

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company.

DOCKET NO. 160021-EI

In re: Petition for approval of 2016-2018 storm hardening plan, by Florida Power & Light Company.

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-16-0483-PHO-EI
ISSUED: October 24, 2016

SECOND PREHEARING ORDER

I. Background

On January 15, 2016, Florida Power & Light Company (FPL) filed a test year letter, as required by Rule 25-6.140, Florida Administrative Code (F.A.C.), notifying the Florida Public Service Commission (Commission) of its intent to file a petition for an increase in rates effective 2017. Pursuant to the provisions of Chapter 366, Florida Statutes (F.S.), and Rules 25-6.0425 and 25-6.043, F.A.C., FPL filed its Minimum Filing Requirements and testimony on March 15, 2016. Docket Nos. 160061-EI (2016-2018 Storm Hardening Plan), 160062-EI (2016 Depreciation and Dismantlement Study) and 160088-EI (Incentive Mechanism), were thereafter consolidated into the rate case docket, Docket No. 160021-EI. Nine parties were granted intervention in the docket.¹ An administrative hearing on FPL's request for a rate increase was conducted on August 22, 2016 - August 26, 2016, and August 29, 2016 - September 1, 2016. On October 6, 2016, FPL and three of the nine intervening parties (signatories)² filed a Joint Motion for Approval of Settlement Agreement (Settlement Agreement). Pursuant to Order No. PSC-16-0456-PCO-EI, issued on October 12, 2016, an administrative hearing is scheduled for October 27, 2016, to reopen the record and take supplemental testimony regarding the terms and conditions of the Settlement Agreement not previously addressed in the prior hearing. On October 21, 2016, pursuant to Order No. PSC-16-0456-PCO-EI, AARP timely filed its Notice of Witness Appearance identifying Michael Brosch as its direct witness for the hearing scheduled for October 27, 2016. The sole issue for consideration at the October 27, 2016 hearing is: *Is it in the public interest for the Settlement Agreement to be approved?*

¹ Office of Public Counsel (OPC), Florida Industrial Power Users Group (FIPUG), Wal-Mart Stores East, LP and Sam's East, Inc. (Walmart), Federal Executive Agencies (FEA), South Florida Hospital and Healthcare Association (SFHHA), American Association of Retired Persons (AARP), Florida Retail Federation (FRF), Sierra Club, and Daniel R. Larson and Alexandria Larson (Larsons).

² OPC, FRF, and SFHHA.

II. Jurisdiction

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.). This hearing will be governed by said Chapter and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

III. Order of Witnesses

| <u>Witness</u> | <u>Proffered By</u> | <u>Issues #</u> |
|------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Direct</u> | | |
| Tiffany Cohen | FPL | Rates |
| Keith Ferguson | FPL | Paragraph 12 – theoretical depreciation reserve surplus, revised depreciation parameters, new depreciation rates, deferral of depreciation and dismantlement studies. |
| Sam Forrest | FPL | Paragraph 16 – termination of financial hedging for natural gas requirements. |
| Robert E. Barrett, Jr. | FPL | Paragraph 10 – Solar Base Rate Adjustment; Paragraph 18 – battery storage pilot program; Paragraph 19 - pilot demand side management opt-out program. |
| *Michael Brosch | AARP | Paragraph 1 – term of the agreement; Paragraph 2 – revisions to MFR Schedules B-2, C-1, C-3, and D1a and use in surveillance reports and clause filings; Paragraph 3 – ROE; Paragraph 4 – base rate increases, CILC tariff, CDR rider, cost of service methodology; Paragraph 6 – storm recovery costs; Paragraph 7 – cost recovery clause exclusion; Paragraph 9 – Okeechobee Limited Scope Adjustment; Paragraph 10 – Solar Base Rate Adjustment; Paragraph 11 – exceptions to 4 year minimum term; |

Paragraph 12 – depreciation reserve surplus, revised depreciation parameters, new depreciation rates, deferral of depreciation and dismantlement studies.

* Live testimony.

Rebuttal

FPL may call any of its direct witnesses to rebut the live testimony of Michael Brosch.

IV. Exhibit List

| <u>Witness</u> | <u>Proffered By</u> | <u>ID</u> | <u>Description</u> |
|----------------|-------------------------|-----------|------------------------------------------------------------------------------------------|
| Tiffany Cohen | FPL | TCC-10 | 1,000-kWh Typical Residential Bill Comparison |
| Tiffany Cohen | FPL | TCC-11 | 2017-2020 Typical Bills |
| Tiffany Cohen | FPL | TCC-12 | Parity of Major Rate Classes |
| Keith Ferguson | FPL | KF-9 | Depreciation parameter changes in proposed Settlement Agreement as of December 31, 2016. |

V. Rulings

Opening statements, if any, shall be limited to 10 minutes for all of the signatories to the Settlement Agreement, to be divided among them as they see fit, and 5 minutes each for the non-signatories. Summaries of witness testimony, if any, shall be limited to 3 minutes. Cross examination on issues addressed in the prior hearing that are contained in the Settlement Agreement will be allowed to the extent the questions are regarding calculations and/or the rationale supporting that portion of the Settlement Agreement. However, questions duplicative of those asked at the previous evidentiary hearing shall be deemed outside the scope of this proceeding and disallowed. All parties shall bring 40 copies of all exhibits they wish to enter into evidence and abide by the rules for any confidential materials contained therein.

Based on the foregoing, it is

ORDERED by Chairman Julie I. Brown that the provisions of this Order and Order No. PSC-16-0456-PCO-EI shall govern the proceeding to be held on October 27, 2016, to take supplemental testimony on the Settlement Agreement, unless modified by the Commission.

By ORDER of Chairman Julie I. Brown, as Presiding Officer, this 24th day of October, 2016.



JULIE I. BROWN
Chairman and Presiding Officer
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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.