

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida
Power & Light Company.

DOCKET NO. 20210015-EI
ORDER NO. PSC-2021-0169-PCO-EI
ISSUED: May 14, 2021

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman
ART GRAHAM
ANDREW GILES FAY
MIKE LA ROSA

ORDER SUSPENDING RATES

BY THE COMMISSION:

This proceeding commenced on March 12, 2021, with the filing of a petition for a permanent rate increase by Florida Power & Light Company (FPL or Company). The Company is engaged in business as a public utility providing electric service as defined in Section 366.02, Florida Statutes (F.S.), and is subject to the jurisdiction of the Commission. FPL provides electric service to more than 5.6 million retail customers in much of the state.

FPL has requested an increase in its retail rates and charges to generate \$1.108 billion in additional gross annual revenue, effective January 1, 2022. The Company also has requested an increase in its retail rates and charges to generate \$607 million in additional gross annual revenue, effective January 1, 2023. FPL asserts that the combined increases will allow the Company to earn a return on equity (ROE) of 11.50 percent which includes a 50 basis point ROE performance incentive. The Company based its requests on projected test years ending December 31, 2022 and December 31, 2023. FPL stated that these test years are the appropriate periods to be utilized because they best represent expected future operations in the period immediately after any new base rates go into effect. FPL has also requested Solar Base Rate Adjustments (SoBRAs) of approximately \$140 million for both 2024 and 2025. In total, the Company is requesting a \$1.995 billion base rate increase. The current proposal also includes a 5-year transition rider assessed to former Gulf Power Company customers (Northwest Florida) and credited to legacy FPL customers (Peninsula Florida). The rider is separate and apart from Gulf's recovery of storm restoration costs resulting from Hurricanes Michael and Sally, which will continue under a separate surcharge. FPL did not request any interim rate relief.

In FPL's most recent base rate proceeding in Docket No. 20160021-EI, we approved a settlement agreement which authorized a revenue increase of \$400 million effective January 1, 2017, and a revenue increase of \$211 million effective January 1, 2018.¹ In addition, the

¹ Order No. PSC-2016-0560-AS-EI, issued December 15, 2016, in Docket No. 20160021-EI, *In re: Petition for rate increase by Florida Power & Light Company*; Docket No. 20160061-EI, *In re: Petition for approval of 2016-2018*

settlement agreement provided for a generation base rate adjustment to coincide with the in-service date of the Okeechobee Clean Energy Center. The settlement agreement provided that retail base rates, with certain exceptions, would be frozen through the last billing cycle in December 2020. Section 12(c) of the settlement agreement permitted FPL to continue to amortize its theoretical depreciation reserve surplus beyond December 31, 2020, if the Company provided notice to the Parties of the settlement agreement, prior to March 31, 2020, that it did not intend to seek a base rate increase with an effective date prior to January 1, 2022.² FPL exercised this option.

On January 29, 2021, we acknowledged the Office of Public Counsel's notice of intervention in this proceeding.³ The Florida Executive Agencies, Florida Industrial Power Users Group, Florida Retail Federation, Daniel and Alexandria Larson, Southern Alliance for Clean Energy, League of United Latin American Citizens, Environmental Confederation of Southwest Florida, Inc. and Florida Rising, Inc. are parties to this docket. Walmart, Vote Solar, Inc., CLEO Institute, Inc., and Floridians Against Increased Rates, Inc. have filed to intervene but not yet been granted intervention. A hearing has been scheduled for August 16-20 and 23-27, 2021.

This order addresses the suspension of the requested permanent rate increase. We have jurisdiction over this matter pursuant to Sections 366.06(2) and (4), F.S.

DECISION

FPL filed its petition, testimony, and minimum filing requirements on March 12, 2021. The Company has requested an increase in its retail rates and charges to generate \$1.108 billion in additional gross annual revenue, effective January 1, 2022. FPL also has requested an increase in its retail rates and charges to generate \$607 million in additional gross annual revenue, effective January 1, 2023. Further, FPL has requested SoBRAs of approximately \$140 million for both 2024 and 2025.

Historically, we have suspended requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. Suspension of a requested rate increase is authorized by Section 366.06(3), F.S., which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

storm hardening plan, by Florida Power & Light Company; Docket No. 20160062-EI, In re: 2016 depreciation and dismantlement study by Florida Power & Light Company; Docket No. 20160088-EI, In re: Petition for limited proceeding to modify and continue incentive mechanism, by Florida Power & Light Company.

² *Id.*

³ Order No. PSC-2021-0062-PCO-EI, issued January 29, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light Company.*

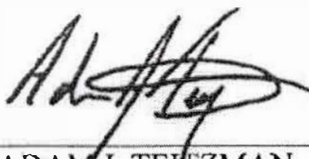
In this rate case we also find it appropriate to suspend the requested permanent rate schedules to allow our staff and any intervenors sufficient time to adequately investigate whether the request for permanent rate relief is appropriate.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the requested permanent rate schedules filed by the Florida Power & Light Company in this docket shall be suspended in order to allow sufficient time to adequately investigate whether the request for permanent rate relief is appropriate. It is further

ORDERED that this docket shall remain open pending our final decision regarding Florida Power & Light Company's requested permanent base rate increase.

By ORDER of the Florida Public Service Commission this 14th day of May, 2021.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in

ORDER NO. PSC-2021-0169-PCO-EI

DOCKET NO. 20210015-EI

PAGE 4

the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.