

Florida Public Service Commission Update

Presentation to the

Florida Energy Pipeline Association Summer Symposium



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The FPSC Regulates



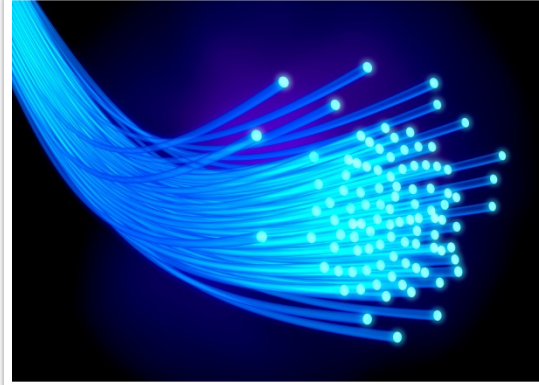
ELECTRIC



NATURAL GAS



WATER & WASTEWATER



TELECOMMUNICATIONS

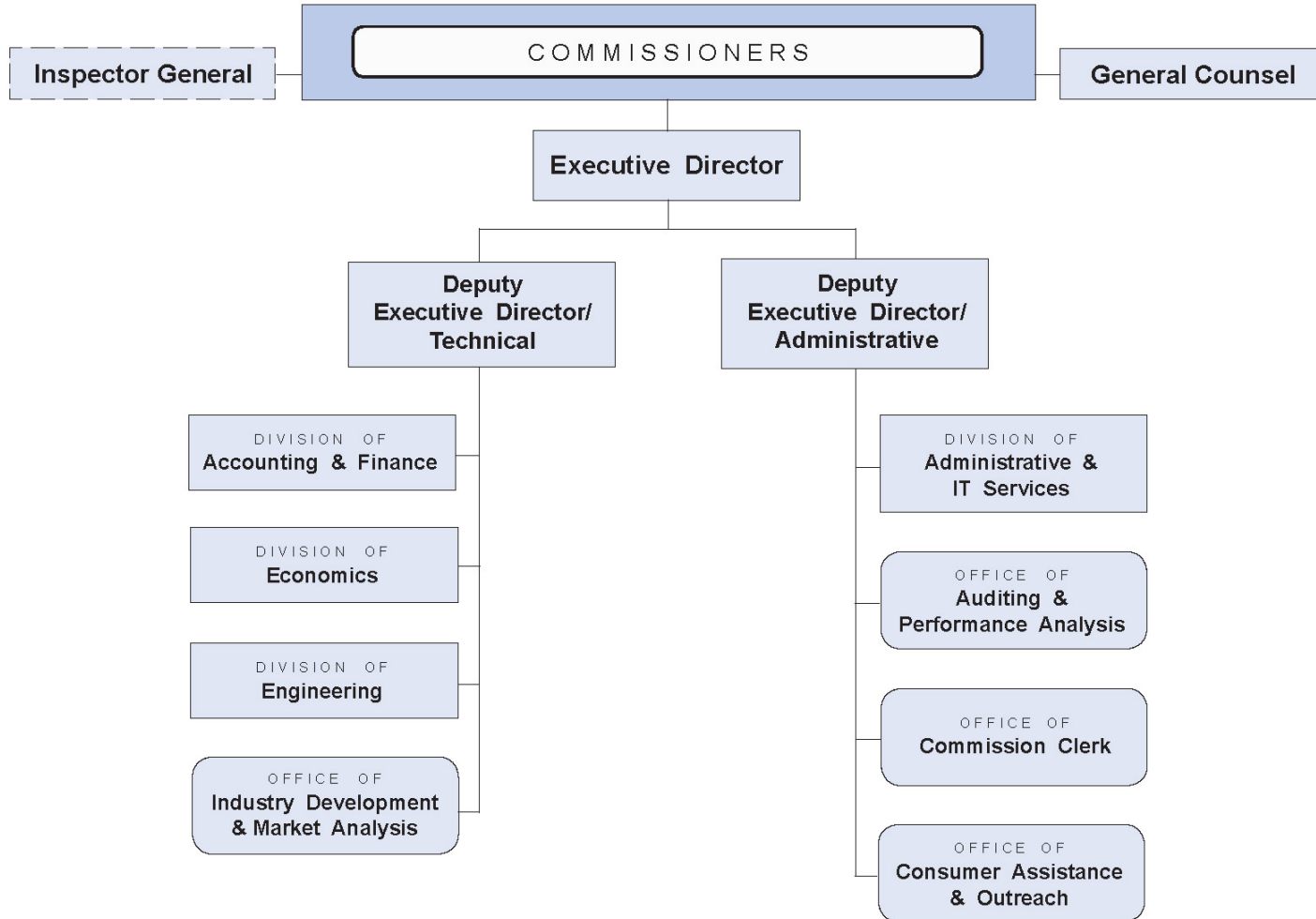


Mission:

*To facilitate the efficient provision of
safe and reliable utility services
at fair prices*



Agency Organization



FPSC Regulatory Overview

- The Florida Public Service Commission (FPSC) is a Legislative agency with authority over the rates and service of the state's investor-owned utilities (IOUs)
- Electricity, Natural Gas, and Water & Wastewater:
 - FPSC regulates the electric and gas IOUs, and the water & wastewater IOUs in those counties that have given jurisdiction to the FPSC
 - FPSC also has limited jurisdiction over publicly-owned municipal and rural cooperative utilities
- Telecommunications:
 - FPSC has regulatory authority over the wholesale relationships of the state's various telecommunications companies, and over certain retail programs such as Lifeline and Relay



FPSC Regulatory Jurisdiction

December 31, 2017

- FPSC regulates the rates and service of:
 - 5 investor-owned electric utilities
 - 8 investor-owned natural gas utilities
 - 131 investor-owned water and wastewater utilities
- FPSC has limited jurisdiction over:
 - 18 rural electric cooperatives
 - 35 municipal electric utilities
 - 27 municipal natural gas utilities
 - 4 special gas districts
- FPSC exercises competitive market oversight for:
 - 10 incumbent local exchange telephone companies (ILECs)
 - 274 competitive local exchange telephone companies (CLECs)
 - 46 competitive pay telephone service providers



