

State of Florida



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: March 19, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Mouring, Higgins, Fletcher) *M*
Division of Economics (Wu) *Wu*
Division of Engineering (P. Buys, Doehling, Ellis, Thompson) *TT*
Office of the General Counsel (Brownless) *TC*

RE: Docket No. 20180049-EI – Evaluation of storm restoration costs for Florida Power & Light Company related to Hurricane Irma. *ALM*

AGENDA: 03/31/20 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate *TC*

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 22, 2018, the Commission established this docket to review and evaluate Florida Power & Light Company's (FPL or Company) storm restoration costs associated with Hurricane Irma. On August 31, 2018, the Company filed testimony and exhibits in support of the Company's request to recover approximately \$1.27 billion by charging the incremental storm damage to base O&M expenses and offsetting this amount with projected tax savings as a result of the Tax Cuts and Jobs Act (TCJA) of 2017. On June 6, 2019, a Joint Motion to Approve a Stipulation and Settlement (Storm Settlement) between the Office of Public Counsel and FPL was filed in this case.¹ Subsequently, a hearing was held in this case on July 9, 2019, for the

¹ Although the Florida Industrial Power Users Group (FIPUG) was not initially a signatory to the proposed Storm Settlement, it subsequently endorsed the proposed Storm Settlement. See Document No. 04584-2019.

Commission to take final action regarding the evaluation of storm restoration costs for FPL associated with Hurricane Irma. By Order No. PSC-2019-0319-S-EI, the Commission approved the Storm Settlement.²

On February 25, 2020, OPC and FPL filed a Joint Motion to Approve the Hurricane Irma Settlement Implementation Agreement (Implementation Agreement). The Implementation Agreement is attached as Attachment A. If approved, the Implementation Agreement will only impact the timing of the one-time audit provision described in paragraph 18 of the Storm Settlement. The proposed Hurricane Irma Settlement Implementation Agreement would delay the one-time audit until FPL's smart phone application for tracking restoration crews' time and expenses is actually deployed during a hurricane restoration. The Florida Industrial Power Users Group (FIPUG) and the Florida Retail Federation (FRF), parties to this docket, take no position on this motion. If approved by the Commission, this Implementation Agreement will take effect upon Commission approval.

The Commission should vote on whether or not to grant the Joint Motion to Approve the Hurricane Irma Settlement Implementation Agreement.

² Order No. PSC-2019-0319-S-EI, issued August 1, 2019, in Docket No. 20180049-EI, *In re: Evaluation of storm restoration costs for Florida Power & Light Company related to Hurricane Irma*.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Evaluation of storm restoration costs for
Florida Power & Light Company related to Hurricane
Irma

Docket No. 20180049-EI

Dated: February 17, 2020

IMPLEMENTATION AGREEMENT

WHEREAS, Florida Power & Light Company (“FPL” or the “Company”) and Citizens through the Office of Public Counsel (“OPC”) (FPL and OPC together are referred to as the “Parties”) entered into a Stipulation and Settlement (the “Irma Settlement Agreement”) to resolve the issues raised in Docket No. 20180049-EI (In re: Evaluation of storm restoration costs for Florida Power & Light Company related to Hurricane Irma); and

WHEREAS, the Florida Public Service Commission issued its Final Order Approving Stipulation and Settlement Agreement, Order No. PSC-2019-0319-S-EI, on August 1, 2019 which approved the Irma Settlement Agreement; and

WHEREAS, paragraphs 5 through 20 of the Irma Settlement Agreement include a number of Process Provisions, some of which relate to FPL’s development, implementation and intended use of a new smart phone application for entry, recording, and approval of time and expense for line crews and vegetation management crews (the “App”); and

WHEREAS, although FPL intended to utilize the App during the 2019 season, additional testing and training was still ongoing when Hurricane Dorian formed in late August 2019; and

WHEREAS, because the testing and training in the use of the App was ongoing as Hurricane Dorian approached, FPL believed that the prudent course of action was to forego the use of the App in order to facilitate a more efficient restoration effort; and

WHEREAS, the Irma Settlement Agreement includes a process provision at paragraph 18 requiring FPL to engage an independent outside audit firm to conduct an audit of the Company's filed recoverable storm costs of the first named tropical system named by the National Hurricane Center for which claimed damages exceed \$250 million; and

WHEREAS, although Hurricane Dorian caused claimed damages in excess of \$250 million, the Parties agree that the most productive use of the one-time audit provision in paragraph 18 of the Irma Settlement Agreement will occur if the audit is undertaken in connection with FPL's use of the App during restoration efforts for a qualifying named tropical system; and

WHEREAS, in paragraph 19 of the Irma Settlement Agreement, the Parties agreed that the terms of the Irma Settlement Agreement are intended to reduce the amount of discovery in future storm cost recovery proceedings, and the Parties further agreed that they would meet within three months following the issuance of a final order in FPL's next storm cost recovery proceeding to discuss limitations on written discovery in future storm cost proceedings that the parties would provide to Staff for recommended use in future storm cost recovery proceedings.

WHEREAS, the Parties agree that although the one-time audit described in paragraph 18 of the Irma Settlement Agreement will be more productive if undertaken in connection with FPL's use of the App during restoration efforts for a qualifying named tropical system, the paragraph 19 provision for a meeting and potential agreement on proposed limitations on storm cost recovery discovery contains no reference to or condition on the use of the App, and accordingly the meeting

contemplated under paragraph 19 should still take place within three months following the issuance of a final order in the anticipated Hurricane Dorian docket.

IMPLEMENTATION AGREEMENT PROVISIONS

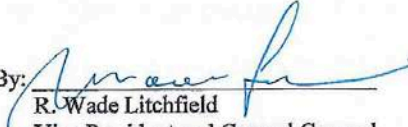
1. The Parties agree that the one-time audit provision described in paragraph 18 of the Irma Settlement Agreement will not be utilized or undertaken in connection with FPL's Hurricane Dorian restoration efforts or any docket to determine the prudence of FPL's Hurricane Dorian costs.
2. FPL will engage an independent outside audit firm to conduct an audit of the Company's filed recoverable storm costs of the first named tropical system named by the National Hurricane Center for which claimed damages exceed \$250 million, and for which FPL utilizes the App in connection with its restoration efforts.
3. In the event a docket is opened to determine the prudence of FPL's Hurricane Dorian costs, within three months following the issuance of a final order in that docket, and notwithstanding the unavailability of the App during the Hurricane Dorian event, the parties will still meet to discuss limitations on written discovery in future storm cost recovery proceedings.
4. In the event the Parties agree on any express limitations on written discovery for future storm cost recovery proceedings, the proposed limitations will be provided to Staff as

recommended for inclusion in the Order Establishing Procedure issued in future FPL storm cost recovery proceedings.

5. The Parties agree that the provisions of this Implementation Agreement are in the public interest.
6. This Implementation Agreement may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original. Any person or entity that executes a signature page to this Implementation Agreement shall become and be deemed a Party with the full range of rights and responsibilities provided hereunder, notwithstanding that such person or entity is not listed in the first recital above and executes the signature page subsequent to the date of this Implementation Agreement, it being expressly understood that the addition of any such additional Party(ies) shall not disturb or diminish the benefits of this Implementation Agreement to any current Party.

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

FLORIDA POWER & LIGHT COMPANY
R. Wade Litchfield, Esq.
700 Universe Boulevard
Juno Beach, Florida 33408

By: 
R. Wade Litchfield
Vice President and General Counsel

OFFICE OF PUBLIC COUNSEL
J.R. Kelly, Esq.
The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

By: 
J.R. Kelly
Public Counsel