BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company.  
DOCKET NO. 160021-EI

DOCKET NO. 160061-EI

In re: 2016 depreciation and dismantlement study by Florida Power & Light Company.  
DOCKET NO. 160062-EI

In re: Petition for limited proceeding to modify and continue incentive mechanism, by Florida Power & Light Company.  
DOCKET NO. 160088-EI  
ORDER NO. PSC-16-0188-PCO-EI  
ISSUED: May 9, 2016

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman  
LISA POLAK EDGAR  
ART GRAHAM  
RONALD A. BRISÉ  
JIMMY PATRONIS

ORDER SUSPENDING FLORIDA POWER & LIGHT COMPANY’S REQUEST FOR PERMANENT BASE RATE INCREASE AND ASSOCIATED TARIFFS

BY THE COMMISSION:

This proceeding commenced on March 15, 2016, with the filing of a petition for a permanent rate increase by Florida Power & Light Company (FPL or Company). The Company is engaged in business as a public utility providing electric service as defined in Section 366.02, Florida Statutes (F.S.), and is subject to the jurisdiction of the Commission. FPL provides electric service to more than 4.8 million retail customers in all or parts of 35 Florida counties.

FPL has requested an increase in its retail rates and charges to generate $866 million in additional gross annual revenues, effective January 1, 2017. The Company also has requested an increase in its retail rates and charges to generate $262 million in additional gross annual revenues, effective January 1, 2018. FPL asserts that the combined increases will allow the Company to earn a return on equity (ROE) of 11.50 percent which includes a 50 basis point ROE performance adder. The Company based its requests on projected test years ending December 31, 2017 and December 31, 2018. FPL stated that these test years are the appropriate periods to be utilized because they best represent expected future operations in the period immediately after
any new base rates go into effect. FPL has also requested a $209 million base rate step increase for the Okeechobee Energy Center effective upon the commercial in-service date of the unit (projected to be June 1, 2019). In total, the Company is requesting a $1.337 billion base rate increase. It is estimated that the monthly base rate would increase by $13.28 for a typical residential customer. FPL did not request any interim rate relief.

In FPL’s most recent base rate proceeding in Docket No. 120015-EI, the Commission approved a settlement agreement which authorized a revenue increase of $378 million effective January 1, 2013. In addition, the settlement agreement provided for generation base rate adjustments to coincide with the in-service dates of the Cape Canaveral Modernization Project, Riviera Beach Modernization Project, and Port Everglades Modernization Project power plants. The settlement agreement provided that retail base rates, with certain exceptions, would be frozen through the last billing cycle in December 2016.

On March 10, 2016, the Commission acknowledged the Office of Public Counsel’s notice of intervention in this proceeding. On March 11, 2016, Florida Industrial Power Users Group (FIPUG) filed its Motion to Intervene. On March 28, 2016, Wal-Mart Stores East, LP and Sam’s East, Inc. (Walmart) filed their Petition to Intervene. On April 4, 2016, the Commission granted FIPUG’s and Walmart’s requests to intervene.

On April 4, 2016, the Federal Executive Agencies (FEA) filed its Petition to Intervene. On April 8, 2016, the South Florida Hospital and Healthcare Association (SFHHA) filed its Petition to Intervene. On April 21, 2016, the Commission granted FEA’s and SFHHA’s requests to intervene. A hearing has been scheduled for August 22 through September 2, 2016. This Commission has jurisdiction over this matter pursuant to Sections 366.06(2) and (4), F.S.

FPL filed its petition, testimony, and minimum filing requirements on March 15, 2016. The Company has requested an increase in its retail rates and charges to generate $866 million in additional gross annual revenues, effective January 1, 2017. FPL also has requested an increase in its retail rates and charges to generate $262 million in additional gross annual revenues, effective January 1, 2018. Further, the Company requested a $209 million base rate step increase for the Okeechobee Energy Center effective upon the commercial in-service date of the unit (projected to be June 1, 2019).

Historically, this Commission has suspended requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. Suspension of a requested rate increase is authorized by Section 366.06(3), F.S., which provides:

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Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

We find it appropriate to suspend the requested permanent rate schedules to allow Commission staff and intervenors sufficient time to adequately investigate whether the request for permanent rate relief is justified.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the $866 million permanent rate increase for January 1, 2017, the $262 million permanent rate increase for January 1, 2018, the $209 million base rate step increase, and the associated tariff revisions shall be suspended pending a final decision in this docket to allow Commission staff and intervenors sufficient time to investigate whether the request for permanent rate relief is appropriate. It is further

ORDERED that these dockets shall remain open pending our final determination in this matter.

By ORDER of the Florida Public Service Commission this 9th day of May, 2016.

HONG WANG
Chief Deputy Commission Clerk
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.
Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.