Florida Power & Light Company, 215 S. Monroe Street, Suite 810, Tallahassee, FL 32301
Kenneth M. Rubin, Esq.
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 691-2512
(561) 691-7135 (Facsimile)

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November 9, 2010

VIA HAND DELIVERY

Ms. Ann Cole, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

Re: Florida Power & Light Company's Responses to Staff's Second Data Request
Docket No. 100405-EI

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and five (5) copies of FPL's responses to Staff's Second Data Request dated November 2, 2010.

Please contact me should you or your Staff have any questions regarding this filing.

Sincerely,

Kenneth M. Rubin

Enclosures
cc: Katherine Fleming, Esq.

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FPL's Response to Staff's Second Data Request

Docket No. 100405-EI - Application for Authority to Issue and Sell Securities During Calendar Year 2011 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power & Light Company.

Question 1:

Please explain or describe whether FPL Services LLC could gain an unfair advantage in the marketplace if its financing needs are provided through FPL.

FPL Response:

As described in FPL's response to FPSC Staff Question 4 below, FPL Services LLC ("FPLS LLC") receives financing support from its parent company FPL on an as-needed basis. That support takes the form of short-term working capital funding and infrequent parent guarantees that certain governmental customers sometimes require to support FPLS LLC's energy efficiency savings guarantees. Such financing support from FPL does not provide FPLS LLC with any unfair advantage vis-à-vis the broadly-competitive energy services company ("ESCO") marketplace in which FPLS LLC participates. Indeed, many of the other participants in the ESCO market are strong Fortune 500 companies with an established national presence and significantly more resources than FPLS LLC, some of which are identified in FPL's response to FPSC Staff Question 2 below. Additionally, FPL LLC estimates that it holds a relatively small market share position within FPL's service territory of approximately [redacted]. These facts illustrate that FPLS LLC does not have any unfair advantage in the market place, nor does it expect to gain any unfair advantage in the market place, resulting from financing support provided by FPL.

Question 2:

Please identify and name the competitors of FPL Services LLC.

FPL Response:

The competitors of FPLS LLC include, but are not limited to, the following major market participants: Ameresco, Inc., BGA, Inc., Chevron Energy Solutions, Honeywell, Johnson Controls, Inc., Siemens Building Technologies, Inc., Schneider Electric Building Americas, Inc., Energy Systems Group, Constellation, ConEdison, and Trane.

Question 3:

Please identify and state the amounts of revenue and assets of FPL Services LLC.

FPL Response:

For the year ended December 31, 2009, the revenues of FPLS LLC were roughly [redacted]. As of December 31, 2009 the assets of FPLS LLC were roughly [redacted] consisting of accounts receivable.

Question 4:

What is the extent of expected financing or loan guarantees by FPL for FPL Services LLC?

FPL Response:

FPL provides FPLS LLC with short term working capital to fund its day-to-day operations. FPLS LLC bills customers at project milestones, and the revenues recovered through these payments are included above the line. All customer payments to FPLS LLC are deposited into FPL's general fund and are invested or utilized as needed by FPL for the benefit of FPL customers.

FPL does not provide and does not expect to provide FPLS LLC with loan guarantees. On certain infrequent occasions, FPL does provide FPLS LLC with performance guarantees in connection with energy savings projects (in particular, when serving governmental customers). FPLS LLC anticipates that it will have approximately [redacted] in energy savings guarantees in place by year-end 2010, and will have an additional approximately [redacted] in guarantees in place by year-end 2011.

Question 5:

At what point does FPL estimate that financing support from FPL for unregulated subsidiaries could adversely affect FPL's credit profile?

FPL Response:

All revenues and expenses of FPL's subsidiaries (with one exception discussed below[1]) are rolled up into FPL's financial records, recorded above the line on the books of FPL, and included for ratemaking, regulatory assessment fees, and earnings surveillance purposes. Thus, all such FPL subsidiaries aside from the one recent exception as noted in

[1] FPL Historical Museum, Inc. presently remains a subsidiary of FPL. However, following FPL's last rate case, the financial treatment of all expenses associated with this subsidiary have been moved below the line. Ultimately this subsidiary will become a subsidiary of NextEra Energy, Inc.

footnote 1 (including FPLS LLC) are subsidiaries regulated by the FPSC[2]. Since FPL does not provide financing support for unregulated subsidiaries, questions concerning the credit impact of financing support for unregulated subsidiaries do not pertain to FPL.

