

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160251-EI

PETITION FOR LIMITED PROCEEDING
FOR RECOVERY OF INCREMENTAL
STORM RESTORATION COSTS RELATED
TO HURRICANE MATTHEW BY FLORIDA
POWER & LIGHT COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 3

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS
COMMISSIONER DONALD J. POLMANN

DATE: Tuesday, February 7, 2017

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:** Circling back to Item 3.

3 Good morning.

4 **MR. SLEMKEWICZ:** Good morning. John
5 Slemkewicz with Commission staff.

6 Item No. 3 is Docket 160251-EI, Florida Power
7 & Light Company's petition for a limited proceeding for
8 the recovery of its storm restoration costs related to
9 Hurricane Matthew. FPL is requesting authority to
10 implement a preliminary storm restoration recovery
11 charge of \$3.36 on a monthly 1,000 kilowatt-hour
12 residential bill for a 12-month period beginning
13 March 1st, 2017. This request is based on a 2012 rate
14 case agreement that was previously approved by the
15 Commission which provided for a preliminary charge of up
16 to \$4 on a monthly 1,000 kWh residential bill. FPL is
17 seeking to recover a total of \$318.5 million in
18 restoration costs, of which approximately 71 percent was
19 expended to restore the distribution systems that
20 directly provide service to its customers.

21 Once all the actual costs are known, FPL will
22 submit documentation of the actual storm costs for
23 Commission review. The actual costs will be compared to
24 the amount collected from the preliminary storm
25 restoration charges and customer bills adjusted to

1 reflect the difference. Staff recommends approval of
2 the preliminary storm restoration recovery charge.

3 Staff would note that the Office of Public
4 Counsel has intervened in this docket and is here to
5 address the Commission. Representatives of FPL are also
6 present, and staff is available to answer any of the
7 Commission's questions.

8 **CHAIRMAN BROWN:** Thank you very much.

9 We'll start with FPL, followed by OPC.

10 **MR. BUTLER:** John Butler appearing on behalf
11 of FPL. We support the staff recommendation. And I may
12 not have any trouble with Mr. Rehwinkel's comments, but
13 we'll see.

14 **CHAIRMAN BROWN:** Okay.

15 **MR. BUTLER:** If I may reserve a little bit of
16 time if I need to respond, please.

17 **CHAIRMAN BROWN:** Absolutely.

18 Ms. Daniel (sic), welcome.

19 **MS. CHRISTENSEN:** Good afternoon,
20 Commissioners. Patty Christensen --

21 **CHAIRMAN BROWN:** Christensen.

22 **MS. CHRISTENSEN:** -- on behalf of the Office
23 of Public Counsel.

24 **CHAIRMAN BROWN:** I'm off today.

25 **MS. CHRISTENSEN:** No problem. Now while

1 Mr. Butler doesn't believe he'll have issues with
2 Mr. Rehwinkel's comments, I don't think he'll have any
3 issues with mine as well.

4 (Laughter.)

5 At the outset, we are not objecting to the
6 implementation of the 2017 interim storm restoration
7 charge subject to refund that's before you today.
8 However, we wanted to briefly address and let you know
9 that yesterday our office filed a request that this
10 matter be set for a full evidentiary hearing pursuant to
11 Section 120.57(1), *Florida Statutes*, once those costs
12 have been finalized.

13 OPC believes that FPL's request to recover the
14 318.5 million from customers for storm cost recovery
15 raises disputes of fact and requires that Citizens be
16 given the opportunity to review the evidence, put on
17 testimony as needed, and cross-examine witnesses in a
18 full evidentiary proceeding.

19 Further, we also recognize that the hearing
20 process cannot move forward until those costs for
21 Hurricane Matthew are finalized and complete; therefore,
22 we commit that we will work with FPL and your staff and
23 other parties to work out the most efficient hearing
24 schedule and true-up mechanism in this matter since this
25 will be the first time that this process has been

1 implemented in nearly seven years the mechanism has been
2 included in company settlement agreements. At this
3 time, all companies have this mechanism in place. And
4 that concludes our remarks. Thank you.

5 **CHAIRMAN BROWN:** Thank you.

6 Mr. Butler, have you seen the motion?

7 **MR. BUTLER:** I have seen the motion and
8 obviously just heard the comments. We don't have any
9 objection to scheduling a hearing at the appropriate
10 time, if that's what OPC or other parties are interested
11 in having. Sort of thought that would probably be
12 something that the parties would want to do.

13 **CHAIRMAN BROWN:** What about the issues laid
14 out in the Citizens' motion?

15 **MR. BUTLER:** And by those, you are referring
16 to the issues of fact to be resolved?

17 **CHAIRMAN BROWN:** Uh-huh.

