

Alexus Austin

From: Katherine Fleming
Sent: Thursday, February 11, 2016 2:26 PM
To: Commissioner Correspondence
Subject: Docket No. 160021-EI
Attachments: 160021.pdf

Please place the attached in Docket Correspondence, Consumers and their Representatives, in Docket No. 160021-EI.

Thank you,

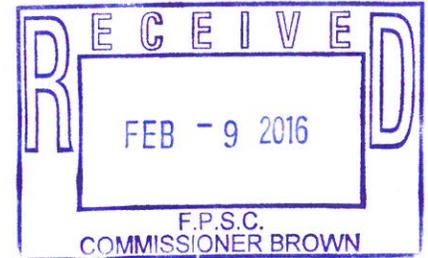
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February 6, 2016

Samuel Preston Adams
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Florida Public Service Commission
Commissioners Brisé, Edgar, Brown, Graham and Patronis
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850



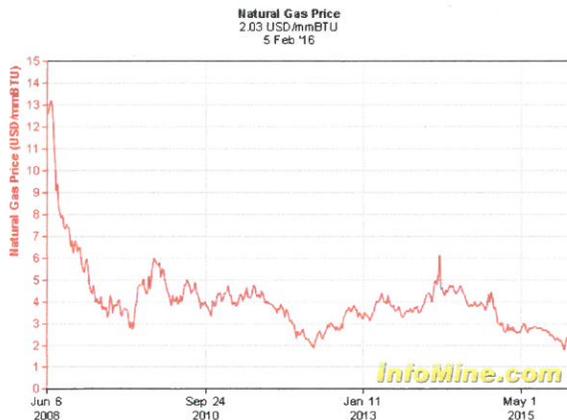
Re: FPL Rate Increase Request

Dear Commissioners:

Is Florida Power & Light being preposterous? Or, am I crazy? Or, does FPL think we are all dumb as a box of rocks?

After reading the enclosed January 18th article in the Tampa Bay Times by Mary Ellen Klass I am left scratching my head. So, just for the record let me see if I understand this correctly.

The cost for Natural Gas Fuel used by energy companies to generate electrical power is now the lowest it has been in several years -- and expected to go even lower with ever dollar of energy production cost saving going directly to the bottom line. In addition, any increased expenses incurred during the coming years from customer usage through population growth are more than offset by the additional billing revenues from this increased customer energy usage.



Yet FP&L is requesting a **24 percent rate increase?** Based on diminishing fuel costs FPL should be requesting a rate "decrease" – not an increase. As a FP&L customer and rate payer I'm perplexed by FPL's recent rate increase filing, to say the least. I can only trust you office will do the right thing to protect the best interests of your Florida energy utility customers.

Kindest regards,

Samuel Preston Adams



THE BUZZ

From the staff of the Tampa Bay Times

Update: FPL asks state to approve 24 percent rate increase and higher profit margin



Mary Ellen Klas, Times/Herald Tallahassee Bureau

Friday, January 15, 2016 4:40pm

Florida Power & Light on Friday asked the Public Service Commission to allow it to raise rates on 4.8 million Florida customers by 23.7 percent by 2019, a \$1.3 billion increase that is also designed to reward its shareholders with substantially higher profits.

FPL argues that while it has delivered stable and low-cost power to customers since its last rate case in 2009, it must charge customers more to offset the increase in expenses and accommodate the growth in population.

"We are committed to delivering our customers exceptional value for their money and will continue to make smart investments that will further improve service for customers and help keep costs down," said Eric Silagy, FPL president and CEO, in a press release. Download 2016 Rate Proceeding - News Release (TYL) - FINAL

If approved, the increase will lock in base rates for four years and the typical residential customer bill of 1,000 kilowatt hours would increase by about \$13 a month - with \$8.50 imposed in 2017, another \$2.50 in 2018 and \$2 more in 2019. The current base rate imbedded within a customer's overall bill is \$54.86 per 1,000 kwh. Other charges are added to every bill, and the current total for 1,000 kwh is \$93.38.

The request comes on the heels of the company spending more than \$3.4 million in campaign funds to stave off competition from the solar industry by mounting a campaign to keep a constitutional amendment off the November ballot that would have opened the door to a competitive solar market in Florida.

The PSC has the final say over the rate request but the current panel of governor-appointed commissioners has consistently-sided with FPL on its controversial requests. The company is the third largest utility in the nation and one of the most active campaign contributors in the state.

