



FLORIDA
PUBLIC
SERVICE
COMMISSION

2013

ANNUAL REPORT

CHAIRMAN'S MESSAGE

An organization's culture lays the foundation for its success, and ours at the Florida Public Service Commission (FPSC) inspires our important work on behalf of Floridians. Since our agency's start in 1887, we have steadfastly held to our agency's critical mission...to facilitate reasonable utility rates and safe, reliable service. While not everyone recognizes what stands behind the FPSC acronym, or understands the massive amount of work required, we touch the daily lives of Florida's 19.5 million residents. I'm proud to share a few highlights of our work for Florida's citizens from this *2013 Annual Report*.

- ◆ Approved a Revised and Restated Settlement Agreement for Duke Energy Florida, Inc. that maintains rate certainty through 2018, terminates its nuclear plant construction plans, and promotes community growth.
- ◆ Approved joint Stipulation and Settlement Agreements for Tampa Electric Company and for Gulf Power Company that reduced requested base rate increases by \$64.8 million and almost \$36 million, respectively.
- ◆ Approved amendments to the rule establishing an alternative cost recovery mechanism for nuclear power plant construction projects that adjust interest rate calculations to lower customer impacts.
- ◆ Approved new commercial Natural Gas Vehicle Transportation programs for three Chesapeake Utilities Corporation companies, paving the way for increased use of this clean transportation fuel.

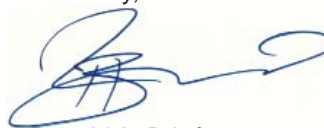
We also continued to promote and encourage energy diversity. The FPSC's net metering rule facilitated a 33 percent increase in residential solar generation. By approving the prudence for Florida Power & Light Company's contracts for a planned 600-mile pipeline system, more natural gas will flow into the state, a critical component to Florida's energy future.

The Study Commission on Investor-Owned Water & Wastewater Utility Systems, established by the 2012 Legislature and chaired by the FPSC, issued a report making recommendations to address many of the challenges facing these utility companies, particularly the small systems.

Lifeline Assistance Program outreach and enforcement ensured that eligible Florida consumers received only one benefit. Our administrative oversight of Telecommunications Relay Services continues to ensure system access to the deaf, hard of hearing, or speech impaired.

Our FPSC culture is to accomplish what's best for Florida now and in the future. As my Chairmanship ends, I am grateful that those who come before us can rest assured that our regulatory culture helps us build a fair and impartial record, weigh the evidence carefully, and ultimately, decide what is in the public's best interest.

Sincerely,



Ronald A. Brisé

Chairman, January 1, 2012 - January 1, 2014

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CONTACT INFORMATION

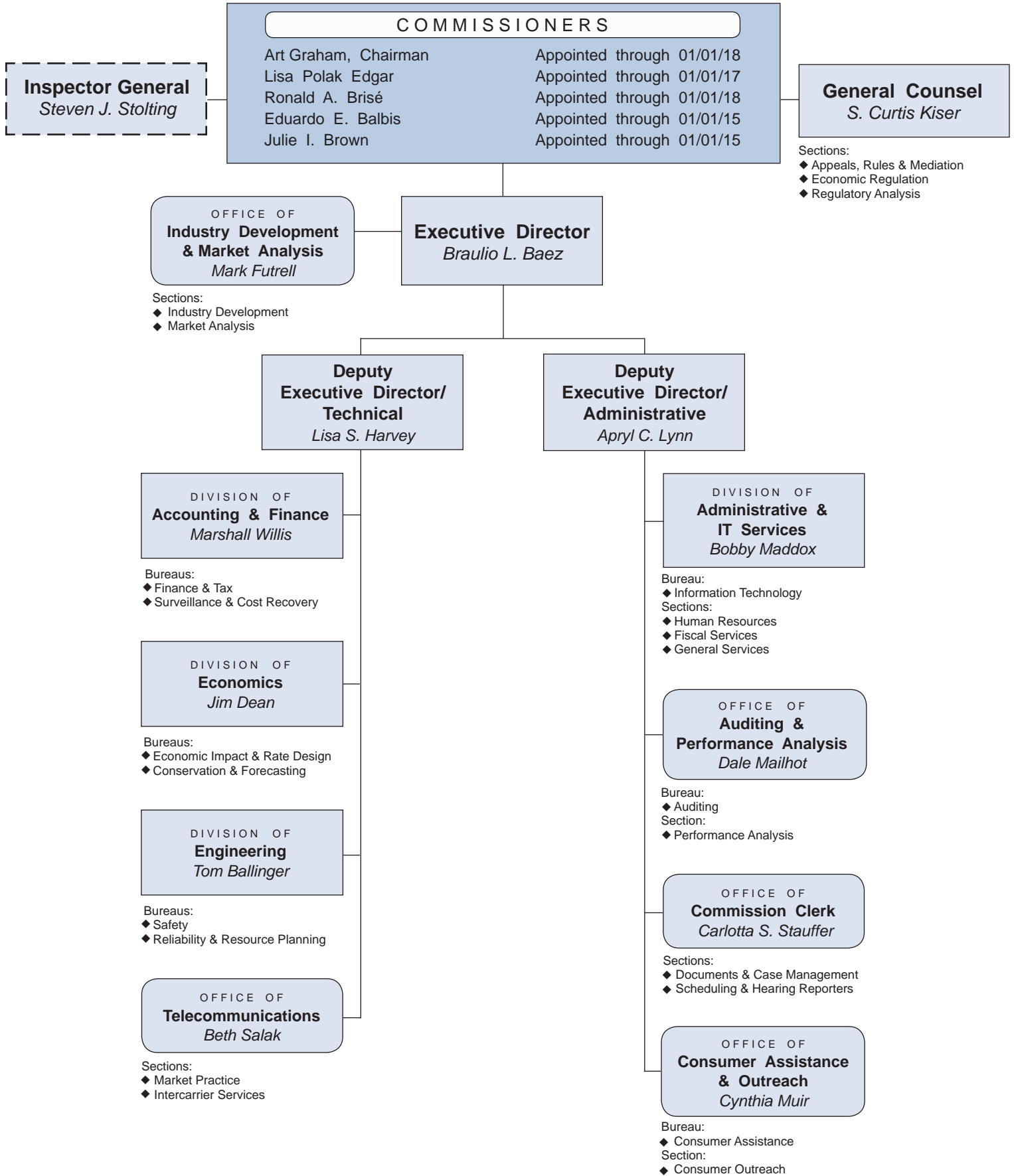
The Florida Public Service Commission's (FPSC or Commission) responsibilities in utility regulation directly affect the public. The FPSC welcomes requests for information about utility regulation or utility-related matters. Inquiries may be made in writing to the address below or by telephone, e-mail, or toll-free fax.

Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0850
 Toll-Free: 1-800-342-3552 (Nationwide)
 Toll-Free Fax: 1-800-511-0809 (Florida)

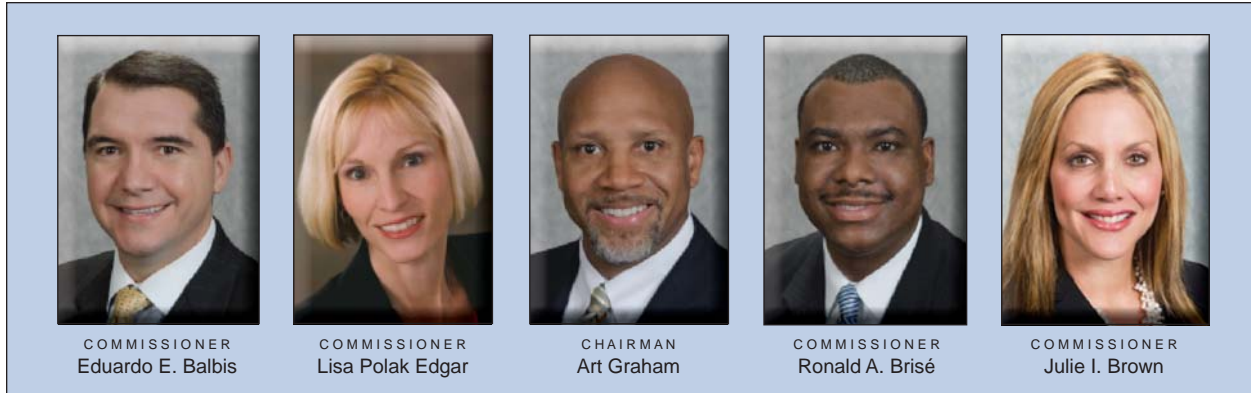
E-mail address: contact@psc.state.fl.us
 Internet home page: www.FloridaPSC.com
 Twitter: @FloridaPSC

(Detailed telephone contact information is available at <http://www.FloridaPSC.com/about/contact/phonedirectory.aspx>)

FPSC ORGANIZATIONAL CHART



FPSC COMMISSIONERS



Art Graham was appointed to the Florida Public Service Commission by Governor Charlie Crist in July 2010 and was reappointed by Governor Rick Scott for a term through January 2018. He is also Commission Chairman, serving his second term. Previously he chaired the Commission from October 2010 through January 1, 2012 and worked with his colleagues and industry representatives to find ways to hold down rates for Florida's consumers and businesses. ♦ Chairman Graham is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Committee on Water. Prior to his appointment, he served on the Jacksonville City Council. Among his duties as Council Member, Chairman Graham helped oversee the budget of JEA, a publicly owned electric, water, and wastewater utility, and chaired the Transportation, Energy, and Utilities Committee. He also served on the Jacksonville Beach City Council from 1998 to 2002. ♦ He is a past chair of the North Florida Transportation Planning Organization and vice president of the Northeast Florida Regional Council. He was President of ART Environmental Consulting Services from 2005 to 2009, and worked on electric power generating boilers and wastewater reduction as a recovery engineer with Georgia Pacific Pulp and Paper from 1995 to 2002. A sales engineer with Betz PaperChem from 1991 to 1995, Chairman Graham was a regional sales manager from 1989 to 1991 for Goodyear Tire and Rubber, where he also held an application engineer position from 1988 to 1989. ♦ He received a bachelor's degree in chemical engineering from the Georgia Institute of Technology in Atlanta. He is also a 2001 graduate of Leadership Jacksonville and a 2008 graduate of Leadership Florida

Lisa Polak Edgar was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush for a four-year term beginning January 2005. Governor Charlie Crist reappointed Commissioner Edgar to a second four-year term in 2008, and Governor Rick Scott reappointed her to a third four-year term in 2012. From January 2006 to January 2008, she served as Chairman and participated as a member of the Florida Energy Commission and the Governor's Action Team on Energy and Climate Change. ♦ Commissioner Edgar is a member and First Vice President of the National Association of Regulatory Utility Commissioners (NARUC). She serves on NARUC's Executive Committee, Board of Directors, the Committees on Electricity and Consumer Affairs, and the Task Force on Environmental Regulation and Generation. From 2005 through 2009, she served on the Federal Communications Commission Universal Service Joint Board working for efficient, accountable and fiscally responsible use of universal service funds. ♦ Commissioner Edgar has worked to develop policies to strengthen the state's electric infrastructure to better prepare for, and withstand, storm events; to establish net metering and interconnection rules that encourage customer participation and renewable energy development; to further the diversification of Florida's fuel supply; to effectively reform the collection and distribution of universal service funds; and to improve customer satisfaction and broaden stakeholder participation. ♦ Prior to joining the PSC, Commissioner Edgar served as Deputy Secretary for the Florida Department of Environmental Protection (DEP). Her responsibilities at DEP included executive management oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, Florida Geological Survey, and coordination between the state and federal government on environmental issues, including proposed and existing oil and gas drilling on the Outer Continental Shelf. Commissioner Edgar represented the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004, and on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. ♦ Commissioner Edgar received her Bachelor of Science and Juris Doctorate degrees from Florida State University and is a member of the Florida Bar. She is a member of Leadership Florida and the Capital Tiger Bay Club, and serves on the Board of Directors of Sustainable Florida. ♦ Commissioner Edgar and her husband are members of Killlearn United Methodist Church and are raising their two active children in Tallahassee

Ronald A. Brisé was appointed to the Florida Public Service Commission by Governor Charlie Crist in July 2010 and was reappointed by Governor Rick Scott for a term through January 2018. He served as Commission Chairman in 2012-2013. ♦ Commissioner Brisé is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves in the following capacities:

- ♦ 2nd Vice President, Southeastern Association of Regulatory Utility Commissioners (SEARUC)
- ♦ Board of Directors
- ♦ Task Force on Federalism and Telecommunications
- ♦ Committee on Telecommunications
- ♦ Committee on International Relations

Continued

FPSC COMMISSIONERS

- ◆ Subcommittee on Utility Market Access
- ◆ Board of Directors, Universal Service Administrative Company
- ◆ Federal Communications Commission's Intergovernmental Advisory Committee

Before this appointment, he represented District 108 in the Florida House of Representatives for four years. During his tenure, Commissioner Brisé was named Democratic Whip and served as Vice Chairman of the Florida Conference of Black State Legislators. He gained membership on several committees which produced significant legislation that tackled many of Florida's most relevant issues including energy, telecommunications, redistricting, appropriations and Medicaid reform. Commissioner Brisé also sponsored successful legislation expanding broadband deployment in Florida to address digital divide as well as legislation improving consumer protection for Floridian families. ◆ Upon graduation from college, Commissioner Brisé taught science at his alma mater, Miami Union Academy. He eventually became responsible for the school's development and fundraising operations. In 2005, he became the Chief Operating Officer at a VoIP telecommunications carrier. ◆ Commissioner Brisé began his career in public service in North Miami as a member of the North Miami Planning Commission. His civic engagements include Board Member of the North Shore Hospital and past president of the Albert C. Pierre Community Center. He is a member of the NAACP, Leadership Florida and serves on the Board of Directors of the Haitian-American Chamber of Commerce of Florida. ◆ Commissioner Brisé received a bachelor's degree in biology education from Oakwood University in Huntsville, Alabama and received MBA degrees in management and marketing from American Intercontinental University in Illinois. He and his wife, JoAn, have two children, Ronald Brisé II and Elizabeth Christiane Brisé, and together are faithful members of the Seventh-day Adventist Church.

