BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20170123-EI

PETITION FOR APPROVAL OF
ARRANGEMENT TO MITIGATE
UNFAVORABLE IMPACT OF
ST. JOHNS RIVER POWER PARK,
BY FLORIDA POWER & LIGHT
COMPANY.
_________________________________/

PROCEEDINGS:	HEARING
COMMISSIONERS PARTICIPATING:	CHAIRMAN JULIE I. BROWN COMMISSIONER RONALD A. BRISÉ COMMISSIONER DONALD J. POLMANN
DATE:	Monday, September 25, 2017
TIME:	Commenced at 1:30 p.m. Concluded at 1:47 p.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

APPEARANCES:

JOHN T. BUTLER, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf of Florida Power & Light Company.

J. R. KELLY, PUBLIC COUNSEL; CHARLES J. REHWINKEL, DEPUTY PUBLIC COUNSEL; and STEPHANIE A. MORSE, ESQUIRES, Office of Public Counsel, c/o the Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

MARGO DUVAL, KYESHA MAPP, JENNIFER CRAWFORD, and DANIJELA JANJIC, ESQUIRES, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Florida Public Service Commission Staff.

KEITH HETRICK, GENERAL COUNSEL, and MARY ANNE HELTON, DEPUTY GENERAL COUNSEL, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing as Advisors to the Florida Public Service Commission.

I N D E X

WITNESSES

EXHIBITS

NUMBER:	ID.	ADMTD.
1 Comprehensive Exhibit List	59	59
2 - 15 (as identified on Comprehensive Exhibit List)	59	59

P R O C E E D I N G S

CHAIRMAN BROWN: Let's begin here. Good afternoon. Today is September 25th, 2017. The time is 1:30. And this docket is No. 20170123-EI.

I'd like to convene this hearing. Staff, can you please read the notice?

MS. DUVAL: By notice issued September 7th, 2017, this time and place was set for hearing in Docket No. 20170123-EI. The purpose of the hearing is set out in the notice.

CHAIRMAN BROWN: Thank you.

At this time we'll take appearances, starting with Florida Power & Light.

MR. BUTLER: Thank you, Madam Chairman. John Butler appearing on behalf of Florida Power & Light Company.

CHAIRMAN BROWN: Office of Public Counsel.

MS. MORSE: Stephanie Morse for the Office of Public Counsel, with J. R. Kelly, the Public Counsel, and Charles Rehwinkel, the Deputy Public Counsel.

CHAIRMAN BROWN: Thank you.

Staff.

MS. DUVAL: Margo Duval for Commission staff. And I'd also like to enter an appearance for Kyesha Mapp, Jennifer Crawford, and Danijela Janjic.

MS. HELTON: And Mary Ann Helton; I'm here as your advisor. I'd also like to make an appearance for your General Counsel, Keith Hetrick.

CHAIRMAN BROWN: Thank you.

So my understanding, as we get into this, is that there is a big preliminary matter that we must address first.

MS. DUVAL: Yes, Madam Chair. Thanks.

On Thursday, September 21st, FPL and OPC filed a joint motion for approval of settlement agreement that resolves all issues identified in this proceeding. This has been marked on the Comprehensive Exhibit List as Exhibit No. 15 and has been passed out. Staff also notes that all witnesses have been excused.

CHAIRMAN BROWN: Okay. Thank you.

Parties, are there any other matters, preliminary matters to address?

MS. MORSE: No.

MR. BUTLER: None that I'm aware of.

CHAIRMAN BROWN: All right. Thank you.

So we'll go to the record first. We'll start with the prefiled testimony for the excused witnesses.

MS. DUVAL: Staff will ask that the prefiled testimony of all witnesses identified in Section VI of the prehearing order, which is page four, be inserted into the record as though read.

CHAIRMAN BROWN: Thank you. We will go ahead and enter into the record all the prefiled testimony of the witnesses identified in Section VI on page 4 of the Prehearing Order.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF SAM FORREST

DOCKET NO. 17_____ -EI

MAY 22, 2017

Q. Please state your name and business address.

A. My name is Sam Forrest. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Vice President of the Energy Marketing and Trading ("EMT") Business Unit.

Q. What are your present job responsibilities?

A. I am responsible for the overall direction and management of the EMT Business Unit, which handles FPL's short-term and long-term fuel management and operations. These fuels include natural gas, residual and distillate fuel oils, and coal. Additionally, EMT is responsible for managing what remains of FPL's previous fuel hedging program, long-term fuel transportation and storage contracts, power origination activities and short-term power trading and operations. EMT is an active participant in the short-term and long-term natural gas markets throughout the Southeastern United States.

Q. Would you please give a brief description of your educational background and professional experience?

A. I hold a Bachelor of Science in Electrical Engineering from Texas A&M University and a Masters of Business Administration from the University of Houston. Prior to being named Vice President of EMT for FPL in 2007, I was employed by Constellation Energy Commodities Group as Vice President, Origination. In this capacity, I was responsible for managing a team of power originators marketing structured electric power products in Texas, the Western United States, and Canada. Prior to my responsibilities in the west, I was responsible for Constellation's business development activities in the Southeast U.S.

Before joining Constellation, from 2001 to 2004, I held a variety of energy marketing and trading management positions at Duke Energy North America ("DENA"). Prior to DENA, I was employed by Entergy Power Marketing Corp. ("EPMC") in several positions of increasing responsibility, including Vice President – Power Marketing following EPMC's entry into a joint venture with Koch Energy Trading.

Prior to my entry into the energy sector, I was involved with a successful start-up organization in the automotive industry from 1996 to 1998. From 1987 to 1996, I worked for AlliedSignal Aerospace at the Johnson Space Center in Houston, Texas, in increasing roles of responsibility.

Q. What is the purpose of your testimony?

A. My testimony provides an overview and supports FPL's request for approval to recover costs related to FPL's and JEA's agreement to terminate the Joint Ownership, Construction and Operation Agreement ("JOA"), which includes as Article 8 the terms under which FPL purchases power and capacity out of JEA's share of SJRPP (the "Article 8 PPA"). The terms of the parties' agreement are set forth in the Asset Transfer and Contract Termination Agreement, dated May 17, 2017 (the "ATA"). I will refer to the termination of the JOA, including the Article 8 PPA, and the early shutdown, dismantlement, and subsequent transfer of ownership interests in the St. Johns River Power Park ("SJRPP") to JEA as the "SJRPP Transaction." JEA, who is FPL's co-owner in SJRPP, is a community-owned utility serving approximately 458,000 retail customers with 3,747 megawatts in generating capacity. I will describe how SJRPP operates as part of FPL's generation fleet and the factors that led to FPL's and JEA's decision to retire SJRPP early, the commercial terms of the SJRPP Transaction with JEA, the $183 million Cumulative Present Value of Revenue Requirements ("CPVRR") benefit that FPL customers are expected to receive as a result, and the significant emissions reductions which will result from the shutdown of the plant.

Q. Have you prepared, or caused to be prepared under your direction, supervision, or control, an exhibit in this proceeding?

A. Yes. My Exhibit SAF-1 is the Asset Transfer and Contract Termination Agreement between FPL and JEA, dated May 17, 2017.

Q. Please identify FPL's other witnesses filing direct testimony in this proceeding and the areas they cover.

A. The following are FPL's other two witnesses and the areas they cover:

- Scott Bores, Senior Director of Financial Planning and Analysis, FPL – Calculation of estimated benefits customers will receive as a result of the SJRPP Transaction;
- Keith Ferguson, Controller, FPL – Regulatory accounting and cost recovery for the SJRPP Transaction.

Q. Please describe the JOA and how FPL receives power from SJRPP.

A. FPL and JEA entered into the JOA in 1982 as an all-encompassing agreement to govern the construction, ownership, and operation of SJRPP. Under the JOA, FPL has a 20% undivided ownership interest in the facility and the facility site and an obligation to purchase from JEA an additional 30% of generation capacity from SJRPP under the Article 8 PPA. As such, FPL has effectively controlled 50% of the facility's dispatch and is responsible for 50% of the operating costs.

Under the Article 8 PPA, FPL is obligated to pay a pro-rata share of JEA's debt associated with certain bonds issued to finance the construction of SJRPP and capital expenditures based on formulas detailed in the JOA. The JOA, inclusive of the Article 8 PPA, has an ultimate termination date in 2021. However, FPL's ability to receive energy under the Article 8 PPA is limited by a total megawatt-hour cap that was included in the JOA in order to preserve JEA's ability to maintain the tax-exempt status of the bonds used to finance construction. The use of the tax-exempt bonds has benefitted both JEA and FPL by reducing the financing costs that are shared by the two utilities. FPL projects that it will reach this megawatt-hour cap in late 2019, at which time the Article 8 PPA will be suspended. During suspension, FPL cannot receive energy under the Article 8 PPA and consequently avoids paying the operating costs for the associated 30% of the site's output. However, up to and even during suspension, FPL must continue to pay its pro-rata share of the debt costs under the Article 8 PPA until the bonds are retired in 2021.