Question 6:

Please explain or describe the benefits to FPL and its customers of having FPL Services LLC as a subsidiary of FPL and having FPL provide for the financing of FPL Services LLC as opposed to having FPL Services LLC as a subsidiary of a NextEra entity other than FPL and having the financing for FPL Services provided by a NextEra entity other than FPL.

FPL Response:

FPL and its customers benefit from having FPLS LLC as a subsidiary of FPL. FPLS LLC provides energy efficiency, water conservation and renewable energy solutions for commercial, governmental and industrial customers within FPL's service territory. In nearly all FPLS LLC projects, customers implement energy conservation measures that utilize FPL's Demand Side Management programs.

FPL customers derive additional benefit from having FPLS LLC as a subsidiary of FPL because FPLS LLC's revenues are recorded above the line on FPL's books and are included in FPL's cost of service for ratemaking purposes. Since the revenues received from FPLS LLC are received from contracts designed to recover costs plus a profit margin, FPL's customers receive the benefit associated with having the net revenues of FPLS LLC count for purposes of setting base rates, thereby lowering the utility's overall revenue requirements. Additionally, FPLS LLC's revenues were included for purposes of calculating revenue sharing amounts under the settlement agreements that governed FPL's base rates from 1999 through 2009, and they are included for purposes of calculating the regulatory assessment fee paid to the Commission.

If FPLS LLC were to become an unregulated affiliate of a NextEra entity rather than remaining a regulated subsidiary of FPL, customers would lose the positive financial impact FPLS LLC has had on rates over many years as discussed in the preceding paragraph. Furthermore, FPL customers who take advantage of the services offered by FPLS LLC would lose the convenience and efficiency of being able to work directly with their electric service provider to obtain those beneficial energy efficiency, water conservation and renewable energy services.

[2] This concept of "regulated subsidiary" is applied to all of FPL's responses to Staff's Second Data Request and for all purposes relative to FPL's pending Application for authority to issue and sell securities during calendar year 2011 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C. in FPSC Docket No. 100405-EI.

Question 7:

Please state whether FPL allocates its financing costs to FPL Services LLC. If so, how?

FPL Response:

There is no allocation of FPL's financing costs; rather, FPLS LLC's revenues and expenses are included on FPL's books, which benefits FPL's customers as more fully discussed in FPL's response to FPSC Staff Question 6 above.

Question 8:

Please explain or describe how FPL accounts for, or records, financing activity, including guarantees, for unregulated subsidiaries.

FPL Response:

As noted in FPL's response to FPSC Staff Question 5, all of FPL's subsidiaries (with the one exception noted in footnote 1) are regulated subsidiaries, and as a result FPL does not provide any financing or guarantees for any unregulated subsidiary.

Question 9:

Please explain or describe whether FPL would object to the following language being included in the financing Order.

> "FPL confirms with respect to the current Application that the capital raised pursuant to FPL's Application will be used solely for regulated activities of FPL and not unregulated activities of its subsidiaries or affiliates."

FPL Response:

FPL believes the quoted language is unnecessary since any capital raised pursuant to the Application will be used in connection with the activities of FPL and FPL's regulated subsidiaries, and not in connection with the unregulated activities of FPL's non-subsidiary affiliates. As explained above, FPL does not have any unregulated subsidiaries (subject to the one recent exception noted above). As a result, FPL confirms that any capital raised pursuant to FPL's Application will only be used in connection with the activities of FPL or in connection with the activities of FPL's regulated subsidiaries.

Prior Commission Orders have addressed this specific issue with the inclusion of the following language: "In connection with this application, FPL confirms that the capital raised pursuant to the application will be used in connection with the activities of FPL and not the unregulated activities of its affiliates." (See for example page 8 of Order No. PSC-09-0838-FOF-EI issued December 21, 2009 in Docket No. 090494-EI and page 6 of Order No. PSC-08-0801-FOF-EI issued December 3, 2008 in Docket No.080621-EI). In the event the Commission chooses to vary from its established precedent on this point, FPL submits that the following addition would directly address the issue raised by Question 9: "In connection with this application, FPL confirms that the capital raised pursuant to the application will be used in connection with the activities of FPL and FPL's regulated subsidiaries and not the unregulated activities of its unregulated subsidiary or affiliates."