Eduardo E. Balbis was appointed by Governor Charlie Crist to the Florida Public Service Commission (PSC) and reappointed by Governor Rick Scott to serve a four-year term through January 1, 2015. Commissioner Balbis began serving on the PSC in November 2010, when Governor Crist appointed him to fill an unexpired term through January 1, 2011. ◆ A member of the National Association of Regulatory Utility Commissioners (NARUC), Commissioner Balbis serves on the Committees on Gas and on Critical Infrastructure. Prior to serving on the PSC, Commissioner Balbis was the Assistant City Administrator for the City of West Palm Beach, where he managed the Public Utilities, Public Works, and Engineering Departments, comprising more than 400 employees. He oversaw major upgrades to the City's Water Treatment Plant that significantly improved the City's drinking water quality, and he coordinated the planning efforts for long term improvements to the City's water treatment plant to bring important operational and capital savings. ◆ As Assistant City Administrator, Commissioner Balbis was also responsible for the management of Grassy Waters Preserve. This pristine, 20-square-mile wetland ecosystem serves as a habitat for many protected species, including the Everglades Snail Kite, and is the primary source of drinking water for the City of West Palm Beach and the Towns of Palm Beach and South Palm Beach. ◆ Commissioner Balbis previously served as Chairman of the Board of the East Central Regional Wastewater Reclamation Facility, which benefits more than 239,000 customers in Palm Beach County. As Chairman, he helped bring to fruition one of the largest conservation projects in Florida: a 27 million gallon-per-day water reuse project that provides treated wastewater in lieu of groundwater to cool a 3,750 MW power plant. ◆ Previously appointed by Governor Crist to the Treasure Coast Regional Planning Council, Commissioner Balbis worked with other council members on complex regional development issues and projects affecting Palm Beach, Martin, Indian River and St. Lucie Counties. His prior experience also includes working in the private sector for national engineering firms specializing in the design of large utility infrastructure projects. ◆ A lifelong Florida resident, Commissioner Balbis graduated from the University of Florida with a degree in Environmental Engineering and is a Licensed Professional Engineer. As a hobby, he enjoys officiating football and is a NCAA Division 1 football official with the Sun Belt Conference.

Julie Imanuel Brown was appointed to the Florida Public Service Commission by Governor Charlie Crist and reappointed by Governor Rick Scott for a four-year term beginning January 2, 2011. Prior to her appointment, she was Associate Legal Counsel of First American Corporation, a Fortune 500 company, where she handled a variety of legal issues in the Eastern, Midwest and Mid-Atlantic Regions, including corporate compliance with regulatory authorities. ◆ Previously an Assistant City Attorney for the City of Tampa, Commissioner Brown specialized in contract, regulatory and administrative law while acting as legal advisor to the City of Tampa for wastewater, stormwater, land development coordination, and other matters. Commissioner Brown also worked as a corporate attorney at Shumaker, Loop & Kendrick, LLP in Tampa, Florida, specializing in mergers and acquisitions and securities law. ◆ Commissioner Brown is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Committee on Energy Resources and the Environment and the Subcommittee on Nuclear Issues – Waste Disposal. She serves by appointment as Chair of the Florida Legislature's Study Committee on Investor-Owned Water and Wastewater Utility Systems, and on the New Mexico State University's Center for Public Utilities Advisory Council. Her civic affiliations have included the City of Tampa's Architectural Review Commission, the Board of Directors for the Tampa Firefighters Museum, the Florida Bar's 13th Judicial Circuit Bar Grievance Committee, and acting as Vice Chair of the Hillsborough County Bar Association's Judicial Campaign Practices Committee. ◆ Commissioner Brown graduated magna cum laude with a Bachelor of Science from the University of Florida, where she was the recipient of the Outstanding Female Leader award, President of Florida Blue Key, inducted into the Hall of Fame, and received the Dean's Cup for the College of Journalism and Communications. She earned a Juris Doctorate from the University of Florida Levin College of Law and is a member of the Florida Bar. Her graduate education included study abroad at the University of Montpellier College of Law in France. ◆ Commissioner Brown and her husband have two children.

EXECUTIVE MANAGEMENT



EXECUTIVE
DIRECTOR

BRAULIO L. BAEZ

The Executive Director is responsible for directing, planning, and administering the overall activities of the Commission staff, except the Office of General Counsel. He consults with and advises the Commissioners on regulatory, internal management, and budgetary matters, and acts as an interagency liaison. Reporting directly to him are the Deputy Executive Director-Administrative, the Deputy Executive Director-Technical, and the Director of the Office of Industry Development & Market Analysis.



DEPUTY
EXECUTIVE
DIRECTOR-
ADMINISTRATIVE

APRYL C. LYNN

The Deputy Executive Director-Administrative supervises and directs the Commission's administrative staff and counsels the Executive Director on FPSC personnel, media relations, consumer assistance, and auditing matters. The Division of Administrative & Information Technology Services, and the Offices of Commission Clerk, Auditing & Performance Analysis, and Consumer Assistance & Outreach are under her direction.



DEPUTY
EXECUTIVE
DIRECTOR-
TECHNICAL

LISA S. HARVEY

The Deputy Executive Director-Technical provides direction and leadership for the technical staff and advises the Executive Director in all technical issues pending or presently before the Commission. She has direct authority over the Divisions of Accounting & Finance, Engineering, Economics, and the Office of Telecommunications.



GENERAL
COUNSEL

S. CURTIS KISER

The General Counsel is the Commission's chief legal counsel. He supervises the FPSC's legal personnel and is charged with the administration and delegation of responsibilities to the lead attorneys in his office. The General Counsel advises the FPSC on the legal aspects of its regulatory responsibilities, providing legal representation in court and before federal agencies, offering legal counsel to the Office of Executive Director, and assisting in interagency liaison activities.



THE ROLE OF FLORIDA'S PUBLIC SERVICE COMMISSION

MISSION STATEMENT:

*To facilitate the efficient provision of
safe and reliable utility services at fair prices.*

The Commission's work is a balancing act, weighing the needs of consumers with the needs of a utility and its shareholders. For electric, natural gas, and water and wastewater utility companies, the Commission oversees service territories, regulates rates and earnings, and requires utilities to provide service to all who request it. For telecommunications companies, the Commission is responsible for encouraging and promoting fair and reasonable growth within the industry.

Florida's economy is slowly recovering from several years of an economic downturn that continues to affect the state's utility companies. Public utilities play a major role in the state's economy and in our society. Water and wastewater, energy, and telephone services are necessities. The Florida Public Service Commission (FPSC) ensures that Florida's residents receive these essential services in a safe, reasonable, and reliable manner. In doing so, the FPSC exercises regulatory authority over utilities in three key areas: rate base/economic regulation; competitive market oversight; and the monitoring of safety, reliability, and service.

- ◆ Rate base/economic regulation involves analyzing requested rate changes and conducting earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return.
- ◆ Competitive market oversight entails facilitating the development of competitive markets and managing issues associated with them.
- ◆ Safety, reliability, and service monitoring promotes an uninterrupted supply of utility services to the general public and confirms that such services are provided in a reasonable and timely manner with minimal risks.

In each of these areas, the Commission provides consumer assistance, protection, and education services which include responding to consumer questions and complaints and distributing information about using utility services.

A more detailed description of the FPSC's role in these key areas follows.

RATE BASE/ECONOMIC REGULATION

Earnings levels for regulated electric, natural gas, and water and wastewater companies are established and regularly monitored by the FPSC. Companies file annual reports which are reviewed to determine their earnings for the prior year. If it appears that a company will experience excessive earnings in the coming year, the FPSC fully analyzes the company's books and records and reduces its rates. The FPSC may determine earnings are subject to refund if the review indicates possible overearnings.



When a company believes its earnings are below a reasonable level, the company can petition the FPSC for a change in rates. After an extensive review of the company's earnings, the Commission determines the company's fair rates and earnings to decide a reasonable rate of return. The Commission also analyzes the actual rates charged by the company, allocates revenue requirements between classes of customers, and develops appropriate rate structures within rate classes.

ENERGY

In addition to annual reports, the investor-owned electric and natural gas companies also file earnings information monthly, quarterly, or semi-annually,

depending upon each company's size. These more frequent company filings allow the FPSC to monitor earnings levels on an ongoing basis. Customer rates can be quickly adjusted if a company appears to be overearning.

Annually, the FPSC thoroughly reviews each regulated utility's fuel, capacity, conservation, and environmental costs and authorizes recovery of the prudently incurred expenses. Other areas of economic regulation for the energy industry include special contracts, new tariff offerings, conservation program approvals and revisions, depreciation, amortization, nuclear decommissioning studies, and fossil fuel dismantlement studies.

WATER & WASTEWATER

In the water and wastewater industries, the FPSC processes a significant number of cases each year. The majority of these cases involve requests for rate increases or limited proceeding increases resulting from the increased costs of providing service. Other cases involve overearnings investigations to determine if a rate reduction is necessary.

The Commission processes water and/or wastewater certification requests, with the majority involving the transfer or amendment of certificates of authorization to provide service. Other cases can involve certifying a new utility and setting its initial rates and charges. The Commission also acknowledges abandonments and cancels certificates for systems transferred to exempt entities.

Reuse (using effluent water for a beneficial purpose, such as irrigation) impacts rate base/economic regulation. The Legislature has recognized the benefit of reuse to Florida and has enacted provisions in the governing statutes for the Florida Department of Environmental Protection (DEP), the five water management districts (WMD), and wastewater utilities to employ reuse as a means of effluent disposal and as a method of water conservation. The FPSC's charge is to identify reuse issues related to its jurisdiction and to establish policies that are consistent with the statewide goals. In meeting this charge, Commission staff participates on a Reuse Coordinating Committee along with staff from the DEP, the WMDs, and the Florida Departments of Agriculture and Consumer Services, Health, and Transportation.



Water conservation is vital to Florida's economy. As an economic regulator, the FPSC is actively involved in demand-side water conservation through rates and rate structure review. Rates and rate structure have a direct bearing on water usage and water resource allocation. The FPSC has a Memorandum of Understanding (MOU) with the DEP, updated this year, and another MOU with the five WMDs to coordinate efforts to improve statewide water quality and meet statewide conservation goals. Both agencies provide expert testimony, as necessary, on water quality and conservation issues in rate cases before the FPSC. When feasible, the FPSC allows utilities to recover expenses related to conservation programs and establish conservation rates to reduce water consumption.

COMPETITIVE MARKET OVERSIGHT

The FPSC addresses competitive market structure and regulatory issues in the telecommunications industry, an industry that has transitioned from a monopoly to competitive markets. Two catalysts for the change to competition are innovative technologies that add new markets to established regulated companies and increased service options that benefit customer choices. The FPSC must ensure that regulatory barriers are removed and that telecommunications companies are not anti-competitive.

