

Item 1

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: October 15, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Mouring, Buys, Cicchetti, Fletcher) *ALM*
Division of Economics (Coston, Draper, Galloway, McNulty) *JQH*
Division of Engineering (Ellis, King, Ramos) *LBK TB*
Office of the General Counsel (Brownless, Lherisson, Stiller) *JSC*

RE: Docket No. 20210015-EI – Petition for rate increase by Florida Power & Light Company.

AGENDA: 10/26/21 – Special Agenda – Post-Hearing Decision – Participation is limited to Commissioners and staff

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 11/12/2021 - 8 month rate suspension date per Section 366.06(3), F.S.

SPECIAL INSTRUCTIONS: None

Case Background

On March 12, 2021, Florida Power & Light Company (FPL) filed a petition, minimum filing requirements, and testimony for a base rate increase effective January 2022. As part of its request, FPL is seeking to consolidate its rates with those of Gulf Power Company (Gulf), recently acquired by FPL's parent company. Pursuant to Order No. PSC-2021-0116-PCO-EI, issued March 24, 2021, the hearing for the FPL rate case was scheduled for August 16 through August 27, 2021.

OPC's intervention has been acknowledged.¹ Florida Executive Agencies (FEA), Florida Industrial Power Users Group (FIPUG), Florida Internet & Television, Inc. (FIT), Florida Retail Federation (FRF), Southern Alliance for Clean Energy (SACE) and Vote Solar have been granted intervention on an associational standing basis.² Walmart, Inc. (Walmart) and Daniel and Alexandria Larson (Larsons) have been granted intervention on an individual standing basis.³ CLEO Institute, Inc. (CLEO) and Florida Rising (Fla. Rising) have been granted intervention on an individual standing basis and provisional intervention on an associational standing basis.⁴ Floridians Against Increased Rates, Inc. (FAIR), League of United Latin American Citizens (LULAC) and Environmental Confederation of Southwest Florida (ECOSWF) have been granted provisional intervention on an associational standing basis. The Smart Thermostat Coalition filed a petition to intervene based on associational standing on June 21, 2021, which was denied.⁵

On August 10, 2021, FPL, OPC, FRF, FIPUG, and SACE, filed a Joint Motion for Approval of Stipulation and Settlement Agreement (2021 Settlement). On August 12, 2021, the hearing scheduled to commence on August 16 was continued until Wednesday, August 18, 2021, in order to allow FPL and Gulf to appropriately respond to service issues associated with Tropical Storm Fred's landfall in its Panhandle service area.⁶ At the August 18, 2021, hearing the procedures for conducting a full hearing at a later date on the petition for rate increase and the 2021 Settlement were discussed. Order No. PSC-2021-0314-PCO-EI, issued on August 20, 2021, set 2021 Settlement testimony filing dates and a new hearing date of September 20-22, 2021, for the rate case and the 2021 Settlement.

The final hearing on FPL's base rate increase petition, as well as the 2021 Settlement, was held on September 20, 2021. The testimony of 60 witnesses and 635 exhibits were admitted into the record. On October 11, 2021, post-hearing briefs were filed by FPL, OPC, FIPUG, FRF, FEA, FAIR, Fla. Rising, LULAC, ECOSWF, Larsons, SACE, and Walmart.

The issues to be decided at this time are as follows:

ISSUE 1: Does the Commission have the statutory authority to grant FPL's requested storm cost recovery mechanism as part of the Stipulation and Settlement Agreement?

ISSUE 2: Does the Commission have the statutory authority to approve FPL's requested Reserve Surplus Amortization Mechanism (RSAM) as part of the Stipulation and Settlement Agreement?

¹ Order No. PSC-2021-0062-PCO-EI, issued January 29, 2021.

² Order No. PSC-2021-0132-PCO-EI, issued April 16, 2021; Order No. PSC-2021-0133-PCO-EI, issued April 16, 2021; Order No. PSC-2021-0255-PCO-EI, issued July 13, 2021; Order No. PSC-2021-0134-PCO-EI, issued April 16, 2021; Order No. PSC-2021-0136-PCO-EI, issued April 16, 2021; and Order No. PSC-2021-0179-PCO-EI, issued May 19, 2021.

³ Order No. PSC-2021-0189-PCO-EI, issued May 26, 2021 and Order No. PSC-0135-PCO-EI, issued April 16, 2021.

⁴ Order No. PSC-2021-0184-PCO-EI, issued May 20, 2021 and Order No. PSC-2021-0139-PCO-EI, issued April 20, 2021.

⁵ Order No. PSC-021-0256-PCO-EI, issued July 13, 2021.

⁶ Order NO. PSC-2021-0305-PCO-EI, issued August 12, 2021.

- ISSUE 3: Does the Commission have the statutory authority to approve FPL's requested Solar Base Rate Adjustment mechanism for 2024 and 2025 as part of the Stipulation and Settlement Agreement?
- ISSUE 4: Does the Commission have the statutory authority to adjust FPL's authorized return on equity based on FPL's performance as part of the Stipulation and Settlement Agreement?
- ISSUE 5: Does the Commission have the statutory authority to include non-electric transactions in an asset optimization incentive mechanism as part of the Stipulation and Settlement Agreement?
- ISSUE 5(a): Does the Commission have the authority to approve FPL's requested proposal for a federal corporate income tax adjustment that addresses a change in tax if any occurs during or after the pendency of this proceeding as part of the Stipulation and Settlement Agreement?
- ISSUE 6: Does the Commission have the statutory authority to grant FPL's requested four year plan as part of the Stipulation and Settlement Agreement?
- ISSUE 9: Has Floridians Against Increased Rates, Inc. demonstrated individual and/or associational standing to intervene in this proceeding?
- ISSUE A: Should the Stipulation and Settlement Agreement dated August 9, 2021, be approved?

The Commission has jurisdiction over this matter pursuant to the provisions of Chapters 120 and 366, Florida Statutes (F.S.).