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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: DOCKET NO. 20200227-EI

Petition for approval of a COVID-19
small business assistance program,
by Florida Power & Light Company.
_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 10

COMMISSIONERS
PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, December 1, 2020

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
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TALLAHASSEE, FLORIDA
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1 P R O C E E D I N G S

2 CHAIRMAN CLARK: All right. Next up, Item No.
3 10. Mr. Futrell.

4 MR. FUTRELL: Mr. Chair, Item 10 is staff's
5 recommendation on Florida Power & Light's proposed
6 Main Street Recovery Credit Program Rider, MSR.
7 This tariff is designed to provide financial
8 assistance to small business customers impacted by
9 the COVID-19 global pandemic.

10 Under this tariff, qualifying general service,
11 general service time of use and general service
12 usage customers with a monthly demand less than 21
13 kilowatts could receive a 10-percent credit toward
14 their monthly bill through December 31st, 2021.

15 To qualify, these general services customers
16 must be either a new customer, a customer operating
17 in a federally recognized opportunity zone or an
18 existing customer who resumed business after being
19 inoperative for at least six months.

20 Representatives of the company are available
21 for questions, as is staff.

22 CHAIRMAN CLARK: All right. Thank you very
23 much, Mr. Futrell.

24 I am the one that asked this item to be
25 pulled. I do have a couple of questions, and other

1 Commissioners feel free if you have some as well,
2 but I have some concerns I want to express.

3 Mr. Higginbotham, are you on the line to take
4 some questions?

5 MR. HIGGINBOTHAM: Yes, I am, Mr. Chairman.
6 Thank you.

7 CHAIRMAN CLARK: Mr. Higginbotham, can you
8 tell me, have you done any calculations and
9 estimated what the financial impact is, and what
10 the cost of this program would be?

11 MR. HIGGINBOTHAM: Yes, and I also would like
12 to add that Christopher Chapel, FPL's
13 Vice-President of Customer Service, is also on the
14 line to answer some additional more technical
15 questions, but I can field that.

16 So assuming max participation in a program,
17 the estimated program costs are approximately \$16
18 million.

19 CHAIRMAN CLARK: How many? Could you say it
20 again?

21 MR. HIGGINBOTHAM: 16, 16 million.

22 CHAIRMAN CLARK: 16 million.

23 MR. HIGGINBOTHAM: Assuming -- assuming
24 100 percent -- correct, assuming 100 percent
25 participating which, you know, we believe would be

1 unlikely at this point, but the max cost would be
2 16 million.

3 CHAIRMAN CLARK: And how did you come up with
4 this particular class to offer this program to?
5 What drive -- what's driving offering this
6 incentive to this particular class of customer?

7 MR. HIGGINBOTHAM: Sure. So thank you.

8 And just to provide some background. So since
9 the onset of the global pandemic, FPL has taken
10 numerous actions to assist impacted customers and,
11 you know, we understand that the impacts of
12 COVID-19 have been broad and impactful to many of
13 the customers, but this proposed program was
14 created after reviewing various data and studies
15 which suggested that a certain subset of small
16 businesses have been very significantly impacted by
17 the pandemic, and so we've established certain
18 criteria in an attempt to capture that subset of
19 small businesses and to provide assistance to them.

20 And so the, you know, the data that shows
21 businesses with a total demand of less than 21
22 kilowatt -- kilowatts, or businesses that are
23 located in opportunity zones have been
24 significantly impacted by the pandemic, and we are
25 seeking for this program to provide assistance to

1 those businesses.

2 CHAIRMAN CLARK: And, Mr. Higginbotham, I want
3 to make a couple of observations, and I want to
4 begin by saying I applaud what you are doing. I do
5 not want to be critical of the gesture that your
6 company is making towards these small businesses.
7 I am not making light of it in any regard, and you
8 are to be applauded for your efforts here, but what
9 do you say to the customer who comes into your
10 office, who has a business that does not meet this
11 criteria, they are a small business, let's define
12 it under 21K, but let's say that they have dipped
13 into and spent every dime of their savings to pay
14 their \$1,000 a month electric bill to your company,
15 and the guy who shut down next door to them comes
16 back into business, and you are going to give him a
17 10-percent discount, how do you explain that to
18 that customer that's standing in front of you?

