



**Electric Utility Regulation, Energy
Needs and Emerging Issues**
Presentation to the:
**Florida Energy Systems Consortium
Summit**

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Outline

- Background on Electric Utility Regulation in Florida
- Current Forecast of Energy Needs
- Current & Emerging Issues



Background on Electric Utility Regulation in Florida



Utility Regulation in Florida or What does the PSC do?

- Implements Florida Statutes to ensure that consumers receive electric, natural gas, telephone, water, and wastewater services in a safe, affordable, and reliable manner
- Exercises regulatory authority over utilities in:
 - rate base/economic regulation
 - competitive market oversight
 - monitoring of safety, reliability, and service issues
- Handles complaints and inquiries related to:
 - service reliability
 - billing accuracy
 - service requests
 - compliance with safety standards



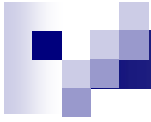
Electric Industry Authority

- Economic regulation over rates and quality of service of investor-owned electric utilities
- More limited rate structure authority over municipal and rural co-op utilities
- Authority over grid reliability
 - If inadequacies exist, the FPSC may order the installation or repair of generating plants or transmission line, with the costs to be distributed in proportion to the benefits received
- Determines need for new steam power plants greater than 75 MWs and transmission lines greater than 240 kV that cross county lines, and > 15 miles
- Annual review of Ten-Year Site Plans



Electric Industry Authority

- Authority to determine energy efficiency goals for IOUs and two municipal electric utilities
- Determines the buy back rates for eligible non-utility generators and distributed generators such as biomass and solar
- Resolution of service area agreements and disputes
- Safety inspections of transmission and distribution facilities
- Handles complaints and inquiries related to:
 - service reliability
 - billing accuracy
 - service requests
 - compliance with safety standards



