

FLORIDA PUBLIC SERVICE COMMISSION

SPECIAL COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, November 27, 2018, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: November 16, 2018

NOTICE

Conference agendas, staff recommendations, and vote sheets are available from the PSC website, <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. Once filed, a verbatim transcript of the Commission Conference will be available from this page by selecting the conference date, or by selecting *Clerk's Office* and the Item's docket number (you can then advance to the *Docket Details* page and the Document Filings Index for that particular docket). If you have any questions, contact the Office of Commission Clerk at (850) 413-6770 or Clerk@psc.state.fl.us.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this proceeding should contact the Office of Commission Clerk no later than five days prior to the conference at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 1-800-955-8770 (Voice) or 1-800-955-8771 (TDD), Florida Relay Service. Assistive Listening Devices are available at the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

The Commission Conference has a live video broadcast the day of the conference, which is available from the PSC website. Upon completion of the conference, the archived video will be available from the website by selecting *Conferences & Meeting Agendas*, then *Audio and Video Event Coverage*.

ITEM NO.

CASE

1

Docket No. 20170235-EI – Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.

Docket No. 20170236-EU – Joint petition to terminate territorial agreement, by Florida Power & Light and the City of Vero Beach.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: AFD: D. Smith, Mouring

ECO: Guffey, Draper

ENG: P. Buys, Graves, King

GCL: Cowdery, Murphy, Brownless,

(Post-Hearing Decision - Participation is limited to Commissioners and Staff.)

Issue 1: What statutory provisions or other legal authority, if any, grant the Commission the authority and jurisdiction to approve the acquisition adjustment requested by FPL in this case?

Recommendation: The Commission has broad ratemaking authority under Sections 366.04(1), 366.041, 366.05, and 366.06, F.S., to decide whether to approve the acquisition adjustment requested by FPL.

Issue 5: Should the Commission grant FPL the authority to charge FPL's rates and charges to City of Vero Beach's customers upon the closing date of the Asset Purchase and Sale Agreement?

Recommendation: Yes. If the Commission approves staff's recommendation on Issue 6, the Commission should grant FPL the authority to charge FPL's approved rates and charges to COVB customers upon termination of the territorial agreement, effective on the closing date of the PSA. FPL must notify the former COVB customers of the new rates and charges with the first bill containing the new rates.

Issue 6: Should the Commission approve the joint petitioners' request to terminate the existing territorial agreement between FPL and COVB upon the closing date of the PSA?

Recommendation: Yes. The Commission should approve the joint petitioners' request to terminate the existing territorial agreement between FPL and COVB upon the closing date of the PSA. Upon closing of the PSA, FPL shall file revised tariff sheets Nos. 3.020, 3.010, and 7.020 to reflect the addition of the COVB service area to its description of territory and communities served.

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Issue 7: What extraordinary circumstances, if any, exist to support the Commission's consideration of authorizing a positive acquisition adjustment in this case?

Recommendation: The combination of factors that support the Commission's consideration of a positive acquisition adjustment in this case are that (1) approximately 60 percent of COVB's electric customers live outside COVB's municipal boundaries; (2) there have been years of complex litigation between these customers and the COVB attempting to transfer these customers from COVB to FPL, including pending Commission Docket No. 160049-EU (presently in abeyance) concerning Indian River Shores' petition for modification of the COVB/FPL territorial agreement; (3) the customers living outside the municipal boundaries have tried for many years to seek legislative redress for their complaints; and (4) the COVB has had two voter referenda that show that the majority of COVB customers support a sale of the COVB electric utility to FPL. Based upon the totality of the unique and unusual facts listed above, staff recommends that the Commission should find that extraordinary circumstances exist that warrant the Commission's consideration of authorizing a positive acquisition adjustment.

Issue 8: Should the Commission consider alternatives other than what has been proposed by FPL with respect to the acquisition adjustment?

Recommendation: This issue concerns the amount of the acquisition adjustment, if any, and is addressed in Issue 11.

Issue 9: Should the Commission approve a positive acquisition adjustment associated with the purchase of the COVB electric utility system?

Recommendation: Yes, the Commission should approve a positive acquisition adjustment.

Issue 11: What is the appropriate amount, if any, of a positive acquisition adjustment to be recorded on FPL's books for the purchase of the COVB electric utility system?

Recommendation: As discussed in Issues 7 and 9, the existence of extraordinary circumstances and the demonstration of a de minimis rate impact support a positive acquisition adjustment. Thus, a positive acquisition adjustment in the amount of \$114 million should be recorded by FPL.

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Issue 12: If a positive acquisition adjustment is permitted, what is the appropriate accounting treatment for FPL to utilize for recovery and amortization of the acquisition adjustment?

Recommendation: If the Commission approves a positive acquisition adjustment, FPL should be authorized to record the positive acquisition adjustment in FERC Account 114 – Electric Plant Acquisition Adjustments and record the amortization expense in FERC Account 406 – Amortization of Electric Plant Acquisition Adjustments over a 30-year period.

Issue 13: Should the projected cost savings supporting FPL's request for a positive acquisition adjustment be subject to review in future FPL rate cases?

Recommendation: No, future review of the positive acquisition adjustment is unnecessary and is not required in this particular case.

Issue 15: Should the Commission approve recovery of costs associated with the short-term power purchase agreement with Orlando Utilities Commission?

Recommendation: Yes. FPL should be allowed to seek cost recovery of the payments associated with the PPA through the Fuel and Purchased Power Cost Recovery Clause (Fuel Clause). The energy payments should be recovered through the fuel portion of the Fuel Clause and the capacity payments should be recovered through the capacity portion of the Fuel Clause.

Issue 16: Is granting the relief requested by the applicants in the public interest?

Recommendation: Yes. If the Commission approves staff's recommendation on Issues 1, 5-9, 11-13, and 15, staff recommends that the Commission find that it is in the public interest to grant the relief requested.

Issue 20: Should these dockets be closed?

Recommendation: Yes, these dockets should be closed after the time for filing an appeal has run.