CORRESPONDENCE
10/26/2021
DOCUMENT NO. 12406-2021

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Sent:	Tuesday, October 26, 2021 3:47 PM
To:	Consumer Correspondence
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Subject:	FW: To CLK Docket 20210015
Attachments:	PEER - PSC FPL Comment.pdf
Importance:	Low

Consumer correspondence for docket 20210015.

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Sent: Tuesday, October 26, 2021 7:56 AM
To: Consumer Contact <Contact@PSC.STATE.FL.US>
Subject: {BULK} Docket Number: 20210015; Title: Petition for rate increase by Florida Power & Light Company
Importance: Low

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People's Economic & Environmental Resiliency Group

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People's Economic & Environmental Resiliency Group

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

October 23, 2021

Re: Docket Number: 20210015; Title: Petition for rate increase by Florida Power & Light Company

Dear Public Service Commission,

The People's Economic and Environmental Resiliency Group ("P.E.E.R. Group") advocates for economic and environmental sustainability in Miami through a community lawyering approach that shifts power back to marginalized communities. We partner and work side-by-side with community groups to advocate for our vision of justice, which recognizes the need for structural and systemic change that empowers vulnerable populations, provides equitable access to benefits, and advances restorative protection from harm.

We thank you for the opportunity to submit this comment on Florida Power & Light's ("FPL") four-year rate plan. We spoke at the June 30, 2021, public hearing on this matter, however, we are writing to expand on our comment and ask that the PSC deny FPL's rate increase proposal for three reasons.

1. **A Rate Increase Will Disproportionately Burden Marginalized Communities While Benefitting Only FPL Shareholders and Executive Officers.**

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The rate increase proposal calls for a midpoint of 11.5% of return on equity that will achieve between a 10.55% and 12.5% profit for FPL.[1] This proposed midpoint is significantly higher than the current midpoint of 10.55% and even higher than the national average of 9.46% reported for electric utilities in the first quarter of 2021.[2] Thus, FPL stakeholders will be the main beneficiaries of its proposed rate increase at the expense of energy burdened customers.

FPL's plan includes the largest rate boost in Florida history, forcing households to eventually pay an additional $18 per month, or $216 per year.[3] If approved, this rate increase will disproportionately burden low-income households and communities of color who already bear the highest energy burden, meaning the percentage of household income spent on energy costs. The national average energy burden is 3.5%, but low-income households throughout the State of Florida in Miami, Orlando, Jacksonville, and Tampa have an energy burden at over 7.2% with a quarter of those households severely burdened at over 12%.[4] Where policy-related factors are key drivers of high household energy burdens, FPL plays a role in crafting these policies through its utility rate design practices that inhibit customers' ability to respond to increased rates.[5]

Nationwide, FPL has been ranked 51st out of the 52 largest U.S. utilities for energy efficiency programs, based on performance, offerings, and enabling mechanisms for efficiency.[6] Among Florida's investor-owned utilities, FPL and its recent acquisition, Gulf Power, had the lowest energy efficiency performances in 2019 in both absolute terms and relative savings. Despite the fact that Florida residents have exceedingly high residential electricity bills, FPL has consistently provided

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[1] Docket No. 20210015-EI, Petition by FPL for Base Rate Increase and Rate Unification, https://www.fpl.com/content/dam/fpl/us/en/rates/pdf/01%20FPL%20Petition%20for%20Base%20Rate%20Increase%20and%20Rate%20Unification%20-%2020210015-EI.pdf.

[2] Lisa Fontanella, RRA Regulatory Focus Major Rate Case Decisions -Jan.-Dec. 2019, *S&P Global* (2020).

[3] FPL Envisions a More Resilient and Sustainable Florida; Files Details of Proposed 2022-2025 Rate Plan With Public Service Commission, *FPL Newsroom*, http://newsroom.fpl.com/news-releases?item=126210 (Mar. 12, 2021).

[4] How Energy Efficiency Can Help Low-Income Households in Florida, *American Council for an Energy-Efficient Economy*, https://www.aceee.org/sites/default/files/pdf/fact-sheet/ses-florida-100917.pdf.

[5] Ariel Drehobl, Lauren Ross, and Roxana Ayala, How High are Household Energy Burdens? *Washington, DC: American Council for an Energy-Efficient Economy*, (Sept. 10, 2020), https://www.aceee.org/research-report/u2006.