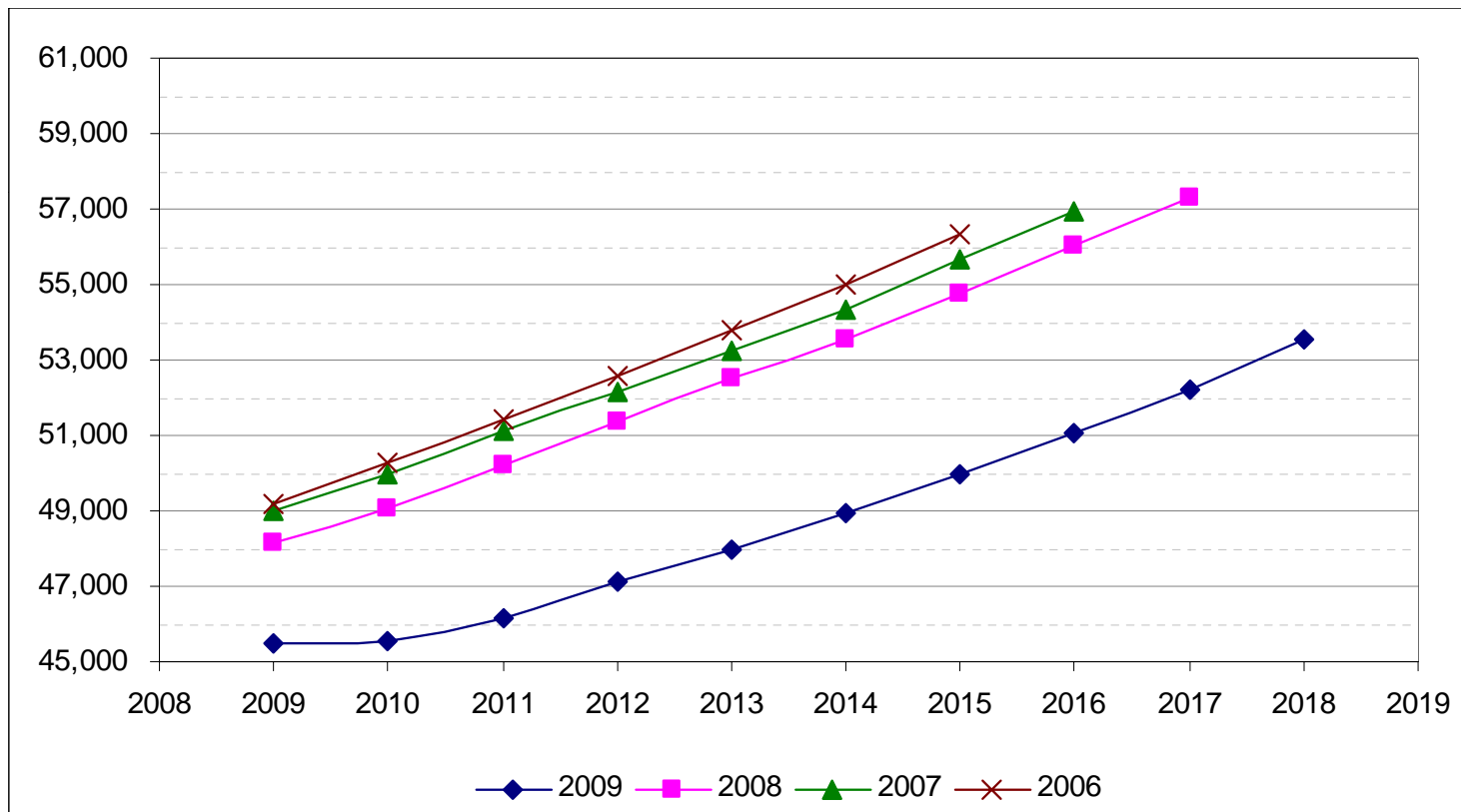
Current Forecast of Energy Needs



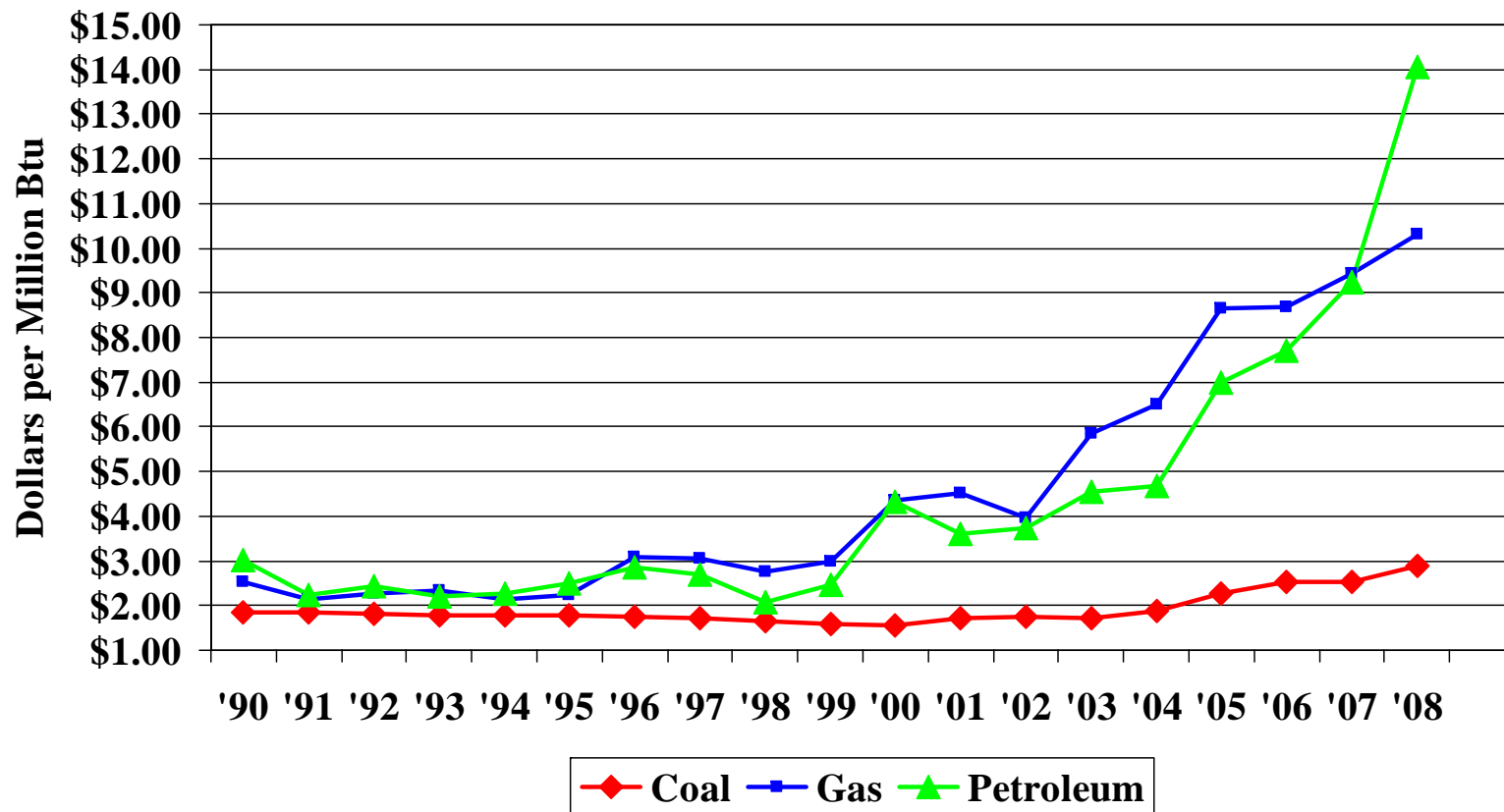
Forecast of Future Energy Needs 2009-2018

