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Charities take FPL money, back FPL rate hikes

By Chris Persaud

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“They show up because Florida Power and Light gives them money. It’s no secret,” said J.R. Kelly, the state-appointed consumer advocate at rate hearings.

The leader of the Palm Beach Area Leukemia And Lymphoma Society stepped to the microphone in 2016 to press state officials to allow Florida’s biggest power company to raise rates.

“I equate this rate increase to what I do for a living, which is raising money for cancer research,” Pamela Payne told state regulators. “If you want the best research, you need to fund it, and the results will more than compensate for the cost.”

Under questioning, Payne conceded that the company, Florida Power & Light, provides support for her charity.

She’s not the only one.

When FPL wants the government on its side, the company calls for help from not-for-profit groups that accept its money.

On at least two occasions since 2016, FPL has asked nonprofits to urge state and local officials to voice support for the company. A wide range have answered the call, including local and state chapters of the NAACP, Chamber of Commerce, United Way and Red Cross.

The last time FPL asked the Florida Public Service Commission to approve a rate hike, its biggest one ever, pro-FPL not-for-profits packed those hearings.

The Juno Beach-based utility sought \$1.3 billion in 2016, which would have cost customers an extra \$13 a month on average. It got an \$811 million increase through 2020. FPL's parent company, NextEra Energy, said in a Jan. 24 call with investors that FPL expects to seek a rate increase next year "for new rates that are effective in January of 2022."

By the time rate-hike opponents would arrive at meetings to speak, they would find themselves in line behind a bunch of pro-FPL "shills," as the state's top consumer advocate, J.R. Kelly, called them.

"They show up because Florida Power and Light gives them money," Kelly said. "It's no secret."

When pro-FPL speakers pack hearings, regular customers opposing higher bills end up leaving because they tire of waiting, Kelly said.

Kelly, the state-appointed lawyer in charge of the Florida Office of Public Counsel, is charged with analyzing rate increases and questioning utilities who request them. He called the 2016 rate request "excessive profit."

Nonprofits defend FPL

But that did not stop more than half a dozen not-for-profit groups from attending the West Palm Beach hearing to fight in favor of higher electric bills, whose costs would fall on people they're trying to help.

At the hearing, some nonprofit leaders volunteered that FPL gave them money or asked them to speak. Others only revealed their financial ties to the utility giant after Kelly asked them.

Payne, of the leukemia society, told The Palm Beach Post that FPL's money didn't influence her. She credits FPL with quickly restoring power after hurricanes blacked out parts of Palm Beach County in 2005. Payne's sister depended on an oxygen tank, she said.

"I truly believe FPL is a wonderful company and they do the right thing," Payne said.

But FPL brings in six-figure sums for the society. FPL executive Troy Rice, the charity's chairman, was credited with raising more than \$175,000 for the society in 2015.

And the utility gave the leukemia society \$25,000 in 2018. Rice and fellow FPL executive Michael DeBock sit on the leukemia society's board.

Another charity leader supporting the rate hike, Roberta Journey of Quantum House, didn't tell Kelly or PSC commissioners that FPL supports them and that an FPL executive sits on her group's board. Quantum House provides lodging next to St. Mary's Medical Center for parents to stay close to their sick children.

When a Post reporter called Journey to ask if she believes her 2016 comments justified higher electric bills, she replied "I really gotta scoot, bye," and hung up. Neither Journey nor FPL would reveal how much money the company contributes to Quantum House.

The president of the Chamber of Commerce of the Palm Beaches, Dennis Grady, also spoke in favor of FPL, which is a dues-paying member of the chamber, and whose employees sit on its board, he said.

"The rate hike request before the commission will generate new dollars to be utilized in replacing aging technology," said Grady, whose organization represents Palm Beach County businesses.

Grady decided on his own to voice his support for FPL, he told The Post. "Some small businesses would look upon the quality and service from FPL and they would support paying for that," he said.

But the Florida Retail Federation, which represents thousands of businesses across the state, opposed FPL's request.

"With no rate increase at all next year (in 2017), FPL's own numbers show that they can cover all their costs, pay all their debt cost, and still pay all their employees, and still make \$1.6 billion in profits," the federation's attorney Schef Wright said. "That's plenty."

FPL defended support from charities it helps.

“At times, members of our community, some of whom belong to organizations that receive company or employee charitable donations, may speak favorably on behalf of the company in public forums,” FPL spokesman Bill Orlove said. “They do this voluntarily and are not compensated for their efforts.

“Whether or not a person representing an organization speaks favorably on behalf of the company has no bearing on charitable contributions made to that organization.”

‘Definitely problematic’

FPL’s tactics aren’t new and they are not the only ones doing it.

A report released in December by the Energy and Policy Institute, an anti-fossil fuels group, examined how nonprofits across the nation that accept aid from utilities effectively lobby government officials to support those companies.

And the relationship between FPL and the not-for-profit groups it supports could put them in the crosshairs of the IRS, an attorney who specializes in non-profits told The Post.

“This is definitely problematic from a federal tax law perspective,” attorney Jeffrey Tenenbaum said.

When these not-for-profit groups take actions that benefit private companies such as FPL, rather than the public or a disadvantaged group, the IRS could review their nonprofit status, which allows them to operate without paying federal income taxes, Tenenbaum said.

Unlike other Florida power companies such as Duke Energy and Tampa Electric, FPL is the only one that donates to charities that argue for the utility at PSC hearings, Kelly said.