18 **MR. BUTLER:** Yeah. I think they are pretty
19 much on track. I mean, we had a set of issues in our
20 original petition that actually tracked fairly closely
21 with what Public Counsel had laid out. I think that,
22 you know, ultimately what we're going to need to do is
23 to have a review of the actual costs that FPL incurred
24 for reasonableness and compliance with the rule
25 requirements on which costs are eligible for recovery.

1 And then those amounts, the actual amounts that are
2 determined to be appropriate, are going to have to be
3 compared to the actual revenues we collect under this
4 interim storm charge, and the difference between the
5 two, whichever way it is, would end up being a true-up
6 that the Commission -- we would bring back to the
7 Commission for approval.

8 **CHAIRMAN BROWN:** Okay. So just to be clear,
9 does that mean that that would be at the conclusion, a
10 hearing would occur at the conclusion of the 12-month
11 period?

12 **MR. BUTLER:** I think that's one of the things
13 that we're going to be discussing with staff and Public
14 Counsel. That is our view, that it makes the most
15 sense. I think that if we don't wait until then,
16 there's going to be the possibility for sort of doubling
17 up because we obviously won't know the exact amount of
18 our recovery until the one-year period is up.

19 We could potentially address the level of the
20 costs sooner than that, but the true-up or the actuals
21 to actuals would await the total or the final numbers on
22 the amounts of revenues received. So, yes, that would
23 be our proposal, to wait until after we have all the
24 information submitted to the Commission and have the
25 hearing on that, but we're flexible.

1 **CHAIRMAN BROWN:** I'd like to hear from Public
2 Counsel on that.

3 **MS. CHRISTENSEN:** Yes. And we can agree with
4 that, and I think, as we stated today, we're willing to
5 work with the parties to have this proceed in a way
6 forward that makes the most sense and is the most
7 efficient use of the Commission's time as well as the
8 parties' time.

9 And as stated in our motion, we just wanted to
10 know when those costs would be finalized. I think some
11 of the process can begin before the 12 months has
12 expired and we have those final costs.

13 **CHAIRMAN BROWN:** So do I.

14 **MS. CHRISTENSEN:** We'll need to have some time
15 after that to make sure that we have time to review
16 those costs and come up and evaluate the true-up
17 mechanism. But I don't need -- that could be probably
18 done in a relatively short period. But I think we can
19 work with FPL and Commission staff to kind of determine
20 how much time we think we would need at the back end
21 before a hearing to have those good numbers to present
22 to the Commission in a full evidentiary hearing.

23 **CHAIRMAN BROWN:** I appreciate that,
24 Ms. Christensen. And just to be clear then, does Public
25 Counsel support at least this form of cost recovery for

1 hurricane restoration?

2 **MS. CHRISTENSEN:** I believe it was part of the
3 stipulation, and we've adopted that in several company
4 stipulations that have gone forward. We are obviously
5 not objecting to this mechanism as an interim mechanism
6 to collect this amount of money over the year period as
7 set forth in that stipulation.

8 **CHAIRMAN BROWN:** Okay. Thank you for that
9 clarity.

10 FPL, when does FPL estimate it will have all
11 of the final costs for restoration? I believe you're
12 probably still incurring costs as a result of Hurricane
13 Matthew?

14 **MR. BUTLER:** Still incurring some costs and
15 we're still collecting final information on invoicing
16 for costs that were incurred. But I think that, say, by
17 the end of the second quarter of the year we'll probably
18 be in a pretty good position to, you know, to be able to
19 present final figures. That's kind of an estimate. But
20 it will be certainly well in advance of the end of the
21 one-year collection period. So I think that what
22 Ms. Christensen had suggested, that we would provide
23 information, give a period of time for parties to review
24 it and take whatever positions they're going to take on
25 it, and then go to hearing on the actual costs and

1 actual revenues, is something that could be workable.

2 **CHAIRMAN BROWN:** And the prudence and
3 reasonableness of those.

4 **MR. BUTLER:** That's right, yes.

5 **CHAIRMAN BROWN:** And then I just want to -- it
6 wasn't clear either in the settlement agreement or in
7 the staff recommendation, but the notice to customers,
8 has there been notification to customers of the proposal
9 of this additional charge?

10 **MR. BUTLER:** There has. We started sending,
11 on February 1, a notice as a bill insert. Because
12 there's a really tight character limit on what can go
13 onto the bill, it references customers to the FPL
14 website, where there is then a table that lays out the
15 charge and explains what -- the \$3.36 for residential
16 customers and, you know, what it would be
17 representatively for commercial customers will be.

18 And then starting March 1, there's actually a
19 quarterly newsletter that goes out, a different one to
20 residential and commercial customers, and that's going
21 to have more extensive information once the Commission
22 has hopefully approved this and we're actually beginning
23 to implement it.

