

Memorandum

To: Commissioners Brian Kroshus, Julie Fedorchak, and Randy Christmann

From: Adam Renfandt

Date: July 23, 2020

Re: Decommissioning Financial Assurances for Case Nos. PU-10-101, PU-10-106, PU-10-107, PU-10-110

On July 1, 2020, four wind facilities filed financial assurances with the Commission. The facilities have been operational for greater than ten years. Based on the Commission's prior rulemaking, they were not required to file decommissioning financial assurances. However, effective July 1, 2020, the Commission will now require facilities for which site certificates were not issued to file financial assurances after they have been operational for ten years per the recent rulemaking in Case No. PU-19-291.

On June 27, 2018, the Commission approved each facility's decommissioning plan and cost estimate. Each facility proposed a parent guarantee for the full amount of the approved decommissioning dollar amount, without deducting salvage value, with NextEra Energy Capital Holdings, Inc. (NEECH) as the guarantor. Since NEECH is rated in the A category by S&P Global Ratings, they can propose a parent guarantee.

NextEra Energy, Inc. (NEE) provides an unconditional guarantee of all NEECH's debt and payment obligations. Therefore, NEECH's credit rating reflects the credit strength of all entities that report under NEE, including, NextEra Energy Resource, LLC's power projects, Florida Power and Light Company, and Gulf Power Company. NEECH's 5-year average cash flow from operations is \$2.4 billion as of December 2019, and its tangible book value is \$9.8 billion. NEE's average 5-year cash flow from operations is 5.9 billion as of December 2019, and it ended that year with a tangible book value of \$32 billion, along with a market capitalization of \$166 billion. NEE also obtains approximately 70% of consolidated earnings before interest, taxes, depreciation, and amortization from its regulated utility business.

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The table below lists attributes of each facility and the total dollar amount that the proposed decommissioning financial assurances cover, along with the total dollar amount for both the proposed and outstanding guarantees in which NEECH is the guarantor.

Facility	MWs	WTGs	Financial Assurance (\$M)	Years in Service (Year, Month)
FPL Energy Oliver Wind I, LLC	50.6	22	\$2.97M	13y, 7m
FPL Energy Oliver Wind II, LLC	48.0	32	\$4.0M	12y, 6m
FPL Energy ND Wind, LLC	40.5	27	\$3.375M	16y, 10m
FPL Energy ND Wind II, LLC	21.0	14	\$1.75M	16y, 10m
Total Proposed	160.1	95	\$12.095M	

Previously Approved:

Langdon Renewables, LLC	159	106	\$13.25M	
Ashtabula Wind I, LLC	148.5	99	\$12.375M	
Ashtabula Wind II, LLC	120	80	\$10.0M	
Total Proposed and Approved	587.6	380	\$47.72M	

Given that NEE guarantees NEECH's debt obligations and NEECH's credit rating is in the A category, Staff recommends approval of the decommissioning financial assurances in the above-captioned cases. Furthermore, the observation that the majority of NEE's earnings comes from its less risky regulated utility, the strong cash flow from operations at NEE, NEECH's sufficient access to liquidity, and NEE's high tangible book value all strengthen Staff's recommendation.