

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 150208-EI

PETITION FOR BASE RATE
REDUCTION REFLECTING END OF
AMORTIZATION PERIOD FOR
RETIRED PLANT, BY FLORIDA
POWER & LIGHT COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 7

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, February 2, 2016

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

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P R O C E E D I N G S

CHAIRMAN BROWN: On to Item 7. Good morning.

MR. HIGGINS: Good morning, Commissioners.

Devlin Higgins with Commission staff.

Item No. 7 addresses Florida Power & Light's petition to reduce its annual revenue requirement by \$222,192. FPL's request is in accordance with the statutory process for nuclear cost recovery. The proposed revenue requirement reduction reflects the end of a five-year amortization of retirement-related costs associated with FPL's Extended Power Uprate Project which began in March 2011. FPL is requesting to implement its downwardly revised annual revenue requirement on March 1st of this year.

It has just come to staff's attention this morning that the Office of Public Counsel wishes to be heard on this item. Barring any new information, staff recommends the company's request be approved.

Thank you, Commissioners, and staff is prepared to answer any questions you may have.

CHAIRMAN BROWN: Thank you, Mr. Higgins.

Hello, Mr. Rehwinkel.

MR. REHWINKEL: Hello, Commissioner --
Chairman.

CHAIRMAN BROWN: Thank you.

1 **MR. REHWINKEL:** I think it's my first time
2 talking to you as Chairman. Thank you, and I would
3 also like to thank the Commission for deferring this
4 item, I think, from the December 13th agenda.

5 I'll be brief. The Public Counsel has a
6 philosophical and legal objection to the staff's
7 proposed resolution. We have had some conversation
8 with FPL in the interim period that you allowed for the
9 deferral. I believe there are still opportunities for
10 us to address this, but I won't ask you to defer. I
11 think there are some timing issues that would require
12 you to go ahead and act.

13 The Public Counsel's position in a nutshell
14 is that this revenue requirement that's the subject of
15 the staff's recommendation and FPL's petition was
16 included in a rate, a base rate rate increase as a
17 result of a 2011 order. And your rule requires that at
18 the end of the five-year amortization period that base
19 rates be reduced, so we don't think that a credit on
20 the surveillance report is in accord with your rule.

21 FPL has a -- has filed a test year letter and
22 has a rate case that they will be filing. We think
23 that there may a solution to our issue in that if there
24 are any adjustments this year in the fuel adjustment
25 clause, we think it could be taken up there. In any

1 event, if we cannot reach a resolution, we will, in all
2 likelihood, protest the PAA order that you issue here.
3 And we have no objection to you issuing the PAA order.
4 We will try to work it out with the company in the
5 interim, we have some options, but we want to state our
6 objection for the record. And I don't know that we
7 really need to take a lot of time debating the merits
8 of the staff recommendation and the rule, but we just
9 have to preserve our legal argument.

10 **CHAIRMAN BROWN:** Okay. Thank you.

11 Ms. Cano.

12 **MS. CANO:** Good morning, Chairman Brown, and
13 Commissioners. Jessica Cano on behalf of FPL.

14 FPL's petition complies with the Nuclear Cost
15 Recovery rule by reducing base rates at the end of this
16 amortization period. The fact that the amount is so
17 small that no tariff sheets are impacted is simply a
18 function of the math upon compliance with the rule. If
19 I understand OPC's objection, it's that there is no
20 impact to the tariff sheets for customer rates. But as
21 a factual matter, there's no need for this
22 implementation approach that OPC is suggesting.

23 OPC has raised issues with respect to
24 symmetry, saying that there is a base rate increase or
25 there should be similarly a decrease to customers'

1 rates. But this amount is so small that when it was
2 implemented five years ago, there was no increase to
3 customer rates. The increase that occurred was the
4 result of the much larger revenue requirements
5 associated with new plant that was going into service
6 at that time. There was no increase five years ago.
7 There is no decrease at this time to the tariffed
8 rates.

9 And as a legal matter, neither the statute nor
10 the rule require any customer impact such as OPC is
11 suggesting. In 2009, FPL sought to recover an
12 EPU-related increase that was so small that no tariffs
13 were impacted, and the Commission at that time had the
14 opportunity to consider exactly this issue. There was
15 discussion had about deferring those revenue
16 requirements until it could be combined with another
17 proceeding such as OPC is suggesting, but the Commission
18 rejected that approach saying, quote, the NCR rule does
19 not contemplate the deferral of the required base rate
20 increases until a sufficient dollar amount is
21 accumulated that will result in a tariff change. So, in
22 other words, this Commission has already decided that
23 tariff impacts are not required by the NCR rule.
24 Accordingly, FPL asks that its petition to decrease base
25 rates be approved at this time consistent with staff's

1 recommendation. Thank you.

2 **CHAIRMAN BROWN:** Thank you. And I'm just
3 going to turn to staff before I bring it back to the
4 bench. Can you respond to some of the arguments raised
5 by OPC?

6 **MR. HIGGINS:** It's -- yes, Commissioner.
7 It's our understanding -- my understanding that the
8 magnitude of the increase does not affect -- or
9 decrease does not affect rates. And per the rule, five
10 years is -- will have elapsed March 1st of 2016. The
11 amortization should end at that point.

12 **CHAIRMAN BROWN:** All right. Commissioners,
13 any questions or discussion on it?

14 **COMMISSIONER GRAHAM:** Move staff.

15 **CHAIRMAN BROWN:** Is there a second?

16 **COMMISSIONER BRISÉ:** Second.

17 **CHAIRMAN BROWN:** All those in favor, say aye.

18 (Vote taken.)

19 Opposed? All right. It passes.

20 (Agenda item concluded.)
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1 STATE OF FLORIDA)
2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

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4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 8th day of February, 2016.

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