



Energy & Utilities Subcommittee

MEETING PACKET

**Tuesday, October 18, 2011
212 Knott Building
9:00 AM – 11:30 AM**

**Dean Cannon
Speaker**

**Scott Plakon
Chair**

The Florida House of Representatives

State Affairs Committee

Energy & Utilities Subcommittee

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**Scott Plakon
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AGENDA

October 18, 2011
9:00 a.m. – 11:30 a.m.
212 Knott Building

Opening Remarks by Chair Plakon

Discussion relating to Electric Utility Regulation:

- **Regulatory Compact with Investor-Owned Utilities**
Bob Trapp, Assistant Director
Division of Regulatory Analysis
Florida Public Service Commission
- **Governance of Municipal Electric Utilities**
Bill Peebles, Legislative Counsel
Florida Municipal Electric Association
- **Governance of Rural Electric Cooperatives**
Michael L. Bjorklund, Director of Legislative Affairs
Florida Electric Cooperatives Association

Closing Remarks by Chair Plakon

Adjournment

Presentation to the
**House Energy & Utilities
Subcommittee**

October 18, 2011



Bob Trapp
Division of Regulatory Analysis
Florida Public Service Commission

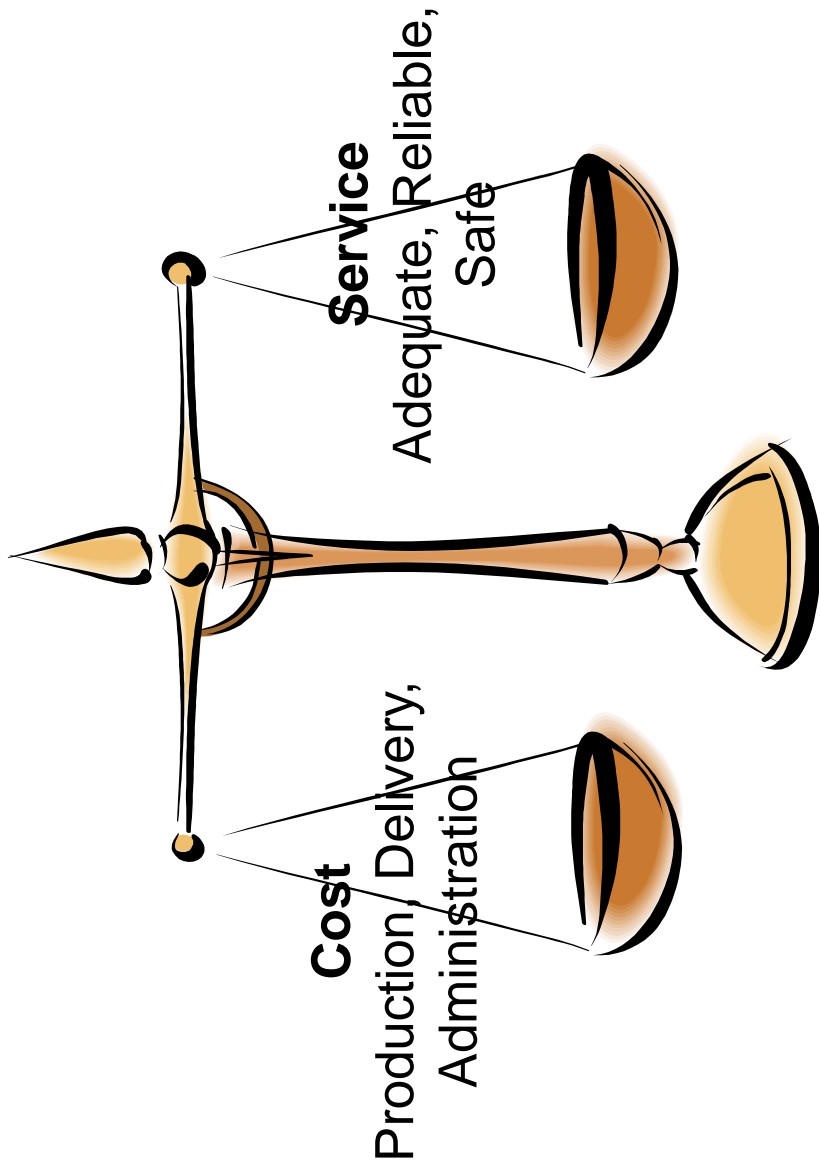
Florida Public Service Commission

- Electric service to all consumers that is adequate, reliable, and safe.
- Electric rates that are fair, reasonable, and non-discriminatory.



Utility Regulation

Achieve a balance between the cost of providing service and the quality of the service provided.



Regulatory Compact

- Government protects the interest of both the consumer and the supplier.
- In return, the supplier has rights and responsibilities.



