

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

_____ /

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF
2016-2018 STORM HARDENING PLAN
BY FLORIDA POWER & LIGHT
COMPANY.

_____ /

DOCKET NO. 160062-EI

2016 DEPRECIATION AND
DISMANTLEMENT STUDY BY FLORIDA
POWER & LIGHT COMPANY.

_____ /

DOCKET NO. 160088-EI

PETITION FOR LIMITED
PROCEEDING TO MODIFY AND
CONTINUE INCENTIVE MECHANISM
BY FLORIDA POWER & LIGHT
COMPANY.

_____ /

PROCEEDINGS: SPECIAL AGENDA

COMMISSIONERS
PARTICIPATING:

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

DATE: Tuesday, November 29, 2016

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TIME: Commenced at 9:35 a.m.
Concluded at 10:15 a.m.

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

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

P R O C E E D I N G S

1
2 **CHAIRMAN BROWN:** All right. I'd like to call
3 this special agenda to order today. The date is
4 November 29th, 2016. The time is about 9:35. Welcome,
5 all.

6 And before we get into the very important work
7 of the day, I have just a few comments I'd like to share
8 with you.

9 Since we all got together last, which was just
10 a few weeks ago, many changes have gone on in our
11 country. We have now a new president and vice
12 president, newly -- new Cabinet members, new state
13 senators, new state representatives. We will have new
14 FERC commissioners and FCC commissioners. We will also
15 have new state and federal Supreme Court justices. All
16 these developments will impact the work that we do. And
17 it's truly exciting to be in an industry with so many
18 dynamic changes going on around our country and in our
19 state, and I'm looking forward to continuing the work
20 that we do together in this transformational time, and I
21 just wanted to make that quick note.

22 Also, following our special agenda today, we
23 have a very special guest with us who will be giving a
24 presentation on the dynamic changes in the telecom
25 industry. Commissioner Clyburn with the FCC will be

1 joining us, and I invite you all to join us afterwards
2 to hear her discussion in our internal affairs meeting.

3 Last, I have some sad and unfortunate news to
4 share with you, although I do believe a lot of you are
5 already aware. Mrs. Blaise Gamba passed away tragically
6 on November 13th. Ms. Gamba appeared before this
7 Commission often. She served over ten years with the
8 law firm of Carlton Fields. She was absolutely a
9 bright, kind, and intelligent woman, and really
10 dedicated a lot of her time to pro bono service and her
11 community. She leaves behind her husband, William, and
12 a very large, loving family.

13 On a personal note, I remember Blaise. She
14 was the consummate professional, always well prepared,
15 articulate, and it's just so sad to see someone with so
16 much life leave this earth tragically. On behalf of the
17 Commission and the Commissioners, we send our
18 condolences to Mrs. Blaise -- Mrs. Gamba's family,
19 friends, colleagues throughout the state and the nation.

20 And on that note, we will begin the busy work
21 of the day, starting with Ms. Brownless.

22 **MS. BROWNLESS:** Good morning. The Commission
23 is here today to discuss and vote upon the Joint Motion
24 for Approval of Settlement Agreement entered into by the
25 company and the Office of Public Counsel, South Florida

1 Hospital and Healthcare Association, and the Florida
2 Retail Federation. Three other dockets addressing
3 FP&L's 2016 to 2018 storm hardening plan, the 2016
4 depreciation and dismantlement study, and an incentive
5 mechanism for wholesale electricity and natural gas
6 transactions have been consolidated with this rate case.
7 All issues raised in all four dockets are resolved in
8 the Settlement Agreement we are discussing today.

9 The Settlement Agreement was filed after an
10 evidentiary hearing was conducted on August 26th through
11 September 1st of this year in which the testimony of 35
12 witnesses was heard and 805 exhibits were admitted into
13 evidence. All parties filed briefs or post-hearing
14 statements on September 19th.

15 Subsequent to the filing of the Settlement
16 Agreement on October 6th, the record was reopened and a
17 second hearing was held on October 27th to take
18 supplemental testimony on the terms and conditions of
19 the Settlement Agreement that had not previously been
20 addressed in the prior hearing. At this second hearing,
21 the testimony of five witnesses were heard and six
22 exhibits were admitted into evidence. FP&L, the
23 intervenor signatories, AARP, the Larsons, the Sierra
24 Club, Wal-Mart Stores East, LP, and Sam's East, Inc.,
25 filed briefs or comments on the Settlement Agreement on

1 November 10th.

2 The remaining six parties to the docket who
3 did not sign the Settlement Agreement take the following
4 positions: FIPUG took no position; Wal-Mart and FEA do
5 not oppose the Settlement Agreement; the Larsons, AARP,
6 and the Sierra Club object. At this time, a summary of
7 the Settlement Agreement will be given.

