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Public Service Commission

August 14, 2013

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COMMISSION
CLERK

Kenneth Hoffman
Florida Power & Light Company
215 S. Monroe Street
Suite 810
Tallahassee, FL 32301

STAFF'S FIRST DATA REQUEST

RE: Docket No. 130198-EI- Petition for prudence determination regarding new pipeline system by Florida Power & Light Company.

Dear Mr. Hoffman,

By this letter, the Commission staff requests that Florida Power & Light Company (FPL), provide responses to the following data requests.

The following questions (1-8), pertain to the direct testimony of Rosemary Morley. Please provide the responses to the requests in electronic format, such as Excel.

For questions (1-2) please refer to pages 9 and 10.

1. Please provide the historical data used to estimate the model that projects the number of customers.
2. Please provide the projected independent variables used to project the number of customers through 2032. Please include any adjustments made to the output of the model to derive the final forecasted number of customers.

For questions (3-4) please refer to pages 11 through 19.

3. Please provide the historical data used to estimate the model that projects the summer peak demand per customer.
4. Please provide the projected independent variables used to project the summer peak demand per customer through 2032. Please include any adjustments made to the output of the model to derive the final forecasted summer peak demand per customer.

For the following question please refer to pages 21 through 24.

5. Please provide the historical forecast accuracy data used to calculate the risk-adjustment incorporated into the risk-adjusted summer peak demand per customer forecast.

For questions (6-7) please refer to pages 25 through 27.

6. Please provide the historical data used to estimate the model that projects net energy for load.
7. Please provide the projected independent variables used to project net energy for load through 2032. Please include any adjustments made to the output of the model to derive the final forecasted net energy per load.

For the following question please refer to pages 25 through 27.

8. Please provide the historical forecast accuracy data used to calculate the risk-adjustment incorporated into the risk-adjusted net energy for load forecast.

The following questions (9-16) concern FPL's transportation contracts with the Florida Gas Transmission Company (FGT) and Gulfstream Natural Gas System, LLC (Gulfstream) pipelines. Please answer the following questions for each contract.

9. What are the beginning and ending dates of the contract?
10. When was the contract signed?
11. Was the contract negotiated or a tariff offering? Or was the contract a combination of both? Please explain.
12. Is there a notice provision for expansion? If yes, what is the notice provision?
13. How is capacity released? Please explain in detail.
14. What would the effect be, if any, on the contract if the Commission were to approve FPL's petition in this docket? Please explain in detail.
15. Please display each component of the fixed price and its individual price, as well as the calculation of the total fixed price.
16. Please display each component of the variable price and its individual price, as well as the calculation of the total variable price.
17. What policies or procedures have been taken to ensure compliance with Rule 25-6.1351 F.A.C., as it pertains to the U.S. Southeastern Gas Infrastructure, LLC's (USSGI) role in the Northern Pipeline project? What policies or procedures will be taken to ensure compliance with Rule 25-6.1351 F.A.C. in regards to future transactions between FPL and USSGI?

18. What policies or procedures have been taken to ensure compliance with Rule 25-6.1351 F.A.C. as it pertains to the Florida Southeast Connection, LLC's (FSC) role in the Southern Pipeline project? What policies or procedures will be taken to ensure compliance with Rule 25-6.1351 F.A.C., in regards to future transactions between FPL and FSC?

The following questions (19-22) pertain to FPL's Petition.

19. Please refer to page 16, paragraph 39, of the Petition. It states that "initial" economic analyses were conducted on a blind basis. What, if any, additional economic analyses were conducted, and what were the results? Please provide the analyses and the results.
20. How much weight was given to the non-economic evaluation results in determining that the Sabal Trail and FSC projects represented the best available option?
21. Please refer to page 20, paragraph 54, of the Petition. The Petition states that FPL will be able to release any capacity on the FSC pipeline, and payments received as a result would be returned to FPL's customers through the Fuel Clause. Would these payments be eligible for inclusion in the Total Gains calculation of FPL's current Incentive Mechanism?
22. Please describe how the reliability of the hub will be guaranteed, or at the very least, enhanced during maintenance activities or other times when the hub may need to be bypassed or shut down. Are there any planned redundancies in the system?

The following questions (23-24) pertain to the direct testimony of Sam Forrest, pages 15 through 16.

23. Witness Forrest states that a reliability margin as protection against contingencies is required.
 - a. Why is the standard high load forecast not sufficient in this capacity?
 - b. Why is it necessary to use the much higher risk-adjusted load forecast?
 - c. How have these types of contingencies been addressed in past gas transportation contracts?
24. Please provide copies of correspondence with the respondents showing an indication of their desire to have the project terminate in Central Florida, rather than the location specified in the RFP.

The following questions (25 -35), pertain to the direct testimony of Heather C. Stubblefield.