FPL's ability to utilize its 20% undivided ownership interest is unaffected by the status of the Article 8 PPA, and although the JOA has a termination date in 2021, FPL currently has an estimated retirement date of 2052 for SJRPP as explained by FPL witness Ferguson. Absent early retirement, FPL and JEA would need to negotiate either an extension or replacement of the current JOA, to govern their continued co-ownership relations. Because the Article 8 PPA megawatt-hour cap is projected to be reached in 2019, but FPL would continue to own a 20% share of SJRPP thereafter, FPL's current system forecast includes 50% of the SJRPP capacity until 2019 and then includes 20% of the facility's capacity from that point forward until retirement.

Q. How has the evolution of FPL's fleet impacted the need for SJRPP?

A. Over the course of the past 15 years, FPL has consistently executed toward the goal of being the cleanest and most efficient utility in the United States. By modernizing and converting a majority of our generation to clean burning natural gas, as well as having a robust solar development program, FPL has saved our customers more than $8.6 billion in fossil fuel costs as well as prevented 108 million tons of carbon dioxide emissions since 2001. FPL, as part of this effort, evaluates our fleet for continued opportunities to deliver additional customer value. SJRPP was designed as a base-load asset when it entered service in 1988, and although it has operated effectively and reliably since that time, its contributions to FPL's generation stack have been largely displaced by cleaner and more fuel-efficient natural gas–fired combined cycle units. This displacement has been exacerbated by the substantial decline in the differential between the price of natural gas and the price of coal, with no signs of that differential significantly increasing. As a result of the increased efficiency of the newer natural gas–fired combined cycle units and the substantially reduced fuel price differential between natural gas and coal, the economic advantage that SJRPP provided to FPL's customers in the early decades of its operation have vanished. Today, SJRPP is one of the highest cost units FPL operates, and it makes sense both economically and environmentally to retire the unit from service.

Q. Is this proposal to retire SJRPP analogous to FPL's previous petitions regarding the Cedar Bay generating plant ("Cedar Bay") and Indiantown Cogeneration, L.P. ("ICL")?

A. Yes. The decisions to take steps to allow the early retirement of the Cedar Bay (Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI) and ICL (Order No. PSC-16-0506-FOF-EI, Docket No. 160154-EI) coal-fired facilities were driven by the immense benefits FPL's customers would experience by removing the cost of those facilities from FPL's generation stack, in addition to the environmental benefit of lowering carbon emissions. In both cases the Commission approved petitions providing for the acquisition of coal fired facilities which had the effect of terminating FPL's obligations to the prior owners under the related PPAs.

Q. Please describe FPL's and JEA's decision to retire and dismantle SJRPP.

A. FPL and JEA actively entered into discussions in late 2016 to retire the facility. Both entities see substantial savings for their customers by removing the ongoing costs related to the SJRPP, not to mention the positive impact that the retirement will have on the state's emission profile. However, in order to induce JEA to shut down SJRPP early and thus forego its entitlement to fixed payments for the remaining term of the Article 8 PPA, FPL negotiated a settlement amount to compensate JEA for the loss of those fixed payments. I will provide more details on this payment (the "Shutdown Payment") later in my testimony.

Q. What are the terms of the SJRPP Transaction?

A. At its core, the SJRPP Transaction results in the early termination of FPL's contractual obligations under the existing JOA as well as providing for the retirement and dismantlement of the facility, with subsequent transfer of ownership of the SJRPP site and any remaining portions of the SJRPP facility to JEA. The ATA provides for shutdown of the facility as early as January 5, 2018, effectively terminating FPL's obligation to purchase energy and capacity under the Article 8 PPA with a corresponding Shutdown Payment of $90.4 million from FPL to JEA[1]. As part of the conditions to effectuate shutdown, FPL and JEA will enter into contracts for the dismantlement and remediation of the facility and share the costs of this work in accordance with their respective equity ownership percentages, with FPL currently having reserved $22 million for its portion. As part of the agreement to dismantle, JEA has the right to preserve parts of the facility, at its election, for use in its system going forward. After the facility is dismantled, and the site remediated, FPL will transfer its 20% undivided ownership interest in the site and any remaining facilities to JEA, constituting the closing of the transaction. The accounting and ratemaking treatment associated with the SJRPP Transaction is discussed by FPL witness Ferguson.

[1] The projected January 5, 2018 shutdown date is dependent upon Commission approval of FPL's Petition on the expedited basis requested in the Petition.

Q. Why is JEA retaining some components of the facility after retirement?

A. JEA is retaining facilities that will benefit its transmission system. JEA Transmission has completed a system impact study and the complete register of retained assets, largely related to the substation, is included in the ATA.

Q. What is FPL's long-term exposure to environmental risks associated with SJRPP?

A. FPL and JEA have agreed to engage a third-party contractor prior to closing the transaction to remediate the site, in accordance with all applicable environmental laws. FPL expects remediation to largely consist of closing and capping the active coal-ash disposal landfill, and addressing above or below ground regulated hazardous materials that exist under the dismantled portions. All costs of remediation will be borne in accordance with each party's ownership interest in the facility, so FPL's share of the remediation costs is 20%.

After closing, the parties will jointly monitor those portions of the facility that were jointly dismantled and remediated. However, JEA will solely bear, and indemnify FPL against, any remediation liability or claims that may arise with regards to any portion of the facility that JEA retains or that are deemed to have occurred outside of FPL's ownership period.

It is important to keep in mind that, as a joint owner of SJRPP, FPL already has exposure to environmental risks at the facility and would be responsible for its share of remediation costs whenever the facility is retired.

Q. How does this transaction generate savings for FPL's customers?

A. As detailed in the testimony of FPL witness Bores, the $183 million in expected customer savings are driven by the avoidance of ongoing operating costs related to SJRPP and the termination of the obligations under the JOA including but not limited to energy and capacity payments. As I noted earlier, despite SJRPP being operated effectively and reliably since it came into service, its contribution to the generation stack has been largely displaced by cleaner and more fuel-efficient natural gas-fired combined cycle units. The projected cost avoidance from the proposed shutdown in 2018 until the estimated retirement date in 2052 substantially outweighs the incremental costs incurred to replace the SJRPP generation. Customers will realize a benefit from the SJRPP Transaction starting immediately in year one and for years to come thereafter.

Q. Would the SJRPP Transaction be possible without the $90.4 million Shutdown Payment from FPL to JEA or the transfer of land and remaining facilities as part of the consideration?

A. No. As described previously in my testimony, FPL had to compensate JEA for the loss of its entitlement to fixed payments over the remaining term of the Article 8 PPA that will result from the early shutdown of SJRPP. FPL and JEA negotiated the Shutdown Payment as an inducement for JEA to accept the early shutdown and thus allow FPL's customers to benefit from eliminating all go-forward payments under the JOA, including the Article 8 PPA. These obligations are primarily debt service payments and a capital cost recovery mechanism for previous investments in the facility. Ultimately, this payment is a key component of the larger transaction and settlement with JEA to remove SJRPP from FPL's portfolio and unlock tremendous value for our customers.

FPL has likewise agreed to transfer its ownership interests in the land and remaining facilities to JEA at zero cost as part of the negotiated agreement to effectuate FPL's removal from continuing obligations related to SJRPP. After dismantlement and remediation, the site will be raw industrial land in the heart of JEA's service territory with limited commercial value to FPL, and the facilities being kept by JEA are to serve only JEA's needs. In fact, if FPL were to maintain its ownership, it would continue to carry the annual property tax obligation on the site as well as any environmental liability that may arise for activities that occur after closing.

Q. Will retiring SJRPP improve FPL's emissions profile?

A. Yes. In addition to the significant economic benefits customers will experience by retiring SJRPP, Florida's annual emission profile will be reduced by almost 5.6 million tons of CO_2, 10.3 tons of NO_x, and 2.8 tons of SO_2 based on the projected unit dispatch. Upon consummation of this transaction, FPL will generate 97% of its electricity from clean sources.

Q. Does that conclude your testimony?

A. Yes.

Errata Sheet

Witness: **TESTIMONY OF SCOTT R. BORES**

PAGE #	LINES #	CHANGE
10	1-4	Delete "alternate scenarios in which the anticipated fuel and emissions costs were 20% greater than and 20% less than forecasted." Replace with "alternate scenarios for natural gas prices and the cost of CO_2 emissions. The price of natural gas was varied by approximately 20% greater and 20% lower from the base price forecast. The low and high CO2 price scenarios, as well as FPL's base CO2 price scenario, were developed by ICF International. For the low CO_2 cost scenario ICF assumed a cost of $0 per ton for all years. For the high CO2 price scenario, ICF used a high band case which assumed legislative action that would take effect in 2028."

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF SCOTT R. BORES

DOCKET NO. 17____________-EI

MAY 22, 2017

Q. Please state your name and business address.

A. My name is Scott R. Bores. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as the Senior Director of Financial Planning and Analysis.

Q. Please describe your duties and responsibilities in your current position.

A. I am responsible for FPL's corporate budgeting, financial forecast, analysis of financial results and resource analytics.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Connecticut in 2003 with a Bachelor of Science degree in Accounting. I received a Master of Business Administration from Emory University in 2011. I joined FPL in 2011 and have held several positions of increasing responsibility, including Manager of Property Accounting, Director of Property Accounting and my current position as Senior Director of Financial Planning and Analysis. Prior to FPL, I held various accounting roles with Mirant Corporation, which was an independent power producer in Atlanta, Georgia, as well as worked for PricewaterhouseCoopers, LLP. I am a Certified Public Accountant ("CPA") licensed in the State of Georgia and a member of the American Institute of CPAs.