8 **CHAIRMAN BROWN:** Thank you.

9 And welcome, Mr. Maurey.

10 Commissioners, you have a copy of it, but I
11 believe they're going to put a presentation on the
12 PowerPoint behind us.

13 **MR. MAUREY:** Thank you. Good morning,
14 Chairman, Commissioners. Andrew Maurey, Commission
15 staff. We will start with the term of the proposed
16 Settlement Agreement.

17 **CHAIRMAN BROWN:** Mr. Maurey, before you begin,
18 I do also just want to ask the Commissioners to hold off
19 on their questions until staff has completed its
20 presentation. Thank you. Please continue.

21 **MR. MAUREY:** Okay. Thank you. The term of
22 the settlement is four years beginning January 2017
23 through December 2020. During that term, there are
24 three base rate increases planned: the first beginning
25 in January of 2017 of 400 million; January 2018 of

1 211 million; a then a final base rate increase of
2 200 million associated with the Okeechobee plant,
3 which -- when it goes into service, which is expected in
4 June of 2019. With the exception of the Solar Base Rate
5 Adjustments that will be discussed later in this
6 presentation, there will be no other base rate increases
7 during the term of the settlement.

8 The return on equity for all regulatory
9 purposes during the term of the settlement will be
10 10.55 percent. The range of return on equity will be
11 9.6 to 11.6 percent.

12 One of the provisions in the settlement is
13 that FPL will refrain from engaging in any incremental
14 financial hedges during the term of the agreement. It
15 is anticipated, given the current hedges that are in
16 place, as they mature, FPL will be unhedged with respect
17 to natural gas prices by January of 2018.

18 **MR. SHAFER:** Good morning, Commissioners.
19 Greg Shafer, Commission staff.

20 **CHAIRMAN BROWN:** Microphone, please.

21 **MR. SHAFER:** I'm sorry.

22 **CHAIRMAN BROWN:** Thank you.

23 **MR. SHAFER:** Good morning, Commissioners.
24 Greg Shafer, Commission staff.

25 As Ms. Brownless noted, the -- Florida Power &

1 Light's 2016 depreciation study was rolled into this
2 rate case docket, and those issues were addressed by the
3 stipulation and settlement. As a result of the
4 stipulation and settlement, FPL's 2017 depreciation
5 expense will be reduced by \$128.8 million, and a
6 \$1.0 billion theoretical reserve surplus, plus any
7 remainder of reserve surplus as of December 31st, 2016,
8 may also be amortized over the four-year agreement. The
9 surplus must be used to maintain the company's return on
10 equity of at least 9.6 percent but no higher than
11 11.6 percent.

12 The stipulation and settlement also contains
13 several tariff changes of note, the first being the
14 implementation of meter tampering charges. Those meter
15 tampering charges are \$200 for residential and small
16 commercial customers and \$1,000 for non-demand
17 commercial customers.

18 Other changes of note include all new street
19 lighting and traffic signals will now be metered, and
20 the -- there's an elimination of the re-lamping option
21 for customer-owned lighting.

22 I should go back. On the metering of street
23 lighting, that's customer-owned street lighting and
24 traffic signals.

25 In addition, the Commercial Industrial Load

1 Control and Commercial Demand Reduction Credits will
2 remain at current levels. Those current levels were
3 established in the 2012 stipulated agreement.

4 The Cost of Service Methodology to be applied
5 going forward -- or for this settlement will be the 12CP
6 and 1/13th methodology for production plant, the 12CP
7 methodology for transmission plant, and a new negotiated
8 methodology for distribution plant.

9 In addition, going forward, the company will
10 be required to file an MDS Cost of Service Study,
11 Minimum Distribution System Cost of Service Study, in
12 its next general base rate increase to compare -- to
13 give the Commission the ability to compare that
14 methodology's impact on the revenue requirement by class
15 to other methodologies that may be provided by the
16 company. And I would note that the MFRs currently
17 require the 12CP and 1/13th methodology. And in the
18 current case, the company had also filed a different
19 methodology than that. So going forward, there will be
20 that ability to compare those methodologies.

21 **MR. BALLINGER:** Good morning, Commissioners.
22 Tom Ballinger with Commission staff.

23 The settlement also includes a continuation of
24 a pilot Incentive Mechanism that was first approved in
25 the 2012 Settlement Agreement. This would resolve all

1 issues in Docket 160088 that was also consolidated into
2 the rate proceeding.

