Rebuilding Utility Infrastructure: Development and Needs

- There is a need to rebuild reliable Transmission and Distribution assets at “least-cost”.
- Is putting things back the way they were sufficient or good enough?
- Is this the time to retire old inefficient generators to capture the output of efficient generation?
- Is there consideration for solid fuel generation?

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- The allocation of storm restoration costs should engage a cost-causation approach.
  - Customers who take service at the transmission level should not be allocated costs associated with the distribution system because they do not cause the distribution system costs to be incurred.
  - Customers who take service at the distribution level should be responsible for distribution level costs as well as a proportionate share of the cost of the transmission system since the transmission system and the distribution system both are required to provide service to these customers.

Rebuilding Utility Infrastructure: Development & Needs

- The Florida PSC allowed FP&L to increase its rates to recover storm damage costs and directed that the cost recovery be consistent with how the underlying groups of facilities were used by customers. The result was a set of cost recovery factors that distinguished between transmission and distribution voltage and the differences across customer classes to reflect cost-causation.
- Storm damage costs could be recovered from a combination of insurance recovery, federal assistance and rate relief.