Regulatory Compact

Rights

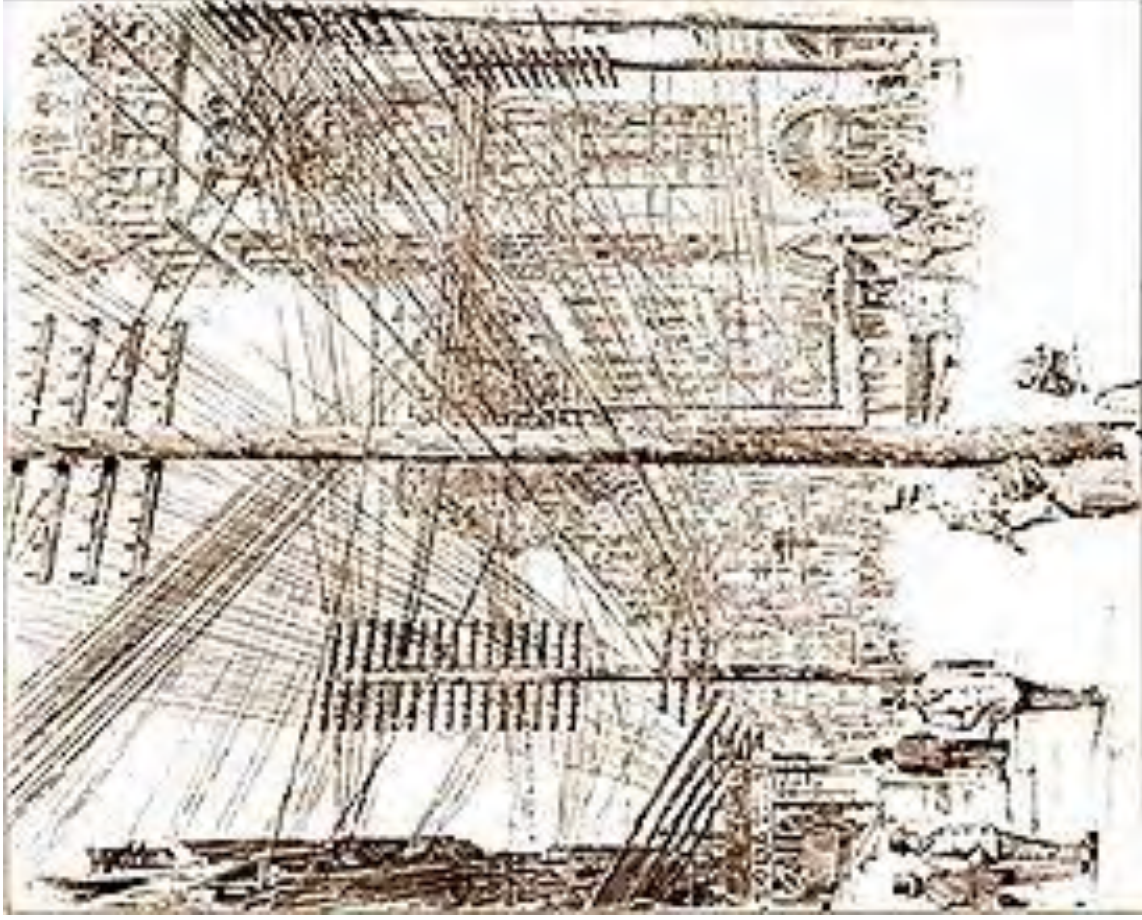
- Natural monopoly.
- Franchise for defined territories.
- Can charge rates to cover prudent cost of service.
- Entitled to an opportunity to earn a fair and reasonable return on their investment.

Responsibilities

- Obligation to serve ALL customers in the defined territory.
- No discrimination in providing service or charging rates.
- Provide safe and reliable service.
- May not build unnecessary facilities or incur costs for unnecessary services.
- Open the books to regulators.

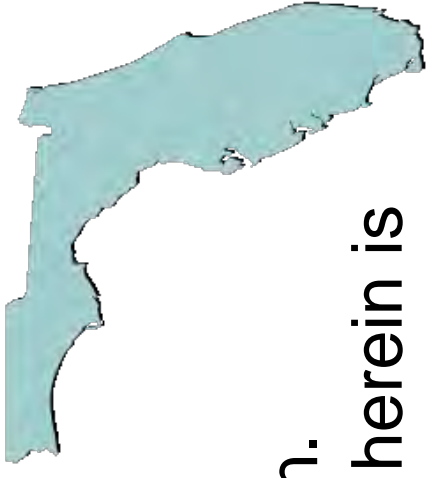


Electricity Regulation



- Reliability
- Safety
- Uneconomic Duplication

Electric Regulation



366.01 Legislative declaration.

The regulation of public utilities as defined herein is declared to be in the public interest and this chapter shall be deemed to be an exercise of the police power of the state for the protection of the public welfare and all the provisions hereof shall be liberally construed for the accomplishment of that purpose.

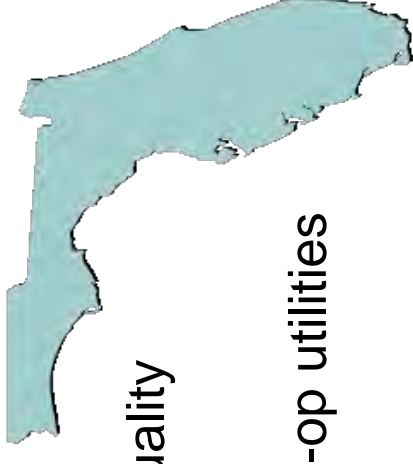
History.—s. 1, ch. 26545, **1951**; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 16, ch. 80-35; s. 2, ch. 81-318; ss. 20, 22, ch. 89-292; s. 4, ch. 91-429.

366.02 Definitions



- (1) “Public utility” means every person, corporation, partnership, association, or other legal entity and their lessees, trustees, or receivers supplying electricity . . . to or for the public within this state; but the term “public utility” does not include either a cooperative now or hereafter organized and existing under the Rural Electric Cooperative Law of the state; a municipality or any agency thereof . . .”
- (2) “Electric utility” means any municipal electric utility, investor-owned electric utility, or rural electric cooperative which owns, maintains, or operates an electric generation, transmission, or distribution system within the state.

FPSC Jurisdiction



- Economic (rate base) regulation over rates and service quality of 5 investor-owned electric utilities
- Rate structure authority over 35 municipal and 16 rural co-op utilities
- Resolution of service area agreements and disputes
- Authority over electric safety and grid reliability; oversight of ten-year plans for meeting customer bulk power needs.
- Determine need for new steam power plants greater than 75 MWs and transmission lines greater than 240 kV that cross county lines.
- Set demand-side management and energy efficiency goals for IOUs and two municipal electric utilities and approve cost effective utility plans and programs to meet those goals.
- Set buy-back rates and authorize cost recovery for purchases from renewable energy generators.

Federal Energy Regulatory Commission (FERC)

- Regulates the transmission of electricity in interstate commerce
- Regulates wholesale sales of electricity in interstate commerce
- Licenses and inspects hydroelectric projects
- Establishes and enforces accounting and financial standards and requirements
- Monitors and investigates energy markets