FPSC Regulatory Authority

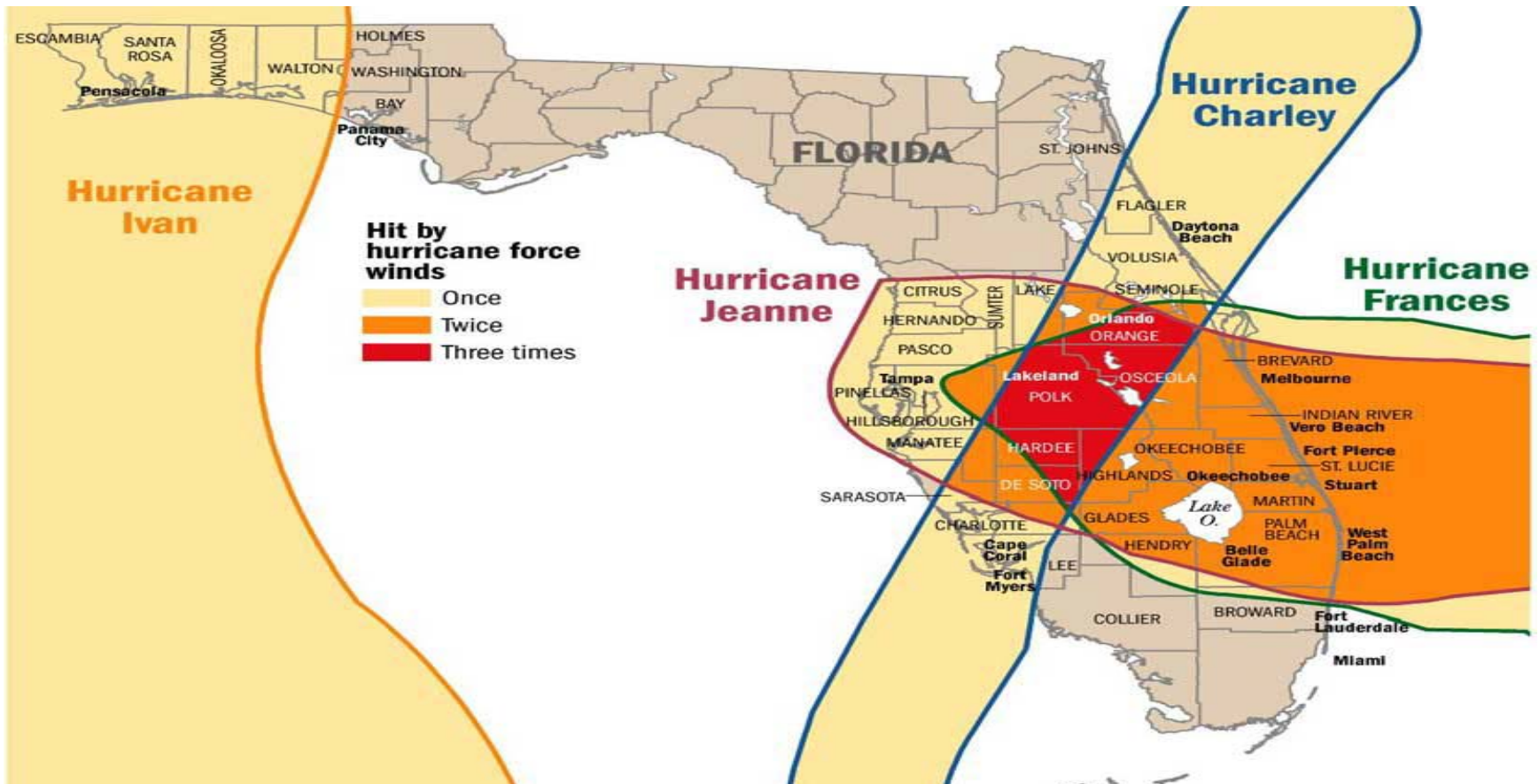
- **Rate Base/Economic Regulation**
 - Analyze requested rate changes
 - Conduct earnings surveillance to ensure that regulated utilities are not exceeding their authorized rates of return
- **Consumer Protection, Safety, Reliability, and Service**
 - Investigate and respond to consumer questions
 - Disseminate consumer education materials
 - Conduct safety inspections of gas systems and electric facilities
 - Oversight of the planning, development, and maintenance of the grid to assure an adequate and reliable source of energy
- **Competitive Market Oversight**
 - Facilitate the development of competitive markets, where directed by statute, and address issues associated with those markets