3 Per discovery responses, FPL indicated that
4 this would be a four-year pilot, that it would terminate
5 after the four years absent any action from FPL or the
6 Commission. As noted here, the sharing threshold is set
7 to \$40 million, and at that point that's when sharing of
8 benefits would accrue, and the 514,000-megawatt-hour
9 threshold was eliminated instead for a net of purchase
10 and sales for O&M purposes.

11 The settlement also includes a storm damage
12 recovery methodology which is similar to settlements in
13 2010 and 2012 where it has a \$4 surcharge that can be
14 added per 1,000 kilowatt hours to recover the cost of
15 storm damages. There is no accrual going on in current
16 base rates.

17 Also, the settlement includes a transfer of
18 the West County Energy Center's revenue requirements
19 from the clause to base rates. This is a revenue
20 neutral portion of the settlement. It's basically
21 neutral to ratepayers.

22 Finally, the Okeechobee limited scope
23 proceeding. This is a -- you've heard this before,
24 GBRA's, which is a Generation Base Rate Adjustment for
25 generation assets going in service. This would go into

1 effect on the in-service date of the Okeechobee unit,
2 which is expected to be June of 2019. The revenue
3 requirement will be capped at \$200 million. And it also
4 has a true-up mechanism where if a lower amount comes in
5 below that, the lower amount will be used to set the
6 GBRA. If the cost of the Okeechobee unit is higher than
7 predicted, FPL would have to come in and seek additional
8 recovery of that amount.

9 A new aspect of this settlement that hasn't
10 been in other settlements is the Solar Base Rate
11 Adjustment. It's very similar to the Okeechobee one of
12 generation base rate, but this applies strictly to
13 solar, and it has a cap of 300 megawatts per year of
14 solar installations that FPL may build. As you see
15 here, it has a cap of a cost not to exceed \$1,750 per
16 kilowatt, and, again, as with the other Generation Base
17 Rate Adjustments, it has a true-up mechanism.

18 There's two types of projects. One could be
19 under a Power Plant Site (sic) Act, which is greater
20 than 75 megawatts. If that were to occur, FPL would
21 issue an RFP and go through the normal siting process.
22 If it's a smaller project, less than 75 megawatts, FPL
23 would file a cost-effectiveness analysis through the
24 fuel clause and the Commission would analyze it there.

25 This next slide just explains the true-up

1 mechanism again, much like a GBRA. If the cost comes in
2 lower, the lower unit would be -- lower number would be
3 used. If it's higher, FPL may initiate a limited
4 proceeding.

5 A couple of other options or portions of the
6 settlement. FPL will implement a 50 megawatt battery
7 storage program. This could be for retail customers,
8 either small or large, or it could be combined with the
9 Solar Base Rate Adjustment projects, as I discussed
10 earlier. FPL has the final say on where these projects
11 would be implemented, and it has a cost cap of
12 \$2,300 per kilowatt.

13 On the opt-out workshop there was no timeline
14 given in the settlement, just that the -- FPL and the
15 parties would work together to request the workshop with
16 the Commission to discuss opt-out for DSM programs.
17 Also, participation is not limited to the signatories
18 for that workshop.

19 **MR. MAUREY:** The next provision deals with the
20 Martin-Riviera pipeline. It's -- FPL is authorized to
21 transfer to its FERC-regulated affiliate the
22 Martin-Riviera lateral, which is currently in rate base,
23 based on a demonstration that doing so would result in
24 cost savings to customers. This is a placeholder for a
25 future petition to pursue that option.

1 This concludes the overview of the Settlement
2 Agreement. Staff is available for any questions.

3 **CHAIRMAN BROWN:** Thank you. And, you know, a
4 rate case of this magnitude affecting 4.8 million
5 customers obviously has required a lot of time, a lot of
6 time on staff's part. I want to extend our appreciation
7 for all of your hard work. A lot of you have done a lot
8 of overtime: our technical staff, our legal staff,
9 administrative staff, clerk's office, Mr. Staden's
10 folks, even the Florida Channel. A lot of people have
11 been working a great deal on this case with nine service
12 hearings, two technical hearings covering ten days, over
13 4,000 discovery documents and prefiled testimony, and,
14 again, thank you all for all the work you've done.

15 Commissioners, this brings us to the bench for
16 questions at this time. If you would like, we can go
17 paragraph by paragraph or just open it up broadly to
18 questions.