Obligation to Serve



366.03 General duties of public utility.

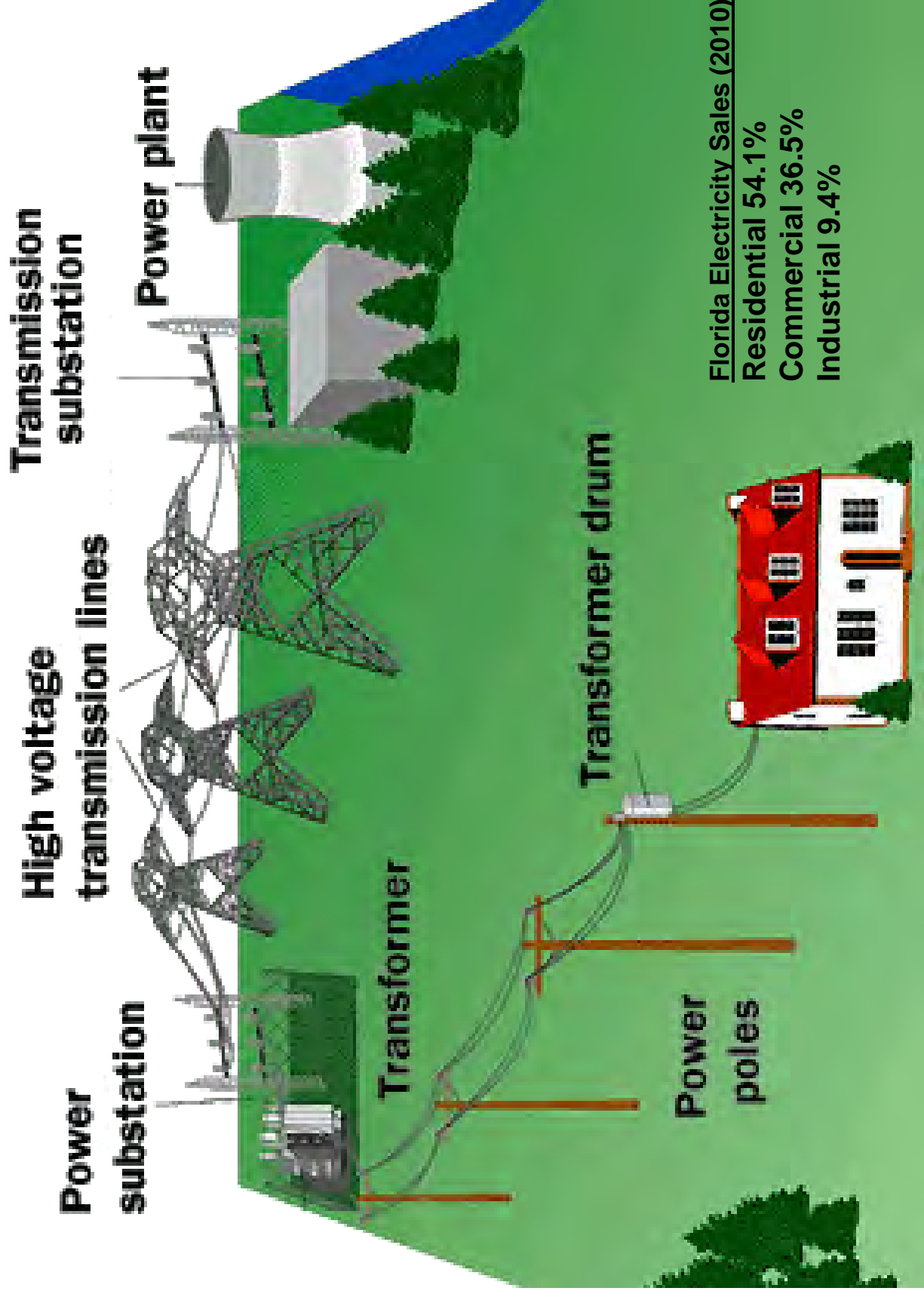
Each public utility shall furnish to each person applying therefor reasonably sufficient, adequate, and efficient service upon terms as required by the commission.

All rates and charges made, demanded, or received by any public utility for any service rendered, or to be rendered by it, and each rule and regulation of such public utility, shall be fair and reasonable.

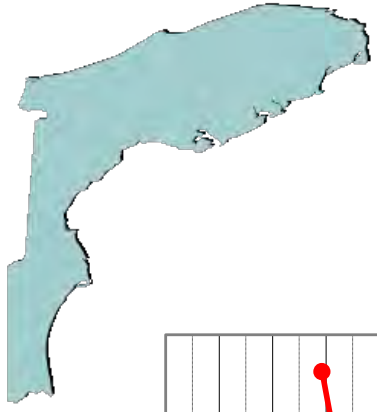
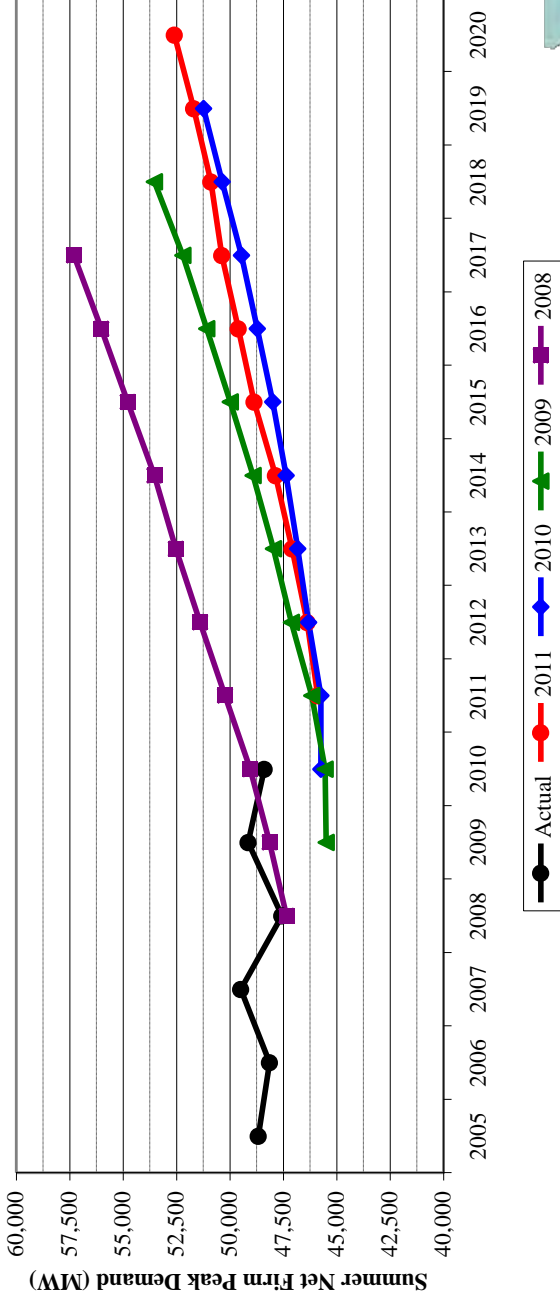
No public utility shall make or give any undue or unreasonable preference or advantage to any person or locality, or subject the same to any undue or unreasonable prejudice or disadvantage in any respect.

