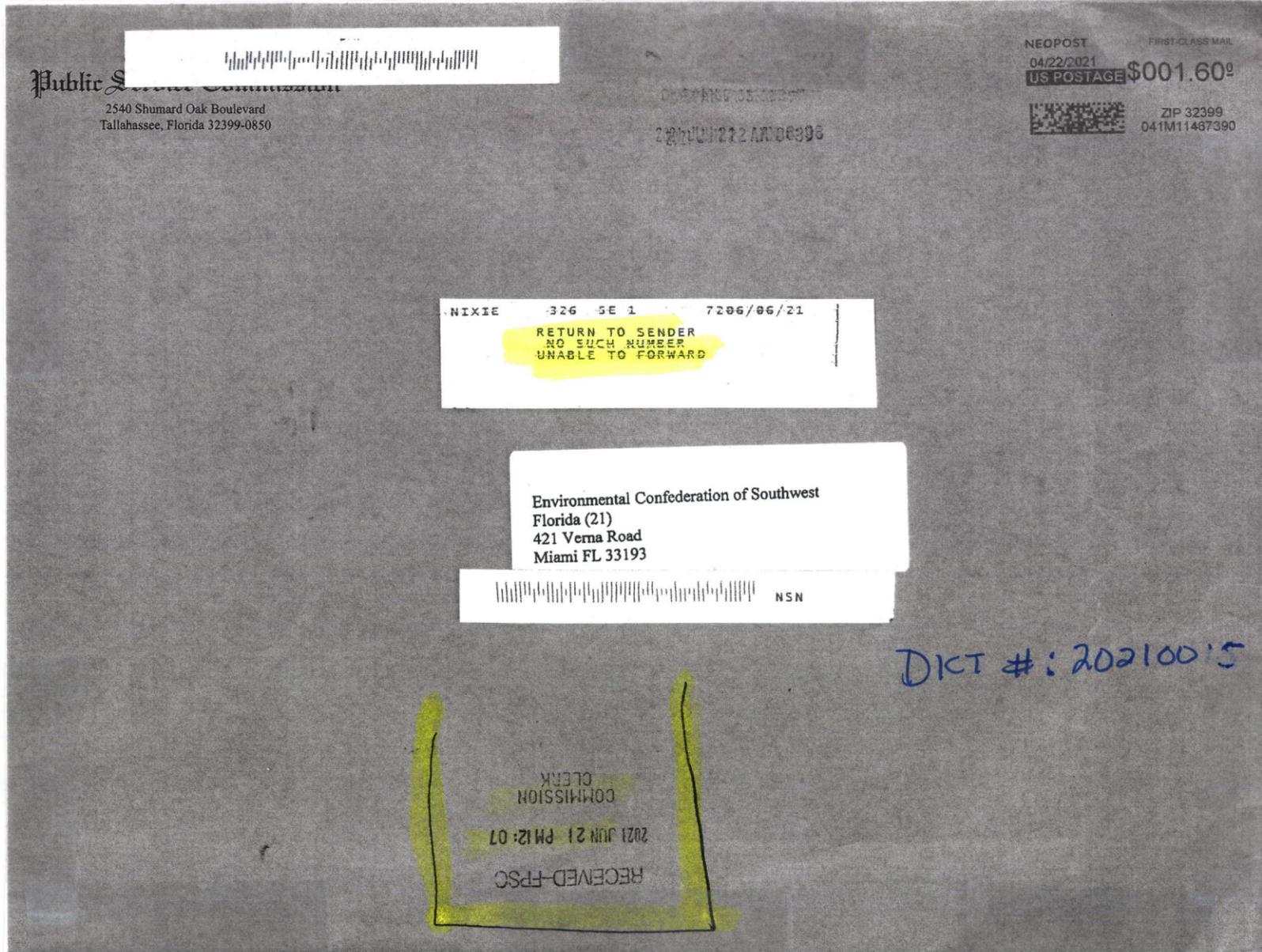


**Undeliverable mail returned from the U.S. Postal Service.
Contents re-mailed to an updated address.**



Remailed to: 421 Verna Road - Sarasota, FL 34230

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-

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Mouring) *ALM*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20210015-EI – Petition for rate increase by Florida Power & Light Company.

AGENDA: 05/04/21 – Regular Agenda – Participation is at the Commission’s discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 05/11/21 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

This proceeding commenced on March 12, 2021, 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 5.6 million retail customers in much of the state.