19 Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Obviously to staff -- and
21 not that you need it, but I'm looking at page 15 -- can
22 you describe to me, please, the process in a little more
23 detail, not great detail, but a little more detail, as
24 to how the cost-effectiveness will be reviewed, the
25 process and procedure for that, if, indeed, a petition

1 is submitted to the Commission for the transfer of the
2 Martin-Riviera pipeline?

3 **MR. MAUREY:** Yes, ma'am. If -- after FPL
4 evaluates the potential transfer from rate base to its
5 FERC-regulated affiliate, it will -- if it can
6 demonstrate that from a cumulative present value revenue
7 requirement basis that the payment under -- recovery of
8 those costs under base rates versus recovery through the
9 fuel clause, if it's more cost advantageous to
10 customers, they will make that transfer. If it is not,
11 then the Martin-Riveria lateral will remain in rate base
12 and customers will pay for that service, as they
13 currently do.

14 **COMMISSIONER EDGAR:** So who ultimately makes
15 that determination of cost-effectiveness for customers?

16 **MR. MAUREY:** FPL will make a presentation.
17 Staff will evaluate it and bring it to the Commission
18 for their determination that it meets the cost-effective
19 standard.

20 **COMMISSIONER EDGAR:** Okay. Thank you. That's
21 exactly what I was looking for.

22 And then -- and I'm not sure who to put this
23 for, so, Mr. Maurey, you're first up.

24 **MR. MAUREY:** Sure.

25 **COMMISSIONER EDGAR:** But feel free to point to

1 somebody else.

2 On page 14 there's a brief mention of the
3 potential workshop for a pilot Demand-Side Management
4 Opt-Out Program. I'm just curious as to a little more
5 background and thinking on that. Clearly this
6 Commission had a, you know, full procedure hearing, et
7 cetera, on that issue generally, or specifically, and I
8 believe at that point in time kind of where we had left
9 it was if more information is forthcoming, that it is
10 something that the Commission would be willing to take
11 another look at. If that's not accurate, feel free to
12 correct me. But recognizing that this is now a part of
13 this overall proposed Settlement Agreement, can you
14 speak to me in a little more detail as to how staff sees
15 that moving forward?

16 **MR. SHAFER:** First off, Commissioner, I would
17 agree that your -- with your characterization of the
18 proceeding that the Commission held. Staff sent some
19 discovery to the companies -- or to the company
20 regarding the workshop item in the settlement, and
21 essentially the response that we received indicated that
22 at this point there's nothing more in terms of their
23 perspective than a joint request for a workshop.
24 Certainly from the staff perspective and consistent with
25 what we believe the Commission's determination was in

1 the opt-out docket, we would be hopeful that there would
2 be perhaps a strawman or something of that nature for us
3 to consider during the workshop.

4 I fully expect that the parties will reach out
5 to staff at some point prior to requesting that
6 workshop, and we can, you know, discuss what types of
7 details we'd like to see at that point.

8 **COMMISSIONER EDGAR:** All right. Thank you,
9 Mr. Shafer.

10 Madam Chair, at the moment, at the moment
11 those are my questions. I will, at the appropriate
12 time, would like, if you agree, to make a few general
13 comments.

14 **CHAIRMAN BROWN:** Great. Thank you.

15 I do -- seeing no other lights from
16 Commissioners, I have a few questions. Actually,
17 Commissioner Brisé, go ahead.

18 **COMMISSIONER BRISÉ:** Thank you, Madam Chair.
19 I have a few "big picture" questions.

20 So we can go back to the original request and
21 sort of compare from a dollars' perspective the
22 difference or the delta between the original request and
23 what has been settled out here or has been proposed in
24 this settlement, if we can walk through some of those
25 things.

1 **MR. MAUREY:** Yes. In the original request, it
2 was approximately a \$1.3 billion request over a
3 similar time horizon: January '17, January' 18, and June
4 of 2019. This proposed settlement reduces that to
5 811 million from the 1.3 billion.

6 **COMMISSIONER BRISÉ:** And what specifically
7 generated that delta as you go through the settlement?

8 **MR. MAUREY:** Well, some of the elements of
9 that delta can be explained. The difference in
10 depreciation expense and the difference in return on
11 equity, that explains probably 70 to 75 percent of the
12 delta. The remainder of the delta is not specifically
13 identified.

14 In its response to discovery, the company --
15 well, let me back up. The company, in its ask, had put
16 forth a program that it would need \$1.3 billion to
17 implement, and it plans to continue to do that program
18 but will do so within its means. It did not specify
19 which investments may or may not be extended or taken up
20 immediately.