19 MR. HIGGINBOTHAM: Right. And I agree that,
20 you know, there -- there are issues with -- with
21 that, and we've had to make some assumptions based
22 on the data and the surveys and other materials
23 that we reviewed, but that's indicated to us that
24 those businesses that have been most hard hit, you
25 know, were forced to shutter operations sometime

1 around March or April, and were unable to resume
2 operations, you know, for at least six months or
3 so. And so we've had to apply some assumptions in
4 creating the program criteria here, but it is based
5 on the data and the information that we reviewed to
6 date.

7 And so, you know, as of now, the tariff does
8 not allow for us to, you know, have any exceptions
9 to those -- those criteria that we've established,
10 so we would be kind of bound by the language in the
11 tariff to extend it only to those businesses that
12 met the eligibility requirements. But again, you
13 know, it's our attempt to really focus in on those
14 businesses that -- that the data shows have been
15 most significantly impacted at this point.

16 CHAIRMAN CLARK: Mr. Higginbotham, I guess
17 that's -- that is my point. I would argue that one
18 key point. It's not probably my place or yours to
19 argue this, but the hardest hit business, in my
20 opinion and estimation, wasn't the one that closed
21 down at the beginning of the pandemic. The hardest
22 hit business is the one that is still struggling
23 and managing to hold the doors open. The people
24 that closed down in March were probably the
25 smartest ones. They are probably the ones that cut

1 the most losses.

2 And that's my point, is I think we are
3 targeting and trying to do a lot of things, and
4 everyone is deserving. I am not going to question
5 that. But when you really look at where the
6 dollars need to be put, it is probably, in my
7 opinion and estimation, in a different place.

8 I also want to just make an observation
9 regarding this program as it relates to the
10 economic development tariffs, because I see those
11 as two very, very different things. I am probably
12 the single largest proponent on this commission for
13 the economic development tariff, and the way that
14 it is utilized, and the benefit that it provides,
15 not only to the entire state of Florida, but to the
16 general body of ratepayers. And personally, I just
17 don't see this.

18 My last question for you is in regards to the
19 subsidization, the 16 million, where do those funds
20 specifically come from? Is that taken out of
21 earnings? Is that coming out of the revenue
22 requirement? Where do those dollars come from, and
23 who pays for that?

24 MR. HIGGINBOTHAM: Right. And thank you. I
25 appreciate that question.

1 So I will answer that, Mr. Chairman, and then
2 I do want to give Mr. Chapel an opportunity to
3 provide some additional background and context.

4 But as to the question of payment, we are
5 proposing to record the costs, you know, the lost
6 revenues as above-the-line expenses that will be
7 absorbed by the existing surplus. And given the
8 maximum estimated costs of \$16 million for the
9 entire program, there would be a de minimis impact
10 on the existing surplus. Whereas, you know, on the
11 other hand, we believe that the credit that we
12 would be offering to the eligible businesses would
13 be significant benefit to them, and by extension, a
14 significant benefit to the general body as a whole.

15 So there would be no increase in rates to any
16 existing customers. You know, no customers would
17 see any change to their existing monthly bills. It
18 would be completely absorbed by the existing
19 surplus mechanism.

20 CHAIRMAN CLARK: Great. Thank you, Mr.
21 Higginbotham. I appreciate your indulgence with my
22 lines of questions.

23 Commissioners, any other questions?

24 Commissioner Brown.

25 COMMISSIONER BROWN: Thank you.

1 MR. HIGGINBOTHAM: Mr. Chairman?

2 CHAIRMAN CLARK: Yes.

3 MR. HIGGINBOTHAM: I just -- I am sorry. I
4 just wanted to give Mr. Chapel an opportunity to
5 provide any additional information.

6 CHAIRMAN CLARK: My apologies.

7 Mr. Chapel, you are recognized.

8 MR. CHAPEL: Thank you, Mr. Chairman. And I
9 appreciate -- I appreciate your questions as well,
10 and I agree there is -- there is some level of
11 decision-making that has to be made. You know, I
12 would just want to point out a couple of key
13 things.

