Summary of Changes to Electric Utility Rates and Charges
Effective January 1, 2023

New rates and charges are effective January 1, 2023 for customers of Duke Energy Florida, LLC (DEF); Florida Power & Light Company (FPL); Florida Public Utilities Company (FPUC); and Tampa Electric Company (TECO).

Customers' electric bills are based upon applying rates and charges to monthly electricity usage. The revenues collected by the utilities recover the cost to generate, transmit and distribute electricity to homes and businesses.

The Florida Public Service Commission (FPSC) approves changes to rates and charges through publicly noticed, evidentiary proceedings. Utilities are required to provide notice to customers of pending changes to rates and charges.

The attached table provides a comparison of the 2022 and new rates and charges effective January 2023 for residential customers who consume 1,000 kilowatt-hours of electricity in a month. The currently effective rates and charges, which reflect bill changes since January, are available at: https://www.floridapsc.com/electric-utility-customer-bill-documents

Rates and charges for other classes of customers, such as business customers are available at: https://www.floridapsc.com/electric-tariffs

Key rates and charges effective January 1, 2023 are summarized below.

Base Rates

Base rates recover the cost of investments in infrastructure and operating expenses. Changes to base rates for DEF, FPL and TECO were approved by the FPSC as part of base rate settlement agreements between the individual utilities, consumer representatives, and advocacy groups. Examples of costs recovered by base rates include new power plants, including solar facilities, modifications to existing power plants, transmission and distribution facilities, electric vehicle charging facilities, and other costs to maintain these facilities and operate the utility.

Fuel and Purchased Power Charges

Fuel and Purchased Power charges recover the cost of fuel used to generate electricity, and the cost of power purchased from other utilities or wholesale generators and used to serve customers. The FPSC annually conducts a public hearing to review the fuel and purchased power costs of the four utilities. Charges are established to recover the costs found to be reasonable but these costs do not include a return or profit.

Utilities in Florida primarily rely on natural gas to fuel power plants, but some utilities also use coal, fuel oil, uranium at nuclear plants, and biomass to generate electricity. Natural gas is used to generate over 65 percent of the electricity provided to customers in the state. Utilities purchase fuels, including natural gas, through open markets in which prices are unregulated.

For several years prior to mid-2021, natural gas markets were stable and offered historically low prices. During late 2021 and throughout 2022, natural gas prices increased and fluctuated significantly due to global and domestic factors.

The war in Ukraine threatened the supply of natural gas in Europe and increased the demand for liquefied natural gas, or LNG, exports from the United States, putting upward pressure on prices. Domestically, higher than normal temperatures across the U.S., increased demand for natural gas by electric utilities. Also, a domestic LNG facility experienced a prolonged outage that limited LNG exports, causing natural gas prices to temporarily fluctuate. These factors impacted the overall balance of supply and demand for natural gas and contributed to increasing prices and significant volatility.

During the FPSC's fuel hearing in November 2022, DEF, FPL, and TECO indicated that in late January 2023, they will seek approval from the FPSC to increase fuel charges effective in April 2023. The utilities stated that natural gas prices and resulting costs far exceeded the revenues collected from customers in 2022 and resulted in a significant under recovery of costs. Customers will be provided notice of proposed changes to fuel charges.

Storm Protection Plan Charges

In 2019, a new state law was enacted with the intent to strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management. The law intends to reduce the costs to restore electric utility facilities damaged during an extreme weather event, and to reduce customer outage times.

In 2020, the FPSC approved the initial Storm Protection Plans of DEF, FPL, and TECO and established Storm Protection Plan charges to recover costs to implement these plans.

In 2022, DEF, FPL, FPUC, and TECO filed Storm Protection Plans with the FPSC for approval. The FPSC conducted a public hearing and approved the plans with modifications. These plans describe utility activities including vegetation management, hardening of existing infrastructure such as replacing wood poles with concrete or steel poles, and targeted projects to convert overhead distribution facilities to underground.

Changes to Storm Protection Plan charges are the result of expanded activities, investments and expenses to implement the recently approved Storm Protection Plans.

More Information for Customers

Customers can impact their electric bill by using electricity more efficiently and controlling their energy usage. DEF, FPL, FPUC and TECO offer free or low-cost energy audits to evaluate homes and buildings for opportunities to make improvements and offer tips to use electricity more efficiently. Also, these utilities provide information on their websites and social media feeds to assist customers with energy usage and in paying bills.

The FPSC offers information to electric customers on how to use electricity more efficiently and to control their energy usage at the following webpages.

FPSC Conservation House:
https://www.floridapsc.com/pscfiles/website-files/pdf/Publications/Consumer/Brochure/ConservationHouse.pdf

FPSC Consumer Brochures:
https://www.floridapsc.com/consumer-brochures