21 **COMMISSIONER BRISÉ:** Okay. That's all I have
22 for now.

23 **CHAIRMAN BROWN:** Thank you.

24 Staff, I'm going to ask a few clarifying
25 questions, directing you, though, to the actual

1 agreement and not the PowerPoint presentation.

2 Starting with the storm cost recovery on page
3 7, my understanding from the hearing was that the storm
4 reserve was depleted; is that correct?

5 **MR. MAUREY:** That's correct.

6 **CHAIRMAN BROWN:** Okay. All right. And is
7 there -- is there envisioned a future -- in the near
8 future a proceeding to replenish that pursuant to the
9 terms under here of the agreement to -- and to what
10 level?

11 **MR. MAUREY:** Yes. The company has notified
12 the Commission that it intends to file recovery of storm
13 costs associated with Hurricane Matthew. This -- as
14 Mr. Ballinger explained, this provision in the current
15 settlement is almost identical to the settlement or the
16 terms in the current agreement that expires the end of
17 the year. So whether it comes in before December or
18 after December, it will be treated in the same manner.
19 It'll ask for the recovery. It will be implemented
20 within 60 days following the petition. The Commission
21 will have an opportunity to look at the actual costs
22 incurred after a certain period and determine that all
23 the costs that were recovered were permissible through
24 the rule.

25 **CHAIRMAN BROWN:** And that amount would also

1 include the replenishment of the storm reserve as of
2 August 31st, 2016.

3 **MR. MAUREY:** That's correct. If they file
4 before the end of December, the amount is very similar.
5 That was set in the 2012 agreement that was -- would be
6 the basis of this agreement as well.

7 **CHAIRMAN BROWN:** And just one clarifying
8 question. I know we've had these discussions in our
9 briefings, but just for the record, so if the storm
10 costs are greater than \$4 per 1,000 kilowatt residential
11 bill, this Commission has the discretion to spread that
12 out over a longer period of time other than 12 months.

13 **MR. MAUREY:** That's correct.

14 **CHAIRMAN BROWN:** But if it's \$4 or less, it
15 has to be within the 12-month period.

16 **MR. MAUREY:** That's our understanding, yes.

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

18 Moving on to the SoBRA, the SoBRA. All right.
19 And these are just some clarifying questions again for
20 the record.

21 Under paragraph 10, page 12, in that first
22 paragraph, there is a provision there or a sentence that
23 says, "The Commission's approval may occur before or
24 after the minimum term." I want to first understand
25 that. It's still limited to the 1,200 megawatts

1 throughout the term and possibly one year after.

2 **MR. BALLINGER:** Yes, ma'am. That was to allow
3 for -- in case the proceeding continued on beyond the
4 term of the Settlement Agreement, that the project would
5 still go into service after the term of the settlement.
6 But the total megawatts are limited to 1,200 megawatts.

7 **CHAIRMAN BROWN:** But the Commission has the
8 authority under the Settlement Agreement to approve
9 SoBRAs after the expiration, though, of the agreement?

10 **MR. BALLINGER:** Yes.

11 **CHAIRMAN BROWN:** It doesn't say for how long.

12 **MR. BALLINGER:** No. I think it would
13 determine on the proceeding. I would imagine the
14 proceeding -- the request would be filed during the term
15 of the Settlement Agreement, and it may carry on beyond
16 the term.

17 **CHAIRMAN BROWN:** But no greater than
18 1,200 megawatts of capacity can be added even later on.

19 **MR. BALLINGER:** Correct. Correct.

20 **CHAIRMAN BROWN:** Okay. Thank you for that
21 confirmation.

22 Moving on -- actually, the previous request
23 for the three plants, the solar in the rate case,
24 totaled 224 megawatts. Was that based on the -- what
25 kilowatt -- kwatt was that based on?

1 **MR. BALLINGER:** The cost of those were roughly
2 1,850, I believe.

3 **CHAIRMAN BROWN:** And is that -- those are --
4 those projects are included in this Settlement
5 Agreement, in the revenue requirements for the
6 Settlement Agreement?

7 **MR. BALLINGER:** They are part of the 2017
8 revenue requirement.

9 **CHAIRMAN BROWN:** And they're going to be based
10 on those amounts, not the 1,750 per kwatt.

11 **MR. BALLINGER:** Correct. As Mr. Maurey said,
12 they're part of the projects that they went forward
13 with. They're part of the 400 million that you had for
14 the 2017 increase. They are covered there. They are
15 not part of the ongoing SoBRAs.