14 These are our smallest businesses, right?
15 They are non-demand sub 21 kW, so their average --
16 their average monthly bill is \$140 a month, where
17 we are trying to really get to the folks that truly
18 need the help.

19 The majority of the money would be the
20 businesses within the opportunities that is not the
21 newer reopening ones, I think to your point
22 about -- about who made the smarter decision. But
23 those are the ones that we've seen have struggled
24 more. It's disproportionate. They are at about a
25 50 percent more likely rate to close down. So we

1 are trying to keep them open.

2 And importantly, I think to your point on
3 economic development, you know, this is temporary,
4 and just another program, you know, as we try to
5 help our customers deal with the pandemic.

6 CHAIRMAN CLARK: And where are these -- Mr.
7 Chapel, where are these opportunity zones located?
8 Is this the federally designated opportunity zones?
9 This is not related to the rural area -- the formal
10 rural area of critical economic concern?

11 MR. CHAPEL: It is -- correct. They are
12 federally defined. We thought that that was the
13 best way to do it, but, you know, it's underserved
14 communities.

15 CHAIRMAN CLARK: Are these urban or rural, or
16 a mixture of both?

17 MR. CHAPEL: A mixture of both.

18 CHAIRMAN CLARK: Great. Thank you.

19 Commissioners, questions?

20 Commissioner Brown, I am sorry, you were
21 recognized.

22 COMMISSIONER BROWN: Thank you.

23 Follow-up with regard to the opportunity
24 zones, and are those customers already receiving
25 federal dollars for being a part of the opportunity

1 zone to provide some relief?

2 MR. CHAPEL: That -- I mean, Commissioner
3 Brown, they may be -- of course, as we have all
4 been watching the news, you know, a lot of that
5 relief is really running out, and whether they
6 availed themselves of PPE or other things, that may
7 be possible. But again, these are really small --
8 I mean, you are talking about small restaurants,
9 dry cleaners, little storefronts, so a lot of them
10 don't have resources to go after the federal funds
11 were they available to them.

12 COMMISSIONER BROWN: And I didn't get an
13 opportunity to, first of all, commend you for
14 creating this program and coming -- being creative
15 and developing it. I didn't expect to hear the
16 Chairman's concerns, which I actually agree with
17 all of those, but that's not what's before us, and
18 this is an opportunity. Again, I don't see any
19 harm in it in the fact that any loss associated
20 with the tariff is not going to be affect the
21 general body of ratepayers.

22 I did have a question, though, regarding the
23 new business accounts, because I do think that goes
24 to the Chairman's point about encouraging economic
25 development in our state. And you said, I think

1 170,000 for opportunity -- somewhere I read,
2 170,000 for opportunity zones. I am just trying to
3 understand how many customers would be eligible for
4 the other two categories.

5 MR. CHAPEL: So we have about 300,000
6 customers that are -- that are sub 21 kW, about
7 100,000 of those are in opportunity zones, so they
8 would all be eligible to -- to apply.

9 We've had about 20,000 closures this year. So
10 again, if they all reopen -- and we are just, you
11 know, again trying to help them, Commissioner
12 Brown. And if that encourages them to open up a
13 month early, it's not going to make a ginormous
14 difference. We think -- we think, as you said,
15 it's a modest -- modest amount, right, \$16 million
16 overall in the big scheme of things, but a
17 10-percent discount may make a big difference to
18 some of these businesses as they try to continue
19 operating and/or reopen in closed spaces.

20 COMMISSIONER BROWN: I agree. And I think, to
21 the Chairman's point, though, if you could continue
22 being creative in addressing those really
23 impacted -- those business -- small business --
24 larger small businesses significantly impacted.

25 Again, I commend you for being a leader in

1 your stewardship and coming up with ways to
2 mitigate the impact to the customer, but encourage
3 you to do a little bit more too, if you can.

4 MR. CHAPEL: We will continue to look at this.
5 As we said before, we think of this as a dynamic
6 process. This is not static. We will continue to
7 evaluate.

