

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No: 160001-EI

Date: June 2, 2015

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”) for approval of the Stipulation and Settlement (“Settlement Agreement”) which was reached by the Signatories with respect to two issues related to the replacement power costs incurred during outages at FPL’s St. Lucie Unit 2, which issues were deferred to this docket from its predecessors. In support of this Joint Motion, the Signatories state:

Background

1. The Signatories have been engaged in negotiations for the purpose of reaching a stipulation and settlement of two issues related to the recovery of replacement power costs incurred during St. Lucie Unit 2 outages in 2014 and 2015:

- a. In Docket No. 140001-EI, FPL included replacement power costs resulting from an extended refueling outage that occurred at St. Lucie Unit 2 in April 2014 in its fuel cost recovery request. \$8,001,909 of the replacement power costs were associated with the extended outage duration resulting from discovery of foreign material in one of the steam generators during start up. By Order No. PSC-14-0439-PCO-EI, dated August 22, 2014, the Commission deferred OPC’s issue concerning recovery of those replacement power costs to the 2015 Fuel Clause hearing, when the final true-up for

2014 fuel costs would be addressed. In Order No. PSC-15-0586-FOF-EI, dated December 23, 2015, the Commission agreed to defer again OPC's issue concerning the 2014 St. Lucie-related replacement power costs (Issue 3J) to 2016 in order to allow FPL to continue negotiations with vendors for potential reimbursement of replacement power costs. Subsequently, FPL reached a confidential settlement with one of the vendors that performed work at St. Lucie Unit 2 during that outage

- b. In Docket No. 150001-EI, FPL included replacement power costs resulting from two unplanned outages at St. Lucie Unit 2 in February and April 2015 in its fuel cost recovery request. The February 2015 event involved a four-day outage related to a manual shutdown of Unit 2 after condenser chemistry action level limits were exceeded due to seawater leakage in the 2A1 Condenser Hotwell. The leaking condenser tube and an additional 187 selected tubes were plugged. The April 2015 outage event involved a 10-day outage related to a leak identified in the safety injection tank discharge header. Analysis showed that the cause of the leak was vibration fatigue coming from the reactor coolant system. FPL replaced the affected piping and modified the support for the piping to prevent future problems and also revised the engineering standard to include more detail related to piping supports. The prehearing order for Docket No. 150001-EI included an issue regarding whether the replacement power costs related to the unplanned outages at St. Lucie Unit 2 in February and April 2015 should be recovered through the fuel cost recovery clause (Issue 3O). The parties to Docket No. 150001-EI agreed to drop Issue 3O with the understanding that any party could raise it again in the 2016 Fuel Clause proceeding.

Proposed Settlement Agreement

2. OPC has reviewed FPL's prepared testimony and exhibits and has conducted both formal and informal discovery regarding the causes of the above-described outage events. Based on its review, OPC has agreed to enter into the Settlement Agreement with FPL. The Settlement Agreement is attached hereto as Exhibit 1 and provides, among other things, as follows:

- a. In light of its vendor settlement, FPL will credit \$8 million to the Fuel Clause for the purpose of calculating the 2017 Fuel Clause factors to be approved in Docket No. 160001-EI.
- b. Inclusion of this credit as part of the Settlement Agreement resolves Issue 3J from Docket No. 150001-EI in its entirety, such that FPL's recovery of replacement power costs associated with the extended refueling outage in April 2014 will not be disputed in Docket No. 160001-EI or any other Commission proceeding.
- c. This comprehensive settlement also resolves issue 3O from Docket No. 150001-EI in its entirety, such that FPL's recovery of replacement power costs associated with the unplanned outages in February and April 2015 will not be disputed in Docket No. 160001-EI or any other Commission proceeding.

3. Each of the Signatories agrees that it has entered into the Settlement Agreement voluntarily, that it fairly and reasonably balances the various positions of the parties on issues in these proceedings, and that it serves the best interests of the customers they represent and the public interest in general.

4. The Signatories believe that the Settlement Agreement is reasonable and in the public interest for the following reasons:

- a. The Settlement Agreement results in FPL's customers being reimbursed for essentially the entire amount of replacement power costs that were incurred as a result of the April 2014 extended outage, notwithstanding that there has been no finding of imprudence with respect to any portion of that outage.
- b. OPC has carefully reviewed FPL's documentation of the February and April 2015 outages and has concluded that it is reasonable to forego future disputes about the prudence of those outages as part of the Settlement Agreement.
- c. The Settlement Agreement will avoid the time and expense of protracted litigation of disputes over the April 2014, February 2015 and April 2015 outages in this or future proceedings.

5. Each of the Signatories agrees with and supports this Joint Motion for approval of the Settlement Agreement. In order to provide greater certainty as to the scope of issues to be addressed in this year's Fuel Clause hearing, the Signatories respectfully request that the Commission consider this Joint Motion at the first available agenda conference and approve it at that time. Parties to Docket No. 160001-EI should be permitted to address the Settlement Agreement at the agenda conference.

6. The Signatories have contacted the other parties to this docket and DEF, GULF, TECO, FPUC, and FIPUG take no position, PCS has no objection, and FRF support this Motion.

WHEREFORE, FPL and OPC respectfully request that the Commission approve the Stipulation and Settlement attached hereto as Exhibit 1.