Q. Are you sponsoring an exhibit in this case?

A. Yes. I am sponsoring the following exhibit which is attached to my direct testimony:

- SRB 1 - Summary CPVRR Analysis for Retirement of SJRPP

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present the results of the economic analysis which demonstrates that shutting down St. Johns River Power Park ("SJRPP") as early as January 5, 2018, provides significant economic value for FPL's customers. My testimony describes the key assumptions utilized in the economic analysis, the Company's proposal for cost recovery and the appropriate rate of return for the regulatory assets that FPL proposes to establish in the Capacity Cost Recovery ("CCR") Clause and the Environmental Cost Recovery ("ECR") Clause.

Q. Please summarize your testimony.

A. As described in greater detail by FPL witness Forrest, FPL and JEA have entered into a definitive agreement to terminate the existing Joint Ownership, Construction and Operation Agreement ("JOA") governing the operation of the SJRPP facility, which includes as Article 8 the terms under which FPL purchases power and capacity out of JEA's share of SJRPP (the "Article 8 PPA"); the definitive Asset Transfer and Contract Termination Agreement will be referred to as the "ATA." I will refer to the termination of the JOA, including the Article 8 PPA, and the early shutdown, dismantlement and subsequent transfer of ownership interests in SJRPP as the "SJRPP Transaction." Under the SJRPP Transaction, as early as January 5, 2018, SJRPP will be shut down and FPL's obligations to pay 50% of SJRPP costs (20% through an ownership share in the plant and the remaining 30% through the Article 8 PPA) will cease. As part of the SJRPP Transaction, FPL will make a payment to JEA of $90.4 million, to induce JEA to agree to the early shutdown and thus extinguish FPL's continued obligations under the Article 8 PPA (the "Shutdown Payment"). FPL has performed an economic analysis and estimates that the SJRPP Transaction would result in a $183 million Cumulative Present Value of Revenue Requirements ("CPVRR") benefit for FPL customers.

Q. Please describe the economic analysis performed for this transaction.

A. The economic analysis for this transaction compared two FPL system resource plans: 1) the base case scenario ("base case scenario"), in which FPL would continue to operate its 20% ownership share in SJRPP through the end of its useful life, currently expected to be 2052 per the depreciation parameters approved in FPL's 2016 rate case settlement. Additionally, the Article 8 PPA is suspended in the fourth quarter of 2019, which reflects that FPL would have taken the full energy output allowed under the JOA by that time; and, 2) the scenario contemplated under the ATA, whereby the SJRPP facility is shut down as early as January 5, 2018, thus effectively terminating FPL's obligations under the Article 8 PPA as of that date (the "transaction scenario").

Q. Please describe how shutting down the facility as early as January 5, 2018 and effectively terminating the Article 8 PPA creates value for FPL's customers.

A. As described in greater detail by FPL witness Forrest, the SJRPP facility has operated effectively and reliably since entering the FPL fleet; however, it has become one of the most expensive units in FPL's fleet to operate and maintain. By shutting down the facility and effectively terminating the Article 8 PPA, FPL will avoid above market annual PPA payments, as well as FPL's entire share of the operating costs of the facility. This transaction is expected to provide savings for customers immediately and into the foreseeable future.

Q. How does FPL plan to cover the shortfall in generating capacity caused by exiting SJRPP under the transaction scenario?

A. Exiting SJRPP as early as January 5, 2018, as contemplated by the transaction scenario, will cause FPL to fall short by 323 megawatts of the capacity required to meet its 2018 summer peak reserve margin. FPL plans to procure the necessary capacity through a power purchase agreement, the cost of which is included in the transaction scenario as part of the economic analysis. The capacity shortfall no longer exists after 2018, as FPL projects that the Okeechobee Clean Energy Center will be in-service by mid-2019.

Q. What are the major system assumptions used in this economic analysis?

A. The major assumptions used in this economic analysis are the following:

- **Load Forecast –** The analysis uses FPL's most recent official long-term load forecast, approved in December 2016. This load forecast, including system peaks and net energy for load, was used in FPL's 2017 Ten Year Site Plan ("TYSP");
- **Fuel Price Forecast –** The analysis uses FPL's most recent long-term fuel forecast, based on FPL's standard long-term fuel forecasting methodology, approved in November 2016 and used in FPL's 2017 TYSP;
- **CO_2 Emission Price Forecast -** The CO_2 cost projections used in this filing are based on ICF's CO_2 emission price forecast dated December 2016. ICF is a consulting firm with extensive experience in forecasting the projected cost of air emissions and is recognized as one of the industry leaders in this field. This CO_2 emission price forecast was also used in FPL's 2017 TYSP.

Q. Please provide an overview of the analytical process that FPL used to determine the cost-effectiveness of the proposed transaction.

A. The FPL analysis consisted of three steps:

Step 1: FPL used the hourly production costing model UPLAN to compare the projected system variable revenue requirements of the base case scenario to the transaction scenario. This model has been used by FPL in prior proceedings before the Commission. Each UPLAN modeling run is used to determine generation system costs, consisting primarily of fuel costs, variable operations and maintenance ("O&M") costs and emissions costs for a given resource plan.

Step 2: The output of each of the UPLAN model runs was then imported into FPL's Fixed Cost Spreadsheet Model, which adds fixed costs such as capital costs, capital replacements costs, and fixed O&M costs.

Step 3: Other transaction costs, such as the Shutdown Payment to JEA, were then added to the system variable costs as determined in Step 1 and system fixed costs as determined in Step 2, to determine the CPVRR for each resource plan.

Q. How has FPL accounted for the Shutdown Payment to JEA within its economic analysis?

A. The economic analysis contemplates the proposed accounting and regulatory treatment for the Shutdown Payment as described in further detail by FPL witness Ferguson. This includes establishing a regulatory asset for the Shutdown Payment made to JEA and recovering that asset through the CCR Clause over the remaining approximately four years of the Article 8 PPA. FPL proposes that the regulatory asset earn a return at FPL's weighted average cost of capital ("WACC"), which will be discussed later in my testimony.

Q. How has FPL accounted for the remaining net book value and loss on disposition within its economic analysis?

A. The economic analysis includes the impact of establishing regulatory assets for the projected $187 million of unrecovered net book value associated with retired assets as well as the $3 million loss on the transfer of assets to JEA. Upon approval of this transaction, FPL proposes that the recovery of these assets would be deferred until the time base rates are next set in a general base rate case, which is assumed to be January 1, 2021. The economic analysis contemplates that these investments are recovered on a straight-line basis over a 10-year period, with $146 million recovered through base rates (reflecting both the retired assets and the assets transferred to JEA) and $44 million related to approved ECR Clause capital investments currently being recovered through the ECR Clause.

Q. How has FPL accounted for dismantlement costs within its economic analysis?

A. The economic analysis does not include any dismantlement costs above the $22 million that FPL projects to have recorded as of December 31, 2017 associated with its ownership share which is assumed to be sufficient for FPL's ownership share of dismantlement. FPL has assumed that the dismantlement of the SJRPP facility occurs in 2018. In addition, the economic analysis accounts for the approximate $40 million dismantlement liability related to FPL's capacity entitlement under the Article 8 PPA. As described in further detail by FPL witness Ferguson, FPL proposes to refund that liability to customers over the approximately four-year remaining term of the Article 8 PPA through the CCR clause.

Q. How has FPL accounted for the deferred interest liability balance within its economic analysis?

A. The economic analysis contemplates that the deferred interest liability balance, projected to be $12.4 million at December 31, 2017, is refunded to customers through the CCR Clause over the approximately four-year remaining term of the Article 8 PPA. Consistent with its current treatment, the economic analysis provides customers with a return on the unamortized liability balance in base rates. This treatment is described in further detail by FPL witness Ferguson.

Q. How has FPL accounted for the suspension liability balance within its economic analysis?

A. The economic analysis contemplates that the suspension liability balance, projected to be $9.9 million at December 31, 2017, is refunded to customers through the CCR Clause over the approximately four-year remaining term of the Article 8 PPA. Consistent with its current treatment the economic analysis provides customers with a return on the unamortized liability balance within the CCR Clause at FPL's WACC. This treatment is described in further detail by FPL witness Ferguson.

Q. How has FPL accounted for the fuel inventory that will remain as a result of the SJRPP transaction?

A. The economic analysis contemplates that the projected $1.3 million of FPL's share of the remaining fuel inventory will be recorded as a loss and recovered through FPL's Fuel and Purchased Power Cost Recovery ("FCR") Clause in the year when SJRPP is shut down.

Q. Please describe why it is appropriate for FPL to utilize its embedded overall cost of capital to calculate the return for the regulatory assets FPL proposes to record in clauses as part of this transaction.

A. The Company is proposing to use the same rate of return for the proposed clause regulatory assets as is used for all other investments that are made in cost recovery clauses. This treatment is consistent with prior, similar transactions approved by the Commission, including the Cedar Bay Transaction, Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI, as well as the Indiantown Cogeneration Transaction, Order No. PSC-16-0506-FOF-EI, Docket No. 160154-EI.