History.—s. 3, ch. 26545, [1951](#); s. 3, ch. 76-168; s. 1, ch. 77-457; s. 16, ch. 80-35; s. 2, ch. 81-318; ss. 1, 15, ch. 82-25; ss. 20, 22, ch. 89-292; s. 4, ch. 91-429.

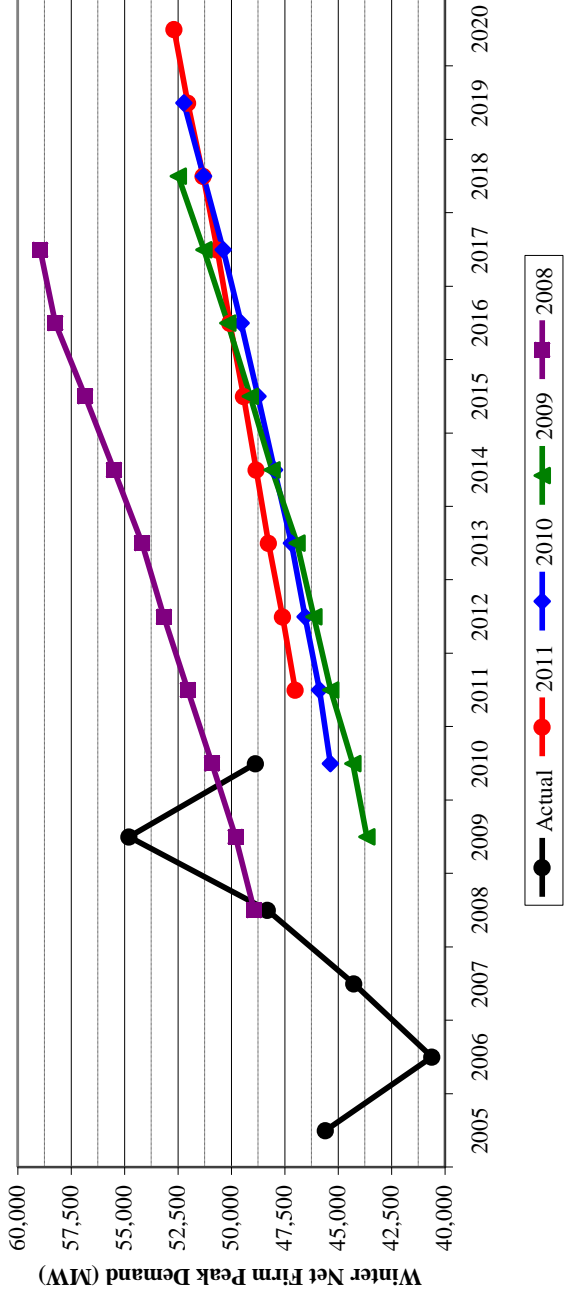
Electric Utility System: Generation, Transmission, & Distribution



State of Florida: Summer Demand (Actual and Forecasted)

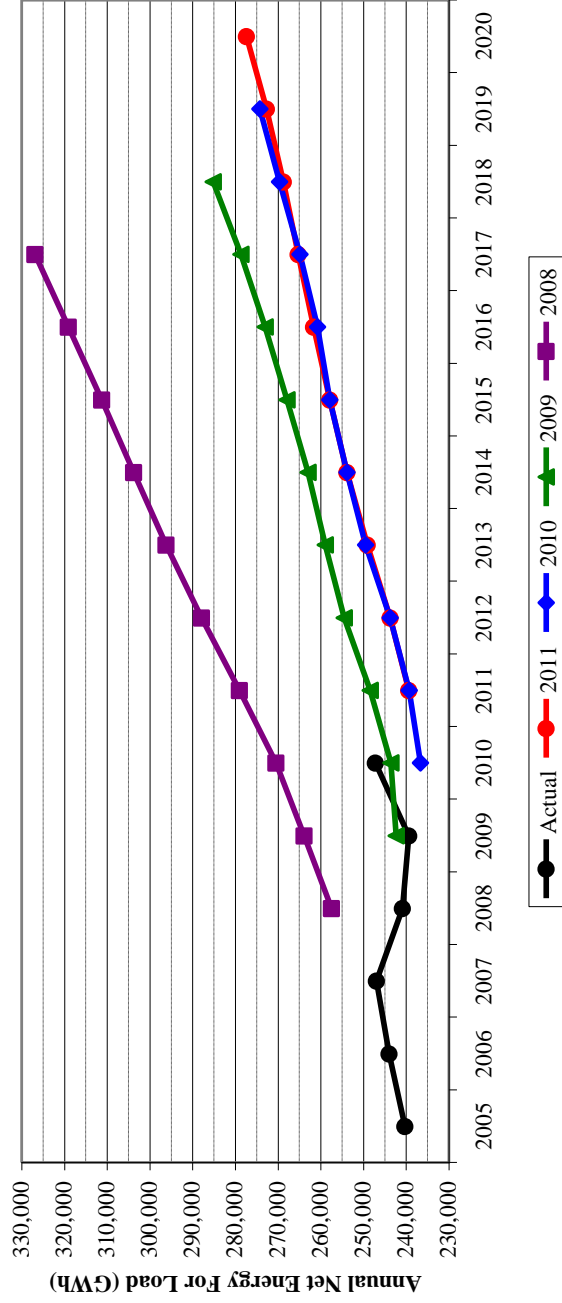


State of Florida: Winter Demand (Actual and Forecasted)