A key focus of the FPSC is facilitating the development of competition in the local telephone market, which includes arbitrating agreements between incumbent local exchange companies (ILECs) and competitive local exchange companies (CLECs) when negotiations fail. After interconnection agreements are executed, the FPSC is then charged

with interpreting and enforcing the agreements if requested by one of the affected carriers. The FPSC is also responsible for resolving other inter-carrier disputes including, but not limited to, federal law addressing resale of services, local interconnection, unbundling, number portability, dialing parity, access to rights-of-way, access to poles and conduits, and reciprocal compensation. The FPSC is also active in monitoring and assessing the status of local competition, processing negotiated agreements, and providing input on legislative and Federal Communications Commission (FCC) initiatives.

By conducting regular reviews of industry practices, the FPSC determines whether entities are engaging in actions that could impede the development of competition. Other major responsibility areas involve oversight of numbering resources, the Lifeline Assistance Program which enables low-income residents to have access to telephone service, and the Relay Program which enables the deaf, hard of hearing, or speech impaired to use telephone service.

Another critical aspect of competitive market oversight in the telecommunications industry is the certification process. Most landline telecommunications companies (not including interexchange companies) conducting business in Florida are required by state law to be certificated by the FPSC.

RELIABILITY, SAFETY, & SERVICE ISSUES

Through performance and operations investigations, the FPSC obtains information on reliability, service quality, and service availability for review and enforcement.

ENERGY

ELECTRIC RELIABILITY

In the electric industry, the FPSC reviews regulated utilities' Ten-Year Site Plans to assess how utilities will meet Florida's energy needs over a ten-year planning horizon. The FPSC considers petitions for the determination of need for electric power plants, transmission lines, and intrastate

natural gas pipelines so that adequate generation and transmission facilities will be available to meet the state's power needs.

The FPSC also participates in formal and informal proceedings relating to long-range electric utility bulk power supply operations and planning; electric and natural gas safety and service quality, including complaints; electric utility conservation goals and programs; and emergencies due to operational events or weather.

ELECTRIC DISTRIBUTION RELIABILITY AND INFRASTRUCTURE HARDENING

The FPSC also monitors investor-owned utilities' (IOUs) performance by reviewing each company's *Electric Distribution Reliability Report*, filed annually on or before March 1. In this filing, each IOU reports the latest available data on its various reliability indices, such as System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). The reliability indices are based on statistical data that measure each IOU's service quality and reliability. The reports also describe the status of each IOU's storm hardening efforts related to 10 ongoing initiatives established by the FPSC, including such programs as vegetation management, hardening of existing structures, joint-use agreements, auditing pole attachments, and natural disaster preparedness. The Commission reviews these reports to verify the utilities' compliance with Commission requirements and ensure that Florida's utilities are maintaining quality service that is safe and reliable.

ELECTRIC SAFETY

By statute, the FPSC is responsible for electric safety. The Commission has adopted the National Electrical Safety Code (NESC) as the applicable safety standard for transmission and distribution facilities subject to the FPSC's safety jurisdiction. In addition, Commission rules set requirements for accident reports, quarterly utility compliance reports, and FPSC facility inspections. Electric safety engineers inspect utility electric transmission and distribution construction sites that are selected from utility work orders. Any variances from the NESC are corrected through a quality control program.

NATURAL GAS PIPELINE SAFETY

Safety compliance evaluations are conducted annually on all natural gas systems. These evaluations focus on corrosion control, leak surveys, leak repairs, emergency response, drug testing, employee training and qualification, maintenance, operation, and new construction.

The Commission's pipeline safety staff evaluates natural gas systems covering thousands of miles of pipeline and customer service lines. These evaluations generally result in written notifications of gas safety violations such as failure to repair gas leaks, failure to odorize natural gas, or failure to use qualified welders. All violations must be corrected or scheduled for corrective action pursuant to the Commission's enforcement procedures.



In April 2011, the U.S. Department of Transportation and the Pipeline and Hazardous Materials Safety Administration urged states to replace all bare unprotected steel and cast iron pipelines due to recent accidents in other parts of the U.S. involving the aging infrastructure. The FPSC's Bureau of Safety requested all companies in Florida with aged infrastructure to provide a replacement plan. Florida has 10 companies that began with a total of 253 miles of cast iron pipe and 1,200 miles of unprotected bare steel pipeline needing replacement. In September 2012, the Commission approved replacement programs for Peoples Gas System in Docket 110320-GU and a similar program for Chesapeake Utilities and Florida Public Utilities Company in Docket 120036-GU. As of the third quarter of 2013, 231 miles of cast iron and 1,083 miles of bare steel remain to be replaced.

EMERGENCY OPERATIONS CENTER

The Commission is designated as the Lead Response Agency for power and natural gas emergencies for the Office of the Governor. Through the Division of Emergency Management at the state's Emergency Operations Center (EOC), the FPSC provides 24 hours/7 days a week staffing for Emergency Support Function-12 Energy (ESF-12) during state emergencies. ESF-12 coordinates responses to electric and natural gas energy emergencies and provides information and assistance to a variety of federal and state agencies at the EOC.

The Commission also maintains contact with electric and natural gas utilities serving the affected areas to assess damage and service restoration efforts. Data collected and maintained from these coordination efforts include areas affected, number of customers without electrical power or natural gas, status of generation fuel, and estimated restoration time for normal service. This information is used by the EOC to determine the most efficient allocation of resources in response to regional recovery efforts.

WATER & WASTEWATER



In the water and wastewater industries, the FPSC monitors quality-of-service issues such as water pressure and capacity. When a consumer complaint regarding water and/or wastewater quality of service is received, if warranted, a staff engineer is assigned to work with the consumer and utility personnel to determine the cause of the concern.

Service quality issues are also addressed when a utility files an application for a rate change. The Commission conducts customer meetings or service hearings as a part of the rate case process. Consumer comments at these meetings typically include service quality issues. The FPSC reviews consumer concerns and works with the utility to resolve service issues. When a complaint results from possible violations of DEP public health rules, FPSC staff works with the DEP to resolve the issue.

In 2013, the FPSC updated its Memorandum of Understanding (MOU) with the DEP, which was last revised in 2001. Effective in August, the MOU formally establishes each agency's policies and procedures to promote and encourage water conservation and reuse, and to promote and encourage safe and efficient water supply and wastewater management services. Two significant changes improve information sharing between the agencies. The FPSC now provides weekly reports to the DEP on any water or wastewater service quality complaints it receives. Also, the FPSC will advise the DEP when new or existing water or wastewater systems become subject to FPSC authority, either through new certification or a change in the status of a county's regulatory authority.

CONSUMER ASSISTANCE, PROTECTION, & EDUCATION

By providing effective consumer assistance, protection, and education, the FPSC accomplishes its mission of assisting consumers and educating the public about the changing regulatory environment.

The FPSC participates in a variety of outreach events such as consumer forums, community meetings, and customer meetings and hearings,

by presenting pertinent information and distributing a variety of consumer publications. Making sure that consumers have easy access to information ensures that they can make informed decisions about utility services.

With Florida’s volatile hurricane seasons and fluctuating fuel costs, consumers have concerns about storm damage and energy expenses, which impact the natural gas and electric industry. The FPSC website and publications explain the rules that keep utilities prepared for storms and keep fuel costs reasonable and highlight the Commission’s statutory obligation to protect consumers by ensuring public safety.

Another aspect of consumer assistance relates to customer issues such as billing. The FPSC assists consumers with analyzing their utility bills and verifying the accuracy of charges to help resolve disputes between regulated companies and their customers in a fair and efficient manner.

The Commission’s Transfer Connect system offers consumers a quick, efficient option to resolve complaints. When a consumer calls the FPSC’s toll-free consumer assistance line (1-800-342-3552) with a question or a complaint regarding utility services, an FPSC staff member, with the customer’s approval, will transfer the call directly to the utility for handling. Once the consumer’s call is transferred, the utility pays for the call until completion. Each company subscribing to Transfer Connect must provide “live” customer service personnel to handle the transferred calls. Consumers benefit when they can have all of their needs met with a

single toll-free call. The Transfer Connect option also allows FPSC staff to consult with a utility representative and pass on caller information, so the caller doesn’t have to repeat information.

— COMPLAINT ACTIVITY —

Assisting consumers is an FPSC priority. Consumers can find a variety of fact sheets, brochures, and consumer tips on the website. Residential and business customers needing additional assistance to resolve complaints with Florida’s regulated utilities can receive help from the FPSC’s experienced analysts, who can also provide information on utility payment plans, statutes and rules governing utility companies, and the status of pending cases before the Commission.

There are five ways to contact the FPSC:

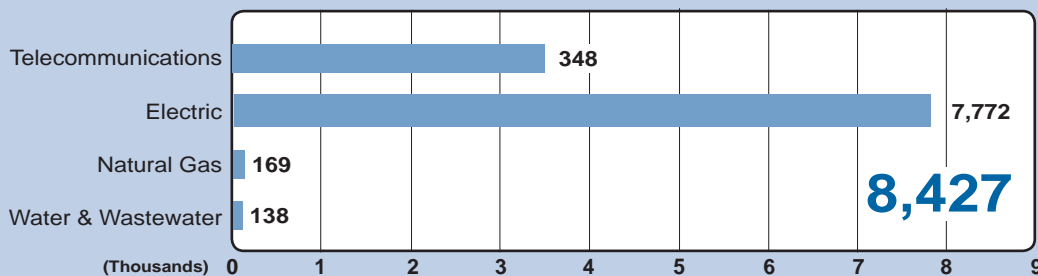
- ◆ Complete an online complaint form
- ◆ E-mail correspondence to contact@psc.state.fl.us
- ◆ Call the toll-free number at 1-800-342-3552
- ◆ Fax information toll-free at 1-800-511-0809
- ◆ Send mail to:

Florida Public Service Commission
Office of Consumer Assistance & Outreach
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

For more information, visit the FPSC’s website at:

www.FloridaPSC.com

During 2013, 8,427 complaints were logged with the FPSC against utility companies. The following chart identifies those complaints received by industry.



Note: Includes non-certificated complaints logged, complaints transferred via the telephone transfer-connect or e-transfer process, and complaints logged and resolved under the three-day rule. Effective July 1, 2012, FPSC jurisdiction over telecommunications companies changed. Telecommunications complaints include, Lifeline Assistance Program, Florida Relay, and payphone service.

Since consumer service and protection are integral to the FPSC's mission, the Commission encourages early, continuous, and meaningful public participation throughout its regulatory process. As part of the FPSC's education program, information is compiled and relayed to consumers who are offered many opportunities to express comments and ideas to the Commissioners before final decisions occur.

The FPSC closely monitors informal consumer inquiries and complaints to identify trends affecting consumers and then produces related outreach materials to address those needs. The FPSC provides consumers with the information they need to understand the benefits of competition and to know their rights as utility customers.

Consumers receive information in a variety of ways, including the FPSC website, news releases and Twitter (@FloridaPSC), toll-free phone and fax numbers, consumer publications, brochures, scheduled FPSC meetings open to the public, and community events. The FPSC's website, www.FloridaPSC.com, is continually updated to keep information current and make the site more user-friendly. The website contains information about the regulated industries, press releases, and agency publications. In addition to obtaining information, consumers may file online complaints and inquiries about their utility services. Commission events and meetings are usually accessible online as live video and/or audio broadcasts.

— CONSUMER OUTREACH —

Each year, the FPSC provides educational brochures to Florida public libraries for consumer distribution. This year, the Commission increased its Library Outreach Campaign participants from 333 to 583 to educate consumers across the state. Through the program, a variety of FPSC publications highlighting practical energy and water conservation measures are distributed to library patrons throughout the year.

National Consumer Protection Week (NCPW), highlighting consumer protection and education efforts, was important to the FPSC's 2013 conservation education efforts. For the 15th Annual NCPW (March 3-9, 2013), Chairman Ronald A. Brisé kicked off the week by hosting a *Love*



2013 PSC Chairman Ronald A. Brisé, Leon County Commissioner Mary Ann Lindley, and State Representative Alan Williams.

Saving Energy? press conference highlighting ENERGY STAR appliances at a local Tallahassee appliance store, to bring practical, energy saving ideas to consumers. Joining the Chairman at the press conference were State Representative Alan Williams; Leon County Commissioner Mary Ann Lindley; and Brenda Buchan, with the Florida Department of Agricultural and Consumer Services. These state and community leaders shared their energy saving practices, along with additional conservation tips to keep consumer energy costs down. Also during NCPW, FPSC staff made presentations to consumers in Pembroke Pines, Hollywood, Orlando, Kissimmee, Sanford, and Belle Glade, showing them how to save money through energy and water conservation.

