BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In re: Petition for approval of arrangement to mitigate impact of unfavorable Cedar Bay power purchase obligation, by Florida Power & Light Company. | DOCKET NO. 150075-EI  ORDER NO. PSC-15-0401-AS-EI  ISSUED: September 23, 2015 |

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR

RONALD A. BRISÉ

JIMMY PATRONIS

FINAL ORDER APPROVING SETTLEMENT AGREEMENT BETWEEN FLORIDA POWER & LIGHT COMPANY AND THE OFFICE OF PUBLIC COUNSEL

BY THE COMMISSION:

On March 6, 2015, pursuant to Section 366.06, Florida Statutes (F.S.), Florida Power & Light Company (FPL) filed its Petition for approval of arrangement to mitigate impact of unfavorable Cedar Bay power purchase obligation. Specifically, FPL seeks approval of a Purchase and Sale Agreement with CBAS Power Holdings, LLC, to assume ownership of the Cedar Bay generating facility through a stock purchase and terminate its existing Power Purchase Agreement (PPA) with Cedar Bay Generating Company, Limited Partnership.

On July 24, 2015, FPL and the Office of Public Counsel (OPC) filed a joint motion for approval of a settlement agreement (motion). The Settlement Agreement was attached and filed with the motion. A duly noticed administrative hearing on the issues in this docket was held on July 28 and 29, 2015. At the hearing, the testimony of witnesses was heard and evidence was introduced into the record. The Florida Industrial Power Users Group (FIPUG) did not sign the settlement agreement and objected to the motion being considered during the July 28 and 29 hearing. A special Commission agenda conference was scheduled for oral argument on the motion on August 27, 2015. On July 31, 2015, FIPUG filed its objections to the motion. FIPUG and staff were authorized to request information from FPL on the provisions of the Settlement Agreement through data requests. The parties filed post hearing briefs on the motion on August 13, 2015. We heard argument of counsel on the Settlement Agreement at the special agenda conference on August 27, 2015.

We have jurisdiction pursuant to Chapter 366, Florida Statutes, including Sections 366.04, 366.041, 366.05, 366.06, 366.07, and 120.57, F.S., and Rules 28-106.301 and 28-106.302, Florida Administrative Code.

A review of the testimony and exhibits shows that the terms of the Settlement Agreement are supported by the record of the hearing in this proceeding. We find there is convincing, credible evidence that the $520.5 million purchase price, plus $326.9 million for income tax gross up, serves to mitigate the impact on customers of the Cedar Bay power purchase obligation, and is reasonable, cost-effective, and prudent. The Settlement Agreement shifts part of the recovery of the Cedar Bay purchase price to base rates, specifically, $85 million of the regulatory asset will be recovered through existing base rates until the next test year for a general rate proceeding. At that time, the unamortized amount will be recovered through the capacity cost recovery clause which will result in customer savings in 2015 and 2016. The Settlement Agreement puts limits on FPL's recovery of railcar lease and ground lease payments. This will provide additional protection for customers against unanticipated costs under those leases after the Cedar Bay facility is retired.

We also find that there is an environmental benefit to the transaction in that air emissions as a result of the facility's reduced operation and early retirement will be reduced. Further, to ensure additional protections for customers, the Settlement Agreement requires FPL to double the amount of additional coverage limits in a longer term for the environmental liability insurance. This will serve to mitigate customer risk in the event of environmental liability costs that FPL may be assessed.

Based upon the Petition, our review of the Settlement Agreement, the evidence on the record, briefs of the parties, and oral argument at the special agenda conference, and for the reasons stated above, we find that the Settlement Agreement is reasonable for all parties, creates customer savings, includes additional protections for customers, and avoids the long-term costs of the PPA. Thus, our approval of the Settlement Agreement is in the public interest. The Settlement Agreement resolves all the issues in this docket. Accordingly, we approve the Settlement Agreement which is attached to this Order as Exhibit A and made a part hereof.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the attached Settlement Agreement is approved. It is further

ORDERED that this docket shall be closed if no appeal is timely filed.

By ORDER of the Florida Public Service Commission this 23rd day of September, 2015.

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|  | /s/ Carlotta S. Stauffer |
|  | CARLOTTA S. STAUFFER  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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

