

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of arrangement to  
mitigate unfavorable impact of St. Johns River  
Power Park, by Florida Power & Light  
Company.

DOCKET NO. 20170123-EI  
ORDER NO. PSC-2017-0415-AS-EI  
ISSUED: October 24, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman  
RONALD A. BRISÉ  
DONALD J. POLMANN

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

APPEARANCES:

JOHN T. BUTLER, KENNETH M. RUBIN and R. WADE LITCHFIELD,  
ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408  
On behalf of Florida Power & Light Company (FPL).

STEPHANIE A. MORSE, CHARLES J. REHWINKEL, and J.R. KELLY,  
ESQUIRES, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-  
1400  
On behalf of Office of Public Counsel (OPC).

DANIJELA JANJIC, MARGO DUVAL and KYESHA MAPP, ESQUIRES,  
Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
Florida 32399-0850  
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public  
Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-  
0850  
Advisor to the Florida Public Service Commission.

KEITH HETRICK, ESQUIRE, General Counsel, Florida Public Service  
Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
Florida Public Service Commission General Counsel.

BY THE COMMISSION:

On May 22, 2017, Florida Power & Light Company (FPL) filed its Petition for approval of its arrangement to mitigate unfavorable impacts stemming from its partial ownership of the St. Johns River Power Park (SJRPP). Specifically, FPL sought approval for: (1) early shutdown of the SJRPP; (2) early termination of the associated Joint Operating Agreement (JOA) with its co-owner JEA (the SJRPP Transaction); and (3) elements of the proposed accounting treatment for the SJRPP Transaction (the SJRPP Transaction Accounting). An administrative hearing was scheduled for September 25, 2017.

On September 21, 2017, FPL and the Office of Public Counsel (OPC) filed a joint motion for approval of their Stipulation and Settlement (Agreement), which is attached. We addressed the Agreement and other matters at the hearing, after which we voted to approve the Agreement. We have jurisdiction pursuant to Section 366.06, Florida Statutes (F.S.).

The Agreement provides that FPL's proposal for early shutdown of the SJRPP and early termination of the associated JOA with its co-owner JEA should be approved as prudent. Further, except as specifically set forth in the Agreement, FPL's proposed accounting for the SJRPP Transaction as set forth in FPL's petition should be approved. FPL had originally proposed commencing amortization of the base rate portion (\$143,155,659) of the Early Retirement Asset and Asset Transfer Regulatory Asset at the time that FPL's base rates are next reset in a general rate case and continuing thereafter for ten years. Instead the Agreement sets out the following amortization and recovery of the base-rate portion of those regulatory assets:

- i. the amortization will commence on July 1, 2018;
- ii. the amortization will continue over a 15-year period thereafter;
- iii. FPL will continue to reflect the annual amortization expense as a base rate expense for earnings surveillance purposes throughout the term of its current base rate settlement agreement and thereafter until the amortization is concluded; and
- iv. the annual amortization expense and the remaining unamortized balance of the two regulatory assets will be recovered in FPL's next general base rate case.

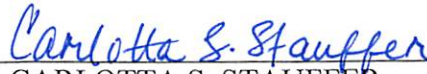
Based upon the Petition, our review of the Agreement, the evidence on the record, and for the reasons stated above, we find that the Agreement is reasonable. The Agreement helps facilitate an orderly and timely shutdown of SJRPP and, in turn, will allow customers to receive the full benefit of customer savings (projected to be \$183 million Cumulative Present Value Revenue Requirements (CPVRR)) and will allow Florida customers to receive the full benefit of the improved emissions profile resulting from early shutdown. Thus, we find the Agreement is in the public interest and it shall be approved. The Agreement resolves all the issues in this docket.

Based on the foregoing, it is

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

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 24th day of October, 2017.



CARLOTTA S. STAUFFER  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

DJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of arrangement to mitigate unfavorable impact of St. Johns River Power Park, by Florida Power & Light Company

Docket No. 20170123-EI

**STIPULATION AND SETTLEMENT**

WHEREAS, Florida Power & Light Company (“FPL” or the “Company”) and Citizens through the Office of Public Counsel (“OPC”) have signed this Stipulation and Settlement (the “Agreement”); unless the context clearly requires otherwise, the term “Party” or “Parties” means a signatory to this Agreement); and