FPL has requested an increase in its retail rates and charges to generate \$1.108 billion in additional gross annual revenue, effective January 1, 2022. The Company also has requested an increase in its retail rates and charges to generate \$607 million in additional gross annual revenue, effective January 1, 2023. 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 incentive. The Company based its requests on projected test years ending December 31, 2022 and December 31, 2023. FPL stated that these test years are the appropriate periods to

Docket No. 20210015-EI
Date: April 22, 2021

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 Solar Base Rate Adjustments (SoBRAs) of approximately \$140 million for both 2024 and 2025. In total, the Company is requesting a \$1.995 billion base rate increase. The current proposal also includes a 5-year transition rider assessed to former Gulf Power Company customers (Northwest Florida) and credited to legacy FPL customers (Peninsula Florida). The rider is separate and apart from Gulf's recovery of storm restoration costs resulting from Hurricanes Michael and Sally, which will continue under a separate surcharge. FPL did not request any interim rate relief.

In FPL's most recent base rate proceeding in Docket No. 20160021-EI, the Commission approved a settlement agreement which authorized a revenue increase of \$400 million effective January 1, 2017, and a revenue increase of \$211 million effective January 1, 2018.¹ In addition, the settlement agreement provided for a generation base rate adjustment to coincide with the in-service date of the Okeechobee Clean Energy Center. The settlement agreement provided that retail base rates, with certain exceptions, would be frozen through the last billing cycle in December 2020. Section 12(c) of the settlement agreement permitted FPL to continue to amortize its theoretical depreciation reserve surplus beyond December 31, 2020, if the Company provided notice to the Parties of the settlement agreement, prior to March 31, 2020, that it did not intend to seek a base rate increase with an effective date prior to January 1, 2022.² FPL exercised this option.

On January 29, 2021, the Commission acknowledged the Office of Public Counsel's notice of intervention in this proceeding.³ On February 22, 2021, Florida Rising, Inc. (FL Rising), League of United Latin American Citizens of Florida (LULAC), and Environmental Confederation of Southwest Florida, Inc. (ECOSWF) filed a Motion to Intervene. On March 5, 2021, Florida Industrial Power Users Group (FIPUG) filed its Motion to Intervene. On March 10, 2021, Florida Retail Federation (FRF) filed its Motion to Intervene. On March 19, 2021, Florida Executive Agencies (FEA) filed its Motion to Intervene. On March 26, 2021, Southern Alliance for Clean Energy (SACE) filed its Motion to Intervene. On March 30, 2021, Daniel R. Larson and Alexandria Larson (Larsons) filed a Motion to Intervene. A hearing has been scheduled for August 16-20 and 23-27, 2021.

This recommendation addresses the suspension of the requested permanent rate increase. The Commission has jurisdiction over this matter pursuant to Sections 366.06(2) and (4), F.S.

¹ Order No. PSC-2016-0560-AS-EI, issued December 15, 2016, in Docket No. 20160021-EI, *In re: Petition for rate increase by Florida Power & Light Company*; Docket No. 20160061-EI, *In re: Petition for approval of 2016-2018 storm hardening plan, by Florida Power & Light Company*; Docket No. 20160062-EI, *In re: 2016 depreciation and dismantlement study by Florida Power & Light Company*; Docket No. 20160088-EI, *In re: Petition for limited proceeding to modify and continue incentive mechanism, by Florida Power & Light Company*.

² *Id.*

³ Order No. PSC-2021-0062-PCO-EI, issued January 29, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, May 4, 2021, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: April 22, 2021

NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the item number.

Due to COVID-19, all public participation must be telephonic or by written comment. To participate informally, affected persons must either: (1) request the opportunity to address the Commission telephonically on an item listed on the agenda by contacting the Office of General Counsel at (850) 413-6199 by noon on May 3, 2021; or (2) file any written comments for a particular item in the applicable Docket file by noon on May 3, 2021.

Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing. See Florida Administrative Code Rules 25-22.0021 (agenda conference participation) and 25-22.0022 (oral argument). Conference agendas, staff recommendations, vote sheets, and transcripts are available online at <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. An official vote of "move staff" denotes that the Item's recommendations were approved.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this proceeding should contact the Office of Commission Clerk no later than five days prior to the conference at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 or 850-413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD).

The Commission Conference has a live video broadcast the day of the conference, which is available from the FPSC website. Upon completion of the conference, the archived video will be available from the website by selecting *Conferences & Meeting Agendas*, then *Audio and Video Event Coverage*.

EMERGENCY CANCELLATION OF CONFERENCE: If a named storm or some other state of emergency requires cancellation of the Conference, Commission staff will attempt to give timely notice. Notice of cancellation will be provided on the Commission's website (<http://www.floridapsc.com>) under the Hot Topics link on the home page. Cancellation can also be confirmed by calling the Office of Commission Clerk at 850-413-6770. If you have any questions, contact the Office of Commission Clerk at 850-413-6770 or Clerk@psc.state.fl.us.