

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20210015-EI
ORDER NO. PSC-2021-0362-PHO-EI
ISSUED: September 16, 2021

SECOND PREHEARING ORDER

I. Background

On March 12, 2021, Florida Power & Light Company (FPL) filed a petition, minimum filing requirements, and testimony for a base rate increase effective January 2022. As part of its request, FPL is seeking to consolidate its rates with those of Gulf Power Company (Gulf), recently acquired by FPL's parent company. Pursuant to Order No. PSC-2021-0116-PCO-EI, issued March 24, 2021, the hearing for the FPL rate case was scheduled for August 16 through August 27, 2021.

OPC's intervention has been acknowledged.¹ Florida Executive Agencies (FEA), Florida Industrial Power Users Group (FIPUG), Florida Internet & Television, Inc. (FIT), Florida Retail Federation (FRF), Southern Alliance for Clean Energy (SACE) and Vote Solar have been granted intervention on an associational standing basis.² Walmart, Inc. (Walmart) and Daniel and Alexandria Larson (Larsons) have been granted intervention on an individual standing basis.³ CLEO Institute, Inc. (CLEO) and Florida Rising (Fla. Rising) have been granted intervention on an individual standing basis and provisional intervention on an associational standing basis.⁴ Floridians Against Increased Rates, Inc. (FAIR), League of United Latin American Citizens (LULAC) and Environmental Confederation of Southwest Florida (ECOSWF) have been granted provisional intervention on an associational standing basis.

On August 10, 2021, FPL, OPC, FRF, FIPUG, and SACE, filed a Joint Motion for Approval of Stipulation and Settlement Agreement (2021 Settlement). On August 12, 2021, the hearing scheduled to commence on August 16 was continued until Wednesday, August 18, 2021, in order to allow FPL and Gulf to appropriately respond to service issues associated with Tropical Storm Fred's landfall in its Panhandle service area.⁵ At the August 18, 2021, hearing the procedures for conducting a full hearing at a later date on the petition for rate increase and the 2021 Settlement were discussed. Order No. PSC-2021-0314-PCO-EI, issued on August 20,

¹ Order No. PSC-2021-0062-PCO-EI, issued January 29, 2021.

² Order No. PSC-2021-0132-PCO-EI, issued April 16, 2021; Order No. PSC-2021-0133-PCO-EI, issued April 16, 2021; Order No. PSC-2021-0255-PCO-EI, issued July 13, 2021; Order No. PSC-2021-0134-PCO-EI, issued April 16, 2021; Order No. PSC-2021-0136-PCO-EI, issued April 16, 2021; and Order No. PSC-2021-0179-PCO-EI, issued May 19, 2021.

³ Order No. PSC-2021-0189-PCO-EI, issued May 26, 2021 and Order No. PSC-0135-PCO-EI, issued April 16, 2021.

⁴ Order No. PSC-2021-0184-PCO-EI, issued May 20, 2021 and Order No. PSC-2021-0139-PCO-EI, issued April 20, 2021.

⁵ Order NO. PSC-2021-0305-PCO-EI, issued August 12, 2021.

2021, set 2021 Settlement testimony filing dates and a new hearing date of September 20-22, 2021, for the rate case and the 2021 Settlement.

II. Jurisdiction

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapters 120 and 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. Conduct of Proceedings

The hearing will be conducted in two parts: the first will address FPL's petition for rate increase (Rate Case); the second will address the joint motion for approval of the 2021 Settlement (Settlement Case). If both the Rate Case and the Settlement Case cannot be concluded in the time set aside in September, the hearing will be continued at the conclusion of the Rate Case and reconvened at a later date for full presentation of the Settlement Case.

The FPL witnesses in the Rate Case will testify to both their prefiled Rate Case direct and rebuttal testimony filed on March 12 and July 12, 2021, respectively. The Intervenor witnesses in the Rate Case will testify to their direct testimony filed on June 21, 2021. At the conclusion of the Rate Case portion of the hearing, all exhibits associated with the Rate Case, not already stipulated to by all the parties or admitted into the record, shall be tendered for inclusion in the record. In the Settlement Case, all Intervenor witnesses will testify to their testimony filed on September 13, 2021, and all FPL witnesses will testify to their testimony filed on August 26, 2021, and give oral rebuttal to the September 13, 2021 Intervenor testimony. At the conclusion of the Settlement Case portion of the hearing, all exhibits associated with the Settlement Case not already stipulated to by all the parties or admitted into the record, shall be tendered for inclusion in the record and ruled upon.

Summaries of prefiled testimony in the Rate Case, if any, shall be limited to five minutes for each witness. Summaries of prefiled testimony and oral rebuttal in the Settlement Case, if any, shall be limited to five minutes for each witness.