The FPSC continuously seeks existing and new community events, venues, and opportunities where conservation materials can be distributed and discussed with citizens. This year, the FPSC participated in consumer programs and distributed energy and water conservation materials through partnerships with governmental entities, consumer groups, and many other service organizations. Examples of events where conservation information was shared during 2013 include:

- ◆ Ambassadors for Aging Day
- ◆ Active Living Expo
- ◆ Earth Day at the Capitol
- ◆ Technology Lifeline Community event in Chipley
- ◆ Florida Department of Elder Affairs and Big Bend Task Force's Falls Prevention Seminar

- ◆ Florida Department of Elder Affairs SAFE Homes Program Workshop
- ◆ FAMU Developmental Research School
- ◆ Northeast Community Action Agency
- ◆ Florida Forest Festival
- ◆ Jackson County Senior Citizens Organization
- ◆ Leroy Clemons Senior Center, Maxwell Senior Center, Orange Park Senior Center; Middleburg/Wiegel Senior Center, Enoch Senior Center, Pinellas Park Senior Center; St. Giles Manor Senior Center, Gadsden County Senior Center, Chattahoochee Senior Center, Green Cove Springs Senior Center, Mid County Senior Center, North County Senior Center, and Sadkin Senior Center
- ◆ Marianna Housing Authority, Renaissance at Washington Ridge Housing Authority, Manor at West Bartow Housing Authority, Villas of Lake Bonnet Housing Authority, and Colton Meadow Housing Authority
- ◆ Community Days in the cities of Jacksonville, Pembroke Pines, and Miami
- ◆ Senior Days in Lake Jackson, Miccosukee, Bradfordville, Ft. Braden, Jake Gaither Park, and Woodville

Events to promote energy efficiency and conservation education are annually observed during October's Energy Action Month. Highlighting this year's commemoration, Chairman Brisé and senior staff participated in a locally-sponsored Big Bend Habitat for Humanity (BBHH) build. By assisting BBHH, the FPSC highlighted Habitat's mission to build energy-efficient, affordable homes for low-income consumers in the community, fully supporting the Energy Action Month's energy efficiency and conservation message. The event also recognized the National Association of Regulatory Utility Commissioners' (NARUC) partnership with Habitat for Humanity as part of its "Anybody Can Serve, So Let's Conserve" campaign. NARUC Commissioners are encouraged to volunteer at various Habitat projects around the country and share their expertise on energy issues.

The FPSC and the City of Tallahassee also teamed up with S.A.I.L. High School students to teach children how to conserve energy in an original play, *Turn It On; Turn It Off*, performed at the Hopkins Power Plant Open House, celebrating October's Energy Action Month and Public Power Week.

The Open House was a perfect outing for families wanting to learn more about electricity generation and distribution at the Hopkins Generating Station Unit 2, which has been recognized for its advanced technology, environmental protections, design, and operational efficiencies.



Also occurring during Energy Action Month was the 2013 Florida Energy Summit, sponsored by the Florida Department of Agriculture and Consumer Services' Office of Energy. The two-day conference in Orlando examined the changing energy sector and how Florida can prepare to take advantage of future economic opportunities. FPSC Commissioner Lisa Polak Edgar participated in the opening Summit panel, *Florida by the Numbers*, that featured a presentation by Dr. Rick Harper, Director, University of West Florida Office of Economic Development and Engagement, on Florida's changing demographics and continued with panelists' comments on how those changes will affect energy usage and infrastructure in Florida.

To help consumers who might need assistance paying their utility bills, the FPSC has compiled *A Guide to Utility Assistance in Florida* that includes contact information for all electric utilities in the state. The booklet gives consumers a way to call their utility to tap into the large network of social service organizations located throughout

their area. Many of Florida's electric utilities also have company programs designed to provide emergency assistance funds to customers unable to pay their electric bill, so consumers in need can benefit by contacting their utilities.

To assist Florida legislators and other government officials whose constituents might be affected by a specific case before the FPSC, the Commission produces an informational report, the *Florida Public Service Commission Bulletin*. The Bulletin provides a background for cases where customer input is considered and helps answer constituent inquiries.

Throughout the year, FPSC Commissioners and/or staff attend customer hearings and meetings around the state. Public meetings provide an inclusive process that allows Florida consumers to participate and share their views with Commissioners. For each hearing or meeting, customers receive a *Special Report* that explains the case being reviewed and encourages their participation. In 2013, FPSC staff organized and attended 15 customer hearings and meetings, where they



addressed citizen questions and concerns and distributed relevant brochures.

The Commission features many brochures online and in print to help consumers save energy, conserve water, or learn about the Lifeline Assistance Program and other relevant topics. Brochures may be viewed and printed directly from the website, <http://www.FloridaPSC.com/publications/>, ordered free via an online order system, or requested by mail or phone. With its interactive design, the FPSC's quarterly *Consumer Connection E-Newsletter* is also helpful, featuring current energy and water conservation topics, consumer tips, and general Commission information.



HIGHLIGHTS OF THE FPSC'S REGULATORY EFFORTS FOR CALENDAR YEAR 2013

In 2013, the FPSC regulated 5 investor-owned electric companies, 7 investor-owned natural gas utilities, and 149 investor-owned water and/or wastewater utilities and had competitive market oversight for 398 telecommunications companies in Florida.

The number of certificated telecommunications companies as of December 2013 was as follows:

- ◆ 10 incumbent local exchange companies (ILECs)
- ◆ 275 competitive local exchange companies (CLECs)
- ◆ 73 pay telephone companies (PATs)
- ◆ 23 alternative access vendors (AAVs)
- ◆ 17 shared tenant service providers (STS)

Chapter 364, Florida Statutes, was changed in 2011 to no longer allow new AAV or STS certificates to be issued.

The FPSC does not regulate the rates and service quality of publicly owned municipal or cooperative electric utilities; however, the Commission does have jurisdiction regarding rate structure, territorial boundaries, bulk power supply operations, and power supply planning over 34 municipally owned electric systems and 18 rural electric cooperatives. The FPSC has jurisdiction regarding territorial boundaries and safety, over 28 municipally owned natural gas utilities and 4 gas districts. In addition, the Commission exercises safety authority over all electric and natural gas systems operating in the state.

During 2013, a number of significant issues presented challenges for the Commission and are summarized in the following sections.

ENERGY

ELECTRIC RATE CASES

Florida Power & Light Company

On February 7, 2013, the Office of Public Counsel appealed the Commission's December 2012 approval of a Florida Power & Light Company Settlement Agreement to the Florida Supreme Court. Oral arguments were heard before the Florida Supreme Court on September 19, 2013. The Court is expected to make a decision on the matter in 2014.

Duke Energy Florida, Inc.

On August 1, 2013, Duke Energy Florida, Inc. (DEF), previously known as Progress Energy Florida, filed a Petition for Limited Proceeding to Approve the Revised and Restated Stipulation and Settlement Agreement (revised Agreement). Approved by the FPSC on October 17, 2013, the revised Agreement replaces and supplants the utility's 2012 Stipulation and Settlement Agreement (2012 Agreement) approved last year.

The revised Agreement maintains customer base rates through 2018, terminates plans for DEF's Levy County Nuclear Units 1 & 2, promotes community growth through economic development tariffs, and avoids the potential cost of complex litigation. Parties to the revised Agreement included DEF, the Office of Public Counsel, White Springs Agriculture Chemicals, Inc., Florida Industrial Power Users Group, and Florida Retail Federation.

While the revised Agreement supersedes DEF's 2012 Agreement, customer refunds contained in the agreement remain, including \$129 million in 2013, \$139 million in 2014, \$50 million in 2015, and \$70 million in 2016. Customers will also receive a total refund of \$835 million from insurance proceeds for DEF's retired Crystal River 3 (CR3) nuclear plant by the end of 2014.

When an asset (such as a plant) is retired, a company has a right, by law, to recover the remaining costs from its customers. Under the revised Agreement, recoverable costs for CR3 will be capped at \$1.4 billion, with the company's stockholders

covering the first \$295 million and extended repayment schedules also lowering costs to customers. DEF will continue to collect fixed amounts, with no incremental bill impact, for costs associated with its discontinued Levy County plant until approximately 2017.

Since 2010, the FPSC had opened several separate dockets to continually analyze and review the company's actions, and Commissioners presided over eight hearings and status conferences, where DEF and expert witnesses provided testimony and evidence. Hundreds of customers also provided comments that are included in each docket's file.

Absent a major storm that results in significant damage to DEF's service territory or the company earning a Return on Equity (ROE) above 11.5 percent or below 9.5 percent, DEF should not petition the FPSC for rate relief effective before January 1, 2017.

Tampa Electric Company

On April 5, 2013, Tampa Electric Company (TECO) filed a request for a \$134.8 million base rate increase effective January 2014. The FPSC held customer service hearings in TECO's service territory in May to hear from the utility's customers.

Before the technical hearings were set to begin on September 9, the parties to the case, including TECO, the Office of Public Counsel, Florida Industrial Power Users Group, Florida Retail Federation, Federal Executive Agencies, and WCF Hospital Utility Alliance, filed a Joint Motion for Approval of Stipulation and Settlement Agreement (2013 Agreement). After questioning all parties and FPSC staff, Commissioners approved the 2013 Agreement on September 11, agreeing that the terms were in the best interest of TECO customers.

The Agreement reduced TECO's requested base rate increase to \$70 million and set an ROE at 10.25 percent, maintaining rate stability through 2017. To reduce customer bill impacts, the base rate increase is tiered over three years, with a \$57.5 million increase effective in November 2013 and increases of \$7.5 million in November 2014 and \$5 million in November 2015.

Also included the 2013 Agreement is an ROE tracking mechanism tied to the change in the

30-year Treasury Bond rate that, if triggered, would result in a 10.50 percent ROE. The 2013 Agreement further includes a generation base rate adjustment (GBRA) of an additional \$110 million effective on January 1, 2017, or on the in-service date of TECO's Polk Units 2-5 Conversion Project, whichever is later. The negotiated GBRA amount is less than the revenue requirement filed in TECO's Polk determination of need petition approved by the FPSC in December 2012. An economic development rider was included to encourage business growth at no cost to the ratepayers.

Absent a major storm that results in significant damage to TECO's service territory or the company earning an ROE above 11.25 percent or below 9.25 percent, TECO cannot petition the Commission for rate relief effective before January 1, 2018.

Gulf Power Company

On July 12, 2013, Gulf Power Company (Gulf) filed a petition for an annual base rate increase of \$74.4 million, effective April 2014, and a step increase of \$16.4 million associated with certain transmission system upgrade projects, effective July 2015. Gulf's requested rate increases are based on a 11.5 percent ROE. Two FPSC customer service hearings were held in September in Pensacola and Panama City.

On November 22, 2013, Gulf, Office of Public Counsel, Florida Industrial Power Users Group, Federal Executive Agencies, and Wal-Mart Stores East, LP and Sam's East, Inc. filed a Joint Motion for Approval of Stipulation and Settlement Agreement (2013 Agreement). Based on the record and the agreement terms the Commission approved the 2013 Agreement on December 3, 2013.

The 2013 Agreement includes the following terms: an authorized ROE of 10.25 percent with a range of plus or minus 100 basis points; base rate increases of \$35 million effective the first billing cycle of January 2014 and \$20 million effective the first billing cycle of January 2015; continuation of the \$3.5 million annual storm damage accrual; specified recovery of storm damage costs and storm damage reserve replenishment; and the discretion to record a depreciation expense credit up to a total of \$62.5 million over the agreement term. There is also an ROE tracking mechanism tied to the change in the 30-year Treasury Bond

rate that, if triggered, would result in an ROE of 10.50 percent. The 2013 Agreement further includes specified Allowance for Funds Used During Construction treatment for 14 identified transmission projects.

Absent a major storm that results in significant damage to Gulf's service territory or the company earning an ROE above 11.25 percent or below 9.25 percent, Gulf cannot petition the Commission for rate relief effective before July 1, 2017.

NATURAL GAS RATE CASES

The Commission did not process any rate cases involving natural gas distribution companies during 2012, and no rate cases involving natural gas distribution companies were filed in 2013.

DEPRECIATION, DISMANTLEMENT, & NUCLEAR DECOMMISSIONING STUDIES

Depreciation rates for regulated utilities are set by the Commission to ensure that cost recovery is provided for categories of assets while they are in service. Depreciation studies are required to be filed every four years by electric companies, and every five years by gas distribution companies.

