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| State of Florida  pscSEAL | | Public Service Commission  Capital Circle Office Center ● 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850  -M-E-M-O-R-A-N-D-U-M- | |
| DATE: | July 2, 2018 | | |
| TO: | Office of Commission Clerk (Stauffer) | | |
| FROM: | Division of Accounting and Finance (Vogel, D. Buys, Mouring)  Division of Economics (Draper)  Division of Engineering (P. Buys, Graves, King)  Office of the General Counsel (Brownless, Dziechciarz) | | |
| RE: | Docket No. 20160251-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Matthew by Florida Power & Light Company. | | |
| AGENDA: | 07/10/18 – Regular Agenda – Post-hearing–Participation is limited to Commissioners and Commission staff. | | |
| COMMISSIONERS ASSIGNED: | | | All Commissioners |
| PREHEARING OFFICER: | | | Brown |
| CRITICAL DATES: | | | None |
| SPECIAL INSTRUCTIONS: | | | None |

Case Background

On December 29, 2016, pursuant to Section 366.076(1), Florida Statutes (F.S.), Florida Power & Light Company (FPL) filed its Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricane Matthew. On January 18, 2017, the Office of Public Counsel (OPC) was acknowledged as a party to this case by Order No. PSC-2017-0030-PCO-EI. By Order No. PSC-2017-0055-PCO-EI, issued on February 20, 2017, the Commission approved the requested 2017 Interim Storm Restoration Recovery Charge subject to a final reconciliation of actual Hurricane Matthew storm costs with the amount collected pursuant to the surcharge, and the calculation of a refund or an additional charge, if warranted. On July 12, 2017, the Florida Industrial Power Users Group (FIPUG) was granted intervention by Order No. PSC-2017-0269-PCO-EI. On December 15, 2017, Order No. PSC-2017-0471-PCO-EI was issued establishing hearing dates and procedures to be followed in this docket.

On February 20, 2018, FPL filed a Petition for Approval of Final/actual Storm Restoration Costs and Associated True-up Process Related to Hurricane Matthew requesting approval of a final/actual Recoverable Storm Amount of $316.7 million. The Florida Retail Federation (FRF) was granted intervention in this docket by Order No. PSC-2018-0176-PCO-EI, on April 5, 2018. OPC filed a Motion to Modify Key Activities Dates and Discovery Timeframes on April 18, 2018, which was granted by Order No. PSC-2018-0189-PCO-EI issued on April 19, 2018. Order No. PSC-2018-0245-PHO-EI (Prehearing Order) was issued on May 11, 2018, outlining procedures to be used at the scheduled May 22, 2018 final hearing. On May 15, 2018, FPL filed a Joint Motion for Approval of Settlement Agreement (Joint Motion) requesting that the Settlement Agreement entered into between OPC and FPL dated May 14, 2018, be approved.

As a result of the Settlement Agreement being filed just seven days before the scheduled final hearing in this docket, Order No. PSC-2018-0253-PCO-EI was issued cancelling the May 22, 2018 final hearing and resetting it to June 5, 2018. On May 18, 2018, FIPUG filed a response in opposition to the Settlement Agreement and reaffirmed its Prehearing Statement’s litigation positions. On May 22, 2018, FRF filed its response stating that it did not support the proposed Settlement Agreement principally because it was not included in the negotiation process which produced the agreement.

A final hearing was held on June 5, 2018, in which the testimony and exhibits of FPL’s witness Eduardo DeVarona and OPC witness Helmuth Schultz were stipulated into the record. FPL’s witnesses Manuel B. Miranda, Kim Ousdahl and Tiffany Cohen testified in support of FPL’s petition and witnesses Ousdahl and Cohen also gave testimony regarding the terms and conditions of the Settlement Agreement. Commission staff witness Donna Brown testified about her Audit Reports dated December 5, 2017, and April 4, 2018. Thirty two exhibits were admitted into the record. At the close of the hearing, FIPUG requested that it be allowed to brief whether the Settlement Agreement should be approved, as well as the 11 issues identified in the Prehearing Order. On June 20, 2018, FIPUG filed a Notice of Change of Position stating that it would no longer object to the Settlement Agreement but would take no position. Briefs were filed by FPL, OPC and FIPUG on June 28, 2018. FRF, consistent with its representation at the final hearing on June 5, 2018, did not file a brief.

The amount of storm-related revenues collected by FPL’s approved interim storm restoration recovery charge is $322.4 million. The Settlement Agreement allows FPL to recover $294.759 million in storm costs of which $20 million is reclassified as capital, $1.7 million is transferred to base rate O&M expense, and $5.99 million is an over-collection. FPL will refund $27.69 million, including interest at the commercial paper rate. This refund will be applied to bills on Cycle Day 1 of the first month that is more than 30 days after Commission approval. The Storm Reserve Level will be restored to $117.1 million in accord with FPL’s 2012 Settlement Agreement.

At this time it is appropriate for the Commission to discuss and vote on whether to approve the May 14, 2018 Stipulation and Settlement Agreement as requested in the Joint Motion for Approval of Settlement Agreement. The Joint Motion and Stipulation and Settlement Agreement are attached.