Q. Please provide the results of the economic analysis.

A. The economic analysis indicates that there is an immediate and ongoing benefit to FPL's customers from proceeding under the transaction scenario to exit the SJRPP facility as early as January 5, 2018. As shown in Exhibit SRB-1, the CPVRR benefit to FPL customers is approximately $183 million. This was calculated by subtracting the CPVRR of the base case scenario from the CPVRR of the transaction scenario.

Q. Has FPL prepared a sensitivity analysis to assess the CPVRR benefit to customers?

A. Yes. FPL analyzed the economic benefits of the SJRPP Transaction under alternate scenarios in which the anticipated fuel and emissions costs were 20% greater than and 20% less than forecasted. Under all of these scenarios, the SJRPP Transaction is expected to produce customer savings, in amounts ranging from approximately $57 million to $310 million.

Q. Is FPL aware of any SJRPP coal transportation-related costs that may be incurred after SJRPP is retired?

A. Yes. FPL is aware of costs associated with two disputes that may be incurred after SJRPP is retired, depending upon when those disputes are resolved.

First, FPL and JEA are involved in an ongoing dispute with the counterparty to the recently expired lease agreement for the railcars that serve SJRPP. That lease was set to expire regardless of whether SJRPP is retired early, because FPL and JEA had made the decision to switch to Colombian coal for environmental compliance reasons, and that coal is delivered by marine vessels rather than railcars. The lease agreement specified the condition in which FPL and JEA must return the leased railcars to the lessor, and there is presently a dispute as to what reconditioning work is required.

Second, FPL and JEA are also involved in a dispute with the railroad that was used to deliver coal to SJRPP over the railroad's claim for liquidated damages as a result of FPL and JEA not scheduling the minimum delivery quantities of coal for SJRPP under the transportation agreement with the railroad. Again, this circumstance arose out of FPL's and JEA's decision to switch to

Colombian coal for environmental compliance reasons and will exist regardless of whether SJRPP is retired early.

Q. How does FPL propose to recover costs associated with transporting coal to SJRPP?

A. FPL currently recovers the costs for transporting coal to SJRPP, including costs associated with railcar leases, through the FCR Clause and proposes to continue recovering through the same mechanism any coal transportation costs that must be incurred after SJRPP is retired.

Q. Has FPL included an estimate of costs to resolve these disputes in its economic analysis of this transaction?

A. No. Whatever costs may be incurred to resolve the disputes will not affect the economic analysis. As discussed above, both of the disputes arose out of FPL's and JEA's decision to switch to Colombian coal for environmental compliance reasons and exist independently of any decision on retiring SJRPP early. Therefore, FPL would expect to incur the costs under both the base case scenario and the transaction scenario, and so they would have zero impact on the CPVRR savings resulting from the ATA.

Q. **Does this conclude your testimony?**

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

SJRPP TRANSACTION

DIRECT TESTIMONY OF KEITH FERGUSON

DOCKET NO. 17____________-EI

MAY 22, 2017

Q. Please state your name and business address.

A. My name is Keith Ferguson, and my business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Controller.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for all financial accounting, as well as internal and external reporting, for FPL. As a part of these responsibilities, I ensure that the Company's financial reporting complies with requirements of Generally Accepted Accounting Principles ("GAAP") and multi-jurisdictional regulatory accounting requirements.

Q. Please describe your education and professional experience.

A. I graduated from the University of Florida in 1999 with a Bachelor of Science Degree in Accounting and earned a Master of Accounting degree from the University of Florida in 2000. Beginning in 2000, I was employed by Arthur

Andersen in their energy audit practice in Atlanta, Georgia. From 2002 to 2005, I worked for Deloitte & Touche in their national energy practice. From 2005 to 2011, I worked for Mirant Corporation, which was an independent power producer in Atlanta, Georgia. During my tenure there, I held various accounting and management roles. Most recently and prior to joining FPL in September 2011, I was Mirant's Director of SEC Reporting and Accounting Research. I am a Certified Public Accountant ("CPA") licensed in the State of Georgia and a member of the American Institute of CPAs. I testified before this Commission on depreciation, dismantlement and other accounting matters in the Company's 2016 base rate case.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring two exhibits:

- Exhibit KF-1 – Proposed Journal Entries
- Exhibit KF-2 – SJRPP Capital Recovery Schedules

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present FPL's proposed accounting and ratemaking treatment associated with the termination of the St. Johns River Power Park ("SJRPP") Joint Ownership, Construction and Operation Agreement ("JOA") between FPL and JEA, including the terms under which FPL purchases energy and capacity out of JEA's share of SJRPP (the "Article 8 PPA"). I will refer to the termination of the JOA, including the Article 8 PPA, and the early shutdown, dismantlement and subsequent transfer of ownership interests in the SJRPP facility as the "SJRPP Transaction." As part of the SJRPP Transaction, FPL will assign to JEA its interest in certain assets at the SJRPP site that will not be retired, and FPL will pay its estimated share of the costs to dismantle the remainder of the assets.

Q. Please summarize your testimony.

A. I provide the journal entries that FPL intends to record as a result of the SJRPP Transaction and support the related regulatory ratemaking treatment. As described by FPL witnesses Forrest and Bores, the SJRPP Transaction will economically benefit FPL's customers. The proposed accounting and regulatory treatment for this transaction should be approved by this Commission as the accounting is consistent with GAAP and the Uniform System of Accounts and the ratemaking treatment provides proper recovery for this beneficial transaction.

Q. Please provide an overview of the SJRPP Transaction being presented to the Commission for approval.

A. The JOA currently reflects FPL's 20% ownership of the SJRPP facilities -- which undivided interest FPL has recorded on its books and records -- and provides for the purchase by FPL, under the Article 8 PPA, of an additional 30% of the SJRPP capacity out of JEA's 80% ownership share. As part of the SJRPP Transaction, FPL and JEA intend to shut down the SJRPP generating facilities as early as January 5, 2018, which will have the effect of extinguishing FPL's purchase obligations under the Article 8 PPA, and FPL will make a payment to JEA totalling approximately $90.4 million on the shutdown date (the "Shutdown Payment"). In addition, the SJRPP

Transaction results in the retirement and subsequent dismantlement of a majority of the SJRPP generating facilities. Under the JOA, FPL is currently responsible for all obligations associated with its ownership share; therefore, it will incur the related costs for its portion of that subsequent dismantlement. Additionally, FPL will assign to JEA its rights in certain assets.

Q. What are the journal entries FPL plans to record upon execution of the SJRPP Transaction?

A. Page 1 of Exhibit KF-1 provides the journal entries to be recorded by FPL upon shutdown of the generating facility and termination of the JOA.

Proposed Regulatory Assets Related to SJRPP Transaction

Q. How does FPL propose to record the Shutdown Payment?

A. FPL requests Commission authorization to establish a regulatory asset for the Shutdown Payment, in recognition of FPL's proposal to defer and recover that specific cost in the Capacity Cost Recovery ("CCR") Clause. The payment will be recorded as a debit to a regulatory asset in FERC Account 182.3 – Other Regulatory Assets (the "Shutdown Payment Regulatory Asset"). FPL further requests authorization to amortize the Shutdown Payment Regulatory Asset on a straight-line basis to FERC Account 557, Other Expenses, over the remaining term of the Article 8 PPA, or approximately four years.

Q. Please explain how the Shutdown Payment will be funded.

A. The Shutdown Payment of $90.4 million will be funded through a combination of the assignment of FPL's cash reserves held by JEA pursuant to the JOA of approximately $33.7 million and the materials & supplies inventory of approximately $5.1 million,[1] together with a cash payment of approximately $51.6 million.

Q. Please explain why the CCR Clause is the appropriate recovery venue for the Shutdown Payment Regulatory Asset.

A. Recovery through the CCR Clause is appropriate because that is the mechanism by which FPL currently recovers the cost of the Article 8 PPA. Therefore, the clause will continue to reflect the costs associated with FPL's SJRPP arrangement -- with the Shutdown Payment substituted for the existing capacity payments and other obligations. Because recovery will be through the CCR Clause, the amortization of the regulatory asset and associated unrecovered balance will be removed from retail base ratemaking and FPL's Earnings Surveillance Report ("ESR").

Q. What return does FPL propose for the unrecovered portion of the Shutdown Payment Regulatory Asset?

A. FPL proposes to earn a return on the unrecovered regulatory asset balance at FPL's overall weighted average cost of capital ("WACC") through the CCR Clause. FPL witness Bores explains why this is a fair and appropriate rate of return on the unrecovered regulatory asset.

Q. Has the Commission approved similar recovery for regulatory assets through the CCR Clause in the past?

A. Yes. The Commission approved similar treatment in the Cedar Bay Transaction (Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI) and the

[1] Estimated based on March 31, 2017 balances, which may vary at shutdown.

Indiantown Cogeneration Transaction (Order No. PSC-16-0506-FOF-EI, Docket No. 160154-EI), in which FPL acquired coal fired facilities through equity purchases for the purpose of terminating FPL's obligations to the prior owners under the related PPAs. In both instances, the Commission authorized FPL to establish a regulatory asset for the payments to the facility owners under those transactions and to recover the regulatory asset through the CCR Clause together with a return on the unamortized balance at its WACC.

Q. Do FPL and JEA intend to retire the SJRPP generating plant and related assets expected upon consummation of this transaction?

