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June 29, 2021

Chairman Gary F. Clark
Commissioner Andrew Giles Fay
Commissioner Art Graham
Commissioner Mike La Rosa
Commissioner Gabriella Passidomo
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Chairman Clark and Commissioners,

I am writing to offer Broward County's comments on Docket Number 20210015-EI, the petition for a rate increase by Florida Power & Light Company (FPL).

While the specific comments below have not been officially adopted by resolution of the Broward County Board of County Commissioners (Board), they are consistent with resolutions adopted by the Board in 2019 and 2021 regarding the 2019 Florida Energy Efficiency and Conservation Act proceeding and the current rulemaking regarding amendments to 25-17.0021, Florida Administrative Code.

Broward County is appreciative of FPL's commitments to renewable energy and for their cooperation on many initiatives important to Broward County. These include the County's participation in the FPL SolarTogether program, which accounts for approximately 64 percent of the electricity consumed by County operations. We look forward to reaching 100 percent in the future and working with FPL both in fine-tuning the program and in continuing to implement interconnection agreements for the solar photovoltaic arrays the County has constructed on a number of our buildings and parking canopies. We also commend FPL for its forward-looking electric vehicle programs and are grateful for its extensive cooperation and consultation with the County as we accelerate towards our goal of a zero-emissions fleet by 2030.

However, while there several positive components included in the current petition for a rate increase, e.g., increased efforts to move transmission and distribution infrastructure underground and additional solar capacity, we must object to the current rate increase proposal.

Notwithstanding the impact to our own finances—an increase in our net bill (after accounting for revenue from utility taxes and franchise fees) by 20 percent over the four years, from approximately \$28 million in 2021 to \$33 million in 2025—the crux of our objection to the rate increase lies in the devastating impact it will have on low- and moderate-income households.

According to the American Council for an Energy-Efficient Economy, 23% of all households in the Miami-Fort Lauderdale-West Palm Beach metropolitan area are energy cost burdened, with 12% of all households being severely energy cost burdened.¹ For low-income households, a staggering 25% are severely energy cost burdened. A 10% increase in FPL electricity rates next year, followed by a further 8% increase over the following three years, will plunge yet more households into this economically-disadvantaged category, even while they struggle to recover from the devastating effects of the pandemic. The impact is compounded by the lack of widely available, effective programs to help such households conserve energy and reduce their exposure to increases in their power bills.

The proposed rate increase could be ameliorated for low- and moderate-income households if programs were available to help them save energy. However, FPL has proposed progressively lower conservation goals in each of the last three FEECA proceedings, expressing concern for potential financial impacts on low-income households. However, those minimal additional costs would be far outweighed by the savings gained through participation in energy upgrades and would also help reduce household exposure to rate increases. In the FEECA proceedings, FPL has also continued to promote the use of the Rate Impact Measurement test, which looks at the effects of programs on customer rates. It is unclear why the RIM test has been deemed appropriate for the FEECA proceeding, but not for a rate case, when nothing has a more direct effect on customer rates than a rate increase.

Energy conservation programs are a longstanding concern of both the County and the Southeast Florida Regional Climate Change Compact. Our concerns have been made known via prior comments, resolutions, and policy statements in climate action plans and legislative programs. The County would welcome the opportunity to work with FPL to amend state law, change PSC rules, and design energy conservation programs to reduce overall electricity consumption as much as possible and to lower the energy cost burden on low- and moderate-income households. Other utilities in Florida have reached a significant portion of eligible low-income customers through energy conservation programs, with Tampa Electric achieving 28.80% and Duke reaching 19.02%² as compared to 0.99% for FPL from 2015-2019. While FPL has historically maintained lower rates than these other utilities, it has also enjoyed and is again requesting a return on equity (ROE) at the top of the range for US electric utilities, which suggests that it has the financial capability to reach a similar percentage of low income households served by conservation programs as either Tampa Electric or Duke while still earning a respectable ROE in line with peer utilities.

FPL has considerable influence in Tallahassee and vast expertise in the area of energy conservation. FPL could support modernization of the state's energy laws and regulatory changes that create a framework to make energy conservation fair for ratepayers, beneficial to low-income households and would allow utilities to offset the costs of administering conservation programs while earning a reasonable rate of return. Broward County believes these proposals would be received favorably by the Legislature, and we would be supportive. Many of the concerns expressed herein would then be rendered moot for future rate case requests.

¹ Households are considered energy cost burdened when they spend six percent or more of income on home energy, and severely energy cost burdened when they spend ten percent or more. Source for information: *How High Are America's Residential Energy Burdens*, American Council for an Energy-Efficient Economy, 2020. <http://www.aceee.org/energy-burden>.

² 2020 Annual Reports on Demand Side Management Plans from FPL, Duke Energy, and Tampa Electric. <http://www.psc.state.fl.us/ElectricNaturalGas/ARDemandSidePlans>

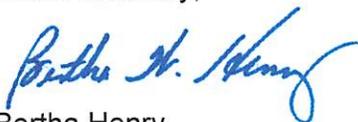
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Finally, given the low cost of capital at present, FPL's request for an increase in its ROE may be excessive. FPL is requesting a midpoint return of equity increase from 10.55% in the current agreement to 11.5% for 2022-2025, even though its current return is already at the top of the range for utilities. The testimony of Steve W. Chriss, submitted on behalf of Walmart, points out that the proposed return on equity is higher than other ROEs recently approved by the PSC, including Duke Energy, which lowered its ROE midpoint from 10.5 to 9.85 percent in its recent rate case settlement. Furthermore, Mr. Chriss cites S&P Global Market Intelligence Data showing electric utility rate case ROE in cases from 2018-2021 ranged from 8.20 to 10.50 percent, with an average of 9.50 and median of 9.52 percent. Mr. Chriss states that FPL's proposed total ROE of 11.50 percent, "...if approved, would be the highest approved ROE for a vertically integrated utility at any time from 2018 to the present – by 100 basis points."

Two experts, in their testimony submitted on behalf of Floridians Against Increased Rates and the Florida Retail Federation, respectively, have raised serious concerns, which Broward County shares, about the Reserve Surplus Amortization Mechanism approved in FPL's 2016 rate case and proposed for continuation in the current rate case. This mechanism, which grants FPL the ability to tweak depreciation expense and reserve levels in order to qualify for a return on equity at the top of its approved range, is at odds with the public interest, and increases costs to consumers—costs which will impose the heaviest burden on already energy-burdened low- and moderate-income families.

Thank you for the opportunity to provide comments on this petition and your consideration of our views as you determine what rates are reasonable and in the public interest. Should you have any questions, please contact Dr. Jennifer Jurado, Chief Resilience Officer and Deputy Director of the Broward County Environmental Protection and Growth Management Department, at jjurado@broward.org or 954-519-1464.

Yours sincerely,



Bertha Henry
County Administrator

cc: Monica Cepero, Deputy County Administrator
Leonard Vialpando, Director, Environmental Protection & Growth Management Department
Dr. Jennifer Jurado, Deputy Director, Environmental Protection & Growth Management Department