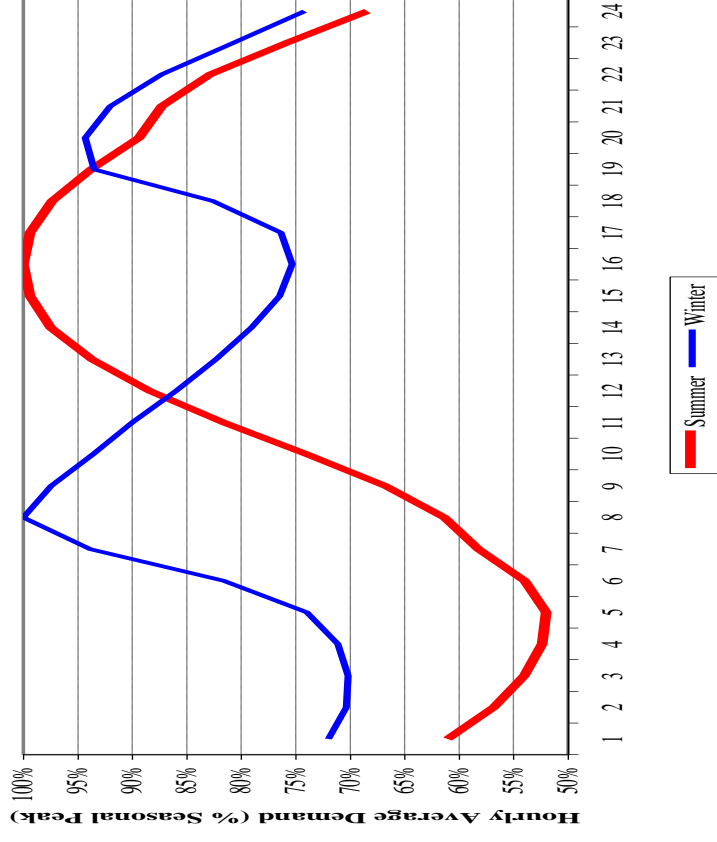
State of Florida: Annual Net Energy for Load (Actual and Forecasted)



Source: FRCC's 2008 to 2011 Load & Resource Plans

How to Achieve the Balance?

- By statute, utilities are obligated to serve all customers
- A utility considers all feasible resources to meet customer requirements:
 - Conservation
 - Energy purchases from renewable & alternative generators
 - Energy purchases from other utilities
 - Refurbish or upgrade existing generation
 - New utility-owned generation
- Customer load and energy requirements change during the day and during the year
- A utility selects a mix of resources that minimize total costs and meet reliability criteria



Conservation

Since enactment of the Florida Energy Efficiency & Conservation Act (FEECA) in 1980:

- Reduced summer and winter peak demand by 6,600 MW and 6,700 MW, respectively
- Reduced annual energy consumption by 8,000,000 MWH
- \$5.4 billion in IOU conservation program expenditures
- Projected to reduce winter peak demand and annual energy by an additional 1,439 MW and 2,624,000 MWH for the period 2012-2019



Renewables

State of Florida: Existing Renewable Resources

Fuel Type	Capacity (MW)
Solar	112.4
Wind	0.0
Biomass	379.4
Municipal Solid Waste	408.6
Waste Heat	285.9
Landfill Gas	52.6
Hydro	43.5
Total	1282.4
Sources: FRCC 2011 Load & Resource Plan, Utilities' 2011 TYSPs	

State of Florida: Planned Renewable Resource Net Additions

Fuel Type	Capacity (MW)
Solar	504.5
Wind	0.0
Biomass	308.0
Municipal Solid Waste	75.0
Waste Heat	0.0
Landfill Gas	18.1
Hydro	0.0
Total	905.6
Sources: FRCC 2011 Load & Resource Plan, Utilities' 2011 TYSPs	

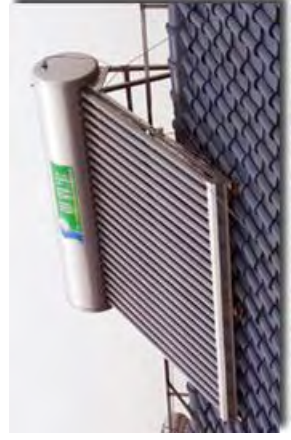


Net Metering

State of Florida: Customer Owned Renewable Generation

Utility Type	Connections	Non-Firm Capacity (MW)
Investor-Owned	1,876	13.0
Municipal	494	4.1
Rural Electric Cooperatives	463	3.3
Total	2,833	20.4

Sources: FRCC 2011 Load & Resource Plan, Utilities' 2011 TYSPs



State of Florida: Utility-Owned Renewable Facilities

Utility	Facility Name	Fuel Type	Capacity (MW)	Commercial In-Service Date
Investor-Owned Utilities				
FPL	DeSoto	SUN	25.0	2009
FPL	Martin	SUN	75.0	2010
FPL	Space Coast Next Generation	SUN	10.0	2010
GULF	Perdido 1	LFG	1.5	2010
GULF	Perdido 2	LFG	1.5	2010
Various	Distributed Solar Installations (Aggregate)	SUN	0.1	Varies
	Subtotal of IOUs		113.1	
Municipal Utilities				
JEA	North Landfill*	LFG	(gas sub. only)	1997
JEA	Girvin Landfill	LFG	1.2	1999
JEA	Buckman	OBG	0.8	2003
OUC	Co-Fired Stanton Energy Center	LFG	7.0	1998
TAL	Corn Hydro	WAT	0.0	1985
Various	Distributed Solar Installations (Aggregate)	SUN	0.2	Varies
	Subtotal of Municipals		9.2	
Other Utilities				
UCEM	Jim Woodruff	WAT	43.5	1957
	Subtotal of Others		43.5	
	Total		165.8	

* The North Landfill facility does not generate electricity, but provides a partial fuel substitute for nearby natural-gas unit generation
Sources: FRCC 2011 Load & Resource Plan, Utilities' 2011 TYSPs

State of Florida: Combined Cycle Generation Additions

Utility	Generating Unit Name	Summer Capacity (MW)	Certification Dates (if Applicable)		In-Service Date
			Need Approved (Commission)	PPSA Certified	
FPL	West County Energy Center 3	1219	Sep-08	Nov-08	Jun-11
FPL	Cape Canaveral NGCEC	1210	Sep-08	Aug-09	Jun-13
FPL	Riviera NGCEC	1212	Sep-08	Nov-09	Jun-14
FPL	Port Everglades Modernization	1277	---	---	Jun-16
FPL	Greenfield CC Unit #2	1191	---	---	Jun-20
TECO	Polk 2-5 CC 1	970	---	---	May-19
FMPA	Cane Island Unit 4	300	Aug-08	Dec-08	May-11
SEC	Unnamed CC1	196	---	---	Dec-20
SEC	Unnamed CC2	196	---	---	Dec-20
PEF	Unsitd CC	767	---	---	Nov-20