16 **CHAIRMAN BROWN:** On a separate note, though,
17 in the rate case the company proposed to build 26 new
18 and expanded natural gas combustion turbines. Are those
19 also included in the revenue requirements in the
20 Settlement Agreement?

21 **MR. BALLINGER:** Yes.

22 **CHAIRMAN BROWN:** Okay. And the additional
23 storm hardening, et cetera, measures.

24 **MR. BALLINGER:** Yes, ma'am.

25 **CHAIRMAN BROWN:** Okay. Moving on to

1 paragraph -- oh, 18, the storage, the battery storage
2 project. I really hope that we get to see more
3 investments like this from utilities, and I'm really
4 excited about this provision. I'm happy it was included
5 in the Settlement Agreement.

6 I'm curious about when and if the Commission
7 will get updates on these projects annually and in what
8 docket we would see these, because I'd love to see the
9 results and benefit of this project.

10 **MR. BALLINGER:** I don't know. The settlement
11 doesn't call for any annual reports. Staff can always
12 ask for information through our discovery process or
13 data requests typically at the ten-year site plan. We
14 can do it through that venue, if you'd like.

15 I forgot to mention that FPL will not seek
16 recovery of this until its next general base rate
17 proceeding, which may be in four years.

18 **CHAIRMAN BROWN:** Okay. But I think it's
19 important to have that type of information so we can
20 learn from it and see how it's progressing.

21 And I'm sorry to go back to paragraph 16,
22 which is the hedging. So with our decision this past
23 month on the hedging for the IOUs, we're going to have a
24 workshop soon; right?

25 **MR. MAUREY:** That is correct.

1 **CHAIRMAN BROWN:** Can you -- and FPL intends to
2 participate in it pursuant to the agreement -- I mean,
3 the decision in that proceeding.

4 **MR. MAUREY:** Yes. It will be bound -- if this
5 is approved, it'll be bound by the provisions of this
6 agreement. However, it will participate in any
7 workshops that involve the other IOUs.

8 **CHAIRMAN BROWN:** So what if there is a global
9 Settlement Agreement or some type of agreement among the
10 parties, including all the parties, the signatories to
11 this agreement, that comes out of that workshop? Will
12 FPL still be bound and tied to the terms of this? Yes.
13 I know the answer is yes.

14 **MR. MAUREY:** It will -- our understanding is
15 it's bound to the terms of the Settlement Agreement.
16 However, as we've seen in other Settlement Agreements
17 with similar parties, it's possible for the agreement to
18 be revised and restated in the future to take in a
19 development like that, a change in how hedging is done
20 going forward.

21 **CHAIRMAN BROWN:** Okay. I mean, I think I said
22 this during the hearing, this is just an area of concern
23 for me. I think it's an extreme. But I understand it's
24 part of an overall compromise and I otherwise wouldn't
25 have even considered it. Natural gas prices are rising

1 even today, so it's an area of concern I have.

2 Last, there's one other question I have on
3 page 23, which is -- it's paragraph 20. And, again, we
4 talked about this in our multiple briefings, but I still
5 would love some clarification on that on the record,
6 that I don't know what that means. "Offer a new tariff
7 for customers who interconnect with an FPL distribution
8 substation." What -- do you have an idea of what that
9 is -- what scenario that is contemplating?

10 **MR. BALLINGER:** We're a little befuddled by
11 this one as well. I'm not sure what it means. It
12 doesn't have any reporting requirements, when they'll
13 come to the Commission, what they'll do with the
14 results. It just says FPL will explore it as a new
15 tariff. I guess we'll know it when we see it if it
16 comes in as a new tariff offering at a distribution
17 level.

18 **CHAIRMAN BROWN:** But then again it's also
19 not -- it's just an evaluation. It's not binding the
20 Commission to approving it.

21 **MR. BALLINGER:** Correct.

22 **CHAIRMAN BROWN:** Okay. Those are all the
23 questions I have.

24 Commissioners, any further questions or
25 discussion? If there are no further questions, we can

1 get into discussion at this time.

2 Commissioner Edgar.

3 **COMMISSIONER EDGAR:** Thank you, Madam Chair.
4 You know, it's -- for this case, and not unexpectedly,
5 it's kind of been a long year.

6 **CHAIRMAN BROWN:** Hasn't it?

7 **COMMISSIONER EDGAR:** It has. As you
8 mentioned, for any rate case, but particularly for one
9 of our largest service providers, a comprehensive rate
10 case takes a lot of time, a lot of effort, a lot of
11 trees, a lot of computer pages, many, many, many hours.
12 I either thank you or not for the honor and the
13 opportunity to serve as prehearing officer in this case.
14 Actually I do thank you. I appreciate the opportunity
15 to do so for what was either my fourth or fifth FPL
16 comprehensive rate case.