Dismantlement studies for electric utilities that own and operate fossil fuel generating units are required to be filed with the Commission every four years. These studies provide updated estimates of the cost to dismantle a fossil fuel generating unit at the end of its useful life; the information in these studies is also used to determine whether a company needs to recover funds, in current customer rates, that will be needed to pay for dismantlement.

Gulf Power Company filed its depreciation and dismantlement studies in 2013. Subsequent to the filing, Gulf's studies were consolidated with its rate case, filed in July 2013.

Decommissioning studies for electric utilities that own and operate nuclear generating units are required to be filed with the Commission every five years. These studies provide updated estimates of the cost to decommission a nuclear unit at the end of its useful life; the information in these studies is also used to determine whether a company needs to recover funds, in current customer rates, that will be needed to pay for decommissioning.

No decommissioning studies were scheduled to be filed in 2013.



POWER PLANT, TRANSMISSION LINE, & NATURAL GAS PIPELINE NEED DETERMINATIONS

On July 26, 2013, FPL filed a petition requesting an FPSC determination that its decision to enter into long-term natural gas transportation contracts was prudent, and that the associated costs are eligible for recovery through the Fuel and Purchased Power Cost Recovery Clause (Fuel Clause). The FPSC determined FPL's decision to enter into long-term natural gas transportation contracts with Sabal Trail and Florida Southeastern Connection (FSC) was based on a fair and open RFP process. The contracts are projected to save up to \$450 million over the term of the contracts when compared to the next most cost-effective proposal. FPL is eligible to seek recovery of costs associated with the firm natural gas transportation contracts with Sabal Trail and FSC in the Fuel Clause, where they will be reviewed annually.

FUEL DIVERSITY

During the late 1990s, utilities across the nation and within Florida selected natural gas-fired generation as the predominant source of new generating capacity. As a result, the use of natural gas to produce electricity in Florida has increased

significantly, from 19.3 percent in 1995 to 64.8 percent in 2012. Given the historic volatility of natural gas prices, the FPSC has required electric utilities to explore the feasibility of improving the State's fuel diversity. In August 2009, DEF received approval for site certification by the Power Plant Siting Board for two nuclear units in Levy County. FPL is currently proceeding through site certification for its two planned units, Turkey Point 6 and 7. DEF and FPL also have both submitted applications to the Nuclear Regulatory Commission (NRC) for a Combined Operating License (COL) for new nuclear power units. NRC approval of the COLs is anticipated in 2015.

Fuel diversity will continue to be a critical issue for the FPSC as it monitors potential climate change legislation, fuel price variability, the changing capital cost of generating units, and the expansion and integration of renewable energy resources.

NUCLEAR COST RECOVERY

In 2006, the Florida Legislature enacted Section 366.93, Florida Statutes (F.S.), to encourage utility investment in nuclear electric generation by creating an alternative cost recovery mechanism. The statute directed the Commission to allow IOUs to recover certain construction costs in a manner that reduces the overall financial risk associated with building a nuclear power plant. In 2007, the statute was amended to include integrated coal-gasification combined cycle plants, and in 2008, it was again amended to include new, expanded, or relocated transmission lines associated with the plants. The statute required the Commission to adopt rules that provide for annual reviews and cost recovery for nuclear plant construction through the existing capacity cost recovery clause (CCRC). By Order No. PSC-07-0240-FOF-EI, the Commission adopted Rule 25-6.0423, Florida Administrative Code (F.A.C.), fulfilling the requirements of, and implementing, Section 366.93, F.S.

Pursuant to Rule 25-6.0423, F.A.C., all prudently incurred preconstruction costs and carrying charges on prudently incurred construction costs will be recovered directly through the CCRC. The rule also allows a utility to request an alternative

cost recovery mechanism for site selection costs. Once a utility obtains an affirmative need determination for a power plant covered by the statute, the affected utility may petition for cost recovery using this alternative mechanism.

In 2013, the Florida Legislature enacted amendments to Section 366.93, F.S., which included: (1) affected utilities must seek FPSC approval prior to commencing certain project activities; (2) the rate used to calculate carrying costs was revised; and (3) deadlines were established for construction work to begin.

On March 1, 2013, DEF filed a petition seeking a prudence review and true-up of 2012 costs associated with increasing the capacity of the existing nuclear generating plant, Crystal River Unit 3 (CR3), and the construction of the proposed Levy County nuclear power plant, Units 1 & 2, pursuant to rule and statute. On May 1, 2013, DEF filed a petition to recover estimated 2013 and projected 2014 costs for both projects. In February 2013, DEF announced it would retire and decommission CR3 and in August 2013, DEF announced it would not construct the Levy project in the current timeframe.

FPL filed a petition on March 1, 2013 seeking prudence review and true-up of 2012 costs for uprate activities at its existing nuclear generating plants, Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2 (Extended Power Uprate Project), as well as the proposed Turkey Point Nuclear Units 6 & 7, pursuant to rule and statute. On May 1, 2013, FPL filed a petition to recover estimated 2013 and projected 2014 costs for both projects. Completion of the uprate projects in 2013 added approximately 522 megawatts (MW) of new nuclear base load generation to FPL's system.

A new Nuclear Cost Recovery Clause (NCRC) docket (Docket No. 130009-EI) was opened to address the 2013 DEF and FPL petitions. At the NCRC evidentiary hearing on August 5, 2013, the Commission approved a DEF motion to defer consideration of the prudence of DEF's activities until the 2014 NCRC proceeding with the understanding that those issues may be fully resolved through the Commission's consideration of DEF's 2013 revised Settlement Agreement. As a result of the Commission's approval of the motion to defer, DEF will recover approximately

\$175 million during 2014. At the October 1, 2013 Commission Conference, the Commission approved FPL's recovery request of approximately \$43 million.

FUEL COST RECOVERY

At the FPSC annual cost recovery clause hearing in November, the Commission addressed 2014 fuel rates for the five IOUs. Higher forecasted fuel prices for 2013 caused moderately higher fuel rates for FPL, DEF, Gulf, and TECO. A net underrecovery of fuel costs for 2012 and 2013 contributed to the increase in Gulf's fuel factors. Issues specific to FPL, DEF, TECO, and Florida Public Utilities Company (FPUC) were also addressed during the hearing. DEF filed fuel rates pursuant to its 2012 Settlement Agreement which addressed several issues associated with the retirement of CR3 and disposition of the Nuclear Electric Insurance Limited (NEIL) settlement.

As addressed in the Electric Rate Cases section of this report, DEF's 2013 revised Agreement included a provision for a refund of \$288 million of replacement fuel costs for the CR3 outage. Pursuant to the revised Agreement, DEF calculated the 2013 refund by including a \$129 million reduction in the fuel factor calculation. The revised Agreement also requires DEF to refund \$139 million in 2014 through the fuel clause. DEF will increase fuel charges by \$1.00 per megawatt-hour (0.1 cents per kilowatt-hour) in 2014 and will credit the fuel clause for \$163 million associated with the NEIL settlement.

FPUC proposed a new methodology to allocate transmission costs between its Northeast and Northwest Divisions. The Commission approved a stipulated methodology to allocate transmission costs from the Northwest Division to the Northeast Division to correct base rates recovering the cost of transmission assets that only benefit the Northeast Division. The Commission also approved a settlement between FPUC and the Office of Public Counsel that reduced the amount of a regulatory asset associated with litigation costs for an amended power supply agreement refund from Gulf Power Company.

FPL had specific issues stemming from its base rate settlement in Docket No. 120015-EI. One specific issue addressed recovery of incremental

post-Fukushima NRC compliance costs. The Commission voted to allow FPL to recover these costs through the capacity cost recovery clause. The Commission also considered whether FPL's pilot incentive mechanism (approved as part of its base rate settlement) overlaps with the Generating Performance Incentive Mechanism. The Commission voted to consider this issue in 2015 along with its complete review of the pilot incentive mechanism. Pending completion of this review, FPL will recover the cost of the pilot incentive mechanism through its fuel rates. FPL will also recover the revenue requirement for the West County Energy Center Unit 3 and the Riviera Beach Energy Center through the CCRC. Based on fuel savings associated with the Riviera Beach project, FPL's fuel rates will decrease in June 2014.



RENEWABLE ENERGY INITIATIVES

Renewable Energy Standard Offer Contracts

Section 366.91, F.S., requires the utilities subject to the Florida Energy Efficiency and Conservation Act to continuously provide a standard contract for purchasing capacity and energy from renewable energy resources. Contracts are filed annually on April 1 and are based on each generating technology type in a utility's Ten-Year Site Plan. In 2013, the Commission approved standard contracts for each IOU for the purchase of renewable energy.

Currently there are approximately 1,470 MW of renewable generation resources in Florida from non-utility and utility-owned renewable generating facilities. The majority, approximately 880 MW, are municipal solid waste or biomass facilities. Over the next 10 years, the utilities project an increase of approximately 966 MW of new renewable generation.

Customer-Owned Renewables

In 2008, the Florida Legislature enacted legislation emphasizing customer-owned renewable energy resources. In April 2008, the Commission amended Rule 25-6.065, F.A.C., on interconnection and net metering to facilitate customer-owned renewable generation. The rule requires the IOUs to offer a standard interconnection agreement with an expedited interconnection process and net metering for all types of renewable generation up to 2 MW in capacity. Customers benefit from renewable systems by reducing their energy purchases from the utility. Under the Commission's rule, net metering provides an additional benefit for IOU customers by allowing excess renewable energy production to be credited to monthly bills, thereby reducing future energy purchases from the utility.

Reports submitted in April 2013 by the IOUs and municipal and rural electric utilities show that the number of customers owning renewable generation systems in Florida is growing. As of December 31, 2012, 5,296 customers owned renewable energy systems with an electric capacity of 43.8 MW, up from 537 systems with a capacity of 2.8 MW in 2008. Small customer-owned renewable facilities are primarily solar photovoltaic (PV) installations. Between 2008 and 2012, the number of these small solar installations increased at an average annual growth rate of approximately 88 percent. The FPSC will continue to enforce existing renewable policies and explore additional policies to benefit Florida's consumers.

To further encourage development of solar energy in Florida, the FPSC approved solar energy pilot programs to be offered by IOUs. The pilot programs provide customer rebates to offset a portion of the installation costs for solar photovoltaic and solar hot water heating systems, and also provide solar energy equipment to low-income customers and to schools. As the cost of these pilot programs, including rebates, are paid for by all IOU customers, the FPSC established an annual expenditure cap to limit the rate impact.

CONSERVATION ACTIVITIES FOR ELECTRIC UTILITIES

The Florida Energy Efficiency and Conservation Act (FEECA), enacted in 1980, emphasizes reducing the growth rates of weather-sensitive

peak demand, reducing and controlling the growth rates of electricity consumption, and reducing the consumption of scarce resources, such as petroleum fuels. During the 2008 legislative session, the Legislature amended FEECA to place greater emphasis on the pursuit, through utility-sponsored incentives, of all cost-effective customer conservation and energy efficiency measures including demand-side renewable energy systems. Under FEECA, the FPSC must establish numeric conservation goals for each FEECA utility, at least every five years. FEECA goals were set by the FPSC in 2004 and were reset in 2009 to reflect the provisions of the revised FEECA statutes.



See the FPSC's "Conservation House" at www.FloridaPSC.com.

Hearings to establish new conservation and energy efficiency goals were held on August 10-13, 2009. Intervenor in the hearing included Florida Industrial Power Users Group, the Florida Solar Coalition, the National Resources Defense Council, and the Southern Alliance for Clean Energy. On December 30, 2009, the FPSC established aggressive new goals for the FEECA utilities that were more robust than those proposed by the utilities. These new goals were based on an Enhanced Total Resource Cost (E-TRC) test that includes total system costs and benefits and estimates of the potential impact of environmental regulations to control greenhouse gas emissions. In addition, the Commission increased the goals to include estimates of certain measures that have a payback of two years or less to the participating customer. In order to address the 2009 changes to FEECA, the Commission also directed the investor-owned electric utilities to offer pilot solar water heating and solar photovoltaic programs to their customers. Expenditures for

these programs are capped annually at 10 percent of each utility's historic energy conservation program expenditures.

To implement the new goals, each FEECA utility was required to file plans and programs designed to meet the goals. The Commission approved plans submitted by Gulf, TECO, FPUC, JEA, and the Orlando Utilities Commission in early 2010. The Commission approved modified plans for FPL and DEF in early 2011 due to concerns over the rate impact of the plans.