Source: Responses to FPSC Data Request

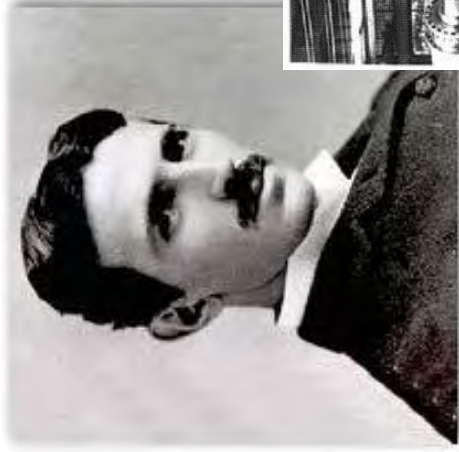




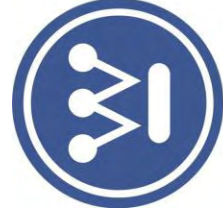
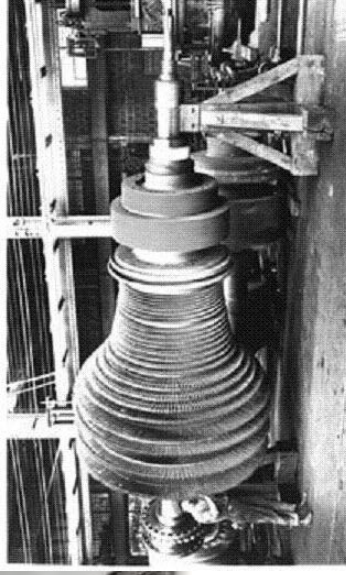
State of Florida: Planned Nuclear Generation

Primary Utility Owner	Generating Unit Name	Type	Added Summer Capacity (MW)	Certification Dates (if Applicable)		In-Service Date
				Need Approved (Commission)	PPSA Certified	
FPL	St. Lucie 1	Uprate	122	01/2008	09/2008	2012
FPL	Turkey Point 3	Uprate	109	01/2008	10/2008	2012
FPL*	St. Lucie 2*	Uprate	110	01/2008	09/2008	2012
FPL	Turkey Point 4	Uprate	109	01/2008	10/2008	2013
PEF*	Crystal River 3*	Uprate	154	02/2007	08/2008	2014
PEF	Levy 1	New Unit	1,092	05/2008	08/2009	2021
PEF	Levy 2	New Unit	1,092	05/2008	08/2009	2022
FPL	Turkey Point 6	New Unit	1,100	03/2008	-	2022
FPL	Turkey Point 7	New Unit	1,100	03/2008	-	2023

* Jointly owned. Source: Responses to FPSC Data Requests



Tesla

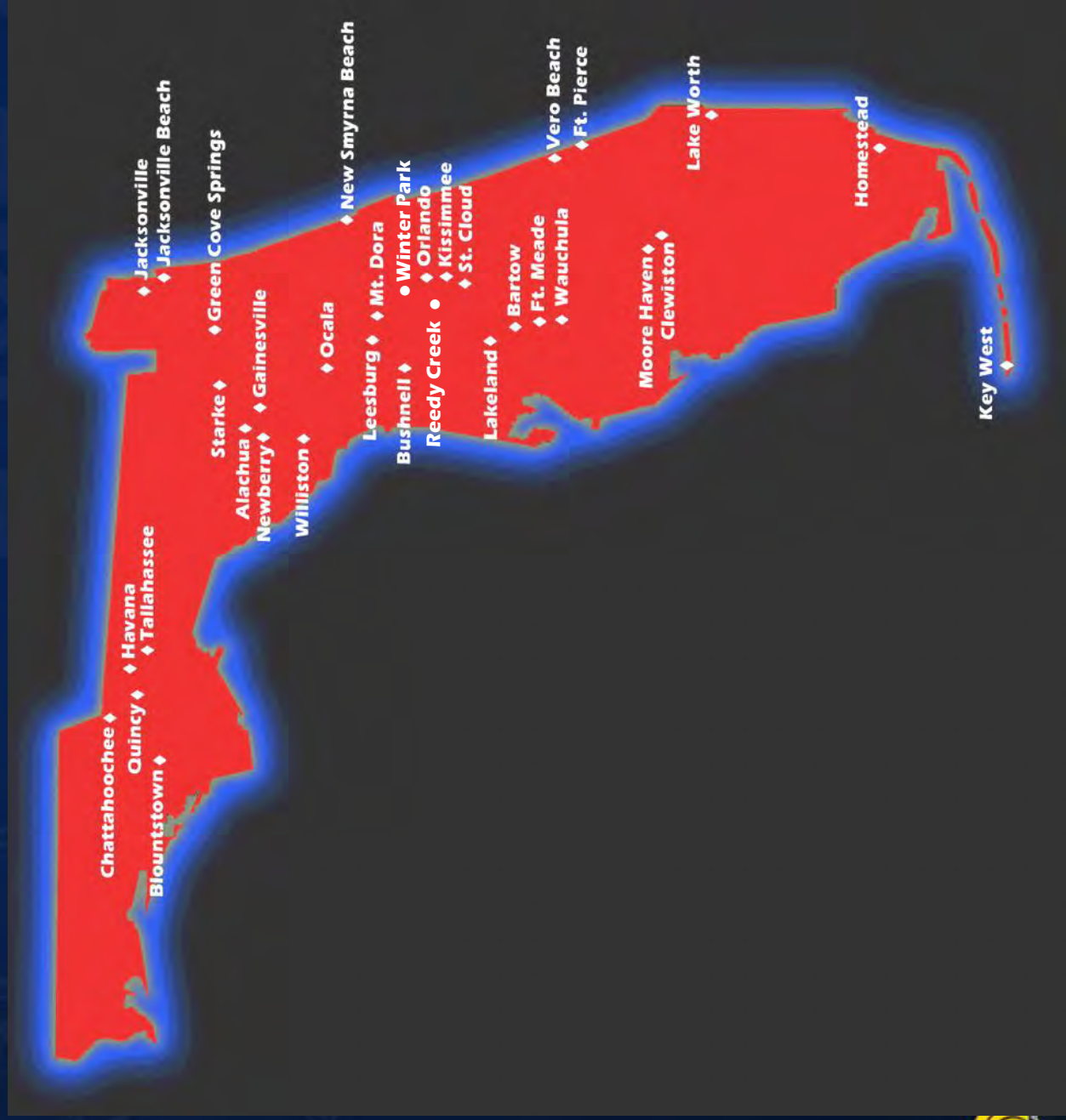


Westinghouse

Questions?