25. In pages 5-6, witness Stubblefield states that one entity's proposals for the Northern pipeline and for the Southern pipeline were deficient, but the entity chose not to modify the proposals in order to meet the minimum requirements to have them remain under consideration. Please provide copies of the proposals and/or the correspondence with this entity regarding this exchange.

26. On page 6, lines 15-20, witness Stubblefield states that the terms and conditions of the precedent agreement executed with the winning project sponsors was *similar* to the terms and conditions of the draft precedent agreement provided in the RFP. Please explain and describe what the differences were between the executed agreement and the draft agreement.
27. On page 11, lines 20-23, witness Stubblefield mentions “a draft Precedent Agreement for both the Northern Pipeline Project and the Southern Pipeline Project...” Were these two draft agreements the same? If not, exactly how did the final versions differ from one another?
28. On page 14, lines 8-10, witness Stubblefield mentions “numerous discussions, by phone or in person, between FPL and a number of parties, including most of the major southeast pipeline companies.” Please provide details regarding these discussions, including the identities of the parties, identities of the companies, and the content of the discussions.
29. On page 16, lines 3-8, witness Stubblefield discusses the deficient proposals that included non-firm, indicative pricing which were non-binding and did not include the appropriate bid bond. Please provide an estimate of the amount that these proposals differed from those that were selected.
30. On page 17, lines 16-19, witness Stubblefield discusses the initial review of the proposals, during which FPL prepared a written list of questions for each respondent, and to which FPL subsequently received written answers. Please provide copies of these questions and answers.
31. On page 19, lines 15-17, witness Stubblefield describes the non-economic evaluation and the matrix that was developed to assess the relative importance of each benefit. Please provide copies of this matrix, showing the assessment of the proposals using the “high” and “low” relative importance of the non-economic benefits for each proposal.
32. On page 20, lines 10-20, witness Stubblefield describes the meetings with the bidders which provided them the opportunity to improve their proposals and rankings. Please describe the relative rankings of each bidder both before and after these meetings and/or the improvements to their proposals.
33. On page 21, lines 9-15, witness Stubblefield discusses the comparison between the FPL self-build proposal and the non-compliant proposal for the Southern pipeline. Please explain how FPL was able to compare the cost of its self-build proposal with the non-firm pricing provided in this contract.
34. On lines 15-19, witness Stubblefield states that had the proposal been compliant according to the RFP, the prices quoted would likely have been higher than the non-firm pricing provided in the proposal. Did FPL compare its self-build pricing against the pricing of the non-compliant proposal using these expected higher prices? Please explain fully how this comparison was made.
35. On page 22, lines 2-4, witness Stubblefield states that the non-compliant proposal for the Southern pipeline “contained significant modifications to the draft Precedent Agreement

which were unacceptable and would have resulted in significant cost exposure to FPL.” Please explain or describe these modifications and how they would have affected FPL.

The following questions (36-46), pertain to the direct testimony of Juan E. Enjamio.

36. On page 5, lines 5-10, witness Enjamio states that FPL plans to add 8,143 MW of additional gas-fired generation between 2013 and 2030, and that the system will require 405 MMcf/d of incremental firm gas transportation capacity in 2017.
 - a. Please provide detailed information regarding the additional generation and the additional firm gas transportation.
 - b. When will the gas units be in-service?
 - c. In what years will the incremental gas transportation capacity be needed?
 - d. Was any of the incremental gas transportation capacity required in 2017 obtained in 2012 or 2013?
37. On page 6, lines 9-13, witness Enjamio describes the combinations of the four proposals into twelve combined projects, and states that these twelve combined proposals were forwarded to RAP for its economic evaluation. Please provide the correspondence or other documentation that facilitated the proposals being forwarded from FPL to RAP, including a listing of the names, titles, and office locations for each member of RAP.
38. On page 11, lines 15-22, witness Enjamio lists the generation resources which comprise FPL’s current generation resource plan. Please list and explain any existing and/or planned gas transportation contracts that are currently in place to serve the listed projects.
39. Beginning at page 14, line 17, and continuing through page 15, line 5, witness Enjamio describes a rationale for additional gas needs for higher than forecasted peak demand. However, FPL already provides a 20 percent reserve margin that accommodates a higher than forecasted peak demand. Please explain how, since FPL’s generation system already accounts for a 20 percent reserve margin, having additional natural gas transportation can provide additional contingency cushion. In other words, the system can only produce a certain amount of MW and MWh, so how can having additional gas transportation provide even more reserve than the highest output the system can achieve?
40. On page 16, lines 4-8, witness Enjamio explains that short term gas purchases cannot be relied upon to meet unexpected need. However, the witness states at line 4 that “FPL has at times purchased gas transportation in the spot market.” Has FPL ever found itself in a situation when it was unable to purchase enough gas needed for generation to meet demand? If so, please explain how FPL handled this situation?
41. On page 19, lines 1-4, and in numerous other locations in his testimony, witness Enjamio describes the “risk-adjusted load forecast” that FPL is proposing to use in estimating the

amount of gas transportation capacity it will need in the coming years. Did FPL use this same forecasting methodology when it was proposing its Florida EnergySecure Line in 2009?