[6] Grace Relf, Emma Cooper, Rachel Gold, Akanksha Goyal, and Corri Waters, 2020 Utility Energy Efficiency Scorecard, *American Council for an Energy-Efficient Economy,* (2020).

the least amount of savings to low-income customers, serving merely 2,796 households in 2019.[7] Compared to other Florida utilities, Duke Energy delivered 20 times and TECO delivered 45 times the savings of FPL's low-income energy savings. Although FPL is Florida's largest electric utility company, with annual sales nearly three times higher than Duke and six times higher than TECO, FPL maintains one of the worst energy savings performances, thus exacerbating financial hardship for low-income households.

As millions of Floridians have faced immense economic hardship throughout the pandemic and continue to feel these impacts, this is the worst time to raise energy costs before we have even started to recover from COVID-19. The FPL president and CEO, Eric Silagy, who personally earned $8.4 million in 2020 with his increasing yearly salary that started at $3.1 million in 2015, stated that "We recognize that there is never a good time to request a rate increase."[8] Raising the rates now, however, is exceedingly harmful amid the ending of the federal moratorium on evictions and the ongoing problems imposed by COVID-19 variants.[9] Hundreds of thousands of Floridians are under extreme financial stress, yet FPL plans to increase rates and continue taking advantage of its most vulnerable customers.

2. FPL's Rate Increase is Averse to a Vision of Sustainability and Fails to Aid Florida's Just Transition to a Clean Energy Economy.

As global news stories highlight some of the catastrophic effects of climate change that are occurring more frequently and more intensely, Florida must accept the undeniable truth of changing global climate patterns for the protection of the state and its citizens. Florida's elected officials and administrative policymakers must acknowledge and take action to address the grave threat of

[7] Forest Bradley-Wright, A Clear Divide Between Florida Utilities on Energy Efficiency, *Southern Alliance for Clean Energy*, https://cleanenergy.org/blog/a-clear-divide-between-florida-utilities-on-energy-efficiency/. (June 10, 2020).
[8] Eric E. Silagy, *Salary.com*, https://www.salary.com/tools/executive-compensation-calculator/eric-e-silagy-salary-bonus-stock-options-for-nextera-energy-inc?year=2020.
[9] Adam Liptak and Glenn Thrush, Supreme Court Ends Biden's Eviction Moratorium, *The New York Times*, (Sept. 1, 2021), https://www.nytimes.com/2021/08/26/us/eviction-moratorium-ends.html.

climate change imposed upon Floridians facing extreme weather, sea level rise, and rising temperatures.

FPL's clean energy plans reflect substantial greenwashing, in which the claims on its website, in advertisements, and in emails to its customers about clean energy are mostly false upon deeper analysis. FPL claims that its rate increase will be used for "investments to build a more sustainable energy future," by investing in natural gas, adding more solar to the energy grid, building the world's largest solar-powered battery for energy storage, and developing a hydrogen pilot project. Research into these claims shows that FPL's plan fails to advance sustainability and inhibits Florida's just transition to a clean energy economy.

A. Over 70% of FPL's energy is currently sourced from natural gas. Although burning natural gas produces less carbon dioxide emissions than coal, drilling and extracting natural gas results in methane leakage that is 34 times stronger than carbon dioxide at trapping heat over 100 years and 86 times stronger over 20 years.[10] Thus, the comparison of natural gas to coal does not account for the methane leaks along the gas supply chain. Research shows that national methane emissions are approximately 5% greater than the U.S. Environmental Protection Agency's current greenhouse gas inventory estimate for pipelines, partly due to such leaks.[11]

Further, drilling for natural gas disrupts land use, harms local ecosystems, and causes chemical contamination of water supplies with methane, volatile organic compounds, and over 1,000 chemical additives used in hydraulic fracking. Fracking also requires huge volumes of water, which strains local ground and surface water supplies. Continued reliance on natural gas will set Florida on a path to surpass the maximum carbon dioxide levels necessary to mitigate the dire effects of climate change.

[10] Environmental Impacts of Natural Gas, *Union of Concerned Scientists*, (June 19, 2014), https://www.ucsusa.org/resources/environmental-impacts-natural-gas.
[11] Zachary D. Weller, Steven P. Hamburg, and Joseph C. Von Fischer, A National Estimate of Methane Leakage from Pipeline Mains in Natural Gas Local Distribution Systems, *54.14 Env't Sci. Tech.* 8958 (2020).

Natural gas is not sustainable for Florida's future. Sector-wide data show that large utilities are considerably decreasing the rate at which they decarbonize mostly due to their heavy investments in natural gas.[12] If FPL's rate increase contributes to new natural gas infrastructure, we will have an even greater challenge in transitioning to 100% clean and renewable energy by 2050 to avoid the most catastrophic consequences of climate change. Supporting natural gas ultimately sabotages efforts to invest in zero-emission energy resources, as reflected by FPL's controversial Dania Beach natural gas power plant, which is projected to operate for four decades after first opening in 2022 at the earliest.