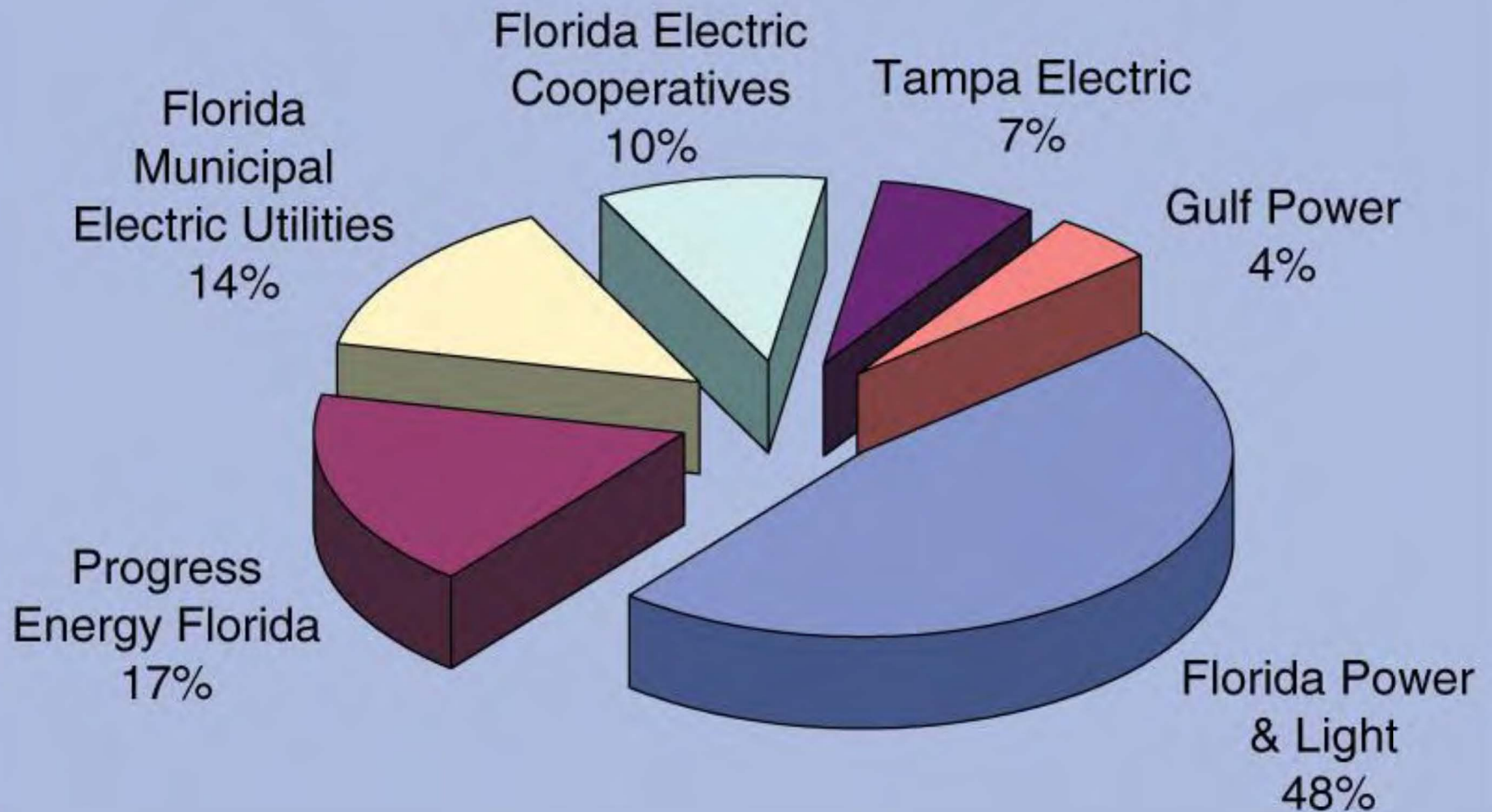
Florida's Public Power Utilities



Profile

- ◆ 34 municipal electric utilities, one wholesale utility
- ◆ **1.3 million customer meters**
- ◆ 14% of Florida's population
- ◆ **Large Utilities**
 - JEA (Jacksonville): 404,000 customers
 - OUC (Orlando): 198,000 customers
- ◆ **Small Utilities**
 - Green Cove Springs: 3,750 customers
 - Bushnell: 1,150 customers
- ◆ **Combined, 3rd largest utility behind FPL and Progress Energy**