- Approximately 4,000 megawatts of planned generating additions were removed from the 2009 Ten-Year Site Plans due to declining load forecasts
- Over the next 10 years, utilities expect 8,000 megawatts of energy efficiency and demand-side management from customers.
- Despite these efforts utilities plan to add approximately 10,000 megawatts of generation to meet customer growth in electric demand.
- These additions will be met by natural gas-fired units with nuclear making up the balance in the long-term.
- Dependency on natural gas will increase from approximately 40% in 2008 to 47% in 2018.

Historical Summer Peak Demand Forecasts 2009-2018

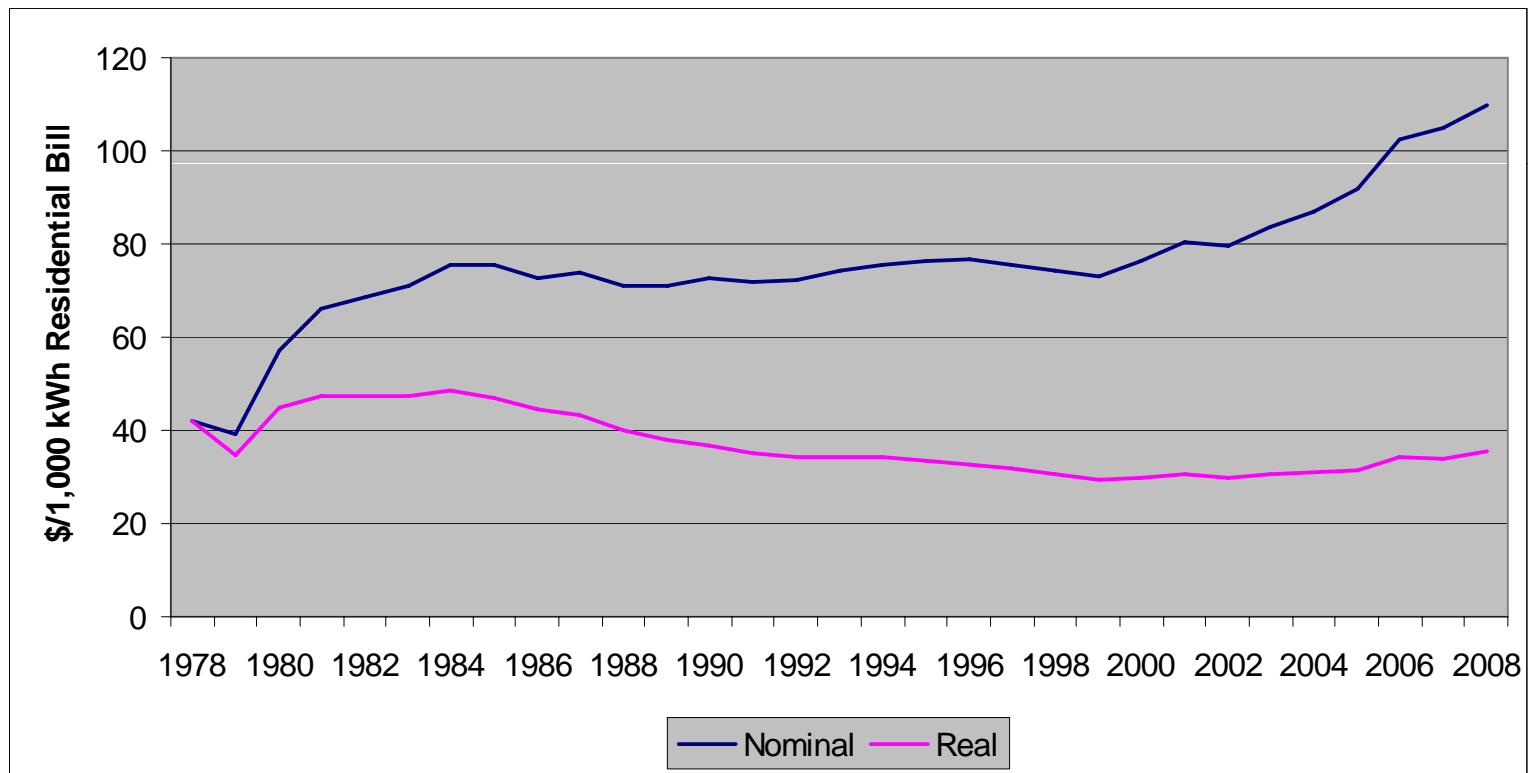


Delivered Cost of Coal, Natural Gas and Petroleum to Florida Electric Utilities 1990-2008

