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-VIA ELECTRONIC DELIVERY-

Carlotta Stauffer, Director
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket 160071 Staff's Second Data Request; Florida Power & Light Company's Petition for Approval of 2016 Revisions to Underground Residential and Commercial Differential Tariffs

Dear Ms. Stauffer:

Attached is Florida Power & Light Company's response to Staff's Second Data Request relating to Florida Power & Light Company's Petition for Approval of 2016 Revisions to Underground Residential and Commercial Differential Tariffs.

If there are any questions regarding this transmittal, please contact me at (561) 304-5633.

Sincerely,

s/ Scott Goorland
Scott Goorland

Attachment

Docket No. 160071-EI
FPL's Responses to Staff 2nd Set of Data Requests

1. Please expand on your response to staff's first data request, no. 1(c).
 - a. Please confirm that the actual work order job costs reference is for the implementation of the underground system.

The determination of overhead costs, to be used in calculating the potential need for additional CIAC, will be based upon the estimated work order job costs associated with the specific actual design of the proposed new subdivision (as opposed to the typical URD design used to develop URD tariff charges).
 - b. How do actual work order job costs for underground help estimate overhead costs?

Actual work order job costs for underground do not help estimate overhead costs. The determination of overhead and underground work order job costs is independent of each other.

The following questions refer to paragraph 6 of FPL's petition.

2. How and when will the applicant be made aware of the possibility that an additional payment may be required, e.g., during preliminary meetings, signing of the contract, etc.?

Applicants that may be potentially impacted by the need for additional CIAC will be informed of that potential during preliminary meetings, as FPL and the applicant are discussing the plans, scope and timing of the upcoming project. Once all necessary information is gathered and the required CIAC is determined, FPL will provide and explain those calculations to the applicant. This will occur prior to the execution of any associated agreements).
3. Does the contract (tariff pages 9.7 – 9.702) need to be updated? If yes, please provide legislative and final versions.

FPL does not believe the agreement needs to be updated, as Tariff Sheet 9.700 (1) states that the CIAC “is based on the currently effective tariff filed with the Florida Public Service Commission by FPL”, (i.e., Tariff Sheet 6.100).
4. How will the four years of revenue be calculated?

FPL will calculate the four years of revenue consistent with its current approach for all other current CIAC calculations performed per Rule 25-6.064 and FPL Tariff Sheet 6.199, i.e., based on information provided by the customer regarding estimated usage (e.g., square footage of the home or business, size of the air conditioning unit). Additionally, the estimated annual offset to electric usage will be determined based upon information provided by the applicant, other available information (e.g., manufacturers' specifications) and FPL's experience and knowledge. The net estimated usage will then be used to estimate the annual base revenue (and demand, if applicable) per year for the next four years.

5. When will the applicant be told of the revenue estimate?
When FPL finalizes the revenue estimate, it and the required CIAC will be provided to and discussed with the applicant. This occurs prior to the execution of any associated agreements, e.g., the Underground Distribution Facilities Installation Agreement.
6. When will the applicant be required to pay any difference between the expected four-year revenues and estimated overhead costs in addition to the contribution for underground service?
Consistent with FPSC Rule 25-6.078(9), F.A.C., and FPL's tariffs, all CIAC is paid prior to FPL installing the requested facilities.
7. Currently, is an applicant ever asked to pay any difference between the expected four-year revenues and estimated overhead costs in addition to the contribution for underground service? If yes, please provide several examples.
No. Up until the potential project brought to FPL's attention during the summer of 2015 (which subsequently did not materialize), no URD project's estimated revenues ever fell short of the project's estimated costs.
8. If there is an additional payment to be made and the applicant has gone out of business, moved out of state, or refuses to pay, what will FPL do?
This will not be an issue, as CIAC is paid prior to FPL installing the requested facilities. See also FPL's response to Question No. 6 above.
9. Rule 25-6.064, (6) (a), Florida Administrative Code (F.A.C.) provides for a customer to request a review of any CIAC charge. Please provide the basis for FPL to review the applicant's contribution and ask the applicant to pay any additional costs.
There is no similar basis for FPL to subsequently review and adjust CIAC.
10. Please explain which provision of Rule 25-6.078, F.A.C., would allow FPL to request an applicant to pay any difference between the expected four-year revenues and estimated overhead costs in addition to the contribution for underground service.
Rule 25-6.078 does not address the difference between expected four-year revenues and estimated overhead costs; rather it is focused exclusively on the differential between overhead and underground service. However, Rule 25-6.064 clearly provides that utilities may collect the difference between the expected four-year revenues and estimated overhead costs. FPL does not believe that Rule 25-6.078 overrides that authority, because it deals specifically with establishing a standardized differential between overhead and underground service. Thus, the provision in Rule 25-6.064 saying it applies, "except as provided in Rule 25-6.078, F.A.C.", does not relate to calculating or collecting the difference between the expected four-year revenues and estimated overhead costs. The CIAC resulting

from this revenue shortfall, if not charged to the applicant, would then be subsidized by the general body of customers, which FPL believes is inconsistent with the Commission's long standing policy of ensuring that the general body of customers should not incur additional costs associated with another applicants' request for underground service {see, e.g., Rule 25-6.115(3) (c)}. Therefore, FPL believes charging the applicant for the additional CIAC is appropriate and consistent with the intent of both Rules 25-6.064 and 25-6.078.