Respectfully submitted,
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By: /s/ J.R. Kelly
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CERTIFICATE OF SERVICE
Docket No. 160001-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic service on this 2nd day of June, 2016 to the following:

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EXHIBIT 1

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No: 160001-EI

Date: April 22, 2016

STIPULATION AND SETTLEMENT

WHEREAS, Florida Power & Light Company (“FPL” or the “Company”) and 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, FPL’s Petition for Approval of Its Fuel Cost Recovery and Capacity Cost Recovery Actual/Estimated True-Ups for the Period January 2014 through December 2014 (filed July 25, 2014 in Docket No. 140001) sought recovery of fuel costs prudently incurred in 2014. Included in that request were replacement power costs resulting from an extended refueling outage that occurred at FPL’s St. Lucie Unit 2 in April 2014. \$8,001,909 of the replacement power costs were associated with the extended outage duration resulting from discovery of foreign material in one of the steam generators during start up. By Order No. PSC-14-0439-PCO-EI, dated August 22, 2014, the Commission deferred OPC’s issue concerning recovery of these replacement power costs to the 2015 Fuel Clause hearing, when the final true-up for 2014 fuel costs would be addressed; and

WHEREAS, pursuant to Order No. PSC-14-0701-FOF-EI, dated December 19, 2014, FPL was authorized to recover, and did recover, the above-described \$8,001,909 fuel replacement costs in the fuel factors reflected in FPL customer bills effective January 2015, subject to refund; and

WHEREAS, in Order No. PSC-15-0586-FOF-EI, dated December 23, 2015, the Commission agreed to defer again OPC’s issue concerning the 2014 St. Lucie-related replacement

power costs (Issue 3J) to 2016 in order to allow FPL to continue negotiations with vendors for potential reimbursement of replacement power costs; and

WHEREAS, FPL has reached a confidential settlement with one of the vendors that performed work at St. Lucie Unit 2 during that outage; and

WHEREAS, FPL's Petition for Approval of Its Fuel Cost Recovery and Capacity Cost Recovery Actual/Estimated True-Ups for the Period January 2015 through December 2015 (filed August 4, 2015 in Docket No. 150001) sought recovery of prudently incurred fuel costs, including replacement power costs resulting from two unplanned outages at FPL's St. Lucie Unit 2 in February and April 2015; and

WHEREAS, the February 2015 event involved a four-day outage related to a manual shutdown of Unit 2 after condenser chemistry action level limits were exceeded due to seawater leakage in the 2A1 Condenser Hotwell. The leaking condenser tube and an additional 187 selected tubes were plugged; and

WHEREAS, the April 2015 outage event involved a 10-day outage related to a leak identified in the safety injection tank discharge header. Analysis showed that the cause of the leak was vibration fatigue coming from the reactor coolant system. FPL replaced the affected piping and modified the support for the piping to prevent future problems and also revised the engineering standard to include more detail related to piping supports; and

WHEREAS, the prehearing order for Docket No. 150001-EI included an issue regarding whether the replacement power costs related to the unplanned outages at St. Lucie Unit 2 in February and April 2015 should be recovered through the fuel cost recovery clause (Issue 3O). The parties to Docket No. 150001 agreed to drop Issue 3O with the understanding that any party could raise it again in the 2016 Fuel Clause proceeding; and

WHEREAS, the Parties have filed prepared testimony with accompanying exhibits and conducted both formal and informal discovery regarding the causes of the above-described outage events;

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

1. In light of its vendor settlement, FPL will credit \$8 million to the Fuel Clause for the purpose of calculating the 2017 Fuel Clause factors to be approved in Docket No. 160001-EI.
2. Inclusion of this credit as part of this comprehensive settlement resolves Issue 3J from Docket No. 150001-EI in its entirety, such that FPL's recovery of replacement power costs associated with the extended refueling outage in April 2014 will not be disputed in Docket No. 160001-EI or any other Commission proceeding.
3. This comprehensive settlement also resolves issue 3O from Docket No. 150001-EI in its entirety, such that FPL's recovery of replacement power costs associated with the unplanned outages in February and April 2015 will not be disputed in Docket No. 160001-EI or any other Commission proceeding.
4. No Party will assert in any proceeding before the Commission that this Agreement or any of the terms in the Agreement shall have any precedential value because all Parties agree that the terms of the Agreement are specific to the facts and circumstances of this case. The Parties' agreement to the terms in the Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving the Agreement.
5. Issues 3J and 3O from Docket No. 150001-EI will be resolved as of the date the

Commission Order approving this Agreement is final, and no Party shall seek appellate review of any order approving this Agreement.

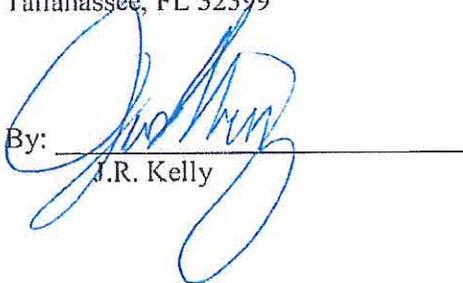
6. The provisions of this Agreement are contingent on approval of this Agreement in its entirety by the Commission without modification. The Parties further agree that they will support this Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of 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.
7. This Agreement may be executed in counterpart originals, and a facsimile of an original signature shall be deemed an original.
8. Any person or entity that executes a signature page to this Agreement shall become and be deemed a Party with the full range of rights and responsibilities provided hereunder, notwithstanding that such person or entity is not listed in the first recital above and executes the signature page subsequent to the date of this Agreement, it being expressly understood that the addition of any such additional Party(ies) shall not disturb or diminish the benefits of this Agreement to any current Party.
9. This Agreement will become effective on the date the Commission Order approving this Agreement is final.

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

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