

THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

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SENATOR MIKE FASANO

11th District

May 17, 2012

Chairman Brise, Commissioners Edgar, Bablis, Brown, and Graham
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Chairman and Commissioners:

As part of your responsibility as members of the Florida Public Service Commission you will once again be asked by both Progress Energy Florida (PEF) and Florida Power and Light (FPL) to approve costs associated with the nuclear cost recovery clause in Docket No. 120009.

In 2006, the Florida Legislature passed a bill — Senate Bill 888 — that included a provision allowing investor-owned utilities such as Progress Energy to charge ratepayers for construction costs for new nuclear plants before the plant is built and delivering power.

I voted for the legislation based on the information and analysis of costs provided at that time. Just to start, cost estimates we were provided in 2006 have escalated three to four times. As I have seen the law's consequences to Florida families and businesses unfold, I've changed my mind about the wisdom of such a policy that is bad both for consumers and our state. The current law socializes the risk of reactor investments while privatizing the gain.

When I originally supported the advanced cost recovery, I never thought the Commission would turn a blind eye to the high risks associated with such capital-intensive and complicated projects. I know that my fellow lawmakers did not intend to give investor owned utilities a blank check, but that is in essence what has happened. The 2011 NCRC Order granted FPL \$196 million in nuclear cost recovery funds and PEF granted almost \$86 million. Those very large sums represent significant monthly increases in utility bills to millions of Floridians. Before the most recent PEF settlement agreement, bill increases due to the proposed Levy reactors were projected to exceed \$50 per month for the average residential customer within nine years.

These risky investments represent large sums of money for cost recovery for projects that have no timeline for completion, no benchmarks to meet, no limits on the ever-increasing expenses, and no guarantee or requirement that they even be completed. Utility companies, like FPL and PEF, pursuing new nuclear power plants may do so virtually risk free, unlike any other sector in any other industry.

REPLY TO:

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MIKE HARIDOPOLOS
President of the Senate

MICHAEL S. "MIKE" BENNETT
President Pro Tempore

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I have offered legislation in the past that would repeal the advanced cost recovery law. While it did not pass and this law remains in place, the Commission does have the discretion to deny further NCRC recovery through its obligation to ensure just and reasonable rates to customers. The mission of the Commission has been to traditionally balance the interests of the big power companies and its customers. The projected costs of the reactor projects are staggering and the law places the risk of the projects squarely on the shoulders of customers. The scale is now heavily weighted on the side of the big power companies.

It is time for the Commission to exercise its authority to ensure just and reasonable rates and deny any further NCRC recovery for both FPL and PEF. The staggering and spiraling cost of the projects coupled with the bill impact to ratepayers demands it.

Yours truly,

Mike Fasano
State Senator, District 11