8 CHAIRMAN CLARK: Thank you, Mr. Chapel.

9 MR. REHWINKEL: Mr. Chairman?

10 CHAIRMAN CLARK: Mr. Rehwinkel.

11 MR. REHWINKEL: Yes. From the Public
12 Counsel's standpoint, we would like to point out
13 for the record that whether this is -- the fact
14 that this is above the line and would be basically,
15 in effect, a debit in the amortization amount, the
16 depreciation surplus account that's designated that
17 way, doesn't mean that the customers, the general
18 body of ratepayers are not paying for this.

19 Those customers will, in effect, pay for this
20 over a horizon of the average depreciable life of
21 plant, 30 years or so, so it's really a
22 generational issue, not -- not whether customers
23 are going to pay for it. This is no different than
24 the Hurricane Irma charge-off against that reserve.
25 Customers pay for that. They just will pay for it

1 over a different period of time, basically a
2 different -- a different generation of customers.
3 That's the point we would like to make for the
4 record.

5 CHAIRMAN CLARK: Duly noted, Mr. Rehwinkel.
6 Commissioner Brown.

7 COMMISSIONER BROWN: Can I have FPL respond to
8 that, please?

9 CHAIRMAN CLARK: Sure. Mr. --

10 MR. HIGGINBOTHAM: Sure. This is -- this is
11 Jason -- I'm sorry.

12 CHAIRMAN CLARK: Yes, sir. You are
13 recognized.

14 MR. HIGGINBOTHAM: Yes, this is Jason
15 Higginbotham.

16 So, yes, that point is accurate, but, you
17 know, I would stress that, you know, with any
18 above-the-line expense -- and, yes, it is
19 ultimately going to -- you know, essentially be
20 kind of socialized amongst the general body; but in
21 this situation, there will be no rate increase.
22 There will be nothing that immediately impacts
23 existing customer bills.

24 And, you know, as Mr. Chapel explained, I
25 mean, this is \$16 million. It's a relatively small

1 amount, you know, kind of compared to some of the
2 other costs that are included in rates. And
3 because it's being absorbed by the existing
4 surplus, the impact of it is very, very small, so
5 that's how we would respond to that.

6 CHAIRMAN CLARK: Thank you.

7 Commissioners, other questions, comments or
8 concerns?

9 Seeing none, I will entertain a motion.

10 Commissioner Graham.

11 COMMISSIONER GRAHAM: Mr. Chairman, I move
12 staff recommendation on this item.

13 COMMISSIONER BROWN: Second.

14 CHAIRMAN CLARK: I have a motion. I have a
15 second.

16 Commissioner Graham were you seconded or a
17 question? I meant Polmann.

18 COMMISSIONER POLMANN: Just a comment, Mr.
19 Chairman.

20 I will support the item, and all of my
21 questions, the reason I didn't as any questions,
22 were addressed in my review with staff.

23 We are just about finished here. I thought I
24 would be remiss if I did not compliment the Office
25 of Public Counsel, and in particular, Mr.

1 Rehwinkel, I want to acknowledge his participation
2 all of the meetings, all of the time I have had the
3 pleasure of serving here, and his comment just a
4 moment ago is an example. He always keeps us on
5 our toes, and I simply appreciate him pointing out
6 the details, and making sure that the record is
7 clear, however small it may be. And I think it is
8 important for us to be fully transparent.

9 And, Mr. Rehwinkel, I am acknowledging your
10 participation, I just -- I fully respect all of the
11 details that you point out for us. It's not
12 something that I gloss over in any regard. It was
13 not a point of discussion that came up in my
14 briefing, but I truly do appreciate the items that
15 you bring to us.

16 Mr. Chairman, I just wanted to make that
17 comment and acknowledgment, and thank you for that
18 opportunity.

19 CHAIRMAN CLARK: Duly noted. Thank you,
20 Commissioner Polmann.

21 All right. We have a motion and a second.

22 Any other discussion?

23 On the motion, all in favor say aye.

24 (Chorus of ayes.)

25 CHAIRMAN CLARK: Opposed?

1 The Chair votes nay.

2 All right. Motion passes.

3 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court 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 14th day of December, 2020.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024