

Overview of the Florida Public Service Commission

Presentation to the

Florida Utilities Coordinating Committee



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FPSC History

- Florida Railroad Commission was created by the Legislature in 1887 to regulate the railroad industry in Florida
- Name changed to Public Service Commission in 1965
- Regulatory authority expanded:
 - Telephone & Telegraph (1911)
 - Motor Carrier Transportation (1929)
 - Investor-owned Electric Utilities (1951)
 - Natural Gas (1952)
 - Water and Wastewater (1959)
 - Airlines (1972)



The FPSC Regulates



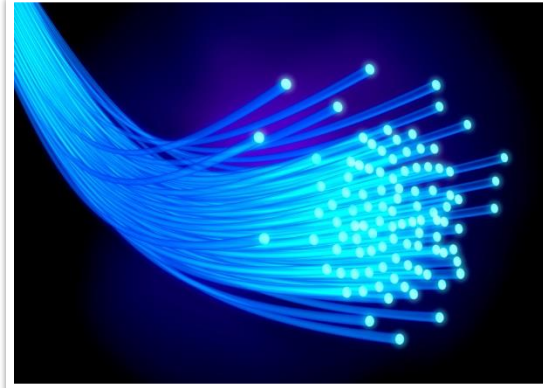
ELECTRIC



NATURAL GAS



WATER & WASTEWATER



TELECOMMUNICATIONS



Mission:

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



FPSC Regulatory Overview

- The Public Service Commission (PSC) 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:
 - The PSC regulates the electric and gas IOUs, and the water & wastewater IOUs in those counties that have given jurisdiction to the PSC
 - The PSC also has limited jurisdiction over publicly-owned municipal and rural cooperative utilities
- Telecommunications:
 - The PSC 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

- The PSC currently regulates the rates and service of:
 - 5 investor-owned electric utilities
 - 8 investor-owned natural gas utilities
 - 146 investor-owned water and wastewater utilities
- The PSC has limited jurisdiction over:
 - 18 rural electric cooperatives
 - 35 municipal electric utilities
 - 27 municipal natural gas utilities
 - 4 special gas districts
- The PSC exercises competitive market oversight for:
 - 10 incumbent local exchange telephone companies (ILECs)
 - 241 competitive local exchange telephone companies (CLECs)
 - 57 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



Regulatory Compact

- Government protects the interests of both the consumer and the supplier
- In return, the supplier has rights AND responsibilities



Regulatory Compact

- Rights of the Utility:
 - Natural monopoly
 - Franchise for defined territories
 - Can charge rates to recover the prudent costs of service
 - Entitled to an opportunity to earn a fair and reasonable return on investments
- Responsibilities of the Utility:
 - Obligation to serve all customers in the defined territory
 - May not unduly discriminate in providing service or charging rates
 - Must provide safe and reliable service
 - May not build unnecessary facilities or incur costs for unnecessary services
 - Must open books to regulators



The “Public Interest”

- Regulators are tasked with making decisions that are in the public interest.
- Composite of economic efficiency, sympathetic gradualism, and political accountability.
- Involves balancing several interests.



FPSC Balancing Acts

Balance the interests of customers with those of the utility and its shareholders



