

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of arrangement to mitigate unfavorable impact of St. Johns River Power Park, by Florida Power & Light Company

Docket No. 20170123-EI

**JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT**

Florida Power & Light Company (“FPL”) and the Office of Public Counsel (“OPC”) (collectively referred to as the “Signatories”) jointly move the Florida Public Service Commission (“Commission”) to review and approve on an expedited basis the attached Stipulation and Settlement (the “Settlement Agreement”) as full and complete resolution of all matters pending in Docket No. 20170123-EI in accordance with Section 120.57(4), Florida Statutes, and to enter a final order reflecting such approval to effectuate implementation of the Settlement Agreement. In support of this Joint Motion, the Signatories state:

1. The Signatories have been engaged in negotiations for the purpose of reaching a comprehensive stipulation and settlement of all issues in Docket No. 20170123-EI, thereby avoiding the uncertainty associated with the outcome on the issues. These negotiations have culminated in the Settlement Agreement attached hereto as Exhibit A. The Signatories request that, following the Commission’s review of this Joint Motion and the Settlement Agreement, the Commission grant the Joint Motion and approve the Settlement Agreement in order to allow for the orderly implementation thereof and provide certainty to the parties and their respective constituents and customers with respect to the outcome of the Consolidated Proceedings.

2. The Settlement Agreement provides, among other things:

a. FPL’s proposal for early shutdown of the St. Johns River Power Park (“SJRPP”) and early termination of the associated Joint Operating Agreement (“JOA”) with its co-owner JEA (the “SJRPP Transaction”) should be approved as prudent.

- b. Except as specifically set forth in Paragraph 2(c) below, FPL's proposed accounting for the SJRPP Transaction set forth in its May 22, 2017 petition and accompanying prefiled testimony and exhibits should be approved.
- c. Rather than commencing amortization of the base rate portion (\$143,155,659) of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset at the time that FPL's base rates are next reset in a general rate case and continuing thereafter for ten years as proposed by FPL, the following amortization and recovery of the base-rate portion of those regulatory assets should be approved:
  - i. the amortization will commence on July 1, 2018;
  - ii. the amortization will continue over a 15-year period thereafter;
  - iii. FPL will continue to reflect the annual amortization expense as a base rate expense for earnings surveillance purposes throughout the term of its current base rate settlement agreement and thereafter until the amortization is concluded; and
  - iv. the annual amortization expense and the remaining unamortized balance of the two regulatory assets will be recovered in FPL's next general base rate case.

3. Each of the Signatories agree that it has entered into the Settlement Agreement voluntarily, that the Settlement Agreement fairly and reasonably balances their various positions of the parties on issues in these proceedings, and that the Settlement Agreement serves the best interests of customers and the public interest in general. The Signatories believe that the Settlement Agreement is reasonable and in the public interest because it will help facilitate an orderly and timely shutdown of SJRPP. In turn, this will allow customers to receive the full benefit of customer savings (projected to be \$183 million Cumulative Present Value Revenue

Requirements (“CPVRR”) and allow Florida to receive the full benefit of the improved emissions profile resulting from early shutdown. Thus, approving the Settlement Agreement is fully consistent with the Commission’s long-standing policy of encouraging the settlement of contested proceedings in a manner that benefits the customers of utilities subject to the Commission’s regulatory jurisdiction.

4. The Signatories request that the Commission rule on this Joint Motion To Approve Settlement as promptly as possible – ideally on September 25, 2017 during the time that is presently scheduled for hearing this proceeding -- so that the SJRPP Transaction may proceed and SJRPP may be shut down as early as January 5, 2018.

WHEREFORE, FPL and OPC respectfully request that the Commission approve the Stipulation and Settlement attached hereto as Exhibit A.

Respectfully submitted,

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*Attorneys for Florida Power & Light  
Company*

By:     s/ John T. Butler    

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*Attorneys for the Citizens  
of the State of Florida*

By:     s/ J.R. Kelly

**CERTIFICATE OF SERVICE**

**20170123-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished  
by electronic mail this 21<sup>st</sup> day of September 2017 to the following parties:

Jennifer Crawford  
Danijela Janjic  
Kyesha Mapp  
Margo DuVal  
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Tallahassee, FL 32399-1400  
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**Attorneys for the Citizens**  
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By: s/ John T. Butler  
John T. Butler

# EXHIBIT A

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of arrangement to mitigate unfavorable impact of St. Johns River Power Park, by Florida Power & Light Company

Docket No. 20170123-EI

**STIPULATION AND SETTLEMENT**

WHEREAS, Florida Power & Light Company (“FPL” or the “Company”) and Citizens through the Office of Public Counsel (“OPC”) have signed this Stipulation and Settlement (the “Agreement”); unless the context clearly requires otherwise, the term “Party” or “Parties” means a signatory to this Agreement); and