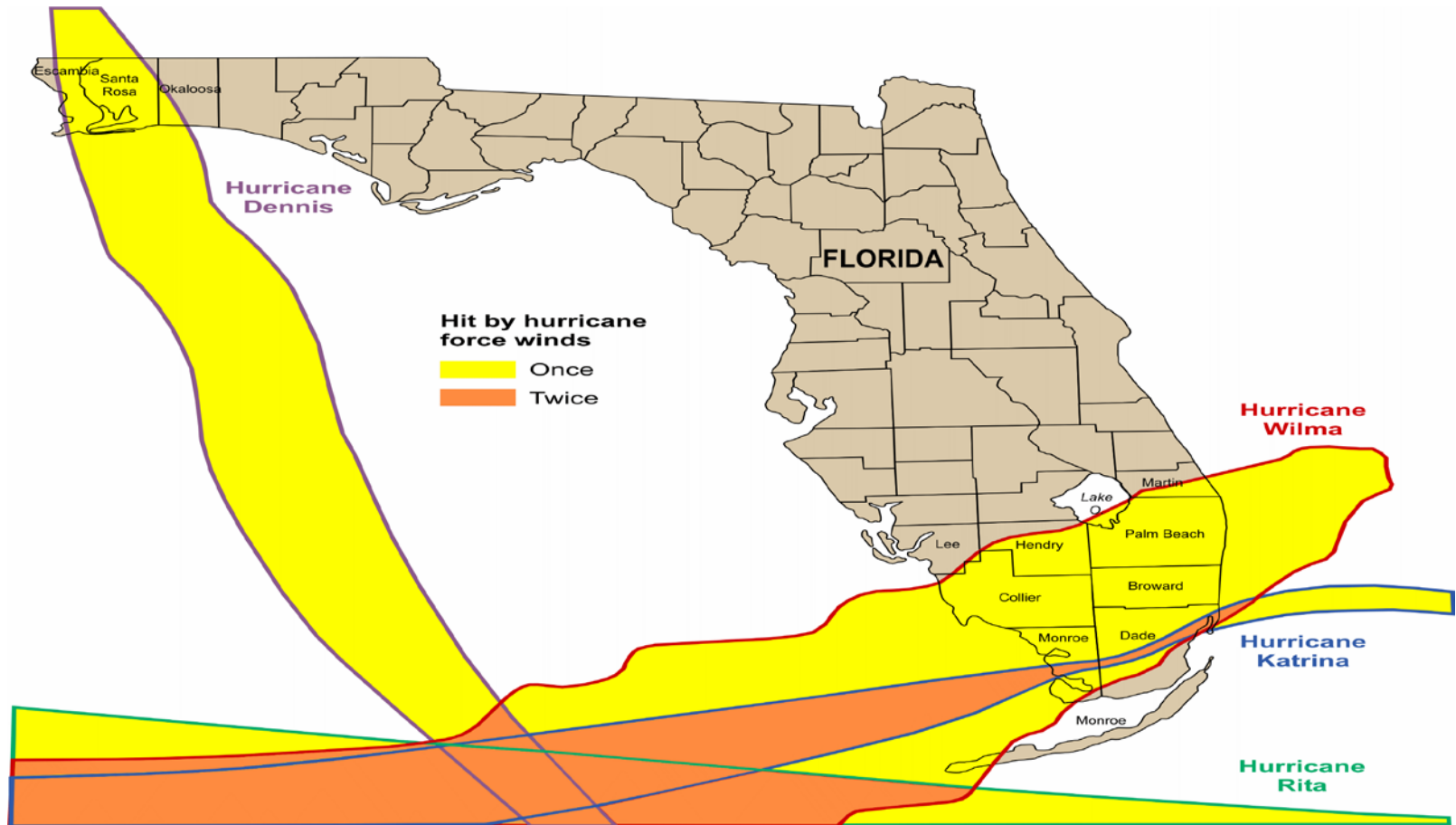
FPSC Response to Storm Impacts



2004 Hurricane Paths



2005 Hurricane Paths



FPSC Actions

- In 2006, the FPSC initiated a multi-faceted approach to hardening the electric infrastructure.
- Workshop to explore lessons learned from 2004 and 2005 hurricane seasons.
- Series of Orders and Rules implementing Storm Hardening and Preparation Activities.



FPSC's Multi-faceted Approach

- Electric utilities and telephone companies to inspect 100% of wooden poles within an eight year cycle. Report results annually.
- Annual hurricane preparedness briefings.
- Additional distribution reliability reporting for IOUs, Munis, and Coops.



FPSC's Multi-faceted Approach

- Ten storm preparedness initiatives:
 - 1) Three year trim cycle for distribution circuits
 - 2) Audit of joint use attachments
 - 3) Six year transmission structure inspections
 - 4) Hardening existing transmission structures
 - 5) Develop a transmission and distribution geographic information system
 - 6) Collection of post-storm forensic data
 - 7) Collection of overhead vs. underground system performance
 - 8) Increased coordination with local governments
 - 9) Collaborative research on wind and storm surge effects
 - 10) Develop a natural disaster preparedness and recovery plan



FPSC's Multi-faceted Approach

- New rule to locate electric distribution facilities in readily accessible and safe locations.
- New rules that require electric IOUs to file storm hardening plans for review every 3 years.
- New rules and tariffs to promote the undergrounding of electric distribution facilities.

