at your sign-off, submit them to EPA prior to the deadline.

CHAIRMAN GRAHAM: The Edgar motion has been moved and seconded. Any further discussion?

Seeing none, all in favor, say aye.

(Chorus of ayes.)

Any opposed? By your actions, it is passed.

Thank you very much.

MS. ORTEGA: Thank you.

CHAIRMAN GRAHAM: I think you guys did a lot of good work this.

MS. ORTEGA: Thank you.

CHAIRMAN GRAHAM: And it's really pretty clear.

Okay. Executive director's report.

MR. BAEZ: No report today, Commissioner.

CHAIRMAN GRAHAM: No report?

MR. BAEZ: No, Mr. Chairman.

CHAIRMAN GRAHAM: Other matters? Yes.

COMMISSIONER BALBIS: Mr. Chairman, I just realized, that this, I believe -- do we have an IA next month?

CHAIRMAN GRAHAM: I think so.

COMMISSIONER BALBIS: Well, then I'll save my comments. I was about to be excited to have my last IA.

COMMISSIONER EDGAR: Nope. Nope. Nope. Not yet. We're going to work you until the very end.

(Laughter.)

CHAIRMAN GRAHAM: All right. Well, if there is no other matters coming up, we are now adjourned. Everybody please travel safely.

(Whereupon, the proceedings were recessed at 2:37 p.m.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 4th day of December, 2014.

ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #EE866180
EXPIRES FEBRUARY 09, 2017