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FPL's Response to Staff's Second Interrogatories Nos. 26-37

QUESTION:
SETTLEMENT: Paragraph 4(e) of the Settlement Agreement in Docket No. 20210015-EI indicates that CILC credits and CDR credits will be recovered through the ECCR. Does Paragraph 4(e) of the Agreement change the amount recovered under the ECCR?

RESPONSE:
Paragraph 4(e) of the Settlement Agreement provides that CILC and CDR credits shall each be the same as those currently in effect. FPL's projection for CILC and CDR credit amounts to be recovered through ECCR is based on the currently approved credits.

QUESTION:
SETTLEMENT: If so, what is that dollar impact for 2022?

RESPONSE:
Not applicable. Please see FPL's response to Staff's 2nd Set of Interrogatories, No. 26.

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QUESTION:
SETTLEMENT: Please indicate the location in FPL's projection filing that the cost recovery associated with such credits is located, and if so, where, and what is the amount for each?

RESPONSE:
This information is contained in Exhibit JNF-2 (page 6 of 21):

- CILC - line no. 10, column 8: $43,430,660
- CDR - line no. 11, column 8: $30,036,714

QUESTION:
SETTLEMENT: Witness Deaton, at page 5 of her direct testimony, indicated that current depreciation rates were applied to the proposed 2022 factors. Why did FPL not apply the proposed depreciation rates of the Settlement given that the Company is proposing rate unification and program unification in this proceeding?

RESPONSE:
The revised depreciation rates proposed in the 2021 Settlement Agreement are not included in the calculation of the 2022 conservation clause capital revenue requirements due to the timing needed to prepare the ECCR schedules. The approved depreciation rates will be reflected in the ECCR costs in the 2022 actual/estimated and final true-up amounts to be included in the 2023 ECCR factors.

QUESTION:
SETTLEMENT: What is the estimated 2022 ECCR Cost impact of using current depreciation rates rather than the depreciation rates proposed to be effective with the first billing cycle in January 2022 in Docket No. 20210015-EI?

RESPONSE:
Please see FPL's answer to Staff's Second Set of Interrogatories, No. 29, which explains that, due to timing, FPL was unable to prepare ECCR Schedules utilizing the depreciation rates proposed in the 2021 Settlement Agreement. Accordingly, FPL has not performed any analyses or calculations estimating the impact on the 2022 ECCR of using the settlement depreciation rates.

QUESTION:
SETTLEMENT: Other than depreciation expense, are there any other aspects ECCR costs approved as part of the Settlement that are not reflected in the proposed unified 2022 ECCR costs? Please explain and identify.

RESPONSE:
Yes. FPL's unified 2022 ECCR factors filed on August 6, 2021 were calculated based on costs that include a gross up factor to recover the Regulatory Assessment Fee ("RAF"). The 2021 Settlement Agreement proposes to remove the RAF from base and clause rates beginning January 1, 2022 and include it on the same line as Gross Receipts Tax on customer bills. The amount of the RAF on the 2022 ECCR factors is approximately $37,000, which will not result in a change to the factors filed on August 6. If the 2021 Settlement Agreement is approved, FPL will include any related adjustments in the 2022 actual/estimated and final true-up ECCR filings.

Additionally, the rate of return applied to the calculation of 2022 ECCR capital investments were based on a projected 2022 Weighted Average Cost of Capital ("WACC") reflecting a return on equity ("ROE") of 10.55%. If the 2021 Settlement Agreement is approved, FPL will apply a revised rate of return based on a projected 2022 WACC that reflects the mid-point ROE authorized under the settlement applied to capital investment projects and FPL will include any related adjustments in the 2022 actual/estimated and final true-up ECCR filings.

QUESTION:
What are the expected operational dates for each of the ECCR programs being introduced, withdrawn, or significantly modified in the Gulf territory?

RESPONSE:
The operational date for all programs being introduced, withdrawn, and modified in the Integrated DSM Plan is January 1, 2022.

QUESTION:
If the expected operational dates of program introduction, withdrawal, and modification are different from January 1, 2022, does such difference in dates materially impact the ECCR costs that have been projected for 2022? Please explain.

RESPONSE:
Not applicable. Please see FPL's response to Staff's 2nd Set of Interrogatories, No. 32.

QUESTION:
What are the total costs associated with the Energy Select assets to be recovered via a regulatory asset in the ECCR?

RESPONSE:
The projected amount to be recovered via a regulatory asset in ECCR related to the termination of the Energy Select Program is $22.7 million. This amount represents the sum of $22.3 million of projected net plant-in-service in account 370 – Meters and Meter Accessories and inventory in FERC account 154 – Plant Materials and Operating Supplies of $0.4 million as of December 31, 2021. These amounts are reflected on page 6 of Exhibit JNF-4 filed in Gulf Power's 2021 Actual/Estimated filing on August 6, 2021. Note, the actual amount to be recorded in the regulatory asset will be based on the amounts reflected on Gulf Power's books and records as of December 31, 2021. In addition, Gulf Power does not anticipate any salvage value for inventory or plant-in-service assets when the Energy Select program is terminated.

QUESTION:
Please provide a breakout of the Energy Select costs by asset type to be included in the regulatory asset, including both investment and Net Salvage Value.

RESPONSE:
Please see FPL's response to Staff's Second Set Interrogatories No. 34.

QUESTION:
Please provide the net salvage value of each of the Energy Select assets identified in Interrogatory 12.

RESPONSE:
Please see FPL's response to Staff's Second Set of Interrogatories No. 34.

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QUESTION:
What is the Energy Select regulatory asset cost included in the proposed 2022 ECCR factors, and where is this cost reflected in FPL's projection filing?

RESPONSE:
FPL's proposed 2022 ECCR factors include capital revenue requirements for the Energy Select Program that are based on depreciation expense and return on the program's average net investment. This can be found on Exhibit JNF-2, page 6 of 21, row 17, column 3. As discussed in the testimony of Renae Deaton dated August 6, 2021, page 6, lines 4 through 7, the revenue requirements associated with the Energy Select program were assumed to match the revenue requirements associated with the regulatory asset. Upon further review, the projected average net investment of the program is lower than the projected regulatory asset balance, which would result in an increase in revenue requirements of approximately $397,000. This increase is not enough to have a significant effect on the ECCR factors. Any differences in actual and projected costs will be reflected in the actual/estimated true-up for 2022.