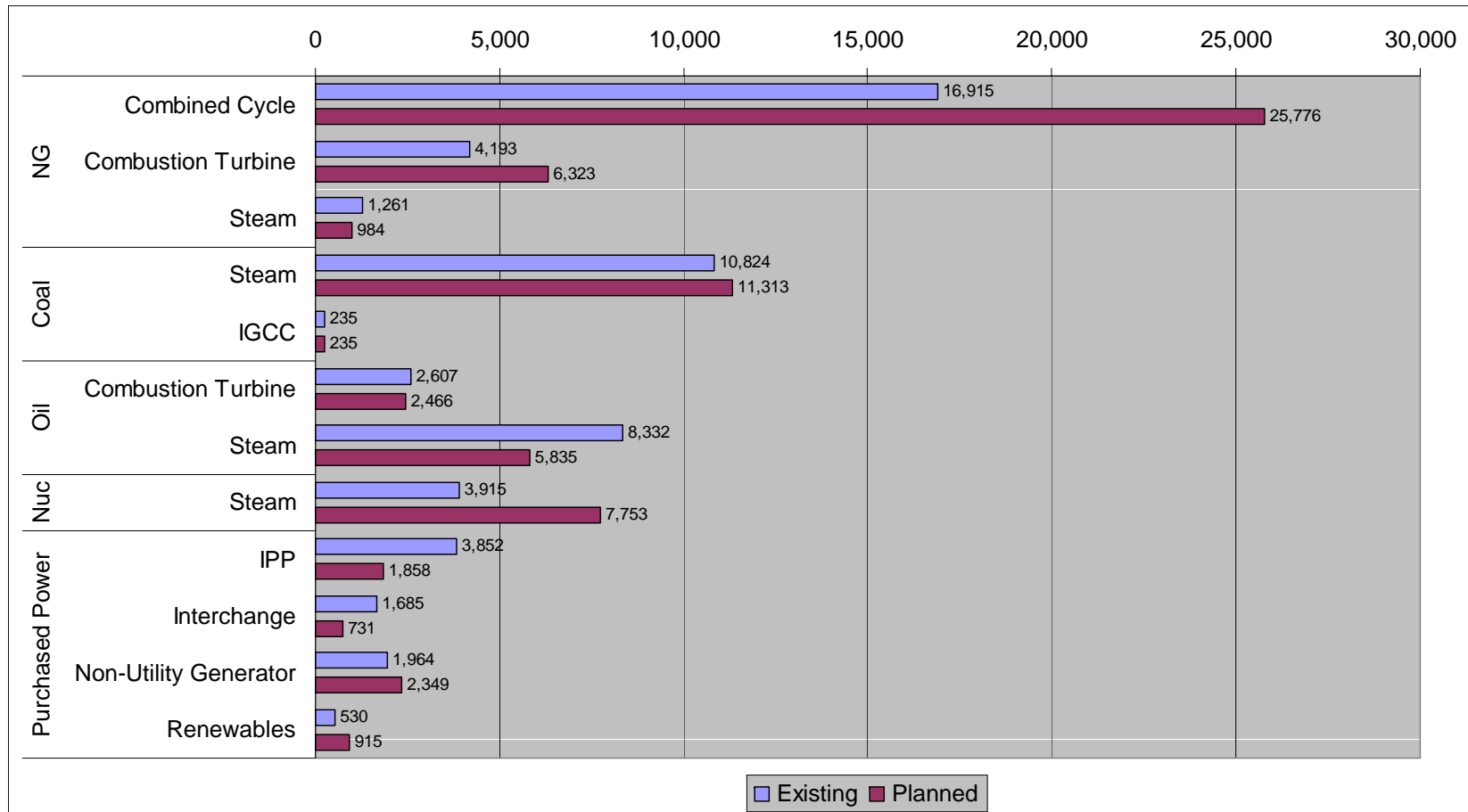


Source: U.S. DOE/EIA, *Electric Power Monthly; Cost and Quality of Fuels for Electric Plants.*