IV. Order of Witnesses

<u>Rate Case</u>		
<u>Witness</u>	<u>Proffered By</u>	<u>Issues</u>
<u>Direct/Rebuttal</u>		
Eric Silagy	FPL	25*
James M. Coyne	FPL	70, 72

Robert E. Barrett	FPL	31, 67, 68, 70-73, 90, 130, 131, 133, 134, 137
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Intervenor

John Thomas Herndon	FAIR/FL Rising	9, 29, 70-72, 107, 122-127
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Nancy H. Watkins	FAIR/FL Rising	9
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Breandan Mac Mathuna	FAIR/FL Rising	65-73, 107
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Timothy J. Devlin	FAIR/FL Rising	2, 29, 30, 130
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* These issues are listed in the Prehearing Order, Order No. PSC-2021-0302-PHO-EI, issued August 10, 2021, on pages 41-208.

Settlement Case

Intervenor

Breandan Mac Mathuna	FAIR/FL Rising	Paragraph 3 - ROE
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John Thomas Herndon	FAIR/FL Rising	Paragraph 3 – ROE; Paragraph 4 – Rate increases; Paragraph 16 – RSAM
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Timothy J. Devlin	FAIR/FL Rising	Paragraph 16 –RSAM;
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Karl Rabago	FL Rising, LULAC & ECOSWF	Paragraph 3 – ROE; Paragraph 16- RSAM; Paragraph 4 – Rate increases; Paragraph 20 – SolarTogether; Paragraph 22 – Solar programs, monetizing RECs; Paragraph 6 - \$25 minimum fee; Paragraph 26 – Amortization period extension
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Direct/Rebuttal

Robert E. Barrett	FPL	Paragraph 12 – Solar Base Rate Adjustment Mechanism; Paragraph 16 – Reserve Surplus Amortization Mechanism; Paragraph 10 – Storm Cost Recovery Mechanism; Paragraph 3 – ROE Trigger
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Mechanism; Paragraph 27 – Natural Gas Hedging

Scott R. Bores FPL Paragraph 20- Extended Solar Together Program; Paragraph 26 – Amortization of Accumulated Deferred Income Taxes; Paragraph 13- Tax Reform Mechanism; Paragraph 26 – EADIT; Exhibit E – revised Dismantlement Accrual; Paragraphs 17-18 –Depreciation and Dismantlement Studies

Matthew Valle FPL Paragraph 20 – Solar Together Program; Paragraph 22 – EV Programs; Paragraph 23 –Solar Power Facilities Pilot Program

Tiffany C. Cohen FPL Rates

FPL reserves the right to add additional oral rebuttal witnesses to the Settlement Case panel.

V. Exhibit List⁶

Rate Case

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct/Rebuttal</u>			
Eric Silagy	FPL	ES-1	Eric Silagy Biography
Eric Silagy	FPL	ES-2	Value Provided to FPL Customers
Eric Silagy	FPL	ES-3	Typical Residential 1,000 kWh Bill Comparisons
Eric Silagy	FPL	ES-4	Gulf Power Operational Improvements

⁶ The listed exhibits are only those associated with the witnesses who will appear in person at the Rate Case and Settlement Case hearing. Additional Rate Case exhibits are listed on pages 5-9 of Order No. PSC-2021-0302-PHO-EI.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Eric Silagy	FPL	ES-5	Gulf Power Adjusted O&M Improvements
James M. Coyne	FPL	JMC-1	Resume and Testimony Listing of James M. Coyne
James M. Coyne	FPL	JMC-2	Comprehensive Summary of ROE Results
James M. Coyne	FPL	JMC-3	Proxy Group Screening Analysis
James M. Coyne	FPL	JMC-4	Constant Growth DCF Analysis
James M. Coyne	FPL	JMC-5.1	Market Risk Premium
James M. Coyne	FPL	JMC-5.2	CAPM Analysis
James M. Coyne	FPL	JMC-6	Risk Premium Analysis
James M. Coyne	FPL	JMC-7	Expected Earnings Analysis
James M. Coyne	FPL	JMC-8	Capital Expenditures Analysis
James M. Coyne	FPL	JMC-9	Regulatory Risk Assessment
James M. Coyne	FPL	JMC-10	Flotation Cost Analysis
James M. Coyne	FPL	JMC-11	Capital Structure Analysis
Robert E. Barrett	FPL	REB-1	Consolidated MFRs Sponsored or Co-sponsored by Robert E. Barrett
Robert E. Barrett	FPL	REB-2	Supplemental FPL and Gulf Standalone Information in MFR Format Sponsored or Co-Sponsored by Robert E. Barrett
Robert E. Barrett	FPL	REB-3	FPL's Virtuous Circle
Robert E. Barrett	FPL	REB-4	Average Annual Capital Expenditures by Industry