Former PSC Commissioner Nathan Skop, who clashed with FPL when he was on the board from 2007 to 2011, never understood why the company wants so many charities praising them at public hearings.

“It’s not relevant to whether the rates should be increased or not,” Skop said, “It comes down to leaving nothing to chance.”

In Skop's view, FPL already does a great job providing electricity, customer service and repairs, so they shouldn't need a legion of nonprofits praising the utility at public hearings.

"They have a great story to tell and they can achieve regulatory success based on the merits of their services," Skop said.

Charities' testimony "possibly" affected commissioners' votes, Skop said, but had no effect on his. Skop, a longtime FPL critic, often opposed rate hike requests.

Still, the tactic angered then-Commissioner Nancy Argenziano, who complained during a 2009 hearing about FPL lining up speakers in its favor.

"Accepting the irrelevant testimony has the potential for poisoning the fact-finding purpose of the hearing and, in fact, debases and diminishes the value of the input," Argenziano wrote in a letter to the commission chairman.

PSC Commissioner Julie Brown, the only current commissioner first appointed before Gov. Rick Scott took office, felt it was inappropriate to discuss how she weighs charity leaders' comments at hearings, her chief adviser said.

Energy savings debate

Cash from FPL's philanthropic arm, NextEra Foundation, flows to a wide range of organizations, including local chapters of Habitat for Humanity, United Way, the Boys & Girls Club and the Audubon Society. Many of those groups never testified.

Millions more in contributions from FPL and its workers remain out of public view, unless recipients disclose them, because the company is not required to report that money.

Those contributions paid off for the company when Broward County commissioners in 2019 wanted to push state regulators to make FPL reduce energy usage, which would lower customers' bills.

Executives from Legal Aid Service of Broward County and the Urban League of Broward County, which serve the poor, argued without evidence that lower-income customers would pay higher bills if FPL was required to save energy.

Neither executive mentioned that the power company donates to them, works with them and asked them to show up to lobby commissioners. The agencies voluntarily disclosed the contributions.

FPL would have to offer rebates for customers who buy newer, energy efficient appliances, Broward Legal Aid CEO Tony Karrat said at the June 19 meeting.

“Those rebates would primarily be used by those people who have more income,” Karrat said. “The low income, mid income would not be participating in that program.”

An FPL representative told Karrat before the meeting that the poor would be hurt the most by stricter energy saving regulations, he told The Post. Karrat, an attorney, said he could not remember if FPL provided evidence of that.

FPL gives Karrat’s nonprofit \$5,000 a year, Karrat said. The utility is one of many companies that gives annually to Broward Legal Aid, which provides legal help to those who can’t afford it elsewhere.

The cash did not sway Karrat, he said. “I definitely would not allow a contribution to influence my judgment,” Karrat said. “We don’t take money to give favors back to people.”

But no credible evidence supports FPL’s claim that improving energy efficiency would hurt its poorest customers, energy experts say.

“It’s a common refrain and it’s nonsense,” attorney George Cavros of the Southern Alliance for Clean Energy said, “A utility has never gone in for a rate increase because of energy efficiency requirements. Generally it’s the cost of new power plants that drive up rates.”

“(Nonprofit leaders) echo FPL talking points without really knowing what they’re talking about,” Skop said.

Urban League, NAACP helped

Other states, such as New Mexico, have passed stronger energy reduction rules without destroying a utility’s bottom line.

New Mexico enacted a mandatory energy savings law in 2005 and strengthened it in April.

Thanks to that law, the state's biggest power company, Public Service Company of New Mexico spent about \$80 million from 2007 to 2017 to decrease customers' energy demands.

The head of Broward County's chapter of the National Urban League, a civil rights and social justice group, also echoed FPL at the June 19 meeting. The utility gives to the chapter, including \$10,000 in 2016 to promote enrolling students in science, technology, engineering, math and arts courses.

"Many times these types of energy efficiency programs work directly for homeowners and landlords," chapter Chief Executive Germaine Smith-Baugh said. "Many of our low income individuals are renters and they will not have the opportunity to be benefitted by this resolution."

Smith-Baugh failed to return requests from The Post seeking comment. Energy efficiency experts dispute her argument.

Poorer tenants would benefit if landlords bought new appliances and got rebates, said energy efficiency advocate Mel Hall-Crawford of the Consumer Federation of America.

"Low-income consumers are predominantly renters, so good energy efficiency standards for home appliances, like refrigerators, clothes washers, water heaters, central ACs and window ACs, will mean lower utility bills for the renter," Hall-Crawford said.

Whenever FPL needed an ally in its fight for rate hikes and against regulations that save customers money, they've called on local chapters of the NAACP.

The civil rights group's Florida chapter has fought state regulators on energy reduction and declined to oppose FPL's requests for rate hikes.

Florida NAACP President Adora Nweze wrote a letter in July 2014, published in The Tallahassee Democrat, opposing a solar power rebate program and energy reduction regulation.

FPL paid the state chapter \$50,000 two months after that and at least \$225,000 from 2013 to 2017, The New York Times reported on Jan. 5.

“I felt that if we wanted the money, we had to do it,” Nweze told The Times.
“The shortcoming on my part was that I didn’t have the necessary knowledge to know that it was a problem.”

Nweze, who declined to comment for this story, has since reversed her support for FPL, The Times reported.

But her words raise concerns.

“Donating to charities with the expectation they’ll support your company is not exactly altruistic,” Skop, the ex-PSC commissioner, said. And although it’s good that FPL supports not-for-profit groups, he said, “I hate to see corporate philanthropy marginalized into something like politics.”

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