In August 2013, the Commission issued an Order Establishing Procedure for the new goals proceedings in Docket Nos. 130199-EI to 130205-EI. The Commission will hold hearings to establish new goals from July 21-25, 2014 and anticipates a decision on October 7, 2014. FEECA requires a Commission decision by the end of 2014.

TERRITORIAL AGREEMENTS & DISPUTES FOR ELECTRIC & GAS UTILITIES

Section 366.04, F.S., gives the Commission authority to approve territorial agreements and resolve disputes between utilities with respect to service territories. In 2013, the Commission approved territorial agreements between Peoples Gas System and the Lake Apopka Natural Gas District, Clay Electric Cooperative and the City of Green Cove Springs, Peoples Gas System and the City of Jacksonville, and the City of Winter Park and Duke Energy Florida, Inc.

TELECOMMUNICATIONS

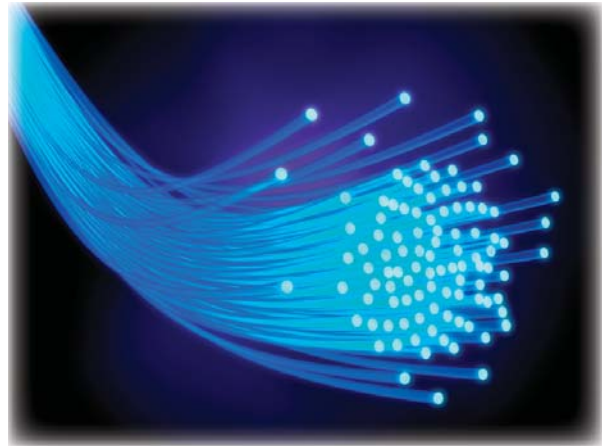
ILEC WHOLESAL PERFORMANCE MEASURES

The Commission is responsible for ensuring that incumbent local exchange carriers (ILECs) are meeting their obligation to provide unbundled access, interconnection, and resale to competitive local exchange companies (CLECs) in a nondiscriminatory manner. To ensure that ILECs are meeting their obligations, the Commission adopted wholesale performance measurement plans for the three largest ILECs operating in the

state of Florida: AT&T, CenturyLink, and Verizon. The plans establish a minimum level of acceptable wholesale service quality that the three ILECs must provide to the CLECs. Wholesale service quality is measured in such areas as ordering, provisioning, and repair timeliness.

Each ILEC furnishes monthly performance reports to the Commission for review and assessment. Commission staff applies trending analysis to detect and correct any degradation in the quality of wholesale service provided to CLECs. Additionally, each ILEC's performance measurement plan is reviewed by staff at recurring intervals to address necessary revisions.

In 2013, the FPSC approved revisions to CenturyLink's Florida wholesale performance measurement plan. AT&T is expected to propose updates to its plan in 2014.



INTERCARRIER RELATIONS & RULEMAKINGS

The FPSC is authorized by state and federal law to arbitrate and enforce interconnection agreements (ICA). When carriers cannot agree to the terms or an interpretation of their ICA, they file a complaint with the FPSC for dispute resolution. Often during this process, the FPSC will facilitate an agreement among the parties, and their complaint will be withdrawn before the FPSC reaches its final decision.

In 2013, the FPSC reached a final decision regarding a dispute involving Qwest Communications Company and several other CLECs. While Qwest settled with over a dozen companies that

were parties to the complaint, the final decision applied to the remaining companies in the docket. Also, the FPSC helped resolve disputes between Terra Nova Telecom and AT&T involving number portability and trunk disconnections.

LIFELINE ASSISTANCE FOR LOW-INCOME CONSUMERS

The Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 requires that a state-wide cooperative effort support the Lifeline Assistance (Lifeline) Program in Florida, which is part of the federal Universal Service Program (USP) designed for low-income households to obtain at least a minimum \$9.25 discount on their monthly phone bills or receive a free Lifeline cell phone and monthly minutes.

Seventy-eight local, state, and federal agencies, organizations, and businesses, and 24 telecommunications companies were involved in the collaborative effort to increase awareness and participation in the Lifeline program in 2013. Promotional activities in 2013 featured National Lifeline Awareness Week, National Consumer Protection Week, the Connect Florida Campaign, and ongoing grassroots efforts to increase awareness and enrollment in the programs. Each month, the FPSC sends a cover letter and informational packet to two organizations to encourage continued Lifeline outreach to their eligible clientele. In addition, the FPSC attends at least two community events each month to promote Lifeline.

Stay Connected, Florida! was the slogan for Florida's 2013 Lifeline Awareness Week (LAW), September 9-15. In addition to increasing awareness among eligible citizens, this year's LAW also aimed to educate residents on the FCC rule changes to limit benefits to one per eligible household and require annual recertification to continue the benefit. FPSC Chairman Ronald A. Brisé kicked off the week by hosting an event with the Tallahassee Housing Authority (THA) at the Springfield Community Center. THA provides for and assists in the procurement of "safe and sanitary housing for low-income families," and their clients benefit from the Lifeline program. Essential grassroots support from agencies, such as Florida's housing authorities, is imperative to reaching eligible residents. During the kickoff, Chairman Brisé focused on ways to ensure that consumers know

how to enroll in Lifeline and how to reapply each year. Event participants included: State Senator Bill Montford; State Representative Alan Williams; Nick Maddox, Chairman of Leon County Board of County Commissioners; John Marks, Mayor, City of Tallahassee; JR Kelly, Public Counsel; Charles Milsted, AARP; and Brenda Williams, THA Executive Director. Now in its fifth year, LAW events were also held throughout Florida to help seniors and low-income Floridians learn about, and apply for, the Lifeline program.

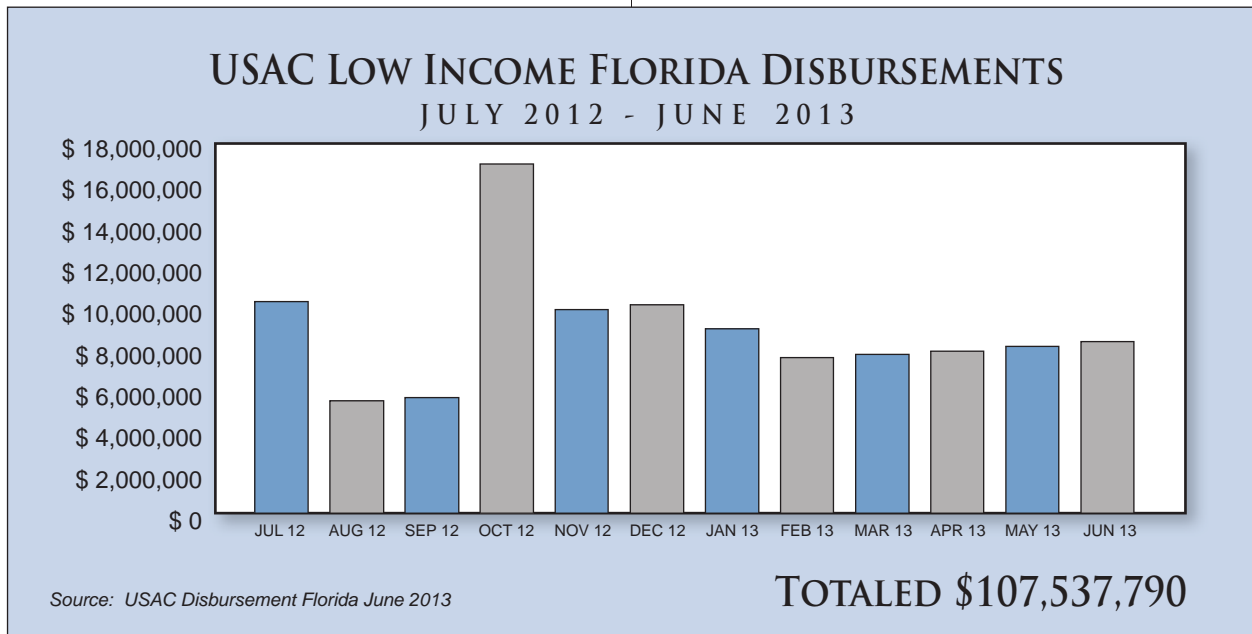


Charles Milsted, AARP; Brenda Williams, THA Executive Director; Nick Maddox, Chairman of Leon County Board of County Commissioners; Ronald A. Brisé, 2013 FPSC Chairman; State Senator Bill Montford; John Marks, Mayor, City of Tallahassee; and JR Kelly, Public Counsel

As of June 2013, 918,245 eligible customers participated in the Lifeline program. The six companies with the highest Lifeline enrollment in Florida are SafeLink Wireless, Assurance Wireless, AT&T, CenturyLink, i-wireless, and Verizon. As of June, SafeLink had 490,828 Lifeline customers; Assurance Wireless had 323,014; AT&T had 44,796; CenturyLink had 22,179; i-wireless had 12,450, and Verizon had 11,327 Lifeline customers. The table below shows the number of Lifeline subscribers from June 2010 through June 2013.

LIFELINE SUBSCRIBERS			
June 2010	June 2011	June 2012	June 2013
642,129	943,854	1,035,858	918,245
% Net Loss 2012 - 2013			-11.35%

Source: Industry responses to FPSC data requests (2010-13)



The table above shows Universal Service Administrative Company (USAC) Florida Lifeline disbursements for the 12-month period ending September 2013, totaling \$107,537,790 and averaging \$8,961,483 per month. These dollars enabled Florida citizens qualifying for Lifeline benefits to receive discounted monthly bills with at least a \$9.25 credit or a free Lifeline wireless phone with free monthly minutes.

Additional information about the FPSC’s 2013 Lifeline activities and a complete list of the Lifeline Partners assisting with promotional efforts are available in the FPSC’s report, *Number of Customers Subscribing to Lifeline Service and the Effectiveness of Procedures to Promote Participation*. A printed copy of the report may be requested from the FPSC or accessed on the website at <http://www.FloridaPSC.com/publications/pdf/telecomm/tele-lifelinereport2013.pdf>.

USAC has established a National Lifeline Accountability Database to determine if a prospective subscriber is already receiving Lifeline support from another eligible telecommunications carrier (ETC). By FCC mandate, USAC will subsequently establish an automated means to determine Lifeline eligibility through a national database.

Actions taken by the FPSC:

- ◆ On February 6, 2012, the FCC released a Report and Order and Further Notice of Proposed

Rulemaking addressing Lifeline and Link-Up Reform and Modernization.

- ◆ The FPSC worked with the Florida Department of Children and Families (DCF) to modify the Lifeline enrollment process to comply with the FCC Order. The FPSC and Florida ETCs are now able to confirm that an applicant participates in a Lifeline qualifying program (Medicaid, SNAP, or Temporary Cash Assistance) through an electronic interface with DCF’s computer. As soon as an applicant completes the Lifeline application with an electronic signature, the FPSC computer completes a query to the DCF computer to verify the applicant is actually participating in a qualifying program.
- ◆ Initiation of Lifeline service rulemaking began for Rule 25-4.0665, F.A.C., to update the rule in accordance with the FCC Order.
- ◆ The FPSC monitors Lifeline disbursements from the Universal Service Fund (USF) monthly to determine if reported and reimbursed funds are consistent with the number of actual Lifeline customers.
- ◆ By participating in the National ETC State Coordinating Group to monitor prospective and existing ETCs across the country, Florida has been one of the front-runners in enforcing safeguards to prevent waste, fraud, and abuse of

the USF. This information sharing has enabled other states in the Group to monitor new ETC petitioners and existing ETCs to prevent waste, fraud, and abuse of the USF on a national basis.

FLORIDA RELAY SERVICE

Request for Proposal

Section 427.704, F.S., charges the Commission with overseeing the administration of a statewide telecommunications access system to provide access to Telecommunications Relay Services by persons who are deaf, hard of hearing or speech impaired, or others who communicate with them.



... discover communication freedom

Based on a competitive bid evaluation process, the Commission awarded a Relay provider contract to AT&T, effective June 1, 2012, for a period of three years ending May 31, 2015. The contract contains extension options for four additional one-year periods, with mutual consent by both parties. However, on October 29, 2013, AT&T Relay advised the FPSC that it will not be renewing any of its eight state contracts to provide Relay services. That means AT&T Relay will not be providing service to Florida after May 2015, which is the end of the first three years of its contract with the FPSC. AT&T Relay plans to have the call center in Miami remain open until the last AT&T state contract expires. For Florida, this means that the FPSC will begin a Request for Proposal process in 2014 to contract with a new Relay provider to start June 1, 2015.