A. For the most part, yes. As part of the SJRPP Transaction, FPL and JEA have agreed to retire the generating units and the vast majority of the related assets as early as January 5, 2018, at which time dismantlement would commence. Once dismantlement is complete, FPL is obligated under the terms of the Asset Transfer and Contract Termination Agreement that governs the SJRPP Transaction to assign its interest in the land, transmission switchyard and certain rail facilities to JEA without separate consideration paid to FPL.

Q. What is the current estimated retirement date for the SJRPP generating plant as reflected in the Company's 2016 rate case settlement?

A. The current estimated retirement date for the SJRPP generating plant is 2052 per the depreciation parameters approved in FPL's 2016 rate case settlement (Order No. PSC-16-0560-AS-EI, Docket No. 160021-EI).

Q. How will FPL account for the retirement of the facilities that will be dismantled?

A. FPL will remove the retired assets from its books and records as a debit to FERC Account 108, Accumulated Provision for Depreciation, and a credit to FERC Account 101, Plant in Service. Once the plant is retired, FPL estimates it will have $187 million of unrecovered investment associated with the retired assets remaining on its books and records, of which $143 million relates to base rates and $44 million relates to the Environmental Cost Recovery ("ECR") Clause primarily associated with pollution control equipment installed under Project 31 -- Clean Air Interstate Rule ("CAIR"). Refer to Exhibit KF-2, Page 2.

Q. How does FPL propose to account for the unrecovered investment associated with the retired assets?

A. FPL requests the Commission to authorize the creation of a regulatory asset for the unrecovered investment (the "Early Retirement Regulatory Asset"), and to begin amortization of the Early Retirement Regulatory Asset at the time base rates are next adjusted in a general base rate case. If approved, FPL will record the unrecovered investment as a debit to FERC Account 182.2, Unrecovered Plant and Regulatory Study Costs and when amortization begins, record amortization on a straight-line basis to FERC Account 407, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs. This approach is consistent with past practice, FERC precedent and with Rule 25-6.0436(7)(a), Depreciation, Florida Administrative Code

("F.A.C.") for recovery of the unrecovered investment in retired assets via a capital recovery schedule.

Q. Over what time period does FPL propose to recover the Early Retirement Regulatory Asset?

A. FPL proposes an amortization period of ten years, with the recovery of the base portion through base rates and the ECR Clause portion through that clause. This amortization period is consistent with the capital recovery schedules approved by the Commission in FPL's 2016 rate case settlement.

Historically, FPL has requested and received Commission approval to recover capital recovery schedules at the same time base rates are adjusted. Therefore, FPL requests permission to begin recovery of the capital recovery schedule for both the base and ECR Clause unrecovered investments when base rates are next adjusted in a general base rate case. Pursuant to the terms of FPL's 2016 rate case settlement, FPL does not expect this to be earlier than January 1, 2021.

Q. Once dismantlement and remediation of the SJRPP facilities is complete, how does FPL propose to account for the assets that FPL plans to assign to JEA?

A. FPL will remove the assets at the time of assignment to JEA from its books and records. The net book value of the assets JEA wishes to retain is approximately $3 million. Assigning those assets to JEA at a zero cost will result in a loss to FPL of that amount. FPL proposes to establish a regulatory asset for this loss (the "Asset Transfer Regulatory Asset") in recognition of FPL's proposal to defer and recover that specific cost at the time base rates are next adjusted in a general base rate case. The loss would be recorded as a debit to a regulatory asset (FERC Account 182.2, Unrecovered Plant and Regulatory Study Costs), refer to Exhibit KF-1, Page 1. FPL proposes to amortize this regulatory asset on a straight-line basis to FERC Account 407, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs over the same ten-year period recommended for the recovery of the unrecovered investment of retired assets.

Accounting for Dismantlement Costs

Q. Is FPL responsible for a portion of dismantlement costs associated with the retirement of the SJRPP unit under the existing JOA?

A. Yes.

Q. How is FPL accounting for its dismantlement cost responsibility?

A. FPL currently accrues for the future dismantlement costs of its 20% ownership share of SJRPP facilities through its fossil dismantlement accrual, which is collected from FPL's retail customers through base rates. As of December 31, 2017, FPL is projected to have $22 million accrued for dismantlement costs related to its 20% ownership share of the SJRPP facilities. As agreed by FPL and JEA as part of this transaction, FPL will pay its 20% share of actual dismantlement costs, which could be higher or lower than the amount accrued on FPL's books. Just as in any other dismantlement project, any difference between the actual amount paid by FPL to JEA for dismantlement and the recorded dismantlement reserve will be reflected in FPL's next dismantlement study.

Refund of Liability Accruals

Q. Are there any other items on FPL's books and records today that will require resolution as a result of the termination of the JOA?

A. Yes. As shown on Exhibit KF-1, page 2, FPL will need to address three liabilities currently on its books and records: the suspension liability, deferred interest liability, and dismantlement accrual related to the Article 8 PPA.

Q. Please describe the suspension liability and its current ratemaking treatment.

A. The Article 8 PPA places a cap on the amount of energy that FPL can obtain in order to ensure that JEA's tax exempt status with the Internal Revenue Service is not compromised. FPL will reach the cap on the megawatt-hours of energy well before it can cease to make Article 8 PPA capacity payments. In light of this, FPL petitioned the FPSC in 1997 to allow it to recover from customers the commensurate obligation of capacity charges under the agreement in advance of the payment in the latter years to JEA. In Order No. PSC-97-1045-FOF-EI, Docket No. 970001-EI, the Commission authorized the suspension liability accrual.

In other words, and although the dates have changed from those cited in the order referenced above, there will be a period of time in which the Company is contractually obligated to continue paying capacity expenses to JEA without receiving power, which is referred to as the suspension period. In 2017 the suspension liability is over-accrued; therefore, FPL is refunding approximately $9.1 million a year to customers as a reduction to the total amount of expenses collected through the CCR Clause. Additionally, the Company calculates and pays customers a return on the liability balance on a monthly basis at FPL's overall WACC through the CCR Clause. Therefore, the suspension liability is removed from retail base ratemaking and FPL's ESRs.

Q. How does FPL propose to refund the suspension liability balance to customers as a result of the SJRPP Transaction?

A. The Company is proposing to transfer the unamortized balance of the suspension liability as of December 31, 2017 of approximately $9.9 million to FERC Account 254, Other Regulatory Liabilities, and refund the balance to customers through the CCR Clause over the remaining term of the Article 8 PPA or approximately four years. In addition, FPL would continue to provide customers a return on the suspension liability balance until it is completely refunded to customers over the remaining life of the Article 8 PPA or approximately four years. This treatment is appropriate as it is consistent with the current treatment of the suspension liability and the timing of when FPL proposes to collect the Shutdown Payment Regulatory Asset as previously discussed.

Q. Please describe the deferred interest liability and its current ratemaking treatment.

A. FPL is responsible under the Article 8 PPA for its portion of the bond debt service related to the capacity it purchased from JEA. The cost of the construction of the facility was less than planned; therefore, JEA had excess bond funds that allowed it to defer interest costs during operation. FPL recorded those deferred interest costs to FERC Account 253, Other Deferred Credits, as it recovered the cost of the deferred interest from customers through the CCR Clause, anticipating that it would make payments and amortize that deferred interest back to customers in the form of credits to the CCR Clause in the future. FPL is currently amortizing this liability back to customers over the life of the Article 8 PPA, i.e., until October 2021. Therefore, the amortization of the deferred interest liability has reduced total capacity expenses recovered from customers through FPL's CCR Clause. Historically, the deferred interest liability balance has been reflected as a reduction of rate base in base-rate test years, and this was the case in the 2017 and 2018 test year MFRs in FPL's 2016 base rate case (Docket No. 160021-EI). As of the shutdown date of SJRPP, however, not all of the deferred interest will have been used to reduce the capacity payments, and the remaining unamortized balance should be returned to customers.

Q. How does FPL propose to refund the deferred interest liability balance to customers as a result of the SJRPP Transaction?

A. Consistent with the proposed treatment for the refund of the suspension liability, the Company is proposing to transfer the balance of the deferred interest liability as of December 31, 2017 of approximately $12.4 million to FERC Account 254, Other Regulatory Liabilities, and refund the balance to customers through the CCR Clause over the four-year remaining term of the Article 8 PPA. FPL would continue to reflect the deferred interest liability in rate base until it is completely refunded to customers. This treatment is appropriate as it is consistent with how the liability was treated for the purpose of setting base rates in FPL's 2016 rate case.

Q. Please describe the dismantlement accrual related to the Article 8 PPA and its current ratemaking treatment.

A. As required under the JOA, FPL is responsible for 30% of dismantlement costs for the JEA undivided interest in SJRPP facilities consistent with the share of the plant's capacity to which FPL is entitled under the Article 8 PPA. Therefore, in order to comply with GAAP and for proper ratemaking consideration, FPL calculates a dismantlement accrual related to FPL's capacity entitlement under the Article 8 PPA based on the cost estimate from the most recent Commission-approved dismantlement accrual applicable to FPL's 20% ownership of SJRPP as a proxy for this capacity obligation and records this as a debit to FERC Account 555, Purchased Power, and a credit to FERC Account 253, Other Deferred Credits. The Article 8 PPA related dismantlement accrual expense is recovered from customers through the CCR Clause, while the dismantlement liability has been historically reflected as a reduction of rate base, including in FPL's 2016 base rate case (Docket No.