42. On page 21, lines 8-14, witness Enjamio states that the amount of incremental gas transportation capacity FPL now estimates it will need by 2030 is significantly less than what it estimated when it proposed the Florida EnergySecure Line in 2009.
 - a. Please describe or explain the reasons this estimate has dropped by almost half in just four years.
 - b. Please provide a list of new gas-fired generating units that were assumed to be needed for the EnergySecure estimate and compare it to a list of new gas-fired plants assumed to be needed now.
43. On page 23, lines 20-22, witness Enjamio states that FPL based its simulation modeling used in the economic analysis on the risk-adjusted load forecast. Please describe or explain what reserve margin was used in each year of the analysis.
44. On page 26, lines 14-17, witness Enjamio states that the financial advantage of the selected combined project is between \$34 million and \$1,397 million CPVRR compared to the projects not selected. Please provide the breakdown of this analysis on an annualized basis.
45. On page 28, lines 16-22, witness Enjamio provides a comparison of the selected combined project's transportation costs to the projected costs for the EnergySecure Line. Please compare the selected combined project costs to the existing costs, as well as the future rates for the EnergySecure Line to the combined project.
46. Please provide the information in Exhibit JEE-4 for the North and South Pipelines separately.

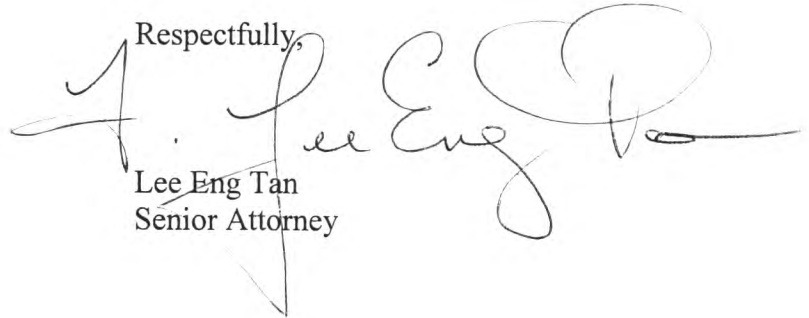
The following questions (47-49) pertain to the direct testimony of Timothy C. Sexton.

47. At page 39, lines 20-22, witness Sexton explains that shippers normally maintain between three and six percent reserve capacity during peak seasons. Is this reserve priced the same as long term capacity rights?
48. At page 40, lines 3-9, witness Sexton explains that, because significant quantities of capacity are unlikely to be available on a nearly sold-out system, it is appropriate to maintain a small amount of reserve. Please state the amount of reserve capacity, in MMcf/d or MMBtu/d and in percentage terms, that FPL is planning to maintain under this proposal.
49. Beginning at page 40, line 13 and continuing through page 42, line 6, witness Sexton explains why the maximum amount of reserve capacity must be planned for in both of the years 2017 and 2020. However, witness Sexton never discusses the possibility of increasing the pipeline's capacity through increased compression. Could the increased capacity needs after 2017 be met through compression?

50. Please provide the following exhibits in electronic (Excel) format, with all formulas intact:
 - a. Witness Enjamio, exhibits JEE-1, JEE-2, and JEE-4 through JEE-8
 - b. Witness Morley, exhibits RM-1, and RM-4 through RM-7
 - c. Witness Sexton, exhibits TCS-2, TCS-7, TCS-8, and TCS-10.
51. Please provide a table with the following information for each year of the base case, the high case, and the nuclear delay case.
 - a. Installed generation by primary fuel type (nuclear, coal, oil, natural gas)
 - b. Dual fuel capable generation by primary fuel type.
52. Please discuss the company's policy of usage of secondary fuels on dual fuel units.
53. Please discuss the amount of storage of secondary fuels on dual fuel units.
54. Please discuss how DSM was included in company's forecast of natural gas need. What types of DSM were included in analysis? Does the forecast assume activation of LM on peak days?
55. Please provide the anticipated natural gas need to meet customer demand in the Base Case, High Case, and Nuclear Delay case for each year. Include the following information:
 - a. Annual NG Consumption.
 - b. Average Daily Consumption Rate
 - c. Peak Day Consumption Rate
 - d. Impact of Energy Efficiency
 - e. Impact of Load Management / Interruptible Load

Please file the original and five copies of the requested information by Thursday, August 29, 2013, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6185 if you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "Lee Eng Tan". The signature is written in a cursive style with a large, looped "E" and a long horizontal stroke at the end.

Lee Eng Tan
Senior Attorney

TLT/dmw

cc: Office of Commission Clerk