Recertification

States must seek recertification of their Relay programs from the FCC every five years. The state certification process is intended to ensure that

Telecommunications Relay Service is provided in a uniform manner throughout the United States and territories. On September 25, 2012, the Commission submitted Florida's recertification application to the FCC, which contained documentation that Florida meets or exceeds all of the applicable mandatory minimum standards set forth in Code of Federal Regulations Section 64.604. By Order DA 13-1530, issued July 8, 2013, the FCC recertified Florida's Relay program for five years until July 25, 2018. The FCC determined that:

- ◆ The Florida Relay program meets or exceeds all operational, technical, and functional minimum standards contained in Section 64.604 of the FCC's rules;
- ◆ The Florida Relay program makes available adequate procedures and remedies for enforcing the requirements of the program; and
- ◆ The Florida Relay program in no way conflicts with federal law.

FEDERAL ACTIVITY

The FPSC actively monitors federal telecommunications issues. Section 364.012, F.S., encourages participation in federal agencies' cases that might affect Florida consumers to convey the FPSC's policy positions. The Commission files comments with the FCC in response to actions that can affect Florida citizens as well as periodically informing the Florida Congressional delegation and other affected state agencies on federal issues. Areas of particular emphasis include proceedings relating to the federal USF, intercarrier compensation, and telephone relay. Each of these areas can and do have substantial financial impacts on Florida carriers and telecommunications consumers. For example, Florida is the second largest net contributor state to the USF, and the FPSC has consistently taken positions before the FCC to reduce and/or limit growth of the fund's size.

In addition to federal Lifeline issues, in 2013 the FPSC addressed federal Universal Service support for school and library broadband services, and the FCC proposal to have intrastate costs of Internet Protocol Captioned Telephone Service for the deaf and hard of hearing transferred to states.



WATER & WASTEWATER

WATER & WASTEWATER RATE CASES

Similar to prior years, the Commission processed a large number of water and wastewater rate cases in 2013. Of these cases, 8 were processed as staff assisted rate cases pursuant to Section 367.0814, F.S. To date, the Commission has completed 3 staff assisted rate cases and has 5 cases in process. The Commission also processed an application for a staff-assisted alternative rate-setting increase.

In addition to the staff assisted rate cases, the Commission processed 6 rate cases filed by larger water and wastewater companies. To date, the Commission has completed 2 rate cases and has 4 cases in process.

In 2013, staff continued to perform its regular surveillance of the earnings levels of water and wastewater companies regulated by the FPSC. Two utilities have been identified as potentially overearning. These reviews are still pending. Also

during 2013, the Commission received 61 index applications and 38 pass-through applications for water and wastewater companies. Through the third quarter of 2013, the Commission has processed 51 index applications and 36 pass-through applications.

WATER & WASTEWATER CERTIFICATION CASES

In 2013, original/grandfather certificates to provide water and wastewater service were approved for Little Gasparilla Water Utility, Inc.; Utilities, Inc. of Sandalhaven; Bocilla Utilities, Inc.; NHC Utilities, Inc.; and Consolidated Services of Hendry & Collier, LLC.

Petitions for an amendment to expand service territory were received and are being processed for North Peninsula Utilities Corporation; Farnton Water Resources, LLC; Forest Utilities, Inc.; and Placid Lakes Utilities, Inc.

Transfers of water and wastewater certificates in 2013 included Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.; CWS Communities LP (Haselton Village) to MHC HV FL; Hidden Valley SPE LLC d/b/a Orange Lake to MHC OL Utility Systems, LLC; Plantation Landings, Ltd. to GCP Plantation Landings, LLC; Century-Fairfield Village, Ltd. to GCP Fairfield Village, LLC; LP Utilities Corporation to LP Waterworks; and West Lakeland Wastewater, Inc. to West Lakeland Wastewater, LLC. In addition, a joint application for the transfer of Venture Associates Utilities Corporation to Ocala Palms Utilities was received.



AGENCY ORGANIZATION

The Commission consists of five members appointed by the Governor and confirmed by the Senate. Commissioners serve four-year terms, as provided in Chapter 350, F.S.

Commissioners are selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the Commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs, and law.

Created by the Florida Legislature in 1887, the FPSC was originally called the Florida Railroad Commission and primarily regulated railroad passenger and freight rates and operations. As Florida grew, the Commission's purpose expanded.

- ◆ In 1911, the Legislature added regulation of telephone and telegraph companies.
- ◆ In 1929, jurisdiction was granted over motor carrier transportation.
- ◆ In 1951, the Commission began regulating investor-owned electric companies.
- ◆ In 1952, jurisdiction was extended to the regulation of natural gas utilities.
- ◆ In 1959, the Commission began regulating privately owned water and wastewater systems.

The Commission's divisions and offices are described in the next section, concluding with a list of all past and present Florida Public Service Commissioners.

**Office of
General Counsel**



S. Curtis Kiser
General Counsel

The **Office of General Counsel** provides legal counsel to the Commission on all matters under the Commission’s jurisdiction. This office also supervises the procedural and legal aspects of all cases before the Commission.

The office is responsible for defending Commission orders on appeal, for defending Commission rules challenged before the Division of Administrative Hearings, and for representing the Commission before state and federal courts. To assist FPSC offices and divisions, this office offers support in making filings with, or presentations to, other federal, state, or local agencies. The office advises in the promulgation of rules and attends or conducts rulemaking hearings at the Commission’s direction. It also reviews procurement contracts; counsels the Commission on personnel, contractual, public records, and other administrative legal matters; and offers mediation services to parties in Commission proceedings.

In cases involving evidentiary hearings before the Commission or an Administrative Law Judge, the office is responsible for conducting discovery, presenting staff positions and testimony, and cross-examining other parties’ witnesses. In conjunction with the appropriate technical staff, this office prepares recommendations to the Commission and prepares written Commission orders.

In addition, the office is the liaison with the Florida Legislature on all matters affecting FPSC program areas and serves as a liaison with federal regulatory agencies, state agencies, and the Florida Department of Agriculture and Consumer Services’ Office of Energy.

**Office of
Inspector General**



Steve Stolting
Inspector General

The Office of Inspector General is established by law to provide a central point for coordinating activities that promote accountability, integrity, and efficiency in government. The office reports directly to the Chairman, and its responsibilities include conducting internal audits and investigations, assessing the validity and reliability of data and information produced by the Commission, and coordinating external audits and reviews of the Commission by the Auditor General and others.

The office also monitors corrective actions to address identified deficiencies. These activities help management ensure that Commission programs perform as intended and that fraud or abuse is detected and eliminated. By reducing risks of nonperformance in Commission operations, the office promotes the Commission’s ability to achieve its mission and goals.

**Division of
Administrative
& Information
Technology Services**



Bobby Maddox
Director

The **Division of Administrative & Information Technology Services** assists in preparing the Commission’s Legislative Budget Requests, monitors the operating and non-operating budgets, and assists in preparing budget amendments as necessary. The *Fiscal Services Section* primarily handles all financial transactions and accounting records maintenance. Human Resources administers the agency’s human resources program, including recruitment, selection, classification and pay, attendance and leave, per-

ADMINISTRATIVE DIVISIONS & OFFICES

formance evaluations, training and staff development, variable work week schedules, employee relations, payroll, insurance, and other employee benefit programs.

Support Services and Facilities Management and Purchasing are under the *General Services Section*. Support Services supports imaging, duplicating, mail distribution, audiovisual, hearing and conference room operations, and fax systems. *Facilities Management and Purchasing* processes all agency purchasing, security and safety issues, leasing, surplus property, and fleet management.

The *Bureau of Information Technology Services* monitors and evaluates the information processing and telephony needs of the FPSC, proposing enhancements to information processing resources to management and providing technical support services. Additionally, the bureau manages the agency-wide administrative procedures manual and forms inventory/tracking programs.

**Office of
Commission Clerk**



Carlotta S. Stauffer
Director

The **Office of Commission Clerk**, the official keeper of the Commission's public records, is responsible for coordinating public record requests. It records, prepares, and maintains the official minutes or transcript of Commission Conferences and Internal Affairs meetings. The office is authorized to issue subpoenas in proceedings before the Commission and is responsible for preparing, certifying, and transmitting records on appeal to the upper tribunal. The Commission Clerk, designated as the Agency Clerk and the Department of State Records Management Liaison Officer, coordinates the FPSC's records management program, is responsible for issuing non-Commissioner signed orders and notices, and, as the custodian of record, certifies copies of official filings.

The *Documents and Case Management Section* accepts and processes filings and maintains the official docket by ensuring the integrity, timeliness, and availability of filings in the Case Management System (CMS) and on the FPSC website. It is responsible for managing and coordinating the establishment of new dockets, issuance of orders and notices to parties and interested persons, case closure, and preparation of statistical and management reports. This section responds to information requests, invoices for services and, upon applicable payment, provides the responsive documents. It maintains the Master Commission Directory (MCD) of utilities and provides notification to Commission employees regarding the adoption of new or amended rules. This section also administers the records management program and activities.

The *Events and Hearing Reporters Section* prepares and notices events such as Commission Conferences, Internal Affairs meetings, hearings, pre-hearings, workshops, and rulemaking in the Florida Administrative Register. This section prepares the FPSC's *Schedule of Live Events* from the established Commission calendar and provides support staff to record these events. It also maintains the calendar of Commission activity and issues various reports. The hearing reporters record and prepare discovery deposition transcripts, attend scheduled events, and are responsible for preparing and filing the official record transcripts and exhibits in the appropriate dockets.

**Office of
Auditing &
Performance Analysis**



Dale Mailhot
Director

The **Office of Auditing & Performance Analysis** conducts audits and reviews in all industries.

The *Performance Analysis Section* conducts utility management and operational audits and identifies areas for improvement. These audits may be limited to one company or conducted on a comparative basis between several companies. Areas for investigation may include internal controls, process or procedure analysis, construction project management, quality assurance, service quality, and rule compliance. Special investigations are also conducted relating to allegations of utility fraud, mismanagement, and other whistleblower complaints.

The *Bureau of Auditing* is responsible for audits and reviews in all industries. The types of audits and reviews performed include financial, compliance, billing, and verification. The auditors conduct examinations of utility-related financial and operating records and provide an independent verification of the supporting documentation for any statements or filings made by regulated companies. Financial audits are conducted in conjunction with utilities' requests for rate increases through rate cases or the annual cost recovery clauses to ensure ratepayers only pay for prudently incurred expenses. This bureau conducts financial audits from three district offices in Tallahassee, Miami, and Tampa.

**Office of
Consumer Assistance
& Outreach**



Cynthia Muir
Director

The **Office of Consumer Assistance & Outreach** is the Commission's liaison with the public and the media. Providing effective consumer assistance and education, the *Bureau of Consumer Assistance* receives, processes, and resolves consumer complaints and informal disputes between customers and utilities. Consumers may file complaints via a toll-free telephone number or online and by mail, fax, or e-mail. In addition to helping resolve complaints, the bureau provides consumer information about utility payment plans, statutes and rules governing utility companies, and the status of pending cases before the FPSC.

By producing and distributing the agency's news releases and maintaining familiarity on a broad array of dockets, issues, and related activities affecting consumers or having media interest, the *Outreach Section* ensures that timely, accurate information is disseminated to the public. This section also participates in community meetings, consumer forums, and customer meetings and hearings by presenting agency information and distributing a variety of consumer publications, including information on the Lifeline Assistance Program.

Other office responsibilities include selecting locations and coordinating logistics for customer service hearings, handling consumer outreach and media at customer meetings and service hearings, and updating information and processing submissions to the agency's website.

The office also coordinates and produces several FPSC reports and publications, including the *FPSC Annual Report*, *Comparative Rate Statistics*, *Facts & Figures of the Florida Utility Industry*, *Statistics of the Florida Electric Utility Industry*, *The Statement of Agency Operation & Organization*, *Inside the PSC*, and the quarterly *Consumer Connection E-Newsletter*.

Division of Accounting & Finance



Marshall Willis
Director

TECHNICAL DIVISIONS & OFFICES

The **Division of Accounting & Finance** reviews the revenue requirements of rate base regulated electric, natural gas, and water and wastewater utilities and monitors earnings for these industries through reviews of surveillance filings and utility annual reports. The division manages the utilities' annual report process including all mailings, extensions, filings, delinquency notices, penalty letters, and show cause recommendations.

