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FPL's Response to Staff's Thirteenth Interrogatories Nos. 180-182.

QUESTION:
Has FPL and/or Gulf transferred any regulated assets, that were previously reflected in plant in service for earnings surveillance purposes, to any unregulated affiliate companies for the calendar years 2017 through 2020?

(a) If so and for each transfer, please provide the net book value (NBV) calculation of the asset or group of assets that FPL and/or Gulf recorded on their books prior to the transfer, state whether FPL and/or Gulf reflected any loss above the line on their earnings surveillance reports associated with the asset or group of assets, state the dollar amount that the unregulated affiliate company paid FPL and/or Gulf for the asset or group of assets, provide all the general ledger journal entries including all FERC account names and numbers, provide a detailed description of the asset or group of assets, and provide a detailed explanation why said asset or group of assets were no longer necessary for the provision of electric service for FPL and/or Gulf customers.

(b) For any regulated assets transferred to any unregulated affiliate companies at or below the NBV previously recorded for earnings surveillance purposes, did FPL and/or Gulf consider having the asset or group of assets appraised to determine market value in order to ascertain whether a possible net gain on sale could have been achieved and/or realized which would have inured to the benefit of FPL and/or Gulf customers? If not, please explain why FPL and/or Gulf did not consider doing so on behalf of its customers.

RESPONSE:
Yes. Please see part (a) below for the regulated assets that were sold by FPL and/or Gulf Power to unregulated affiliates for the periods of 2017 through 2020.

(a) FPL sold three pick-up trucks to two different unregulated affiliates in 2019. Generally, for its fleet vehicles, it is FPL's policy to replace the units when their end of economic life is reached, so in accordance with the affiliate rule, the trucks were sold at the higher of cost or market, see table below. These three assets were fully depreciated, thus having no book value on the books and records. No loss on the sale of these vehicles was recorded or reported in FPL's Earnings Surveillance Reports.

Asset Description	Vehicle Cost on FPL Books	Transaction Handling Charges	Market Value	Sale Price
2008 Ford F250 Pick-up Truck	$0	$1,320	$11,000	$12,320
2008 Ford F250 Pick-up Truck	$0	$1,452	$12,000	$13,452
2008 Ford F350 Pick-up Truck	$0	$1,080	$9,000	$10,080

The journal entries to record the FPL sales are shown below:

FERC Account	Description	Debit	Credit
146	A/R from Affiliated Companies	$35,852	
108	Accumulated Reserve		$35,852

Gulf Power sold a refurbished combustion turbine rotor to an unregulated affiliate as two separate components in 2017 and 2018. Prior to Nextera Energy, Inc.'s acquisition of Gulf Power from Southern Company in January 2019, Gulf Power's policy was to install a system spare upon combustion turbine rotor failure. Once the retired rotor was refurbished, it was then sold back to its affiliates to replace the spare in inventory. No loss on the sale of these assets was recorded or reported in the Gulf Power's Earnings Surveillance Reports, however, a gain was reported on sale of another turbine component.

	Year of Sale	Net Book Value	Market Value	Sale Price
Turbine portion of Refurbished Rotor	2017	$5,418,924	$2,313,755	$5,418,924
Turbine Component	2018	$283,607	$324,343	$324,343

The journal entries to record the Gulf sales are shown below:

FERC Account	Description	Debit	Credit
146	A/R from Affiliated Companies	$5,418,924	
108	Accumulated Reserve		$5,418,924

FERC Account	Description	Debit	Credit
146	A/R from Affiliated Companies	$324,343	
108	Accumulated Reserve		$283,607
456	Gain on Sale		$40,736

Note that this response does not take into account inventory or tools that FPL and Gulf Power sell to unregulated affiliates on an as-needed basis (i.e.; indirect cost). Some items that are sold may have originally been recorded as an indirect cost included in plant-in-service. FPL and Gulf Power do not track these indirect costs separately, and therefore are unable to identify the indirect costs that may have been credited from plant-in-service.

