

FAQ

FREQUENTLY ASKED QUESTIONS ABOUT FLORIDA INVESTOR-OWNED UTILITIES' STORM PROTECTION PLANS



Q. How much will the utilities' Storm Protection Plans cost Florida electric customers?

A. For the average customer, the Storm Protection Plans will cost from \$18 (Gulf Power) to \$29 (Duke Energy) per month by 2029 (\$19 per month for FPL and Tampa Electric). AARP estimates that by the time Florida electric customers complete Plan payments, likely in 2059, they will have paid the four utilities over \$40 billion, including \$12 billion in profit on the Plans.

Q. How much will the Plans reduce post-storm power restoration time, if implemented?

A. There is no way to know the effectiveness of the utilities' Plans. None of the utilities provide estimates of restoration time reductions in their plans. There is also no way to objectively measure reductions, and therefore it is impossible to hold the utilities accountable for improvements in post-storm service restoration.

Q. But at least all our overhead power lines will get undergrounded, right?

A. No. AARP estimates that Tampa Electric's Plan will underground lines to just 9% of customers, though we doubt the utility can achieve that much for the dollars it has budgeted. We estimate that the Duke Energy Plan will underground just 5% of customers' lines, and the Florida Power & Light Plan will underground only 4% of customers' lines. Worse yet, customers whose lines are undergrounded are not assured of faster post-storm service restoration, as lines leading to undergrounded portions of the grid will still be overhead and vulnerable to storm damage. Underground lines are also vulnerable to flooding and digging, and are not a panacea.

Q. Do the utilities' Plans consider alternatives to grid spending to mitigate lengthy storm-related outages, such as residential backup generators or solar systems?

A. No. All four utilities' Plans involve investment in traditional methods of electricity distribution. The Plans give no thought to a future vision for electricity distribution in Florida or to new energy industries and associated job growth.

Q. Do the utilities' Plans comply with Public Service Commission (PSC) rules regarding such Plans?

A. No. Critical requirements established by the PSC, such as estimated reductions in post-storm service restoration times, are missing from the Plans.

Q. So rates will increase significantly, we don't know what post-storm service restoration time improvements will be, there will be minimal undergrounding, there is no utility storm restoration performance accountability, and no vision for the future. Can the PSC do anything to stop this?

A. The PSC has already approved the utilities' initial Storm Protection Plans.

These FAQs summarize the findings from AARP's review of Storm Protection Plans recently filed by Florida's four largest electric utilities. Support for FAQ claims and figures, and for AARP's recommendations, will be provided in a forthcoming whitepaper with full details of AARP's review.

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AARP RECOMMENDATIONS REGARDING FLORIDA UTILITY STORM PROTECTION PLANS

1. AARP recommends the Public Service Commission modify all four Storm Protection Plans due to their failure to meet key provisions of PSC Rule 25-6-030 as well as other issues cited in this paper. Despite the deficiencies, the PSC approved all four utilities' initial Plans. The opportunity for the PSC to modify Plans is now limited to annual rate increase requests and the utilities' Plan updates (required every three years). The PSC Commissioners must be held accountable for this critical responsibility.

2. Three research projects are urgently needed to inform Plan modifications. These projects would secure the information needed for proper Plan development and evaluation, including:

- The storm restoration improvement likely from various programs common to all Plans;
- The economic value per hour or day of storm restoration improvement by customer type and for communities overall; and
- The cost to Florida's communities and economy of electric rate increases.

3. AARP recommends the PSC initiate a proceeding to establish policy positions on critical questions prompted by the utilities' Plans:

- How the state should balance affordability versus storm resilience;
- What reasonable expectations for post-storm service restoration should be;
- What the appropriate extent and character of storm protection spending subsidies from some customers to others should be;
- What mechanisms – such as on-bill financing and rebate programs – can help customers at higher risk for lengthy outages protect themselves without incurring massive rate increases for all;

- What the future of Florida's electric grid is likely to be; and
- How the state can seize economic development opportunities that are available in growing energy industries to stimulate innovation and job growth.

4. AARP recommends the utilities do a better job of helping customers manage lengthy post-storm restoration times and the risk of such events.

AARP believes that the PSC is in the best position to shepherd both initiatives:

- **Improve the way utilities estimate and communicate approximate post-storm restoration to customers.** More specific outage restoration estimates, and more communications avenues, would go a long way to reducing customer frustration and aid in customer decision-making.
- **Create a rating system to help customers understand their risk of lengthy post-storm outages** based on a premise's grid location and geography. Armed with this information, customers could make better individual decisions for overall storm readiness; take more appropriate action as storms approach; and make more realistic assessments about service restoration times.

5. AARP recommends that a standardized approach to evaluating storm-specific restoration time be developed. A PSC proceeding is needed to develop standardized approaches, metrics, and measures – perhaps calibrated for storm severity and characteristics – to enable post-storm grading of utilities' storm performance. A standardized approach to grading utility performance would be valuable in its own right and also provides a mechanism to hold utilities accountable for performance.