The division is also responsible for processing requests for base rate changes requested by electric, natural gas, and water and wastewater utilities, as well as Commission-initiated overearnings investigations. Processing base rate change requests includes analyzing filings, expert testimony, and exhibits; developing interrogatories and production of documents requests; preparing cross-examination questions; presenting staff testimony; holding customer meetings; and presenting recommendations to the Commission, including a recommended return on equity. Water and wastewater utilities' requests for index and pass through rate adjustments and staff assisted rate cases are also processed by the division.

In addition, the division makes recommendations to the Commission on annual cost recovery clause petitions. For electric utilities, this includes fuel and purchased power costs, capacity costs, conservation expenditures, and environmental expenditures. For natural gas utilities the annual cost recovery petitions include purchased gas cost and conservation expenditures. The division also monitors monthly electric utilities' fuel costs and natural gas utilities' purchased gas costs.

Other responsibilities include processing security applications for investor-owned natural gas and electric utilities, evaluating requests for corporate undertakings, analyzing income tax issues, and calculating the interest on refunds.

Division of Engineering



Tom Ballinger
Director

The **Division of Engineering** is responsible for providing recommendations pertaining to technical issues coming before the Commission. Issues may include evaluation of engineering capital cost estimates and actual utility plant expenditures, determination of annual revenue requirements and life cycle costs, establishment of adequate margins of reserve, and analysis of operating and maintenance costs. Additionally, the division is responsible for cost-effectiveness determinations, taking into consideration the impacts on Florida's consumers, regulated industries, and the regulatory environment.

All docketed and undocketed matters involving the engineering and safety aspects of Florida's electric, natural gas, and water and wastewater utilities within the Commission's jurisdiction are the division's responsibility. The division has primary responsibility for programs such as the ten-year site plans, conservation goals and programs, cogeneration and renewable generation contract approvals, modifications and buyouts, and bulk power interconnection standards. The division also coordinates issue resolutions pertaining to storm hardening, construction standards, meter accuracy and testing, electric and gas pipeline safety, emergency planning and operations, water and wastewater margin of reserve, and used and useful determinations.

Division of Economics



Jim Dean
Director

The division annually prepares the *Distribution Reliability Report Analyzing the Service Quality and Outage Performance of the Investor-Owned Electric Utilities*. The division is also responsible for staffing the Emergency Support Function 12 in the Emergency Operations Center. The ESF-12 responsibility is to provide outage and restoral information regarding electric and natural gas service during a state of emergency.

The **Division of Economics** provides recommendations to the Commissioners on the design and application of retail rates and tariffs for all electric, gas, and water and wastewater utilities subject to the Commission's jurisdiction. In addition, the division provides primary technical support for all cases involving determination of service territories for electric and gas utilities. Reviewing the development and application of depreciation rates and practices for inclusion in base rate revenue requirements is another division function.

In addition to rate and tariff matters, the division provides econometric and statistical analyses, including forecasts and other statistical projections, for all investor-owned regulated industries. The division also prepares a Statement of Estimated Regulatory Cost (SERC), required by statute for all proposed and revised administrative rules. SERC's evaluate the costs and benefits of the proposed rule change, including analyses on the public and business sectors.

The division has primary responsibility for preparing the annual *Florida Energy Efficiency and Conservation Report* and that portion of the *Ten-Year Site Plan Review* that addresses the adequacy of electric utilities' load and energy forecasts.

Office of Telecommunications



Beth Salak
Director

The **Office of Telecommunications** handles issues that involve the wholesale oversight of the wireline telecommunications industry. The office is responsible for facilitating dispute resolutions between carriers about local interconnection agreements and other wholesale issues. Companies entering an agreement can either negotiate between the parties or have the FPSC arbitrate unresolved operational issues. Once an interconnection agreement is executed, the parties may come to the FPSC to resolve a dispute of interpretation of the contract language. The office also processes cases involving area code relief, number conservation plans, number resource reclamation, local number portability, and other numbering issues.

Florida's Lifeline Assistance Program, which provides discounted telecommunications services to low-income consumers, is monitored and the office addresses issues related to Lifeline and provides recommendations on eligible telecommunications carrier designations. The office also oversees the Florida Relay Program, providing telecommunications services for the deaf and hard of hearing, and facilitates the resolution of consumer complaints relating to Lifeline, Telephone Relay, and payphones.

The office prepares the *Annual Report on the Status of the Telecommunications Access System Act of 1991*, the *Annual Report on Lifeline Assistance*, and the *Report on the Efforts of the Florida Public Service Commission to*

Reduce the Regulatory Assessment Fee for Telecommunications Companies. In addition, based upon competitive market data analysis, the office compiles and prepares a report on its findings in the *Annual Local Competition Report*.

All certification filings are processed, along with the related administrative functions for all telecommunication companies and pay telephone providers. The office processes local telephone service providers' schedules of rates and terms, if filed with the FPSC, and negotiated agreements. Monitoring company compliance with various FPSC rules, the office initiates action if warranted. The office also acts as the FPSC's technical liaison with the Federal Communications Commission and provides Commissioner support for National Association of Regulatory Utility Commissioners' (NARUC) telecommunications activities.

**Office of
Industry
Development &
Market Analysis**



Mark Futrell
Director

The **Office of Industry Development & Market Analysis** is responsible for the critical assessment of the evolving utility industry and development of strategies that most benefit Florida's citizens. The office analyzes developing policies and prepares recommendations for implementing state and federal laws, including strategy alternatives for consideration by the Commission. The office serves as a technical liaison with the Florida Legislature and state agencies, including the Florida Department of Agriculture and Consumer Services' Office of Energy. Also, the office monitors and advises the Commission on Congressional activities and federal agency actions which may impact Florida consumers and utilities.

The office participates in special studies concerning energy policy, develops discussion papers, and analyzes alternative regulatory approaches for energy policy. Additionally, the office analyzes policy relating to the adequacy, quality, and affordability of Florida's water resources and analyzes issues affecting the water and wastewater industry. The office also prepares technical analyses of special projects for all industries (i.e., electric, telecommunications, and water and wastewater). Finally, the office provides support to Commissioners for NARUC activities pertaining to energy, spent nuclear fuel, environmental regulations, energy efficiency, and renewables, as well as technical support to other staff in docketed and undocketed matters.

FPSC COMMISSIONER HISTORY

Commissioner	Years Served	Replaced By	Appointed By
George G. McWhorter	08/17/1887 - 06/13/1891		
E.J. Vann	08/17/1887 - 06/13/1891		
William Himes	08/17/1887 - 06/13/1891		
The Commission was abolished by the Legislature in 1891, and recreated in 1897			
R. H. M Davidson	07/01/1897 - 01/03/1899	John L. Morgan	
John M. Bryan	07/01/1897 - 01/06/1903	Jefferson B. Brown	
Henry E. Day	07/01/1897 - 10/01/1902	R. Hudson Burr	
John L. Morgan	01/03/1899 - 01/08/1907	Royal C. Dunn	
R. Hudson Burr	10/01/1902 - 01/04/1927	R. L. Eaton	
Jefferson B. Brown	01/06/1903 - 01/08/1907	Newton A. Blitch	
Newton A. Blitch	01/08/1907 - 10/30/1921	A. D. Campbell	
Royal C. Dunn	01/04/1909 - 01/04/1921	A. S. Wells	
A. S. Wells	01/04/1921 - 12/16/1930	L. D. Reagin	
A. D. Campbell	11/12/1922 - 02/10/1924	E. S. Mathews	
E. S. Mathews	02/25/1924 - 01/16/1946	Wilbur C. King	
R. L. Eaton	01/04/1927 - 02/27/1927	Mamie Eaton-Greene	
Mamie Eaton-Greene	02/27/1927 - 01/08/1935	Jerry W. Carter	
L. D. Reagin	12/16/1930 - 07/06/1931	Tucker Savage	
Tucker Savage	07/06/1931 - 01/03/1933	W. B. Douglass	
W. B. Douglass	01/03/1933 - 08/04/1947	Richard A. Mack	
Jerry W. Carter	01/08/1935 - 01/05/1971	William H. Bevis	
Wilbur C. King	01/08/1947 - 07/18/1964	William T. Mayo	
Richard A. Mack	09/15/1947 - 01/05/1955	Alan S. Boyd	
Alan S. Boyd	01/05/1955 - 12/01/1959	Edwin L. Mason	
Edwin L. Mason	12/01/1959 - 01/06/1969	Jess Yarborough	
William T. Mayo	09/01/1964 - 12/31/1980	Katie Nichols	Graham*
Jess Yarborough	01/06/1969 - 01/02/1973	Paula F. Hawkins	
William H. Bevis	01/05/1971 - 01/03/1978	Robert T. Mann	
Paula F. Hawkins	01/02/1973 - 03/21/1979	John R. Marks, III	
Robert T. Mann***	01/04/1978 - 01/03/1981	Susan Leisner	Graham**
The Commission became appointive January 1, 1979			
Joseph P. Cresse***	01/02/1979 - 12/31/1985	John T. Herndon	Askew/Graham
Gerald L. Gunter***	01/02/1979 - 06/12/1991	Susan F. Clark	Askew/Graham/PSC Nominating Council
John R. Marks, III***	03/22/1979 - 03/02/1987	Thomas M. Beard	Graham**
Katie Nichols***	01/02/1981 - 01/03/1989	Betty Easley	Graham
Susan Leisner	02/16/1981 - 04/02/1985	Michael McK. Wilson	Graham
Michael McK. Wilson***	07/12/1985 - 11/22/1991	Luis J. Lauredo	Graham/Martinez
John T. Herndon	01/07/1986 - 04/17/1990	Frank S. Messersmith	Graham
Thomas M. Beard***	03/03/1987 - 08/13/1993	Diane K. Kiesling	Martinez
Betty Easley	01/03/1989 - 01/05/1993	Julia L. Johnson	Martinez
Frank S. Messersmith	06/19/1990 - 02/05/1991	J. Terry Deason	Martinez
J. Terry Deason***	02/06/1991 - 01/01/2007	Ken Littlefield	PSC Nominating Council/Chiles/Bush
Susan F. Clark***	08/15/1991 - 07/31/2000	Michael A. Palecki	Chiles/Bush
Luis J. Lauredo	01/23/1992 - 05/16/1994	Jose "Joe" Garcia	Chiles
Julia L. Johnson***	01/05/1993 - 11/15/1999	Lila A. Jaber	Chiles
Diane K. Kiesling	12/07/1993 - 01/05/1998	E. Leon Jacobs, Jr.	Chiles
Jose "Joe" Garcia***	08/19/1994 - 06/30/2000	Braulio L. Baez	Chiles
E. Leon Jacobs, Jr.***	01/06/1998 - 01/07/2002	Rudolph K. "Rudy" Bradley	Chiles
Lila A. Jaber***	02/29/2000 - 12/02/2004	Lisa Polak Edgar	Bush
Braulio L. Baez***	09/01/2000 - 01/01/2006	Katrina J. Tew	Bush
Michael A. Palecki	12/19/2000 - 01/06/2003	Charles Davidson	Bush
Rudolph K. "Rudy" Bradley***	01/02/2002 - 01/01/2006	Matthew M. Carter II	Bush
Charles M. Davidson	01/07/2003 - 06/01/2005	Isilio Arriaga	Bush
Lisa Polak Edgar***	01/02/2005 - 01/01/2017		Bush/Crist/Scott
Isilio Arriaga	10/06/2005 - 01/31/2007	Nathan A. Skop	Bush
Matthew M. Carter II***	01/02/2006 - 01/01/2010	Ben A. "Steve" Stevens III	Bush
Katrina J. McMurrin	01/02/2006 - 10/05/2009	David E. Klement	Bush
Ken Littlefield	01/02/2007 - 01/31/2007	Nancy Argenziano	Bush
Nancy Argenziano***	05/02/2007 - 10/12/2010	Eduardo E. Balbis	Crist
Nathan A. Skop	05/02/2007 - 01/01/2011	Julie I. Brown	Crist
David E. Klement	10/22/2009 - 05/30/2010	Art Graham	Crist
Ben A. "Steve" Stevens III	01/02/2010 - 05/30/2010	Ronald A. Brisé	Crist
Art Graham***	07/16/2010 - 01/01/2018		Crist/Scott
Ronald A. Brisé***	07/23/2010 - 01/01/2018		Crist/Scott
Eduardo E. Balbis	11/24/2010 - 01/01/2015		Crist/Scott
Julie I. Brown	01/02/2011 - 01/01/2015		Crist/Scott

* 2 year initial term

** 3 year initial term

*** Served/serving as Chairman