160021-EI).

Q. How does FPL propose to refund the balance in the dismantlement liability related to the Article 8 PPA to customers as a result of the SJRPP Transaction?

A. Consistent with the proposed treatment for the refund of the suspension liability and deferred interest liability, the Company is proposing to transfer the balance of the dismantlement liability related to the Article 8 PPA as of December 31, 2017 (approximately $40 million) to FERC Account 254, Other Regulatory Liabilities, and refund the balance to customers through the CCR Clause over the remaining four-year term of the Article 8 PPA. In addition, FPL would continue to reflect the dismantlement liability related to the Article 8 PPA as a reduction of rate base until it is completely refunded to customers. This treatment is appropriate as it is consistent with how the liability was treated for the purpose of setting base rates in FPL's 2016 rate case.

Recovery of Fuel Inventory

Q. Does FPL expect that fuel inventory will remain on FPL's books and records at shutdown under the SJRPP Transaction?

A. Yes. FPL records purchased fuel inventory related to its ownership of SJRPP in FERC Account 151, Fuel Stock, until it is used for the generation of electricity. As part of the SJRPP Transaction, FPL and JEA have agreed to minimize additional purchases of fuel inventory through the shutdown date but anticipates that nonetheless FPL's share of fuel inventory remaining will be approximately $1.3 million at the time of shutdown.

Q. How does FPL intend to handle whatever fuel inventory remains at the time of shutdown?

A. As part of the SJRPP Transaction, FPL will assign any remaining fuel inventory balance to JEA at zero cost, which will result in a loss to FPL for that amount. FPL requests Commission permission to recover this loss in the Fuel and Purchased Power Cost Recovery Clause in the year when SJRPP is shut down.

Q. Does this conclude your testimony?

A. Yes.

DIRECT TESTIMONY

OF

PATRICIA W. MERCHANT, CPA

On Behalf of the Office of Public Counsel

Before the

Florida Public Service Commission

Docket No. 20170123-EI

INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Patricia W. Merchant. My business address is 111 West Madison Street, Room 812, Tallahassee, Florida, 32399-1400.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed as a Chief Legislative Analyst with the Office of Public Counsel (OPC). I began my employment with OPC in March, 2005. I am also a Certified Public Accountant licensed in the State of Florida.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. In 1981, I received a Bachelor of Science degree with a major in accounting from Florida State University. In that same year, I was employed by the Florida Public Service Commission (PSC) as an auditor in the Division of Auditing and Financial Analysis. In 1983, I joined the PSC's Division of Water and Sewer as an analyst in the Bureau of Accounting. From May, 1989 to February, 2005 I was a regulatory supervisor in the Division of Water and Wastewater which evolved into the Division of Economic Regulation.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION?

A. Yes, I have testified numerous times before the PSC as an expert witness. I have also testified before the Division of Administrative Hearings as an expert witness.

Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS CASE?

A. Yes. I am sponsoring Exhibit PWM-1, a summary of my regulatory experience and qualifications, which is attached to my testimony.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?

A. I am providing testimony regarding the appropriate time frame to begin the amortization of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset that results from the early abandonment of FPL's investment in the St. Johns River Power Plant (SJRPP).

Q. PLEASE DESCRIBE THE ITEMS THAT FPL HAS REQUESTED TO BE RECOVERED IN ITS PETITION FOR APPROVAL OF ARRANGEMENT TO MITIGATE UNFAVORABLE IMPACT OF SJRPP.

A. First, FPL has requested that the following regulatory assets and liabilities be recovered over 46 months beginning when the plant is retired from service as of January 1, 2018:

1. Regulatory Asset -SJRPP Shutdown Payment - $90.4 million

2. Other regulatory liability -SJRPP Suspension Liability ($9.9 million Refund to customers)

3. Other regulatory liability -SJRPP Deferred Interest ($12.4 million Refund to Customers)

4. Other regulatory liability -SJRPP Article 8 PPA Dismantlement Accrual ($39.9 Refund to Customers)

According to FPL witness Keith Ferguson, on page 4, lines 16-19, the 46-month recovery period for the four items above was chosen based on the remaining four-year term of the Article 8 in FPL's Purchased Power Agreement (PPA) with Jacksonville Electric Authority (JEA).

Q. DO YOU AGREE WITH THE REQUESTED 46-MONTH AMORTIZATION PERIOD AND THE RECOVERY METHOD FOR THE FIRST FOUR ITEMS LISTED ABOVE?

A. Yes. I believe that a 46 month amortization period is appropriate as these items relate to the JEA PPA and this remaining time is consistent with the expiration of the PPA.

Q. PLEASE DESCRIBE FPL'S REQUESTED RECOVERY OF THE REMAINING FUEL INVENTORY.

A. FPL has requested that the $1.3 million in FPL's share of the estimated remaining fuel inventory be charged as a one-time charge to the Fuel Clause beginning January 1, 2018. See page 15, lines 1-7 of Mr. Ferguson's direct testimony. I agree with this accounting treatment, assuming that it is appropriate to impose these costs on customers. I have no opinion as to the propriety of asking customers to pay this cost.

Q. PLEASE DESCRIBE FPL'S REQUESTED RECOVERY OF THE EARLY RETIREMENT AND THE ASSET TRANSFER REGULATORY ASSETS?

A. FPL has requested that the Early Retirement Regulatory Asset ($186.6 million) and the Asset Transfer Regulatory Asset ($3.0 million) be deferred in 2018 with a proposed ten-year amortization period. This amortization period, according to Mr. Ferguson, is consistent with the capital recovery schedules approved by the Commission in the last rate case. Further, FPL has requested that amortization begin when FPL's base rates are next adjusted in a general base rate case. According to Mr. Ferguson[1], pursuant to the terms of FPL's current base rate case settlement, FPL does not expect base rates to be increased earlier than January 1, 2021.

Q. DO YOU AGREE WITH THE REQUESTED 10-YEAR AMORTIZATION PERIOD?

A. Yes, the 10-year amortization period appears reasonable.

Q. DO YOU AGREE WITH FPL'S REQUEST TO DEFER AMORTIZATION UNTIL FPL'S BASE RATE ARE NEXT ADJUSTED?

A. No, I do not. First, there is no requirement that FPL file for a base rate increase at the end of the settlement period. If FPL chooses to delay filing a rate case in 2020, there is no certain time when the amortization will begin. Further, it is appropriate,

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[1] Ferguson Direct Testimony, page 8, lines 11-16.

under sound regulatory policies, to start the amortization at the time the asset is retired. This is similar to the accounting/ratemaking policy of beginning depreciation expense the month a plant is placed into service. Consistent with the amortization of the costs associated with retiring the JEA PPA, the amortization of FPL's unrecovered investment in the early retirement should begin January 1, 2018.

Q. ARE FPL'S BASE RATE EARNINGS PROJECTED TO BE SUFFICIENT TO RECOVER THE RETURN AND AMORTIZATION EXPENSE IF AMORTIZATION IS BEGUN IN 2018 WHEN THE PLANT IS RETIRED?

A. Yes. According to FPL's response to OPC's Interrogatory No. 6, considering the $143 million of unrecovered base SJRPP assets only, amortization would be approximately $14.3 million annually from 2018-2020, or $43 million over the remaining term of FPL's 2016 Settlement Agreement. FPL's response states that this amortization would reduce FPL's return on equity (ROE) by 6 basis points and will likely not cause FPL to fall outside of its authorized range.

Q. IS THERE ANOTHER REASON WHY IT IS INAPPROPRIATE TO DEFER THE COMMENCEMENT OF AMORTIZATION ON THE EARLY RETIREMENT AND ASSET TRANSFER REGULATORY ASSETS?

A. Yes, there is. If the Commission allows FPL to defer the amortization of the regulatory assets to commence when base rates are next established, this will increase the earnings to FPL by more than $35 million above those amounts that would be collected if amortization begins in 2018. This assumption assumes that the 6.17% overall weighted cost of capital remains constant at the mid-point of FPL's required rate of return on average capital structure (FPSC Adjusted Basis) as reported in its May 2017 surveillance report on Schedule 1, page 1.

Q. WHAT IS YOUR CONCLUSION ABOUT FPL'S REQUEST TO DEFER AMORTIZATION UNTIL BASE RATES ARE NEXT ESTABLISHED?

A. It is appropriate to allow FPL to amortize the regulatory assets related to the early retirement and asset transfer of FPL's investment in the SJRPP over 120 months beginning in 2018 when the plant is retired. This will match the time frame that the amortization of the other regulatory assets and liabilities will begin related to the JEA PPA. Further, FPL projects that it will easily be able to fully absorb the cost of the amortization in base rates with only a 6 basis point reduction in its ROE, and the timely amortization commencement will reduce costs to customers over the long run. The Commission should disallow FPL's request to defer the commencement of the amortization to some indefinite and unknown time period, which will ultimately be more costly to ratepayers.