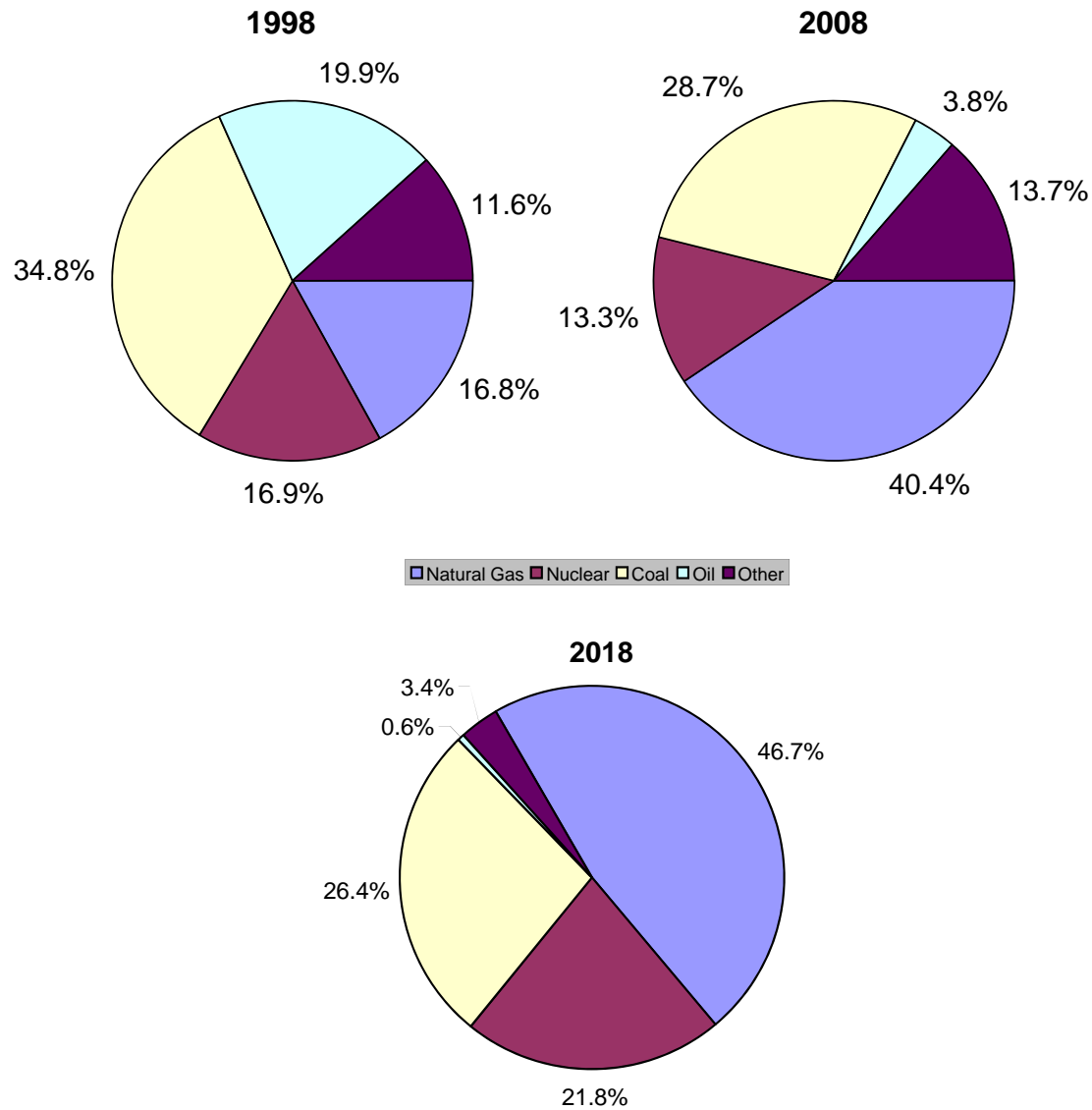
Average Residential Electric Bill 1978-2008



Electric Generating Capacity Existing and Planned 2009-2018



Electric Generation by Fuel Type





Current & Emerging Issues



Current & Emerging Issues

- Renewable Portfolio Standard
 - Draft PSC rule subject to ratification by the Legislature
 - Federal Renewable Electricity Standard/Energy Efficiency Standard
- Energy Efficiency & Demand-Side Management Goals
 - Commission decision scheduled for October 27, 2009
- Growth in Distributed Resources
- Smart Grid
- Greenhouse Gas Emission Regulations