WHEREAS, on May 22, 2017, FPL petitioned the Commission to approve as prudent FPL’s proposal for early shutdown of the St. Johns River Power Park (“SJRPP”) and early termination of the associated Joint Operating Agreement (“JOA”) with its co-owner JEA (the “SJRPP Transaction”), and specifically to approve the following elements of the proposed accounting treatment for the SJRPP Transaction (the “SJRPP Transaction Accounting”): (1) establishment of a Shutdown Payment Regulatory Asset for FPL’s \$90.4 million payment to JEA, with recovery through the Capacity Cost Recovery (“CCR”) Clause of (a) amortization of the regulatory asset over the remaining term of the power purchase agreement that is Article 8 of the JOA (the “Article 8 PPA”), which expires in October 2021 and (b) a return on the unamortized balance calculated at FPL’s weighted average cost of capital (“WACC”) that is used for adjustment clause proceedings; (2) establishment of an Early Retirement Regulatory Asset for the remaining net book value of FPL’s share of SJRPP, with amortization to begin when base rates are next set in a general base rate case and continue over a 10 year period, consistent with the capital recovery schedules approved in FPL’s most recent rate case (recovery of the base

portion of the retired assets would be amortized to base rates, while the Environmental Cost Recovery (“ECR”) Clause portion would be amortized to the ECR Clause, each including a return on the unamortized balance at FPL’s WACC); (3) establishment of the Asset Transfer Regulatory Asset for FPL’s loss on the transfer to JEA of certain retained SJRPP assets at zero cost, with amortization through base rates, including a return on the unamortized balance at FPL’s WACC, to begin when base rates are next set in a general base rate case and continue over the same 10 year period; (4) recovery of fuel-related costs through the Fuel Cost Recovery (“FCR”) Clause, consisting of (a) the loss resulting from FPL’s transfer to JEA of FPL’s ownership share in fuel inventory remaining at the time of shutdown, to be recovered in the year when SJRPP is shut down (expected to be 2018) and (b) costs associated with resolving pending disputes related to rail car delivery of coal to SJRPP, which exist independently of the SJRPP Transaction; and (5) refund to customers through the CCR Clause of the suspension liability, the deferred interest liability and the dismantlement accrual related to the Article 8 PPA; and

WHEREAS, the SJRPP Transaction is projected to result in \$183 million in Cumulative Present Value Revenue Requirements (“CPVRR”) benefits for FPL’s customers, if it is shut down in January 2018 as proposed; and

WHEREAS, the Parties filed prepared testimony with accompanying exhibits and conducted extensive discovery in this proceeding with respect to the SJRPP; and

WHEREAS, the Parties have undertaken to resolve all issues with respect to the SJRPP Transaction in this proceeding so as to help facilitate an orderly and timely shutdown of SJRPP such that the full customer benefits may be achieved; and

WHEREAS, the Parties have entered into this Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes,

as applicable, and as a part of the negotiated exchange of consideration among the parties to this Agreement each has agreed to concessions to the others with the expectation that all provisions of the Agreement will be enforced by the Commission as to all matters addressed herein with respect to all Parties regardless of whether a court ultimately determines such matters to reflect Commission policy, upon acceptance of the Agreement as provided herein and upon approval in the public interest;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree:

1. The SJRPP Transaction should be approved as prudent.
2. Except as specifically set forth in Paragraph 3 below, the SJRPP Transaction Accounting set forth in FPL's petition and supporting testimony and exhibits should be approved.
3. Instead of commencing amortization of the base rate portion (\$143,155,659) of the Early Retirement Regulatory Asset and the Asset Transfer Regulatory Asset at the time that FPL's base rates are next reset in a general rate case and continuing thereafter for ten years as proposed by FPL, the base rate-related amortization and cost recovery of those two regulatory assets should be as follows :
  - (a) The amortization will commence on July 1, 2018;
  - (b) The amortization will continue over a 15-year period thereafter;
  - (c) FPL will continue to reflect the annual amortization expense as a base rate expense for earnings surveillance purposes throughout the term of its current base rate settlement agreement and thereafter until the amortization is concluded; and
  - (d) The annual amortization expense and the remaining unamortized balance of the



two regulatory assets will be recovered in FPL's next general base rate case.

4. The provisions of this Agreement are contingent on approval of this Agreement in its entirety by the Commission without modification. The Parties agree that approval of this Agreement is in the public interest. The Parties further agree that they will support this Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Agreement or the subject matter hereof. No party will assert in any proceeding before the Commission or any court that this Agreement or any of the terms in the Agreement shall have any precedential value, except to enforce the provisions of this Agreement. Approval of this Agreement in its entirety will resolve all matters and issues in Docket No. 20170123-EI, pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket will be closed effective on the date the Commission Order approving this Agreement is final, and no Party shall seek appellate review of any order issued in these Dockets.
5. This Agreement is dated as of September 21, 2017. It may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original.

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

Florida Power & Light Company  
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By: \_\_\_\_\_

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