Gas electricity in Florida costs more than neighboring states using coal, report says

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Coal is cheaper than natural gas. That's a major reason Florida, where about 60 percent of electricity is produced using natural gas, has higher electric rates than its neighboring states, a study by the Public Utility Research Center concluded.

The center, at the University of Florida's Warrington College of Business, reported that natural gas costs about 10 cents a kilowatt hour, coal costs about 3 cents and nuclear power has minimal fuel costs but requires a large capital investment.

The study, based in 2008 data, compared Florida rates with Alabama, Georgia, Louisiana, Mississippi, North Carolina and South Carolina. It concluded that Floridians are paying 10 percent to 20 percent more due to its fuel mix.

The Florida Public Service Commission requested the study to find ways to hold down utility rates. It comes as Florida Power & Light and other utilities are increasingly relying on natural gas.

During his campaign Gov. Rick Scott said he wanted to "address Florida's relatively expensive electricity costs," the report states.

"Documenting the reason for higher prices is an important first step," PSC Chairman Art Graham said. "My encouragement would be for them to go back and dig a little deeper."

Florida Power & Light Co. spokesman Mark Bubriski called the report's conclusions misleading.

"The report is fundamentally flawed," he said. "For example, the report concludes that Florida's electricity prices today, in 2011, are higher than other states based on data from three years ago."

Bubriski said in the past few years the cost of burning coal for power has increased while natural gas prices are 70 percent less than the peak in 2009.

This year, FPL had the state's lowest residential rates, at $96.51 per month for a 1,000 kilowatt-hour customer, according to April through June data from the PSC and other sources.

The report looks only at cost, not quality, emissions or other factors. It does not state what the average bill is in the other states.

FPL officials have said the utility needs to increase its natural gas capacity and is moving ahead with plans for a new pipeline. But it remains to be seen who might build and own it.
In 1990 Florida generated about 60 percent of its electricity with uranium and coal, but that has fallen to about 40 percent. Alabama and Georgia generate 66 percent and 78 percent respectively from coal and nuclear energy, the report said.

In June 2007, the Public Service Commission denied FPL's proposal for a coal plant in Glades County. Almost immediately, the company filed to build two nuclear generators — for a total of four — at its facility in Miami-Dade County, citing a need for more capacity. Those were approved.

"The last administration in the state did say no to coal," said report author Ted Kury.


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