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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

FUEL AND PURCHASED POWER DOCKET NO. 150001-EI
COST RECOVERY CLAUSE WITH
GENERATING PERFORMANCE
INCENTIVE FACTOR

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JULIE I. BROWN
COMMISSIONER JIMMY PATRONIS

DATE: Thursday, April 16, 2015

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

REPORTED BY: Andrea Komaridis
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 THE CHAIRMAN: Okay. Commissioners, now we'll
3 jump back to Item No. 4.

4 MR. BARRETT: Good morning, Commissioners.
5 I'm Michael Barrett of staff. Item No. 4 addresses
6 Florida Power & Light's petition for mid-course
7 correction. This correction will address the
8 projected overrecovery of fuel costs caused by the
9 declining market price for natural gas.

10 As proposed, this mid-course correction will
11 reduce bills for Florida Power & Light's customers
12 for the remainder of 2015 beginning in the May
13 billing cycle.

14 John Butler and other parties are here to
15 speak on this item.

16 Staff recommends approval of the petition.
17 And we're available for your questions.

18 THE CHAIRMAN: Thank you.

19 Mr. Butler, Mr. Moyle, good morning.

20 MR. BUTLER: Good morning, Mr. Chairman and
21 Commissioners.

22 FPL has petitioned the Commission for a
23 mid-course correction which will reduce its fuel-
24 adjustment factors for the remainder of 2015. FPL
25 concurs with staff's recommendation. And we very

1 much appreciate staff's hard work to complete its
2 review and bring this proposal to you for approval
3 today so the reduced fuel-adjustment factors can go
4 into effect on May 1 if you approve them.

5 The proposed mid-course correction will result
6 in FPL refunding approximately \$219 million to
7 customers by the end of 2015. And on a typical
8 1,000-kilowatt hour residential bill, that will
9 represent a reduction of about \$3.01.

10 The primary reason for the mid-course
11 correction, as staff indicated, is a substantial
12 decline in recent forecasts of natural gas prices
13 compared to the July 2014 forecast that we used to
14 develop our 2015 fuel-adjustment factors that you
15 approved last year.

16 As you're aware, FPL has been modernizing its
17 generating fleet over the past couple of decades to
18 include several natural gas-fired combined cycle
19 units, which generate electricity very cleanly and
20 very efficiently.

21 FPL estimates that its three most recent
22 modernization projects at Cape Canaveral, Riviera
23 Beach, and Port Everglades will save customers more
24 than \$1 billion in fuel and other operating costs
25 over their lives.

1 FPL's commitment to clean, efficient, gas-
2 fired generation allows us to take advantage of
3 drops in natural gas prices with all of the savings
4 passed on to our customers through the Fuel Clause.

5 While the \$219 million projected overrecovery
6 does not reach the 10-percent threshold for
7 mandatory reporting under Rule 25-6.0424, the rule
8 makes it clear that utilities may seek a mid-course
9 correction for smaller over-recoveries. That's
10 what we've done today.

11 I'll note that our original mid-course
12 correction filing included the projected impacts
13 for the Woodford natural gas reserves project in
14 2015 gas costs. FPL felt that including these
15 impacts was appropriate at the time because the
16 Commission approved the project in January of this
17 year; whereas, FPL had -- whereas, the Commission
18 had not approved the project when we made the 2015
19 projection filing last August.

20 However, there is disagreement as to whether
21 the project impacts should be included. And so,
22 FPL agreed with staff to remove those impacts from
23 mid-course correction filing in order to expedite
24 your review and approval of the mid-course
25 correction. The refund you're asked today to

1 approve does not include the Woodford Project cost
2 impacts.

3 FPL believes that a mid-course correction is
4 appropriate. It will allow customers to begin
5 benefiting from the fuel savings now rather than
6 waiting for the overrecovery to be rolled into 2016
7 fuel factors under the normal Fuel Clause timetable
8 that wouldn't have them go into effect until next
9 year. Accordingly, we ask that you grant FPL's
10 petition and approve the reduced fuel factors as
11 staff has recommended to be effective May 1.

12 Thank you for your time. And I'm available to
13 answer any questions you may have.

14 THE CHAIRMAN: Mr. Moyle.

15 MR. MOYLE: Thank you, Mr. Chairman. And
16 FIPUG, likewise, supports the staff recommendation.
17 And we wanted to comment and be on record to
18 commend and applaud FPL for changing their mind
19 with respect to their original filing.

20 In the original filing, they included Woodford
21 expenses, benefits. And questions were raised.
22 And I think everyone was more comfortable with
23 Woodford not being in this -- in this filing. This
24 filing represents market conditions. It's good for
25 ratepayers. Natural gas prices have come down.

1 And FIPUG has opposed Woodford and has opposed
2 the guidelines. I don't want to get into that
3 today. It wouldn't be appropriate. But the
4 Woodford case is on appeal at the Supreme Court.

5 And I think it's worth noting that without
6 Woodford being in here, ratepayers get back more
7 money rather than less money. So, it's a good
8 thing for ratepayers that Woodford is not in here,
9 which I think there was some -- a lot of different
10 testimony in the case that may have suggested
11 otherwise.

12 But anyway, it's a good day for ratepayers.
13 They are going to save money. They are going to
14 save more money because Woodford costs have been
15 backed out.

16 And I guess the other point that we would make
17 for the purposes of trying to keep it clean and
18 segregated, FPL voluntarily said, hey, we'll keep
19 Woodford out of this. We'll keep it separate.

20 We would hope that they would continue to do
21 that while the Woodford decision is considered by
22 the Florida Supreme Court. Briefs are -- are going
23 to be filed in that case. The Supreme Court will
24 consider it.

25 But we think it's a better practice and would

1 ask, like they did here, that Woodford stay
2 separate and apart until the Florida Supreme Court
3 ultimately decides whether Woodford can proceed or
4 not.

5 So, those were the comments that FIPUG wanted
6 to make. Thank you.

7 THE CHAIRMAN: Mr. Moyle, you know, I -- I'm
8 glad you didn't use any automobile references this
9 time. And I thought it was interesting that you
10 only said Woodford 16 times.

11 MR. MOYLE: We said it about 16,000 a few
12 months ago.

13 (Laughter.)

14 THE CHAIRMAN: Commissioners, any questions of
15 the parties or staff?

16 Commissioner Brown.

17 COMMISSIONER BROWN: No, you know, I just want
18 to also kind of reiterate FIPUG's original comment
19 about appreciating the company coming in here
20 today, making that adjustment. The customers get
21 to receive the savings sooner and realize the
22 savings as soon as possible.

23 I know they came in, you know, what, three
24 months into the month of -- of the year. So, they
25 want their customers to benefit. It's good

1 corporate stewardship. And I support the proposal.

2 THE CHAIRMAN: Was that a motion?

3 COMMISSIONER BROWN: Yes, so moved.

4 COMMISSIONER EDGAR: Second.

5 THE CHAIRMAN: It's been moved and seconded,
6 staff recommendations on all issues on Item No. 4.

7 Any further discussion?

8 Seeing none, all in favor say aye.

9 (Chorus of ayes.)

10 CHAIRMAN GRAHAM: Any opposed?

11 (No response.)

12 CHAIRMAN GRAHAM: By your action, you have
13 approved the staff recommendations.

14 Gentlemen, thank you very much for coming out.

15 MR. BUTLER: Thank you.

16 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, 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 23rd day of April, 2015.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #EE866180
EXPIRES FEBRUARY 09, 2017