

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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COMMISSION  
CLERK

**DATE:** January 21, 2016

**TO:** Office of Commission Clerk (Stauffer)

**FROM:** Division of Economics (Guffey, Draper) *Edn SK9*  
Office of the General Counsel (Brownless) *Joe AD*

**RE:** Docket No. 160001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

**AGENDA:** 02/02/16 – Regular Agenda – Tariff Filing – Participation is at the discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**CRITICAL DATES:** Pursuant to Order No. PSC-15-0586-FOF-EI this tariff is effective as of the in-service date of the Port Everglades Energy Center, estimated to be April 1, 2016.

**SPECIAL INSTRUCTIONS:** None

## Case Background

On December 30, 2015, Florida Power and Light Company (FPL) filed a petition for approval of revised tariff sheets reflecting the implementation of the generation base rate adjustment (GBRA) resulting from the commercial operation of the Port Everglades Energy Center (PEEC) and a concurrent reduction of fuel factors to reflect PEEC's fuel savings. The GBRA factor of 3.899 percent was approved in Order No. PSC-15-0586-FOF-EI, with the increase in base rates resulting from the application of the GBRA factor to be effective with meter readings made on and after the commercial in service date of PEEC.<sup>1</sup> The estimated commercial in-service date of PEEC is April 1, 2016. In Order No. PSC-15-0586-FOF-EI, the Commission also approved

<sup>1</sup> Order No. PSC-15-0586-FOF-EI, issued December 23, 2015, in Docket No. 150001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

Docket No. 160001-EI

Date: January 21, 2016

FPL's fuel factors to be effective with the commercial operation in-service date of PEEC. FPL has requested that the Commission address this petition at the February 2, 2016 Agenda Conference, in order for FPL to provide timely notice to customers of the revised base rates and fuel factors.

Section 366.05(1)(e), Florida Statutes (F.S.), provides that:

New tariffs and changes to an existing tariff, other than an administrative change that does not substantially change the meaning or operation of the tariff, must be approved by the majority vote of the commission, except as otherwise specifically provided by law.

This is staff's recommendation on FPL's proposed tariff revisions to implement the GBRA and concurrent reduction of fuel factors. The Commission has jurisdiction pursuant to Section 366.06, F.S.

### Discussion of Issues

**Issue 1:** Should the Commission approve FPL's tariff rate changes to implement the GBRA resulting from the commercial operation of the PEEC and the reduction of fuel factors reflecting the PEEC's fuel savings as approved in the Order No. PSC-15-0586-FOF-EI?

**Recommendation:** Yes, the Commission should approve FPL's tariff rate changes to implement the GBRA resulting from the commercial operation of the PEEC and approve the reduction of fuel factors to reflect PEEC's fuel savings. Pursuant to the above referenced Order, the rate changes should become effective with meter readings made on or after the commercial in service date of PEEC, estimated to be April 1, 2016. FPL should notify customers of the approved new rates in its March 2016 bills. (Guffey)

**Staff Analysis:** FPL's petition includes a summary of tariff changes and the proposed tariff sheets. A residential customer who uses 1,000 kilowatt-hours (kWh) per month will see an increase of \$1.57 on their monthly bill.<sup>2</sup>

FPL states that the construction of PEEC is ahead of schedule and slated to be in service on April 1, 2016, rather than on June 1, 2016, as originally projected.

Attachment 1 to the recommendation shows current and proposed base rates and fuel factors for the major rate classes. The revised tariff sheets reflect the application of the GBRA factor of 3.899 percent and the fuel factors that have been approved by the Commission in Order No. PSC-15-0586-FOF-EI.

Staff has reviewed FPL's proposed tariff sheets and supporting documentation. The Commission should approve FPL's tariff rate changes to implement the GBRA resulting from the commercial operation of the PEEC and approve the reduction of fuel factors to reflect PEEC's fuel savings. Pursuant to the above referenced Order, the rate changes should become effective with meter readings made on or after the commercial in service date of PEEC, estimated to be April 1, 2016. FPL should notify customers of the approved new rates in the March 2016 bills.

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<sup>2</sup> The current 1,000 kwh residential monthly bill is \$93.38 and will increase to \$94.95, or by \$1.57 (including Gross Receipts Tax).

**Issue 2:** Should this docket be closed?

**Recommendation:** The fuel docket is on-going and should remain open. (Brownless)

**Staff Analysis:** The fuel docket is on-going and should remain open.

**FPL's Current and Proposed Rates for Major Rate Classes**

<b>Customer Class</b>	<b>Type of Charge</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
RS-1 Residential Service	Customer Charge	\$7.57	\$7.87
	Energy Charge (1 <sup>st</sup> 1,000 kWh)	4.729 ¢/kWh	4.913 ¢/Kwh
	Energy Charge (above 1,000 kWh)	5.811 ¢/kWh	6.038 ¢/kWh
	Fuel Charge (1 <sup>st</sup> 1,000 kWh)*	2.580 ¢/kWh	2.519 ¢/kWh
	Fuel Charge (above 1,000 kWh)	3.580 ¢/kWh	3.519 ¢/kWh
GS-1 General Service Non-Demand (0-20 kW)	Customer Charge	\$7.46	\$7.75
	Energy Charge	5.182 ¢/kWh	5.384 ¢/kWh
	Fuel Charge	2.907 ¢/kWh	2.846 ¢/kWh
GSD-1 General Service Demand (21-499 kW)	Customer Charge	\$19.48	\$20.24
	Demand Charge	\$7.95	\$8.26
	Energy Charge	1.861 ¢/kWh	1.934 ¢/kWh
	Fuel Charge	2.907 ¢kWh	2.846 ¢kWh
GSLD-1 General Service Large Demand 1 (500-1999 kW)	Customer Charge	\$59.51	\$61.83
	Demand Charge	\$9.11	\$9.47
	Energy Charge	1.376¢/kWh	1.430 ¢/kWh
	Fuel Charge	2.904 ¢kWh	2.843 ¢kWh

\*The fuel charges have been approved in Order No. PSC-15-0586-FOF-EI