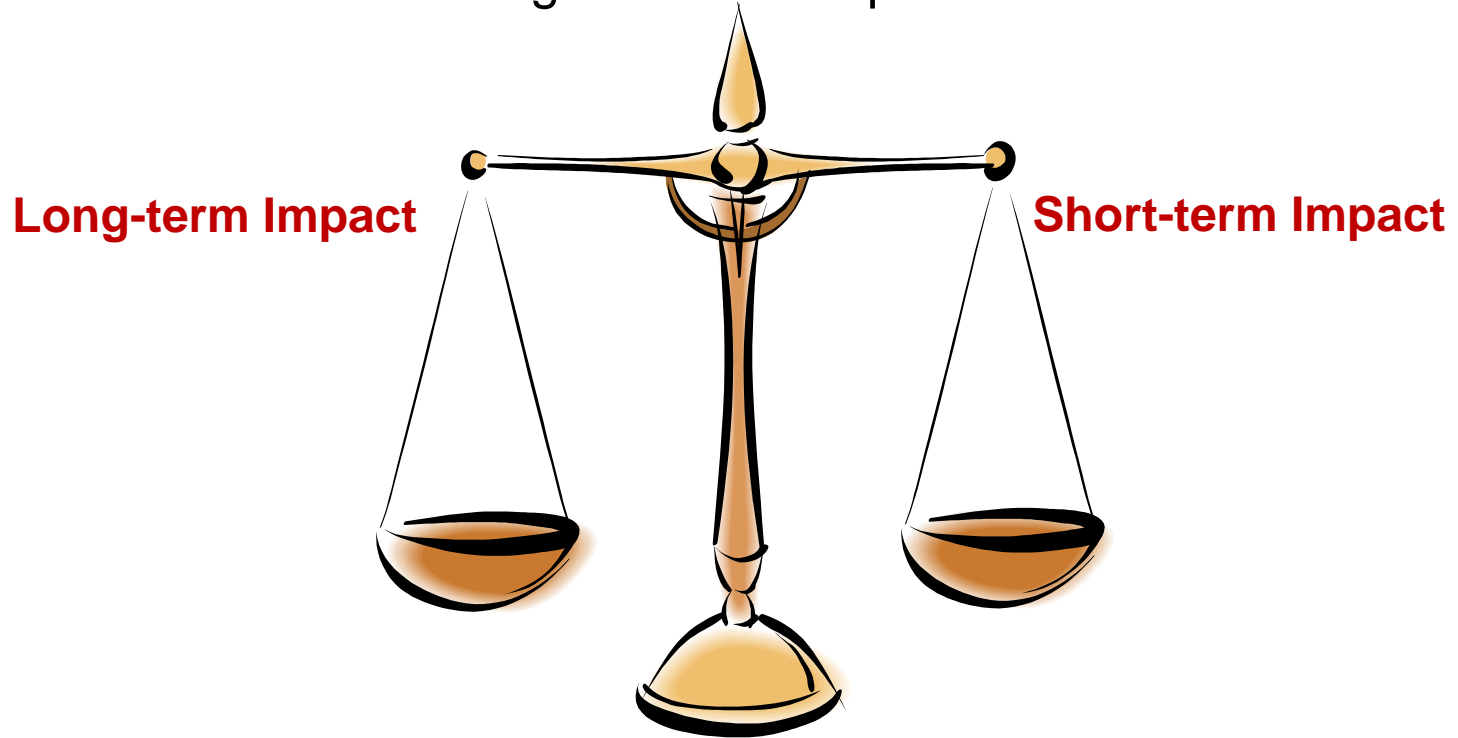
FPSC Balancing Acts

Balance the need for reliability with the desire for low rates

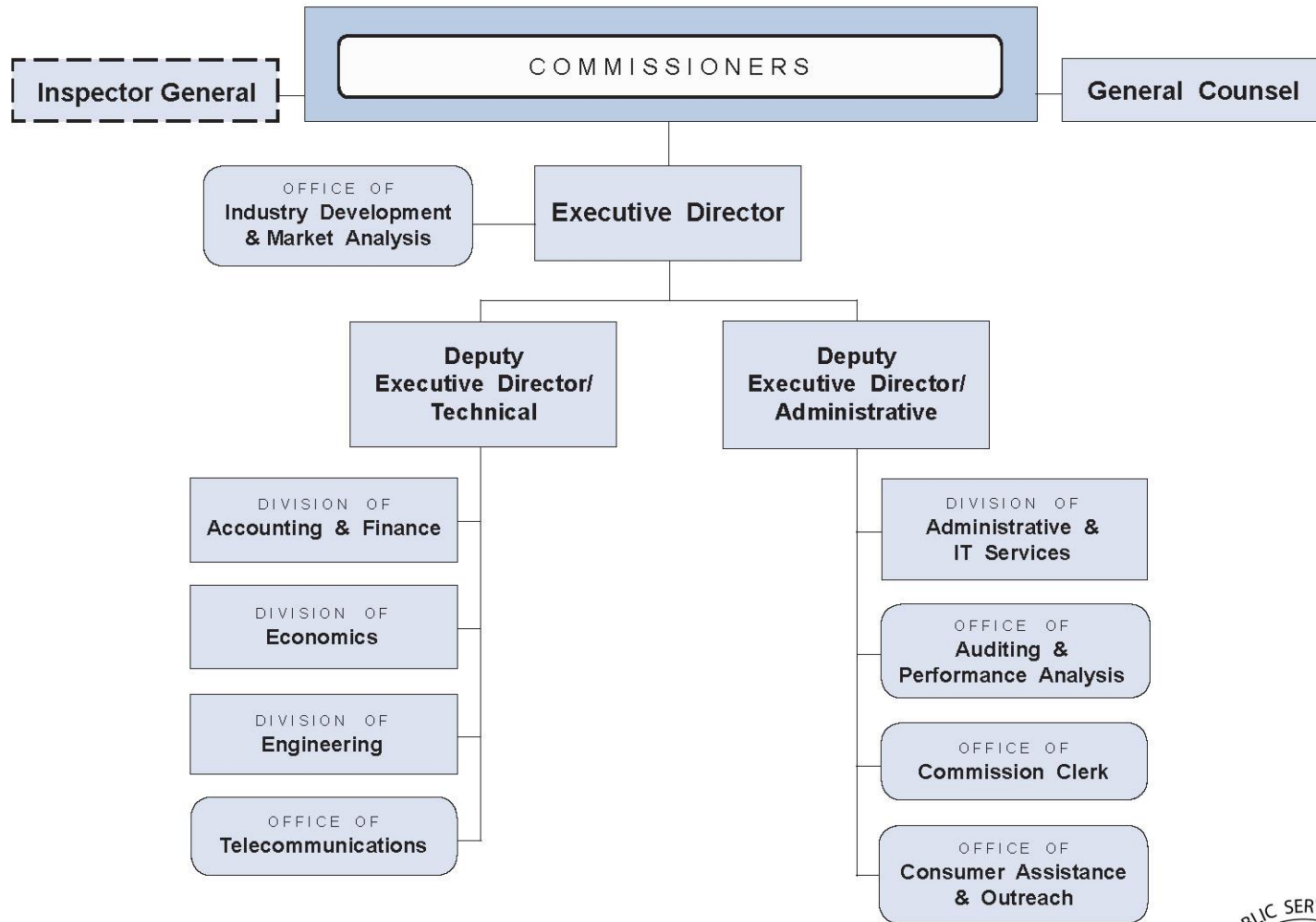


FPSC Balancing Acts

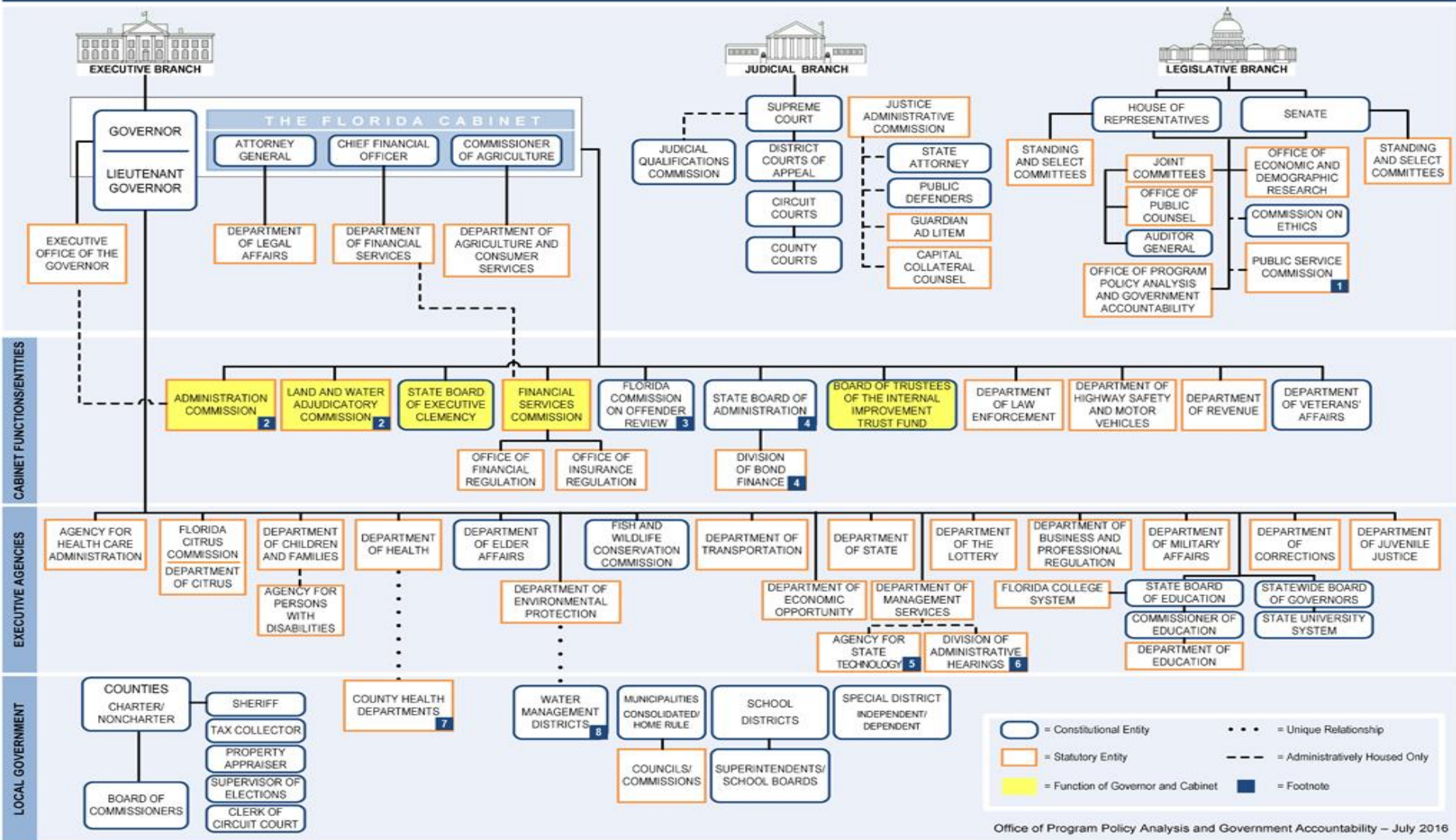
Balance the need for long-term planning with the effect of short- and long-term cost impacts



Agency Organization



THE FLORIDA ELECTORATE



Office of Program Policy Analysis and Government Accountability – July 2016



FPSC – Regulatory Trust Fund

- The Regulatory Trust Fund is funded through regulatory assessment fees (RAFs) collected from the regulated utilities and used to meet statutorily mandated responsibilities
- Maximum fees are set by statute
- Actual fees are established by FPSC rule



Florida Public Service Commission



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Questions?