(b) Rule 25-6.1351 Cost Allocation and Affiliate Transactions, Florida Administrative Code, requires that sales to unregulated affiliates be at the higher of cost or market, and that an independent appraiser must verify the market value of any transferred asset with a net book value greater than $1,000,000. Gulf Power's assets sold in 2017 and 2018 referenced in subpart (a) were appraised by Ernst and Young prior their sale. FPL assets sold as referenced in subpart (a) were below the $1,000,000 threshold and therefore were not required to be appraised.

QUESTION:
Has FPL transferred any regulated assets, that were previously reflected in plant in service for earnings surveillance purposes, to Gulf for the calendar years 2019 and 2020?

(a) If so and for each transfer, please provide the NBV calculation of the asset or group of assets that FPL recorded on its books prior to the transfer, state whether FPL recorded any loss above the line on their earnings surveillance reports associated with the asset or group of assets, state the dollar amount that Gulf paid FPL for the asset or group of assets, provide all the general ledger journal entries including all FERC account names and numbers, provide a detailed description of the asset or group of assets, and provide a detailed explanation why said asset or group of assets were no longer necessary for the provision of electric service for FPL customers.

(b) For any regulated assets transferred to Gulf at or below the NBV previously recorded for earnings surveillance purposes, did FPL consider having the asset or group of assets appraised to determine market value in order to ascertain whether a possible net gain on sale could have been achieved and/or realized which would have inured to the benefit of FPL customers? If not, please explain why FPL did not consider doing so on behalf of its customers.

RESPONSE:
No. FPL did not transfer any depreciable assets to Gulf Power in 2019 or 2020 that were previously reflected in the Company's plant-in-service. Note, this response does not take into account inventory or tools (i.e. indirect cost) sold to Gulf Power on an "as-needed" basis which may have originally been recorded as an indirect cost included in plant-in-service. FPL does not track these indirect costs separately, and therefore, is unable to identify the indirect costs that may have been credited from plant-in-service. In addition, since FPL and Gulf Power are both regulated entities, all transfers/sales of assets between the two entities are transacted at cost and no losses were recorded or reported in FPL's Earnings Surveillance Reports during 2019 or 2020.

QUESTION:
Has Gulf transferred any regulated assets, that were previously reflected in plant in service for earnings surveillance purposes, to FPL for the calendar years 2019 and 2020?

(a) If so and for each transfer, please provide the NBV calculation of the asset or group of assets that Gulf recorded on its books prior to the transfer, state whether Gulf recorded any loss above the line on their earnings surveillance reports associated with the asset or group of assets, state the dollar amount that FPL paid Gulf for the asset or group of assets, provide all the general ledger journal entries including all FERC account names and numbers, provide a detailed description of the asset or group of assets, and provide a detailed explanation why said asset or group of assets were no longer necessary for the provision of electric service for Gulf customers.

(b) For any regulated assets transferred to FPL at or below the NBVs previously recorded for earnings surveillance purposes, did Gulf consider having the asset or group of assets appraised to determine the market value in order to ascertain whether a possible net gain on sale could have been achieved and/or realized which would have inured to the benefit of Gulf customers? If not, please explain why Gulf did not consider doing so on behalf of its customers.

RESPONSE:
No. Gulf Power did not transfer any depreciable type assets to FPL in 2019 or 2020 that were previously reflected in its plant-in-service. Note, this response does not take into account inventory or tools (i.e. indirect costs) sold to FPL on an as-needed basis which may have originally been recorded as an indirect cost included in plant-in-service. Gulf Power does not track these indirect costs separately, and therefore is unable to identify the indirect costs that may have been credited from plant-in-service. In addition, since FPL and Gulf Power are both regulated entities, all transfers/sales of assets between the two entities are transacted at cost and no losses were recorded or reported in Gulf Power’s Earnings Surveillance Reports during 2019 or 2020.

DECLARATION

I, Keith Ferguson, sponsored the answers to Interrogatory Nos. 180-182 from Staff's Thirteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the responses are true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.

Keith Ferguson

Keith Ferguson

Date: July 21, 2021