WHEREAS, on May 22, 2017, FPL petitioned the Commission to approve as prudent FPL’s proposal for early shutdown of the St. Johns River Power Park (“SJRPP”) and early termination of the associated Joint Operating Agreement (“JOA”) with its co-owner JEA (the “SJRPP Transaction”), and specifically to approve the following elements of the proposed accounting treatment for the SJRPP Transaction (the “SJRPP Transaction Accounting”): (1) establishment of a Shutdown Payment Regulatory Asset for FPL’s \$90.4 million payment to JEA, with recovery through the Capacity Cost Recovery (“CCR”) Clause of (a) amortization of the regulatory asset over the remaining term of the power purchase agreement that is Article 8 of the JOA (the “Article 8 PPA”), which expires in October 2021 and (b) a return on the unamortized balance calculated at FPL’s weighted average cost of capital (“WACC”) that is used for adjustment clause proceedings; (2) establishment of an Early Retirement Regulatory Asset for the remaining net book value of FPL’s share of SJRPP, with amortization to begin when base rates are next set in a general base rate case and continue over a 10 year period, consistent with the capital recovery schedules approved in FPL’s most recent rate case (recovery of the base

portion of the retired assets would be amortized to base rates, while the Environmental Cost Recovery (“ECR”) Clause portion would be amortized to the ECR Clause, each including a return on the unamortized balance at FPL’s WACC); (3) establishment of the Asset Transfer Regulatory Asset for FPL’s loss on the transfer to JEA of certain retained SJRPP assets at zero cost, with amortization through base rates, including a return on the unamortized balance at FPL’s WACC, to begin when base rates are next set in a general base rate case and continue over the same 10 year period; (4) recovery of fuel-related costs through the Fuel Cost Recovery (“FCR”) Clause, consisting of (a) the loss resulting from FPL’s transfer to JEA of FPL’s ownership share in fuel inventory remaining at the time of shutdown, to be recovered in the year when SJRPP is shut down (expected to be 2018) and (b) costs associated with resolving pending disputes related to rail car delivery of coal to SJRPP, which exist independently of the SJRPP Transaction; and (5) refund to customers through the CCR Clause of the suspension liability, the deferred interest liability and the dismantlement accrual related to the Article 8 PPA; and

WHEREAS, the SJRPP Transaction is projected to result in \$183 million in Cumulative Present Value Revenue Requirements (“CPVRR”) benefits for FPL’s customers, if it is shut down in January 2018 as proposed; and

WHEREAS, the Parties filed prepared testimony with accompanying exhibits and conducted extensive discovery in this proceeding with respect to the SJRPP; and

WHEREAS, the Parties have undertaken to resolve all issues with respect to the SJRPP Transaction in this proceeding so as to help facilitate an orderly and timely shutdown of SJRPP such that the full customer benefits may be achieved; and

WHEREAS, the Parties have entered into this Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes,

as applicable, and as a part of the negotiated exchange of consideration among the parties to this Agreement each has agreed to concessions to the others with the expectation that all provisions of the Agreement will be enforced by the Commission as to all matters addressed herein with respect to all Parties regardless of whether a court ultimately determines such matters to reflect Commission policy, upon acceptance of the Agreement as provided herein and upon approval in the public interest;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree:

1. The SJRPP Transaction should be approved as prudent.
2. Except as specifically set forth in Paragraph 3 below, the SJRPP Transaction Accounting set forth in FPL's petition and supporting testimony and exhibits should be approved.
3. Instead of commencing amortization of the base rate portion (\$143,155,659) of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset at the time that FPL's base rates are next reset in a general rate case and continuing thereafter for ten years as proposed by FPL, the base rate-related amortization and cost recovery of those two regulatory assets should be as follows :
  - (a) The amortization will commence on July 1, 2018;
  - (b) The amortization will continue over a 15-year period thereafter;
  - (c) FPL will continue to reflect the annual amortization expense as a base rate expense for earnings surveillance purposes throughout the term of its current base rate settlement agreement and thereafter until the amortization is concluded; and
  - (d) The annual amortization expense and the remaining unamortized balance of the

two regulatory assets will be recovered in FPL's next general base rate case.

4. The provisions of this Agreement are contingent on approval of this Agreement in its entirety by the Commission without modification. The Parties agree that approval of this Agreement is in the public interest. The Parties further agree that they will support this Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Agreement or the subject matter hereof. No party will assert in any proceeding before the Commission or any court that this Agreement or any of the terms in the Agreement shall have any precedential value, except to enforce the provisions of this Agreement. Approval of this Agreement in its entirety will resolve all matters and issues in Docket No. 20170123-EI, pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket will be closed effective on the date the Commission Order approving this Agreement is final, and no Party shall seek appellate review of any order issued in these Dockets.
5. This Agreement is dated as of September 21, 2017. It may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original.

In Witness Whereof, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature.

Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408

By:   
John T. Butler

Office of Public Counsel  
J.R. Kelly  
The Florida Legislature  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399-1400

By:   
J. R. Kelly