B. FPL promised to install 30 million solar panels by 2030 in its "30-by-30" campaign, but the company has gradually reduced its solar commitments, contrary to its continued statements about its solar energy goals. In 2019, FPL informed PSC of its plans to add 8,128 megawatts of solar by 2028, such that solar would make up 14.5% of FPL's total fuel mix.[13] However, a 2020 filing revealed that FPL shifted its projections and deadline to 7,300 megawatts of new solar by 2029, resulting in an overall reduction of over 500 megawatts for FPL's solar plans, or enough to power 100,000 households.[14] Currently, a mere 3.74% of Florida's total electricity comes from 7,680.9 megawatts of solar.[15] As FPL scales back on its solar projections, it grows increasingly unlikely that the company will meet its clean energy commitments.

Even FPL's own disclaimers lend themselves to greenwashing. FPL's clean solar commitments are accompanied by disclaimers stating that the company's statements "are subject to risks and uncertainties that could cause their actual results to differ materially from those expressed or implied in the

[12] David Pomerantz, Utility Carbon Targets Reflect Decarbonization Slowdown in Crucial Next Decade, *Energy and Policy Institute*, (June 25, 2019), https://www.energyandpolicy.org/utility-carbon-targets/.
[13] Alissa Jean Schafer, Florida Power and Light Quietly Reduces Solar Commitment, Shifting Some Proposed Solar to Gulf Power in Midst of Merger, *Energy and Policy Institute*, (July 13, 2020), https://www.energyandpolicy.org/florida-power-and-light-quietly-reduces-solar/.
[14] FPL's Solar Generation Surpasses 1,000 Megawatts for The First Time Ever, *FPL Newsroom*, (Jan. 28. 2019), http://newsroom.fpl.com/2019-01-28-FPLs-solar-generation-surpasses-1-000-megawatts-for-the-first-time-ever.
[15] Florida Solar, Data Current through Q2 2021, *Solar Energy Industries Association*. https://www.seia.org/state-solar-policy/florida-solar.

forward-looking statements, or may require them to limit or eliminate certain operations."[16] Thus, FPL's rate increase plan will assuredly charge higher prices while offering the mere possibility of installing truly clean energy. Consequently, money will be extracted from the customer base through FPL's rate increase to make high payments to executives and to fund lobbying for continued unsustainable practices.

C. NextEra, FPL's parent company, did not set absolute targets for net-zero emissions and remains one of the only large investor-owned companies to not do so. NextEra's short-term goal to reduce its emissions rate by 67% by 2025 (from the baseline year of 2005) fails to account for a projection of load growth over the next decade. Consequently, NextEra could actually increase its total annual emissions while technically reducing its rate of emissions, contrary to decarbonization goals.

Yet, U.S. utilities must plan for zero-carbon emissions by 2050 to prevent a global temperature increase of 2°C. Failing to meet this goal will drive systems past tipping points, or thresholds that lead to long-term, irreversible change. Exceeding tipping points, which can include excessive ice sheet and permafrost melting, large-scale coral reef die-offs, and disabling of the ocean circulation system, will have global catastrophic impacts for human lives with a cascade of unavoidable consequences.[17] Thus, carbon emissions must be controlled to mitigate the threat of extreme heat and sea level rise for hundreds of millions of Florida residents as well. However, NextEra's projected 2020-2023 pace of carbon emissions reduction would not reach zero-carbon until at least 2071.[18]

[16] FPL Envisions a More Resilient and Sustainable Florida; Files Details of Proposed 2022-2025 Rate Plan with Public Service Commission, *FPL Newsroom*, (Mar. 12, 2021), http://newsroom.fpl.com/news-releases?item=126210.
[17] Timothy M. Lenton, Johan Rockström, Owen Gaffney, Stefan Rahmstorf, Katherine Richardson, Will Steffen & Hans Joachim Schellnhuber. Climate Tipping Points — Too Risky to Bet Against. *575 Nature* 592 (2019).
[18] Maggie Shober and Heather Pohnan, Tracking Decarbonization in the SE, *Southern Alliance for Clean Energy*, (April 2021), https://cleanenergy.org/wp-content/uploads/Tracking-Decarbonization-in-the-Southeast-April-2021.pdf.