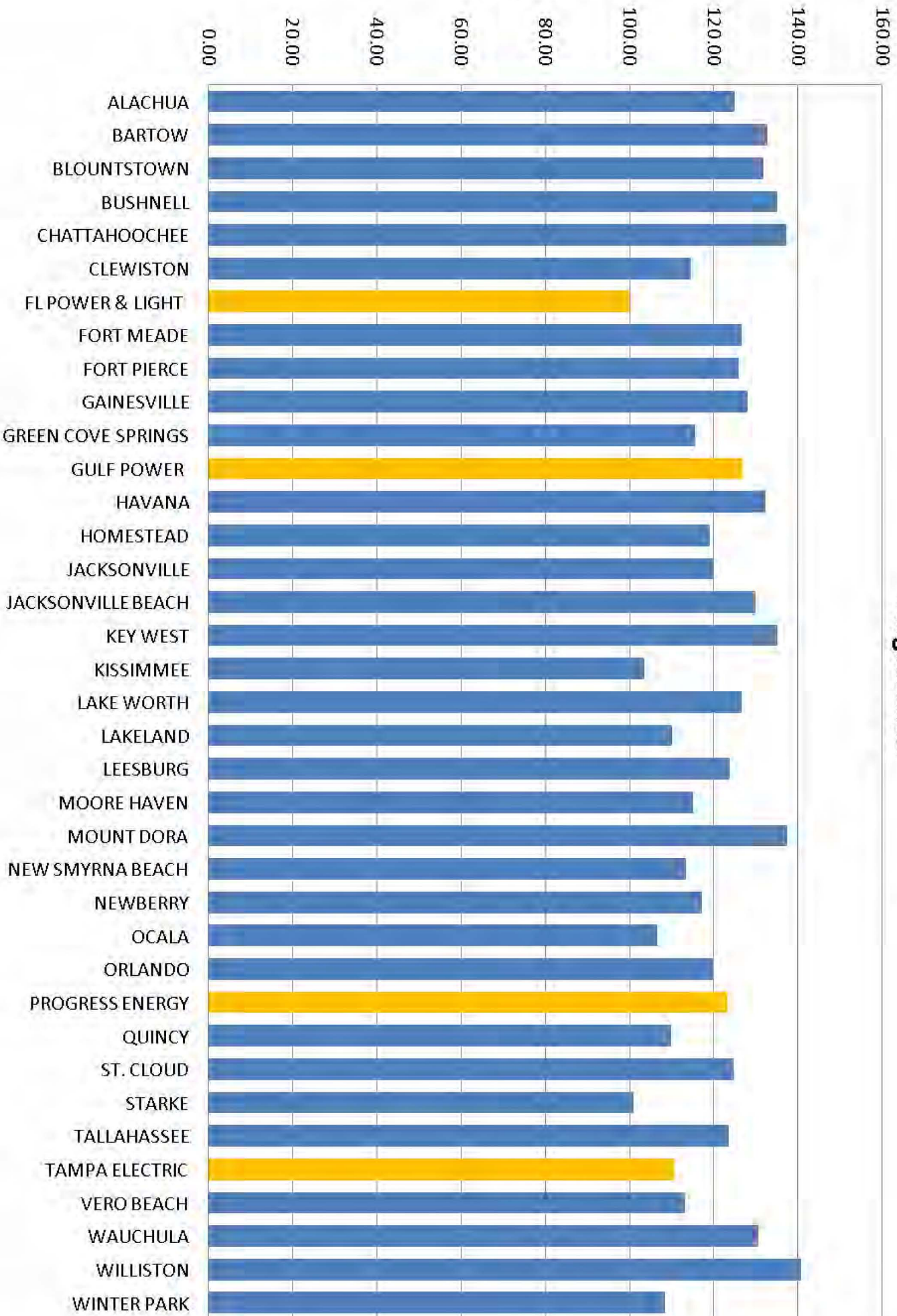
Florida Utilities' Market Share



Governed by Local Boards

- ◆ 6 of 34 governed by utility authorities
- ◆ 28 governed by city commissions
- ◆ Boards meet in public, open meetings
1-2 times per month
 - Public input welcome
- ◆ PSC reviews rate structures, power plant siting, storm hardening, net metering, territory jurisdiction

\$/1,000 kWh



Residential Bill Comparison

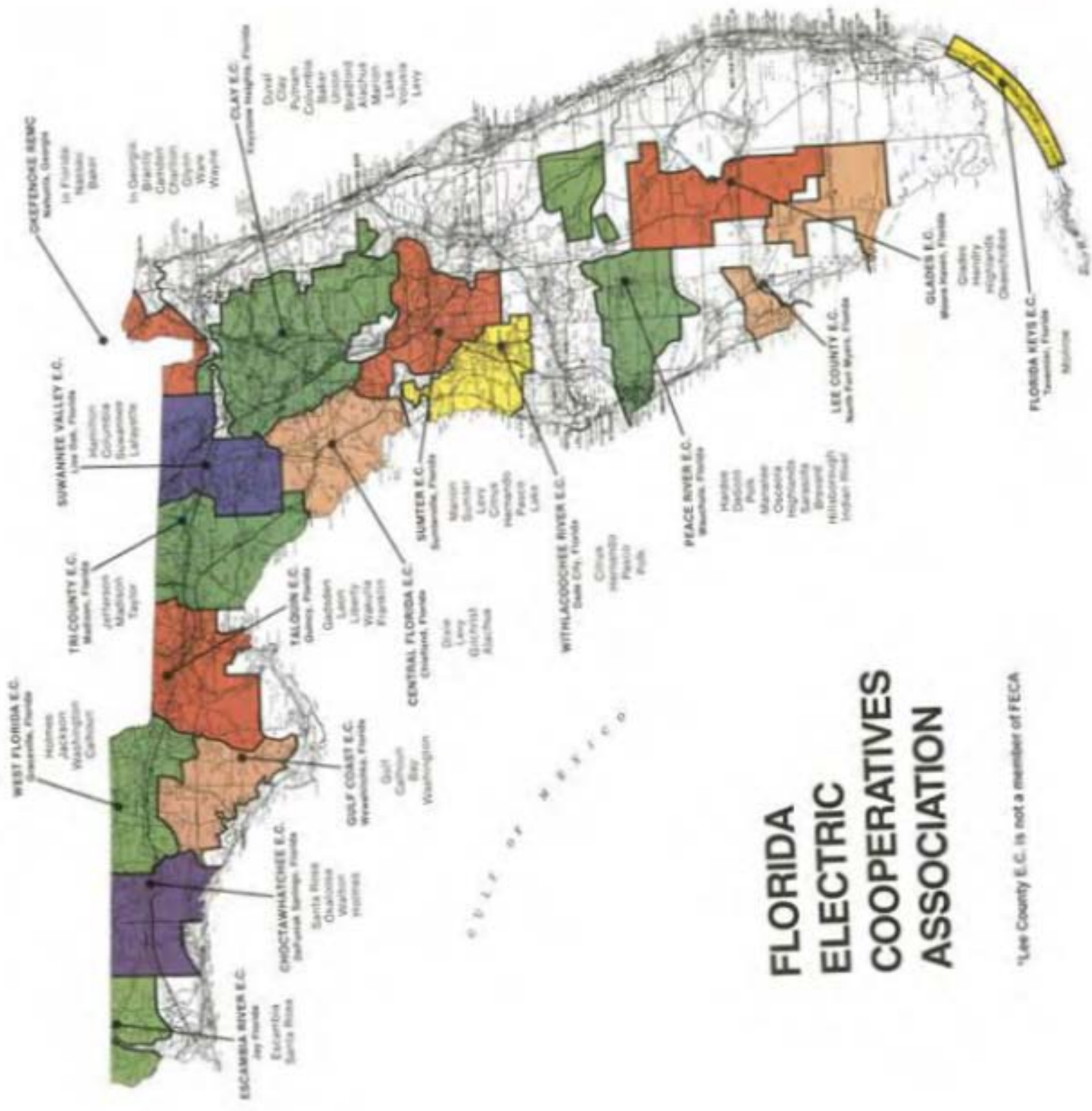
August 2011

Florida's Electric Cooperatives

Presentation to the House Energy & Utilities Subcommittee

October 18th, 2011

Mike Bjorklund
Director of Legislative Affairs
Florida Electric Cooperatives Assn.



FLORIDA ELECTRIC COOPERATIVES ASSOCIATION

*Lee County E.C. is not a member of FECA