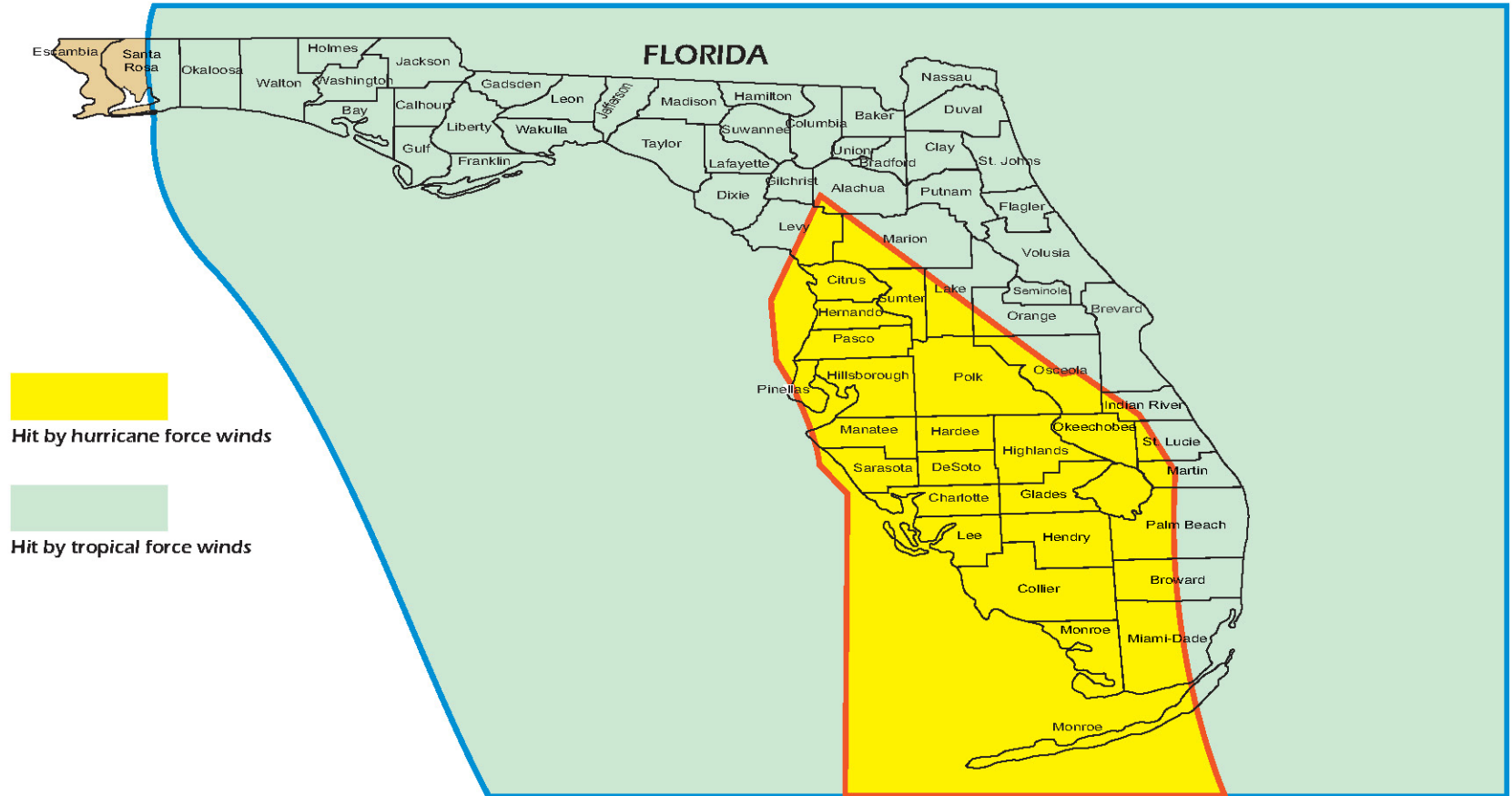


Storm Hardening

- Section 366.03, F.S. requires an electric utility to provide “reasonably sufficient, adequate, and efficient service” at rates that “shall be fair and reasonable”.
- Utilities required to balance reliability with cost-effectiveness based on sound engineering principles.
- Goal of storm hardening is to balance the desire to minimize storm damage, reduce outages and restoration time while mitigating excessive rate increases to customers.