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Robert E. Barrett	FPL	REB-5	PP&E Replenishment Profile
Robert E. Barrett	FPL	REB-6	Historical Hurricane Probabilities by State
Robert E. Barrett	FPL	REB-7	Annual Average Number of Storms by Decade
Robert E. Barrett	FPL	REB-8	Regional Comparison: Key Performance Metrics
Robert E. Barrett	FPL	REB-9	Non-Fuel O&M per Retail MWh
Robert E. Barrett	FPL	REB-10	Storm Cost Recovery Mechanism
Robert E. Barrett Keith Ferguson	FPL	REB-11	Reserve Surplus Amortization Mechanism
Robert E. Barrett Liz Fuentes, Matthew Valle, Tiffany C. Cohen	FPL	REB-12	Solar Base Rate Adjustment Mechanism
<u>Intervenor</u>			
John Thomas Herndon	FAIR/FL Rising	JTH-1	Résumé of John Thomas Herndon
John Thomas Herndon	FAIR/FL Rising	JTH-2	PSC Rate Case History Report
John Thomas Herndon	FAIR/FL Rising	JTH-3	FAIR's Articles of Incorporation
John Thomas Herndon	FAIR/FL Rising	JTH-4	FAIR's Membership Application
John Thomas Herndon	FAIR/FL Rising	JTH-5	FPL's Proposed Rate Increases, Annually and Cumulative 2022-2025
Nancy H. Watkins	FAIR/FL Rising	NHW-1	Résumé of Nancy H. Watkins
Nancy H. Watkins	FAIR/FL Rising	NHW-2	FAIR's Articles of Incorporation

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Nancy H. Watkins	FAIR/FL Rising	NHW-3	FAIR's Membership Roster as of June 15, 2021 (REDACTED)
Nancy H. Watkins	FAIR/FL Rising	NHW-4	Sample Form of FAIR's Membership Application (Paper)
Nancy H. Watkins	FAIR/FL Rising	NHW-5	Sample Form of FAIR's Membership Application (Electronic)
Breandan Mac Mathuna	FAIR/FL Rising	BTM-1	Professional Qualifications of Breandan T. Mac Mathuna
Breandan Mac Mathuna	FAIR/FL Rising	BTM-2	DCF Model Analysis
Breandan Mac Mathuna	FAIR/FL Rising	BTM-3	Sensitivity DCF Analysis
Breandan Mac Mathuna	FAIR/FL Rising	BTM-4	Market-to-Book Ratios
Breandan Mac Mathuna	FAIR/FL Rising	BTM-5	Modifications to Exhibit JMC-5.2
Breandan Mac Mathuna	FAIR/FL Rising	BTM-6	Common Equity Ratio Analysis
Breandan Mac Mathuna	FAIR/FL Rising	BTM-7.1	Credit Metrics ROE 8.56%
Breandan Mac Mathuna	FAIR/FL Rising	BTM-7.2	Credit Metrics ROE 8.56% Eq. Ratio 55.4%
Breandan Mac Mathuna	FAIR/FL Rising	BTM-7.3	Credit Metrics ROE 11.50% Eq. Ratio 55.4%
Breandan Mac Mathuna	FAIR/FL Rising	BTM-7.4	Credit Metrics ROE 8.56% Eq. Ratio 55.4% COD+0.28%
Breandan Mac Mathuna	FAIR/FL Rising	BTM-8.1	Data Verification Workpapers
Breandan Mac Mathuna	FAIR/FL Rising	BTM-8.2	Other Workpapers

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Timothy J. Devlin	FAIR/FL Rising	TJD-1	Résumé of Timothy J. Devlin
Timothy J. Devlin	FAIR/FL Rising	TJD-2	Comparison of Authorized ROE to Achieved ROE, 2017-2021 (YTD)
Timothy J. Devlin	FAIR/FL Rising	TJD-3	FPL's Past Use of the RSAM, 2017-2021 (YTD)
Timothy J. Devlin	FAIR/FL Rising	TJD-4	Effects of RSAM on FPL's Revenue Requirements, 2017-2020
Timothy J. Devlin	FAIR/FL Rising	TJD-5	Effects of RSAM on Future FPL Revenue Requirements, 2022-2025