3. FPL's Greenwashed Settlement Agreement Fails to Mitigate the Energy Burden Inequities for Economically Disenfranchised Populations in Florida.

The settlement agreement between the state's Office of Public Counsel, the Florida Retail Federation, the Florida Industrial Power Users Group, and the Southern Alliance for Clean Energy reached on August 10, 2021, pits the expansion of solar energy and climate resilience against essential community priorities of affordability and equity. Although the settlement pledges to commit investments in solar energy and electric vehicle infrastructure, <u>it continues FLP's pattern of greenwashing while still disproportionately burdening residents who are already struggling to recover from the pandemic's economic fallout.</u>

Under the settlement agreement, FPL shareholders remain the primary beneficiaries of the rate increase with a midpoint 10.6% return on equity, contrary to the trend for utilities around the country, including all others in Florida, to see decreases in its return on equity.[19] <u>Further, this settlement will ultimately make things worse for residential customers compared to the egregious proposals in FPL's original filing.</u> Residential customers would have been better off with FPL's original proposed midpoint of 11.5% return on equity, which would cost customers less than the additional $2 billion in rate base and the use of the Rate Surplus Amortization Mechanism ("RSAM") that essentially guarantee that FPL will actually earn an 11.7% return on equity under the settlement, rather than the 11.5% under the original filing.

<u>Moreover, energy burdened residents will still have to pay a rate increase of nearly 20%, while the settlement provides no meaningful or enforceable protections for such residents facing substantial financial hardship.</u> Although the revenue requirement for 2022 and 2023 is moderately lower than FPL's original proposal, very little of the decrease goes to residential customers. Instead, most of the decrease in the revenue requirement goes to commercial and industrial customers, while residential customers will overpay several hundred million

[19] Lisa Fontanella, Electric ROE Authorizations Drift Lower In H1'20 As Virus Worries Continue, *S&P Global*, (Aug. 4, 2020), https://www.spglobal.com/marketintelligence/en/news-insights/research/electric-roe-authorizations-drift-lower-in-h1-20-as-virus-worries-continue.

dollars per year to subsidize the commercial and industrial rates. Furthermore, the extension of the capital recovery schedule to a 20-year amortization period will increase intergenerational injustice of the nonrenewable energy burden, where people being born today will be paying for assets as adults that were never used for service in their lifetimes.

FPL's solar plans proposed in the settlement are also insufficient to facilitate a just transition to clean energy in Florida. The SolarTogether program makes customers pay for solar twice—through base rates and in the form of payments to large commercial and industrial consumers for whom the program is disproportionally reserved. This massive transfer of wealth from the residential class to commercial and industrial customers through this settlement will exacerbate inequities and inhibit access to clean energy.

Further, the Smart Panel Pilot Program incorporated into the settlement, which funds the installation of up to 1,000 solar panels, is an inadequate clean energy commitment, where less than fifty households will actually benefit from the aid.[20] EN-Roads, a climate simulation tool, shows that growth in renewables coupled with increased energy efficiency alone would decrease global temperatures by 0.5°C.[21] Thus, enhancing equitable access to clean energy is essential to prevent a global temperature increase of over 2°C in the next century that will have potentially catastrophic impacts.

In April of 2021, more than 645,000 Floridians were late paying their electricity bills. By raising rates, increasing minimum payment requirements, and limiting assistance programs for energy burdened customers, FPL is prioritizing profits over people. The inadequate proposals made in the settlement agreement are meaningless when a substantial number of residents are likely to lose access to power as a consequence of the disproportionately harmful settlement agreement.

[20] FLP Solar Energy Centers Graphic, Florida Power & Light Company's Solar Energy Commitment, *FPL*, (last accessed Oct. 21, 2021), https://www.fpl.com/energy-my-way/solar/energy-centers.html.
[21] EN-Roads. Climate Interactive, (last accessed Oct. 21, 2021), https://en-roads.climateinteractive.org/scenario.html?v=21.10.0.

Florida Power and Light's four-year rate plan involving a $2 billion rate increase primarily benefits the company's interests at the expense of its 5.6 million customers recovering from the pandemic, especially low-income, predominantly Black and brown communities. Considering FPL's history of spending and focus on greenwashing and expanding natural gas power, the rate increase undermines the opportunity for Florida to be at the forefront of climate change policy and action. We petition the Public Service Commission to deny Florida Power and Light's rate increase in the hopes that together we can envision a future for Florida that is socially just, environmentally sustainable, and most importantly – achievable.

Sincerely,
Theresa Pinto, Esq.
President of People's Economic and Environmental Resiliency Group