



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

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SENATOR MIKE FASANO
11th District

February 17, 2011

The Honorable Bev Perdue
Governor, State of North Carolina
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Perdue,

I write to share with you my experience over the last several years in the Florida legislature regarding utility early cost recovery for new nuclear power generation. I understand that this is an issue the North Carolina General Assembly will likely be considering in the 2011 legislative session. As a staunch advocate for consumers here in Florida, I believe that protecting our citizens' pocket books, particularly in these trying economic times, is of the utmost importance. We've learned the hard way in Florida that allowing utilities to recover the costs of a new power plant before the plant is even placed in service is unfair to consumers and bad public policy.

I am a conservative, pro-business legislator representing Florida State Senate District 11. I was the Pro Tempore of the Florida Senate from 2008 – 2010, Senate Majority Whip 2006 – 2008, and House Majority Leader from 2000 - 2001.

As you may know, in 2006, the Florida Legislature passed a bill – SB 888 – that included provisions allowing utilities to charge ratepayers for new power plant construction costs before a plant is put in service. I voted for this legislation, which is similar to the provisions allowing construction work in progress in North Carolina Senate Bill 3, enacted in 2007, based on the information and analysis provided at that time. However, as I became more aware of the law's consequences to ratepayers, I changed my mind about the wisdom of such a policy. In fact, last January I sent a letter to the Florida Public Service Commission asking for a refund for customers given the announced delay of Progress Energy's proposed Levy County project after a rate hike request was denied. (See <http://www.psc.state.fl.us/library/filings/10/00554-10/00554-10.pdf>.)

REPLY TO:

- 8217 Massachusetts Avenue, New Port Richey, Florida 34653-3111 (727) 848-5885
- 406 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5062

Senate's Website: www.flsenate.gov

MIKE HARIDOPOLOS
President of the Senate

MICHAEL S. "MIKE" BENNETT
President Pro Tempore

February 17, 2011

Page 2

Allowing utilities to charge customers for new power plant construction work in progress will hurt already strapped customers with possibly large increases in their electricity bills. According to Progress Energy filings with the Florida Public Service Commission, the average Progress customer could see an estimated increase of nearly \$50 per month by 2020 from the Levy capital additions.

Because of my deep concern about these impacts on consumers, I am the primary sponsor of FL Senate Bill 200 to repeal provisions relating to cost recovery for siting, design, licensing, and construction of new nuclear and integrated gasification combined cycle power plants. (View the bill at:

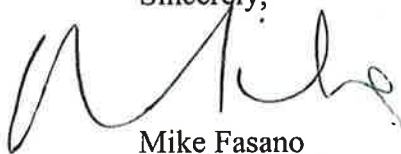
http://www.flsenate.gov/Session/index.cfm?Mode=Bills&SubMenu=1&BI_Mode=ViewBillInfo&Year=2011&BillNum=0200.)

I believe that it is inherently unfair for utilities to ask their customers, our constituents, to front the costs of massive and expensive construction projects that are not even guaranteed to be completed. These risky investments ought to be the responsibility of utility shareholders and their investment partners, not the average ratepayer that is already struggling to pay their monthly utility bill or keep their business afloat.

I urge you to be thoughtful in your approach to any attempts to further solidify the ability of North Carolina's electric utilities to pass on costs to their customers without adequate protection from you and the state utility commission. By further allowing these corporations' unrestricted ability to pass on the costs of new power generating facilities, without guaranteeing that these facilities will ever actually operate and provide power to customers, policymakers are placing undue financial burden where it doesn't belong. Every dollar a citizen keeps in his pocket instead of sending to the power company is a dollar that can help strengthen the state's economy.

Thank you for your time and consideration of this matter. I believe it is our duty to protect our consumers and let corporate risk be appropriately placed where it belongs - with the shareholders.

Sincerely,



Mike Fasano
Florida State Senator, District 11