Settlement Case

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Non-signatories</u>			
Breandan Mac Mathuna	FAIR/FL Rising	BTM-9	Revenue Requirement Analysis
Breandan Mac Mathuna	FAIR/FL Rising	BTM-10	Referenced Articles and Reports
John Thomas Herndon	FAIR/FL Rising	JTH-6	FPL's Test Year Notification Letter
John Thomas Herndon	FAIR/FL Rising	JTH-7	U.S. Treasury Bond Yield Rates, October 2016 and August 2021
Timothy J. Devlin	FAIR/FL Rising	TTD-6	Revised Effects of RSAM on Further FPL Earnings, 2022-2025
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-7	Direct testimony and exhibits of Karl R. Rabago – Docket No. 20210015-EI

Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-8	Direct testimony and exhibits of Karl R. Rabago – Docket No. 20200176-EI
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-9	Staff’s Fifth Data Request No. 6 with Attachment
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-10	Staff’s Eighth Data Request No. 6, Attachment 1
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-11	Staff’s Eighth Data Request No. 6, Attachment 1 with 11.7% ROE by KRR
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-12	SolarTogether CPVRR Summary from Docket No. 20190061-EI
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-13	LULAC, et al. 4 th POD, No. 33 – SolarTogether –High Level Bill Impacts
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-14	LULAC, et al. 4 th POD, No. 33 – SolarTogether –High Level Bill Impacts extended to 2026 by KRR
Karl Rabago	FL Rising/ LULAC/ ECOSWF	KRR-15	LULAC et al. 4 th POD, No. 39 – Attachment 1 – Minimum Bill
<u>Signatories</u>			
Robert E. Barrett	FPL	REB-15	2021 Stipulation and Settlement Agreement
Scott R. Bores	FPL	SRB-14	Extended SolarTogether Resource Plans
Scott R. Bores	FPL	SRB-15	FPL SolarTogether Extension System Costs and Benefits
Scott R. Bores	FPL	SRB-16	CPVRR Analysis for FPL’s Extended SolarTogether Program

Matthew Valle	FPL	REB-15	Co-sponsor 2021 Stipulation and Settlement Agreement
Tiffany C. Cohen	FPL	TCC-11	Bills at Unified Rates (current FPL customers)
Tiffany C. Cohen	FPL	TCC-12	Bills at Unified Rates (Northwest Florida customers)

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VI. Issues

The following issues associated with the Settlement Case will be briefed at the conclusion of the hearing and considered by the Commission at the October 26, 2021 Special Agenda. Should the Commission vote to reject the 2021 Settlement on October 26, the issues identified in Order No. PSC-2021-0302-PHO-EI, pages 41-208, shall be briefed for consideration by the Commission at a later date.

ISSUE 1: Does the Commission have the statutory authority to grant FPL's requested storm cost recovery mechanism as part of the Stipulation and Settlement Agreement?

ISSUE 2: Does the Commission have the statutory authority to approve FPL's requested Reserve Surplus Amortization Mechanism (RSAM) as part of the Stipulation and Settlement Agreement?

ISSUE 3: Does the Commission have the statutory authority to approve FPL's requested Solar Base Rate Adjustment mechanism for 2024 and 2025 as part of the Stipulation and Settlement Agreement?

ISSUE 4: Does the Commission have the statutory authority to adjust FPL's authorized return on equity based on FPL's performance as part of the Stipulation and Settlement Agreement?

ISSUE 5: Does the Commission have the statutory authority to include non-electric transactions in an asset optimization incentive mechanism as part of the Stipulation and Settlement Agreement?

ISSUE 5(a): Does the Commission have the authority to approve FPL's requested proposal for a federal corporate income tax adjustment that addresses a change in tax if any occurs during or after the pendency of this proceeding as part of the Stipulation and Settlement Agreement?

ISSUE 6: Does the Commission have the statutory authority to grant FPL's requested four year plan as part of the Stipulation and Settlement Agreement?

ISSUE 9: Has Floridians Against Increased Rates, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?

ISSUE A: Should the Stipulation and Settlement Agreement dated August 9, 2021, be approved?

VII. Opening Statements

Opening statements, if any, shall be limited to 15 minutes for FPL and seven minutes each for the remaining parties. Any party may split their allotted time and make opening statements at the commencement of both the Rate Case and Settlement Case, or may use all their time to make an opening statement for either.

It is therefore,

ORDERED by Chairman Gary F. Clark, as Prehearing Officer, that this Second Prehearing Order shall govern the conduct of the proceeding to be held on September 20, 2021, unless modified by the Commission. It is further

ORDERED that Order No. PSC-2021-0302-PHO-EI, issued August 10, 2021, is hereby reaffirmed to the extent not inconsistent with this Order.

ORDER NO. PSC-2021-0362-PHO-EI

DOCKET NO. 20210015-EI

PAGE 12

By ORDER of Chairman Gary F. Clark, as Presiding Officer, this 16th day
of September, 2021.



GARY F. CLARK

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.

SBr

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.