17 And looking back over the last year, I can
18 tell you all that when I look at where a lot of my time
19 was spent professionally, a lot of it was spent on
20 getting ready for this case and working with staff and
21 looking at the issues and getting ready for hearing.

22 And I will say, taking just a moment of
23 personal privilege, that it did start a little bumpy --
24 thank you Public Counsel, Mr. J.R. Kelly -- but I think
25 ultimately the process worked as it should and as it is

1 designed to. And an evidentiary proceeding is, by its
2 nature, especially from the beginning, adversarial.
3 That is the process. But it is also part of the process
4 that while we, on this side of the bench, are looking at
5 the testimony and hearing from the witnesses and
6 questioning and discussing matters with our staff, that
7 perhaps on the other side out there that the parties are
8 talking and discussing and trying to figure out other
9 ways within the process to reach consensus in the public
10 interest on -- and on behalf of the ratepayers.

11 It's always interesting with a proposed
12 settlement how some items sort of pop up there at the
13 end, and we do have a couple here. As you've mentioned,
14 the battery storage item, the -- and I learned a new
15 acronym: SoBra. I didn't know that we needed a new
16 acronym. We did have GBRA -- we do have GBRA, but
17 apparently now we have SoBRA as well. And as you've
18 mentioned, addressing or having further discussion about
19 hedging and also potentially having further discussion
20 about the DSM opt-out request, and I do hit "request" on
21 that, and also the potential transfer for the
22 Martin-Riviera pipeline transfer, all of which are items
23 that were not really a part initially of this case even
24 though we had four dockets that we had consolidated.
25 And we purposely, purposely procedurally tried to make

1 good use of everybody's time effectively and efficiently
2 by combining related items and related issues that would
3 ideally be more efficient for discovery and for parties
4 and for witnesses.

5 So with all of that, I also am intrigued and
6 interested in the battery storage item. I do hope, as
7 additional information comes forward on that, that, you
8 know, if indeed there is subsidization in that, that it
9 is transparent. If there isn't, that that is clear as
10 well as my colleagues continue to look at that issue and
11 others.

12 But looking at the entire almost year that has
13 been spent on this, the coordination of the parties and
14 also the great work of our staff and of my fellow
15 colleagues, at the appropriate time, Madam Chair, I'd
16 like to make a motion in support of approving the
17 Settlement Agreement.

18 **CHAIRMAN BROWN:** Thank you, Commissioner
19 Edgar, for those comments.

20 Commissioners, any further comments?

21 Commissioner Brisé.

22 **COMMISSIONER BRISÉ:** Thank you, Madam Chair.
23 You know, in recognition of this long, tedious process,
24 we want to -- I personally want to thank all the parties
25 for getting together, even those who are not in

1 agreement with the terms as arrived by those who are
2 signators.

3 You know, as we traveled within the service
4 territory, there was a couple of things that stood out
5 to me. One is that the quality of the service is good.
6 People were concerned about their pockets. And I think
7 ultimately this settlement handles all of those things.
8 It allows for the service to continue in a way that
9 people will continue to receive the satisfaction that
10 they're looking for and that their pockets won't be
11 injured in the process, while allowing the growth that
12 is necessary to occur. And ultimately that's what I
13 heard throughout the process.

14 Beyond that, there's a couple of other things
15 that I heard from customers as we were listening to
16 them. They wanted to see more innovation in terms of
17 renewables and all of that, so it creates -- there is
18 space for that to happen within this settlement.

19 There was also concern about, in certain
20 places, hedging -- right? -- and so the settlement
21 addresses that. Not the way I would like for it to be
22 resolved, but this is a comprehensive settlement where
23 you have parties who have come together and addressed
24 the concerns that they have and they've come to an
25 agreement that makes sense and that they can live with

1 for a period of time.

2 So at the appropriate time when the motion is
3 made, I will either second it or support it, depending
4 upon who hits the lights first.

5 **CHAIRMAN BROWN:** Commissioner Patronis.

6 **COMMISSIONER PATRONIS:** Thank you, Madam
7 Chairman.

8 I just wanted to echo the sentiments and
9 comments of my colleagues, but especially give staff a
10 big attaboy. That's a meat grinder that y'all dealt
11 with over the last year. And for my first time being
12 able to listen and learn, please appreciate how much I
13 gained out of seeing the process at work and how much
14 you brought me along in understanding greater the full
15 obligations that this Commission has in our duties.

