



February 4, 2022

VIA FACSIMILE TO 1-800-511-0809 &
ELECTRONIC MAIL TO contact@psc.state.fl.us

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

Re: FPL

Dear Sir or Madam:

I write to you today on behalf of the City of Crestview, Florida and its citizens, concerning your December 12, 2021 approval of dramatic rate increases (the "Rate Increase") by Florida Power & Light Company ("FPL"). In short, we request that PSC staff be directed to re-investigate FPL's rate increase filings for accuracy, review the current rates effective January 1, 2022 to ensure they are fair and reasonable, and, if necessary, direct FPL pursuant to the PSC's jurisdiction in Section 366.05 (8), Florida Statutes, to address inadequacies in fuel diversity and fuel supply reliability which have resulted in unconscionable fuel charges to FPL customers following the Rate Increase which was effective January 1, 2022.

First, we note that the PSC's own records reflect that FPL residential customers formerly served by Gulf Power pay the highest utility cost of any investor-owned utility in the State of Florida.ⁱ

The PSC's December 12, 2021 approval of the Rate Increase contains the following excerpt:

The 2021 Settlement has a minimum four year term through December 31, 2026. Base rates and service charges will be increased to generate an additional \$692 million of annual revenue effective January 1, 2022. Effective January 1, 2023, FPL's base rates and service charges will be increased to generate an additional \$560 million in annual revenue. FPL is authorized to expand its Solar Base Rate Adjustments to construct an additional 1,788 megawatts of solar projects in 2024 and 2025. FPL's regulatory return on common equity is set at 10.6% for all purposes with a range of 9.7% to 11.7%. [* * *] Finally, effective January 1, 2022, unified FPL rates will apply to all customers throughout the former FPL and Gulf service territories.

That passage reveals the following unbelievable facts the PSC determined, and allowed in the Rate Increase:



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Tim Bolduc, City Manager 850.682.1560, ext. 252

1. FPL will generate an additional \$692,000,000 in revenue in 2022 as a result of the Rate Increase;
2. FPL will generate an additional \$560,000,000 in revenue in 2023 as a result of the Rate Increase;
3. The total of the two above facts is that \$1,252,000,000 (\$1.2 BILLION) in additional revenue would be shouldered by rate-paying customers;
4. Despite record inflation leading to higher costs of goods, as well as a slumping economy from the effects of COVID, the PSC permitted FPL to keep a 10% profit margin, effectively removing any risk from the cost of doing business.

These are staggering numbers. Particularly so when, because of FPL's own business decisions, approximately 80% of its generating capacity utilizes a non-diverse fuel source (liquified natural gas) that is at historically record high prices. Other forms of fuel for generation remain viable and cost-efficient but were shunned by FPL subsequent to its acquisition of Gulf Power. Solar power generation fares no better in a discussion of costs. The result of FPL's poor strategic decisions about fuel types for generation clearly suggest that it lacks fuel diversity and supply reliability, which are matters expressly within the PSC's jurisdiction. And yet, the PSC allowed FPL to pass on to its customers record high costs resulting from its poor planning while maintaining a lofty profit margin.

It is fundamentally unfair for FPL customers formerly served by Gulf Power to suffer from the highest utility costs of any investor-owned utility in Florida. The customers – our citizens, friends and neighbors – had virtually no voice and no representation. What was promised as a modest “2.5%” increaseⁱⁱ has turned out to be a ten-fold underestimation by FPL and the PSC in what customers actually are billed.

I request that the PSC, as the entity with exclusive jurisdiction to set rates for investor-owned utilities, review the FPL rate structure to ensure rates are “fair and reasonable” as required by Section 366.05 (1) (a), Florida Statutes. Further, I request that the PSC require FPL to address inadequacies in fuel diversity and fuel supply reliability that at least in part resulted in exorbitant utility bills for FPL customers. Our residents, and every FPL customer, deserve another look by the PSC at this crippling situation created by FPL.

Thank you in advance for your consideration.

Sincerely,



Tim Bolduc
City Manager

ⁱ See Exhibit A. http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/BillingAdjustments/ba_total-2022.pdf

ⁱⁱ <http://newsroom.fpl.com/2021-08-10-FPL-reaches-comprehensive-four-year-rate-settlement-agreement,-keeping-bills-low-and-accelerating-the-nations-largest-solar-buildout> (“In fact, residential bills are projected to grow modestly from 2021-2025 at an average annual rate of 2.5%[.]”)



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Florida Investor-Owned Electric Utilities Total Cost for 1,000 Kilowatt Hours - Residential Service

January - December 2022

January - December 2022	Florida Power				Tampa Electric Company	Florida Public Utilities Company
	Florida Power & Light Co.	Florida Power & Light Company (former Gulf Power)	Duke Energy Florida ⁽¹⁾	Tampa Electric Company		
Base Rate Charges	\$75.82	\$75.82	\$80.91	\$78.69	\$40.68	
Fuel and Purchased Power Cost Recovery Clause	\$34.87	\$34.87	\$36.81	\$27.45	\$69.89	
Energy Conservation Cost Recovery Clause	\$1.34	\$1.34	\$2.83	\$2.36	\$1.34	
Environmental Cost Recovery Clause	\$2.99	\$2.99	\$0.28	\$1.38	N/A	
Capacity Cost Recovery Clause	\$2.39	\$2.39	\$11.03	\$0.31	N/A	
Storm Damage Cost Surcharge	N/A	\$11.00	\$0.00	N/A	\$14.34	
Storm Protection Plan Cost Recovery	\$2.14	\$2.14	\$3.00	\$3.29	N/A	
Asset Securitization Charge	N/A	N/A	\$2.48	N/A	N/A	
Transition Rider/Credit	-\$1.98	\$21.06	N/A	N/A	N/A	
Clean Energy Transition Mechanism	N/A	N/A	N/A	\$4.41	N/A	
Gross Receipts Tax and Regulatory Assessment Fec	\$3.10	\$4.00	\$3.62	\$3.02	\$3.24	
Total	\$120.67	\$155.61	\$140.96	\$120.91	\$129.49	

⁽¹⁾ Duke's 2022 base rate charges represents a weighted average: the December - February bill is \$88.68; the March - November bill is \$78.32.