24 **CHAIRMAN BROWN:** I appreciate that. And
25 bill -- and this is my own personal opinion -- bill

1 inserts are great because customers open up the bill and
2 they see that right there rather than another form of
3 notification. But thank you for that clarification as
4 well.

5 **MR. BUTLER:** Certainly.

6 **CHAIRMAN BROWN:** Mr. Rehwinkel.

7 **MR. REHWINKEL:** Charles Rehwinkel with the
8 Public Counsel's Office.

9 Madam Chairman, just as an FYI, and I think
10 what Ms. Christensen said is what our office is
11 committed to, which is to work with your staff, with the
12 company to come up with a process. We'll bring it back
13 to the Prehearing Officer, I assume, with the staff to
14 lay that out.

15 I wanted to just note for the record that I
16 talked to representatives of Tampa Electric Company
17 today, and I am going to ask that the staff include them
18 in that process so -- because we're doing this for the
19 first time, we want to get it right, and we want to make
20 sure we have a process that the Commission can take
21 forward and we can all understand what it's going to be
22 like in the future. So I just wanted to put that on the
23 record.

24 **CHAIRMAN BROWN:** Thank you.

25 **MR. REHWINKEL:** They came in right behind FPL.

1 **CHAIRMAN BROWN:** And that may make sense.

2 Commissioner Polmann.

3 **COMMISSIONER POLMANN:** Thank you, Madam

4 Chairman.

5 Just a couple of questions to make sure that I
6 understand what's being asked of us. And this is -- the
7 customers are being asked to pay a charge. I just want
8 to make sure that I understand what the charges cover.

9 In the text and in your presentation, you
10 referred to components of charge. Could you please
11 restate, just for clarification, the percent of the cost
12 currently estimated that is in the distribution system?

13 **MR. SLEMKEWICZ:** I believe it's 71 percent
14 approximately.

15 **COMMISSIONER POLMANN:** Okay. Okay. Thank
16 you. So that's, I'll say, the majority of this cost is
17 in the distribution system. Is that a fair statement?

18 **MR. SLEMKEWICZ:** Yes, sir, that's correct.

19 **COMMISSIONER POLMANN:** Okay. As a point of
20 additional information, could you please explain for me
21 what we consider to be the components of the
22 distribution system in terms of what I'll call
23 infrastructure? General terms, not necessarily in
24 detail. What is the distribution system as compared to
25 the transmission?

1 **MR. SLEMKEWICZ:** Being a non-engineer, I will
2 try to explain it. I think, you know, it would be the,
3 you know, the wires that run directly to the house, the,
4 you know, the distribution poles, wires, probably some
5 pole-mounted transformers and probably some pad-based
6 transformers. You know, I believe that would be the
7 majority of what would be in the distribution system.

8 **COMMISSIONER POLMANN:** Okay. So in my words,
9 I would say the significant damage occurred closest to
10 the customer, if you will.

11 **MR. SLEMKEWICZ:** That's correct.

12 **COMMISSIONER POLMANN:** So out in the
13 community. Thank you.

14 Another point, if I understand in my reading
15 here, there currently exists a provision that allows
16 recovery of storm costs up to \$4, if approved, and
17 what's being asked here is a charge of \$3.36.

18 **MR. SLEMKEWICZ:** That's correct.

19 **COMMISSIONER POLMANN:** Yeah. Okay. Thank
20 you. And then when we say this charge is subject to
21 refund based on a true-up, again, just for my
22 clarification, being new to all this terminology, so at
23 the end of the time period, the staff will do a full
24 analysis. And what was being discussed here was
25 requesting a hearing just to make sure that everything

1 is properly accounted for. So the \$3.36, if that turns
2 out not to be exactly the correct amount, then the
3 calculations at the end of all the accounting and
4 finance and everything will make sure that the customer
5 actually did pay the correct amount. Is that --

6 **MR. SLEMKEWICZ:** That's correct.

7 **COMMISSIONER POLMANN:** Okay. Well, thank you
8 very much.

9 Thank you, Madam Chairman.

10 **CHAIRMAN BROWN:** Thank you.

11 Commissioners, any comments, discussion? If
12 not, we'll entertain a motion at this time.

13 **COMMISSIONER GRAHAM:** Move staff.

14 **COMMISSIONER PATRONIS:** Second.

15 **CHAIRMAN BROWN:** Any further discussion?

16 Seeing none, all those in favor, say aye.

17 (Vote taken.)

18 All right. The motion passes with the
19 understanding that the parties will work together with
20 staff to set this for hearing. Thank you.

21 (Agenda item concluded.)
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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

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 20th day of February, 2017.

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