

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and purchase power cost recovery  
clause with generating performance incentive  
factor

Docket No: 20180001-EI

Date: May 18, 2018

**FLORIDA POWER & LIGHT COMPANY'S RESPONSE TO  
FLORIDA INDUSTRIAL POWER USERS GROUP'S MOTION  
TO INCLUDE ISSUES RELATED TO PRUDENCE AND NEED**

Florida Power & Light Company hereby responds to the Florida Industrial Power Users Group's ("FIPUG") Motion To Include Issues Related to Prudence and Need.

The issues proposed by FIPUG – whether FPL's 2019 Project is "needed" or "prudent" – are not necessary or appropriate for inclusion in this docket. Through its decision in Order No. PSC-16-0560-AS-EI, which approved FPL's 2016 base rate settlement agreement ("Rate Settlement Agreement"), the Commission concluded that FPL's solar projects are in the public interest and eligible for a solar base rate adjustment ("SoBRA") so long as the costs are reasonable and do not exceed \$1,750 per kWac and the projects are cost-effective. The cost-effectiveness of FPL's 2019 Project already is identified as an issue for Commission determination in this docket. Inquiries into the prudence and need for SoBRA-eligible projects is not contemplated or appropriate under the Rate Settlement Agreement. In further support, FPL states:

*Commission's Approval of FPL's Rate Settlement Agreement, including SoBRA Mechanism*

1. On October 6, 2016, FPL, the Office of Public Counsel, Florida Retail Federation and the South Florida Hospital and Healthcare Association filed for Commission approval of the Rate Settlement Agreement in Docket No. 160021-EI. Paragraph 10 of the Agreement sets forth the SoBRA mechanism, which, as the name suggests, permits FPL to adjust base rates to collect

the revenue requirements associated with solar generation projects<sup>1</sup> if certain conditions are met. Specifically, under the mechanism, FPL's cost recovery is conditioned upon the PSC's determination that the costs of the solar projects are reasonable and do not exceed \$1,750 and the projects are cost-effective.

2. FIPUG asserted no objection to the Rate Settlement Agreement, choosing instead to take no position. At the hearing on the Rate Settlement Agreement, which specifically addressed the SoBRA mechanism as one of a limited set of issues, FIPUG presented no witnesses and waived cross-examination of FPL's witnesses. FIPUG filed no post-hearing brief, and at no time did FIPUG assert that approval of the SoBRA mechanism was legally deficient in any way. FIPUG did not appeal Final Order 16-0560.

3. At the hearing on the Rate Settlement Agreement, the Commission considered evidence and argument concerning whether the Agreement as a whole is in the public interest. In so doing, it necessarily evaluated whether to approve the SoBRA mechanism. The Commission determined that "taken as a whole the settlement provides a reasonable resolution of all the issues raised in the consolidated dockets," and concluded "that the settlement agreement establishes rates that are fair, just, and reasonable and is in the public interest." Final Order 16-0560 at p. 6.

4. The Commission is statutorily authorized to dispose of contested matters, including rate cases, through settlements. And, in reviewing the Rate Settlement Agreement, the Commission appropriately applied the public interest standard. The Commission's approval of the Rate Settlement Agreement constitutes final agency action. There is no reason to disturb it.

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<sup>1</sup> Up to 300 MW of solar generation per year from 2017-2020. If less than 300 MW is used in any particular year, the excess amount rolls into the subsequent years.

*Final Order 16-0560 Prescribed the Limited SoBRA Issues To Be Adjudicated*

5. The Rate Settlement Agreement is clear and unambiguous as to the specific issues to be addressed in a SoBRA proceeding. Paragraph 10(c)(iii) of the Rate Settlement Agreement provides that the issues for determination in a docket addressing FPL's SoBRA requests "are limited to the cost effectiveness of each such project (i.e., will the project lower the projected system cumulative present value revenue requirement "CPVRR" as compared to such CPVRR without the solar project) and the amount of revenue requirements and appropriate percentage increase in base rates needed to collect the estimated revenue requirements." Final Order 16-0560, Attachment A, ¶10(c).

6. On March 2, 2019, FPL petitioned for Commission approval of a SoBRA for the revenue requirement associated with the solar generation it plans to bring online in 2019 (the "2019 Project"). In support of the petition, FPL also filed the prepared testimony of William F. Brannen who addresses the capital costs associated with the 2019 Project and Juan Enjamio who addresses the Project's cost-effectiveness. That testimony shows that the 2019 Project meets the SoBRA eligibility requirements established in Order No. PSC-16-0560-AS-EI ("Final Order 16-0560").

7. The Florida Public Service Commission Staff duly noticed for April 11, 2018 an informal meeting to address the identification of issues for this docket. Among the issues identified for inclusion is the following: "Are the 2019 SoBRA projects (Miami-Dade, Interstate, Pioneer Trail, Sunshine Gateway) proposed by FPL cost effective?"

8. During the issue identification meeting, FIPUG requested inclusion of the following additional issue: "Are FPL's proposed solar projects prudent?" On April 13, 2018,

FIPUG requested inclusion of a second additional issue: “Are FPL’s proposed solar projects needed?”

9. FIPUG was asked whether “need” was already included as part of the “prudence” question. To date, FIPUG has not provided a clear answer as to any overlap or distinction between the two questions it proposes. Whatever FIPUG’s answer might be, both issues are inappropriate under the terms of Rate Settlement Agreement approved in Final Order 16-0560.

10. The terms of the SoBRA provision approved in Final Order 16-0560 apply to each and every SoBRA proceeding initiated by FPL pursuant to the Agreement. The SoBRA provisions do in fact call for a need determination where a solar generation project is 75 MW or greater and subject to the Florida Electrical Power Plant Siting Act. No such project has been proposed in this proceeding. Accordingly, under the specific terms of Final Order 16-0560, there is no “need” issue to be addressed in this proceeding. Nor has FIPUG demonstrated any basis upon which to modify Final Order 16-0560 by introducing a prudence issue in this proceeding.

11. In short, the Commission has expressly established the criteria for approval of a SoBRA project: FPL’s 2019 Project is SoBRA-eligible, assuming the Company satisfies its burden of demonstrating that the costs are reasonable and do not exceed \$1,750 per kWac and the projects are cost-effective. Accordingly, pursuant to Final Order 16-0560, the cost issues, along with the revenue requirement and SoBRA factor calculations, are appropriate subjects for Commission determination. FIPUG’s proposed “need” and “prudence” issues are not.

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission deny FIPUG's Motion To Include Issues Related to Prudence and Need.

Respectfully submitted this 18th day of May 2018.

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**CERTIFICATE OF SERVICE**  
**Docket No. 20180001-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished

by electronic service on this 18th day of May 2018 to the following:

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