Despite that record, J.R. Kelly, the lawyer who represents ratepayers in utility cases, said Friday he will "fight the good fight" and argue that FPL's rate hike should be rejected. FPL is earning profits at the top end of the rate allowed under the current agreement with the state, and Kelly said, the company can afford to make the investments it needs to continue to operate an efficient and reliable system without a rate increase..

"I know why they want the money. They want to continue to earn all they can for their shareholders and earn at the top of their range," Kelly said. "If they are earning like that, they don't need that \$1 billion."

Under state law, the utility is allowed to earn a return on equity of between 9.5 percent and 11.5 percent without having to justify its profits before regulators. Kelly said for every 100 basis points, or each percentage point of ROE, FPL earns about \$165 million in profit.

But in a letter to PSC Chair Julie Brown on Friday, the company said it believes it should be allowed to have profit margins of between 10.5 percent to 12.5 percent as well as the \$1.3 billion more from customers because, compared to similar large utility companies in the Southeast, it has "the highest reliability and the lowest typical customer bills." Download FPL's 2016 Test Year Letter 1-15-16

The company said the rate hike is needed to help FPL cover the \$1.3 billion needed for a natural gas-fired power plant proposed in rural Okeechobee County and go towards the \$16 billion the company says it has been investing since 2014 to improve electricity service, reduce emissions, improve fuel efficiency and strengthen the system against severe weather. In the next year, the company said it will spend \$6.7 billion "to strengthen or 'harden' its infrastructure to better withstand bad weather, including inspecting and replacing poles, placing some equipment underground and clearing lines of vegetation."

The company estimates it will add nearly 220,000 new customers by 2017 and faces increased expenses that "are driving higher operating costs."

The plan will include three base rate adjustments phased during the four-year period and cost the typical customer 43 cents a day. Combined with current projections for fuel and other costs, FPL estimates that its total typical customer bill will grow at about 2.8 percent per year, roughly the expected rate of inflation, from now through 2020.

Even with the change, FPL expects that its typical bill in 2020 will still be lower than it was in 2006. FPL argues that, compared with prices in 2006, food and housing costs today are at least 20 percent higher while healthcare costs are about 40 percent higher. Meanwhile, FPL's typical customer bill is lower today than it was in 2006, when the typical 1,000 kwh residential monthly bill was \$108. That same bill today is \$93.38 and, if the rate hike is approved, will be \$107, the company said.

The last time FPL had a rate hearing, in 2009, the PSC rejected all but \$75 million of the company's request for a \$1.47 billion increase. After that, FPL officials and lobbyists pressured the Legislature to replace four of the five commissioners who voted against their rate increase.

In 2012, FPL entered into a settlement agreement with the Florida Industrial Power Users Group and the Florida Hospital Association, against the wishes of the Office of Public Counsel, to raise rates again. The settlement also gave FPL a higher maximum profit margin - 11.5 percent from 11 percent - and gave the company all of its \$690.4 million rate increase request as well as a \$304 million more over four years as new power plants in Cape Canaveral, Rivera Beach and Port Everglades came into service.

A lawyer for Florida Industrial Power Users Group, which has intervened in previous rate cases, said the organization will carefully review the need for the increased rates and higher profits.

"While FIPUG appreciates the service FPL provides to its members and more than half of the state's homes and businesses, a rate increase request of more than \$1.3 billion with a requested equity return of 11.5 percent, are significant requests that will warrant close and careful scrutiny from the Public Service Commission, the Office of Public Counsel, FIPUG and other parties representing consumer interests," Jon Moyle said in a statement.

How current rates compare

FPL

Duke Energy

TECO

How current rates compare:

How current rates compare	Customers	Base rate charges	Fuel, purchased power cost recovery	Energy conservation cost recovery	Environmental cost recovery	Capacity cost recovery	Storm damage surcharge	Gross receipts tax	Total (per 1,000 kilowatt hours)
FPL	4,800,000	\$54.86	\$25.80	\$1.86	\$2.63	\$4.88	\$1.02	\$2.33	\$93.38
Duke Energy	1,700,000	\$58.50	\$33.53	\$3.25	\$1.84	\$14.18	N/A	\$2.85	\$114.15
TECO	800,000	\$61.94	\$33.61	\$1.91	\$4.32	\$1.78	N/A	\$2.66	\$106.22
Gulf Power	400,000	\$64.45	\$36.78	\$0.68	\$21.09	\$9.19	N/A	\$3.39	\$135.58
Fla. Public	120,000	\$33.60	\$101.88	\$1.35	N/A	N/A	N/A	\$3.51	\$140.34

Source: Florida Public Service Commission