16 And like Commissioner Brisé said, I know not
17 everybody is pleased, but, you know, it was nice to see
18 accommodations of flexibility when storms did threaten
19 during the hearing in the case. It's a reality. And I
20 remind folks -- they get frustrated with their job,
21 their obligations, their responsibilities -- that this
22 state will run every day, every morning whether you want
23 to show up for work or not, and this group, you know,
24 really stepped up and ensured that the obligations and
25 needs of the state were met every single day whether

1 there was a storm or not. And, anyway, I just
2 appreciate the opportunity I've gotten to be able to
3 participate with y'all today.

4 **CHAIRMAN BROWN:** Thank you.

5 One thing -- I'd like to echo what
6 Commissioner Brisé said -- was throughout this process
7 we have heard one thing consistently from the
8 intervenors but also from the customers, and that is
9 definitely FPL's excellent quality of service, which I
10 think is attributed to the smart, prudent decisions that
11 FPL has made over the years. It's improved reliability
12 while also managing to have the lowest rates in the
13 state.

14 This Commission specifically has supported
15 decisions in the past to invest in cleaner, more
16 efficient energy, and I believe Florida utilities like
17 FPL must continue to do that and -- while also improving
18 the grid reliability. I think the settlement strives to
19 accomplish much of that.

20 It's a challenging time in an industry that is
21 continuing to evolve. Utilities need to be at the
22 forefront of this, and they work hard for its customers
23 as well in delivering the services that the customers
24 want and need. So there are a great deal of customer
25 protections in this agreement that I want to just

1 highlight. I don't know if we actually got to hear
2 those, but I'd like to highlight that for the record.

3 I mean, obviously having a specific four-year
4 term establishes base rates that are limited to those
5 identified in the Settlement Agreement, which does
6 provide, as OPC and the other signatories provided in a
7 brief, provides the customers with greater price and
8 planning predictability; the SoBRA and the solar
9 investment, which is definitely an aggressive rollout
10 from what was presented in the rate case, and it's
11 exciting. But there are protections behind that, too,
12 that all projects must be approved by the Commission
13 with a cost-effectiveness test, and I think that clearly
14 benefits customers. The hedging, which OPC and others
15 have expressed concerns over the years, eliminates that
16 risk entirely under the term. So I think there's -- and
17 there's a great deal of other customer protections. So
18 taken as a whole and given the amount of broad support
19 across the customer groups that signed on, the
20 settlement, I do believe, produces rates that are fair,
21 just, and reasonable, and are clearly in the public
22 interest. And seeing no other lights, I think now we
23 are ripe for a motion.

24 Commissioner Edgar.

25 **COMMISSIONER EDGAR:** Thank you, Madam Chair,

1 and thank you for the opportunity.

2 As I mentioned earlier, we did have
3 initially -- what started this all off basically
4 procedurally is a petition that was filed for a
5 comprehensive rate case, comprehensive review. That is
6 very much in the public eye. It is a process that is
7 built for transparency. And having gone through, as the
8 parties did, the discovery process and then the process
9 that all parties -- we at the bench and our staff went
10 through for the evidentiary hearing, a lot of
11 information in the public interest, and I do believe
12 that, again, this shows that the process ultimately
13 works. I am very pleased with the ultimate result, as I
14 mentioned, other things that make the settlement, if
15 anything, even more comprehensive.

16 And so with that, in keeping with the spirit
17 of the Settlement Agreement and the good, inquisitive,
18 and hard-charging work that was done by all parties on
19 this case, I would move approval of the Settlement
20 Agreement today in its entirety.

21 **CHAIRMAN BROWN:** Thank you.

22 Is there a second?

23 **COMMISSIONER BRISÉ:** Second.

24 **CHAIRMAN BROWN:** All right. Any further
25 discussion? Seeing none, all those in favor, say aye.

1 (Vote taken.)

2 Opposed?

3 (No response.)

4 The motion passes unanimously.

5 Thank you, all parties here, for working and
6 participating in this very long proceeding. We
7 appreciate all the work again that you've -- that
8 everyone has done here. And with that, we will adjourn
9 the special agenda and reconvene our -- convene our
10 internal affairs in the next ten minutes. Thank you.

11 (Special agenda adjourned at 10:15 a.m.)

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1 STATE OF FLORIDA)
 :
2 COUNTY OF LEON) CERTIFICATE OF REPORTER

3
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,
15 nor 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 1st day of December, 2016.

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