Q. HOW IS THE RECOVERY OF AN UNRECOVERED INVESTMENT IN A UTILITY GENERATING ASSET RECOVERED IN CUSTOMER RATES?

A. Unrecovered investments of utility generating plant that were prudently retired early and previously included in base rates, are traditionally, historically and ordinarily recovered through base rates.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

SJRPP TRANSACTION

REBUTTAL TESTIMONY OF KEITH FERGUSON

DOCKET NO. 20170123-EI

AUGUST 14, 2017

Q. Please state your name and business address.

A. My name is Keith Ferguson, and my business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. Did you previously submit testimony in the proceeding?

A. Yes.

Q. Are you sponsoring or co-sponsoring any exhibits as part of your rebuttal testimony?

A. No.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to demonstrate that the proposal of Office of Public Counsel's ("OPC") witness Merchant to begin amortization of FPL's requested Early Retirement and Asset Transfer Regulatory Assets associated with the SJRPP Transaction immediately when the related assets are retired instead of when base rates are next adjusted in a general base rate case is inconsistent with Florida Public Service Commission ("FPSC" or "Commission") precedent. In addition, this proposal could discourage well-run utilities from pursuing innovative projects that unlock significant customer value during a base rate-freeze period.

Q. On pages 4 and 5 of OPC witness Merchant's testimony, she recommends that FPL begin amortization of its proposed Early Retirement and Asset Transfer Regulatory Assets beginning on January 1, 2018. Do you agree with her recommendation?

A. No. As stated in my direct testimony, FPL proposes to begin amortization of the Early Retirement and Asset Transfer Regulatory Assets when it next resets its base rates. This treatment is consistent with similar instances in which FPL has requested and received Commission approval to recover capital recovery schedules at the same time base rates are next adjusted.

For example, in FPL's 2009 rate case, FPL requested and received Commission approval in Order No. PSC-2010-0153-FOF-EI, Docket Nos. 20080677-EI, 20090130-EI to amortize its capital recovery schedules at the same time base rates were next adjusted. The capital recovery schedules included the remaining net book value associated with the Cape Canaveral and Riviera steam plants due to modernizations, nuclear assets retired due to the nuclear extended power uprate projects and the analog meters being replaced by the new Advanced Metering Infrastructure ("AMI"). While this order was subsequently superseded by Order No. PSC-2011-0089-S-EI approving a settlement of FPL's 2009 rate case, the settlement left intact the provisions for amortization of the capital recovery schedules.

In addition, the settlement agreements in FPL's 2005, 2012 and 2016 rate cases approved commencing amortization of capital recovery schedules at the same time base rates were adjusted:

- Order No. PSC-2005-0902-S-EI, Docket Nos. 20050045-EI, 20050188-EI – The capital recovery schedules included the recovery of the remaining net book value and anticipated removal costs associated with the steam generator replacement at St. Lucie Unit No. 2 and reactor vessel head replacements at the four nuclear units.
- Order No. PSC-2013-0023-S-EI, Docket No. 20120015-EI – The capital recovery schedules included the remaining net book value related to the Port Everglades steam plant due to modernization, and the retirement of Cutler Units Nos. 5 and 6 and Sanford Unit No. 3. OPC appealed Order No. PSC-2013-0023-S-EI but did not challenge the amortization of these capital recovery schedules. The order was affirmed on appeal.
- Order No. PSC-2016-0560-AS-EI, Docket Nos. 20160021-EI, 20160062-EI – The capital recovery schedules included the remaining net book value related to the retirement of the Putnam combined cycle plant, gas turbine peakers and Turkey Point Unit No. 1 steam generating plant.

Q. Are you aware of any instances in which the Commission has rejected a request by FPL to commence amortization of capital recovery schedules at the same time base rates were next adjusted?

A. No.

Q. Please explain how OPC's proposal could deter well-run utilities from pursuing customer-value-creating transactions.

A. The proposed retirement of SJRPP is an innovative transaction identified and developed by FPL and negotiated to the mutual benefit of the customers of FPL and JEA. As discussed in FPL witness Bores' direct testimony, FPL customers will realize immediate savings from SJRPP's early retirement and termination of the JOA (including the Article 8 PPA), with the transaction ultimately providing approximately $183 million in projected Cumulative Present Value of Revenue Requirements ("CPVRR") savings. That sort of transaction should be encouraged. By asserting that amortization of regulatory assets should begin immediately for retirements resulting from such transactions, so long as the impact to earnings does not push a utility's earnings below the bottom of its authorized range, OPC advocates a policy that would discourage innovative transactions that produce substantial benefits for customers. There is no set timetable for when opportunities arise. OPC's policy would serve as a significant deterrent to a well-run utility (one whose earnings are significantly above the bottom of its authorized range) from pursuing innovative projects during a base rate-freeze period, because of the potential loss of earnings that it would suffer and the loss of cash recovery of the return on investment it made on behalf of customers.

Q. Please comment on the statement at page 6, lines 18 through 20 of OPC witness Merchant's testimony that "[u]nrecovered investments of utility generating plant that were prudently retired early and previously included in base rates, are traditionally, historically and ordinarily recovered through base rates."

A. FPL agrees with OPC witness Merchant's statement, which in fact provides the rationale supporting FPL's proposal to defer amortization of the Early Retirement and Asset Transfer Regulatory Assets until base rates are next reset. Witness Merchant provides compelling testimony here which supports continuation of the Commission's consistent and long standing treatment of synchronizing cash collection of capital recovery with the setting of base rates. A continuation of this policy and practice is important for continuing to encourage transactions such as this that benefit customers. FPL is presently in a base rate freeze under its 2016 rate case settlement agreement. Thus, if amortization of the unrecovered amounts reflected in the Early Retirement and Asset Transfer Regulatory Assets were to start on January 1, 2018 as OPC witness Merchant proposes, that amortization expense would *not* be recovered through current base rates. Rather, FPL's base rate expenses would go up with no corresponding increase in current base rates. Only by deferring amortization until base rates are next reset (when the amortization expense may be properly included in the test year upon which new rates are based) will the amortization expense be “recovered through base rates” as OPC witness Merchant recommends.

Q. Does this conclude your testimony?

A. Yes.

CHAIRMAN BROWN: All right. And then we'll move to the exhibits now.

MS. DUVAL: Staff has compiled a stipulated Comprehensive Exhibit List containing 15 exhibits. The list has been provided to the parties, the Commissioners, and the court reporter. This list is marked as the first hearing exhibit, and the other exhibits should be marked as set forth in this list.

CHAIRMAN BROWN: Okay.

MS. DUVAL: Staff would move Exhibits 1 through 15 into the record at this time as set forth in the Comprehensive Exhibit List.

CHAIRMAN BROWN: Any objections to moving those into the record?

MR. BUTLER: No objection for FPL.

MS. MORSE: No objection for OPC.

CHAIRMAN BROWN: Seeing none, we'll go ahead and move into the record Exhibits 1 through 15.

(Exhibits 1 through 15 marked for identification and admitted into the record.)

Okay. Now each party will have an opportunity to address and provide their comments to the Commission on the agreement, and we'll start with Florida Power & Light. There will be no time limit, so if you could give us an overview and general commentary on the settlement agreement proposed.

MR. BUTLER: Thank you, Madam Chairman. And I will keep it brief so you won't be wishing that you had put a time limit on it.

Good afternoon. I'm pleased to be here today asking for your approval of a settlement that FPL has reached with Office of Public Counsel which will allow FPL to move forward with the early shutdown of the SJRPP coal plant.

Shutting down SJRPP early is projected to provide $183 million in customer savings while substantially improving Florida's emission profile. It is the latest step in a program that FPL began 15 years ago to modernize and convert the majority of our generation to clean-burning natural gas while also pursuing a robust solar development program. This program has saved our customers more than 8.6 million or -- I'm sorry -- billion dollars in fossil fuel costs and prevented over 108 million tons of carbon dioxide emissions since 2001.

FPL understands that Office of Public Counsel is supportive of shutting down SJRPP early as well as supportive of the series of regulatory assets and liabilities that FPL has proposed to account for that shutdown; however, FPL and OPC had different positions as to when amortization should commence for the base rate component of the two regulatory assets that relate to recovery of SJRPP's remaining net book value.

FPL has worked closely with OPC over the past few weeks to structure a mutually acceptable compromise on the timing of that amortization. Our compromise is reflected in the stipulation and settlement that we have jointly filed for approval.

Basically, FPL and OPC have agreed that amortization of the base rate component of those two regulatory assets will start in July 2018 and continue over a 15-year period rather than FPL's original proposal to delay amortization until base rates are next reset and then continue over a ten-year period. FPL and Public Counsel have concluded that this is a reasonable compromise on our respective positions regarding amortization under the specific circumstances of the SJRPP early shutdown transaction. At the same time, we both ask that this compromise not be treated as precedential for future transactions that might be brought to the Commission for approval.

FPL appreciates the time and efforts put in by Mr. Kelly and all those involved at the Office of Public Counsel in reaching a settlement, and I am very pleased that the hard work has paid off. I respectfully request that you approve the stipulation and settlement, and I'd be happy to answer any questions you may have. Thank you.

CHAIRMAN BROWN: Thank you, Mr. Butler.

Office of Public Counsel.

MS. MORSE: Thank you. And good afternoon, Madam Chair and Commissioners. OPC supports the proposed settlement and the proposed transaction to shut down the SJP -- SJRPP facility.