2017 Hurricane Path



Hurricane Irma



Response to 2016-2017 Storms

- On October 3, 2017, the FPSC directed its staff to open a generic docket (20170215-EU) to review utility hurricane preparedness and restoration activities.
- The objectives were to identify potential damage mitigation options and restoration improvements, and to critically evaluate the FPSC's rules and processes for potential improvements.
- Data and comments collected from 57 utilities, customers, and other stakeholders relating to storm preparation and restoration for Hurricane Irma and other storms.
- Storm damage forensic data, tree trimming practices, and infrastructure inspection cycles were reviewed.



Response to 2016-2017 Storms

- On May 2-3, 2018, the FPSC held a workshop and discussed information provided by electric utilities, customers and their representatives, and local governments.
- On July 10, 2018, the FPSC approved:
 - Its report on the review of hurricane preparedness and restoration activities.
 - Issued key findings.
 - Directed its staff to initiate certain actions.
 - Identified Legislative considerations for potential action.



Key Findings

- Florida's aggressive storm hardening programs are working.
- The length of outages was reduced markedly from the 2004-2005 storm seasons.
- Hardened overhead distribution facilities performed better than non-hardened facilities.
- Very few transmission structure failures were reported.
- Underground facilities performed better compared to overhead facilities.
- Despite substantial, documented improvement, some customers were dissatisfied with the extent of Hurricane Irma outages and restoration times.



Key Findings

- Rising customer expectations are that resilience and restoration will have to continually improve.
- The primary causes of power outages came from outside the utilities' rights of way as falling trees, displaced vegetation and other debris.
- Vegetation management outside the utilities' rights of way is typically not performed by utilities due to lack of legal access.
- In some instances, following Hurricane Irma, estimates of restoration time proved inaccurate, and consumer communication systems were overwhelmed.
- Some local governments see a need for better coordination and communication with utilities during and after storms.



FPSC Actions

- Open storm hardening plan review dockets earlier than previously scheduled, for all five IOUs and begin collecting additional details:
 - Meetings with local governments regarding vegetation management and the identification of critical facilities.
 - Utility staffing practices at local emergency operations centers.
 - Planned responses to roadway congestion, motor fuel availability, and lodging accommodation issues.
 - Alternatives considered before selecting a particular storm hardening project.
 - The collection of more uniform performance data for hardened vs. non-hardened and underground facilities, including sampling data where appropriate.
 - The impact of non-electric utility poles on storm recovery.



FPSC Actions

- Begin collecting data related to the targeted undergrounding projects of Florida Power & Light Company and Duke Energy Florida, LLC as part of the FPSC staff's annual distribution reliability review.
- Initiate a management audit, conducted by FPSC staff, to examine the procedures and processes used by the IOUs to estimate and disseminate outage restoration times following a major storm.
- Initiate a management audit, conducted by FPSC staff, to examine the procedures and processes used by the IOUs to inspect and schedule maintenance on transmission structures.



Legislative Considerations

- Revision of vegetation management policies to improve the ability of electric utilities to conduct vegetation management outside of rights of way to reduce outages and restoration costs.
- Possible legislation to require inspection and hardening of non-electric utility poles.
- Enhanced statewide public education regarding tree trimming and problem tree placement and removal on private property. This program could be similar to a Right Tree, Right Place initiative already used by several utilities.
- Implementation of emergency procedures regarding roadway congestion, motor fuel availability, and lodging accommodations for mutual aid personnel.



Questions?

Thank you

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