CHAIRMAN BROWN: It's a mouthful.

MS. MORSE: We are in favor of responsible efforts to ensure that the facilities within the electrical generating system operate as cost-effectively as possible, and we further support prudent efforts to respond to market forces and technological issues which influence cost-effectiveness.

We believe the accounting methodology agreed to by the parties in this settlement provides more certainty for customers than the original proposal. Further, the accounting methodology is more consistent with both Commission precedent concerning the amortization of retired facilities and the rate case settlement that FPL agreed to in 2016, which is binding through at least December 31st, 2020.

A paramount concern to customers is that obligations made to them in prior cases are not later compromised, and we're confident that this agreement maintains that principle. The combination of three main factors ensures that the stipulation serves the public interest. Those factors are the cost savings calculated by FPL, the environmental benefits related to CO_2 emissions, and the adherence to the principles agreed to in the prior rate case settlement. Accordingly, we respectfully request that you approve the stipulation and settlement agreement. Thank you.

CHAIRMAN BROWN: Thank you. Does staff have any comments that they would like to provide at this time?

MS. DUVAL: No, Madam Chair. Thank you.

CHAIRMAN BROWN: Okay. I will bring it back to Commissioners for questions or comments to the parties or staff.

Polmann, Commissioner Polmann.

COMMISSIONER POLMANN: Thank you, Madam Chairman.

A couple of questions. I have a question: When does the company expect actual closure of the St. Johns River Power Park? What is the date timeframe?

MR. BUTLER: We are targeting early January 2018. Obviously, it depends on getting certainty about the approval of the transaction. But if we get that certainty, we feel that we can move forward that quickly.

COMMISSIONER POLMANN: Thank you. And if the settlement is approved here today, will the remaining assets that are part of this facility, the facility assets, will those then become solely the responsibility of JEA?

MR. BUTLER: The facility-- most of the facility, of course, will be dismantled. JEA is going to be taking the lead on that dismantlement, as always was the expectation. We have, by virtue of our 20 percent ownership of the actual facility itself, a 20 percent share of the responsibility for whatever dismantlement costs are incurred. And we have an estimate of that that was included in our last dismantlement study, and that hasn't changed at this point.

But whatever the actual costs of dismantlement turn out to be, that will be -- you know, 20 percent of that figure will be FPL's responsibility. The remaining 80 percent will be JEA's.

COMMISSIONER POLMANN: Are there, are there then any ongoing costs that FPL is obligated to pay? I understand there's some monitoring some groundwater.

MR. BUTLER: There would be -- yes, there is a program of groundwater monitoring. I think the figure, if I'm remembering correctly, is about $180,000 expected cost over the required duration of that, of which, you know, FPL would be responsible for 20 percent. So I think it's somewhere in the 25- to $30,000 range for those monitoring costs.

Beyond that, I mean, the facility is going to be shut down. There will be dismantlement begun fairly quickly for most of the facilities. There's a small amount of the facilities at the property, largely a transmission station, a little bit of coal handling equipment that JEA wants to keep. We won't have any responsibility for operating those facilities. You know, JEA will do what they choose with them, and to the extent they operate them, they would be responsible for the operating costs on them.

COMMISSIONER POLMANN: So JEA will potentially have some ongoing activity on the site; is that your understanding?

MR. BUTLER: They will have ongoing activity on some small portions of the footprint. I think that a great majority of the footprint will be, you know, dismantled, cleared, and will have no further activities associated with the plant on it.

COMMISSIONER POLMANN: Okay. Thank you. In terms of FPL's potential future liability, having been on the site and had ownership responsibility, is there any potential for long-term liability? You had mentioned the groundwater monitoring, for example.

If something is identified in monitoring related to recent activity, is there a future potential liability for, say, a cleanup responsibility of the groundwater?

MR. BUTLER: That liability remains. I mean, we have it now because of our ownership interest in the facility. We would continue to have it. We do not have it with respect to any conditions that would be created post-shutdown.

COMMISSIONER POLMANN: Yes.

MR. BUTLER: But to the extent that there was anything that was, you know, groundwater contamination type issues that require remediation, we'd have a 20 percent share of the cost responsibility for that, which is the same we have now. We actually currently have also 30 percent more share under this power purchase agreement feature of the joint operating agreement. That is one of the principal reasons for wanting to pursue this early shutdown, so that we can get out from under the obligations in that provision.

And we do not, under the termination agreement, continue to have that additional 30 percent responsibility.

COMMISSIONER POLMANN: So if I may, you have a 50 percent obligation now, given the ownership and the power purchase agreement. But going forward, you would have a 20 percent obligation; is that, is that correct?

MR. BUTLER: That's right.

COMMISSIONER POLMANN: And this is related only to Units 1 and 2, which are the coal-fired going forward.

MR. BUTLER: That's right.

COMMISSIONER POLMANN: Okay. Now one, one last question, Madam Chairman. The -- if the Commission approves the settlement agreement, net what would be the impact that the average customer would see on the bill? Do we, do we have that analysis? And maybe staff would have that, if it's not readily available here.

MR. BUTLER: I can probably do something pretty quick back-of-the-envelope in a moment, but I can't do it right off the top of my head.

The figure that we have quoted many times, I've used in my opening statement, was $183 million of savings. But that's a cumulative present value figure that's obviously spread over years.

COMMISSIONER POLMANN: Right.

MR. BUTLER: I think that you're looking at somewhere on the order, from year to year, anywhere from 5 million to 20, 30 million dollars of savings per year. And the very rough back-of-the-envelope figure for FPL is that every million dollars is a penny off of the thousand kilowatt-hour bill. So, you know, it's significant, although not large, savings per customer.

COMMISSIONER POLMANN: Okay.

MR. BUTLER: But it's somewhere in the maybe, say, 25 cents off of a thousand kilowatt-hour bill just as a result of this transaction per year. But that will vary from year to year because each year has kind of a different savings profile associated with it.

COMMISSIONER POLMANN: Okay.

CHAIRMAN BROWN: Commissioner Polmann, it looks like staff has that number to be exact.

COMMISSIONER POLMANN: Yeah. Madam Chairman, we, we -- I raised this question in briefings. I was hoping that staff would be able to have some detail on that, if that's available. Thank you.

MR. PASSETT: Hi. Richard Passett with Commission staff.

Yes. So 33 cents based on 1,000 kilowatts per month in 2018, if you base it on 1,200 kilowatts, would be 40 cents is the impact on the bill negative.

COMMISSIONER POLMANN: Okay. So that's 2018.

MR. PASSETT: Yes, 2018.

COMMISSIONER POLMANN: All right.

MR. PASSETT: We have it for every year. I would have to, I would have to do an average real quick if --

COMMISSIONER POLMANN: All right. So that's, that's at two thousand -- that answers --

MR. PASSETT: I have, I have it for every year, but I just --

COMMISSIONER POLMANN: That's fine.

All right. Thank you, Madam Chairman. I appreciate it. Thank you.

CHAIRMAN BROWN: Any other questions? I don't have any questions. I think this makes a lot of sense. It's getting an inefficient unit offline, provides emissions reductions and actual tangible savings. This makes sense. I wish we would have seen the settlement a little sooner maybe, but I'm glad that we got here today. So thank you for presenting it to us.

Commissioner Brisé.

COMMISSIONER BRISÉ: Thank you, Madam Chair. I don't know if you're ready for a motion.

CHAIRMAN BROWN: I am.

COMMISSIONER BRISÉ: Okay. Having reviewed the settlement and the testimony, the prefiled testimony, I think that this opportunity presents an excellent opportunity for, excuse me, the residents of the state of Florida. And any time we have the opportunity to reduce the CO_2 emission profile within our state provides a great opportunity. In addition to that, providing customers to see a reduction in their bill is also something that we could all get behind. Considering that this is cost-effective, it's a reflection of where the market is going. And with that, I move that we approve the settlement.

CHAIRMAN BROWN: May I have a second?

COMMISSIONER POLMANN: I would agree with all of the comments that Commissioner Brisé has offered, and with that, I would second the motion.

CHAIRMAN BROWN: Thank you. Any further discussion?

Seeing none, all those in favor, signify by saying aye.

(Vote taken.)

Thank you. Thank you for bringing the settlement agreement to us. We appreciate all of your efforts in these endeavors.

Before we get into some concluding matters, I did want to mark the settlement agreement, though, include that in the record. So we'll be at Exhibit -- is that already marked as an exhibit?

MS. DUVAL: Yes. It's marked as Exhibit No. 15.

CHAIRMAN BROWN: Okay. Thank you. So we went ahead and moved that in already. Thank you.

All right. Concluding matters. It's my understanding that the post-hearing briefs -- the parties have waived post-hearing briefs; is that correct?

MS. MORSE: Yes, yes.

MR. BUTLER: Indeed.

CHAIRMAN BROWN: All right. So there's going to be a final order issued on October 16th, 2017; correct?

MS. DUVAL: Yes, Madam Chair.

CHAIRMAN BROWN: All right. I think that concludes -- if there are no other concluding matters -- are the parties aware of any?

Seeing none, this hearing is adjourned. Thank you so much. Safe travels.

(Hearing adjourned at 1:47 p.m.)

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

I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 26th day of September, 2017.

Linda Boles
____

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