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FPL's Response to Staff's Sixteenth Interrogatories

Nos. 202-213.

QUESTION:
Referring to witness Cohen's direct testimony on page 3, lines 10 -19, and referring to MFR No. E-14, Attachment 1 of 6, pages 71 and 72 of 534 of the consolidated tariffs, please explain why the commercial/industrial rate classes would receive the transition rider credit on a $/kW basis, while the transition rider charge would be applied to the commercial/industrial rate classes on a c/kwh basis.

RESPONSE:
As explained in detail in Section IV of the rebuttal testimony of FPL witness Cohen filed in this docket on July 14, 2021, FPL proposes to implement the Transition Rider for Gulf customers in the same manner in which they pay for certain charges today. Certain medium and large commercial and industrial customers today in the Gulf Power service area pay for the Capacity Clause and Conservation Clause on a $/kWh basis. As noted on page 29 of the direct testimony of FPL witness Cohen, the clause structures will need to be combined effective January 1, 2022, if the Commission approves unified rates. Thus, a number of these customers in the Gulf Power service area will migrate to $/kW basis for the consolidated Capacity Clause and Conservation Clause. However, in an effort to help mitigate the impact on lower load factor customers, FPL proposed the Transition Rider for these customers in the Gulf Power service area on a $/kWh basis.

QUESTION:
Referring to witness Dubose's direct testimony on page 30, lines 7 – 10, please explain in detail why FPL's proposed cost of service study did not incorporate the Minimum Distribution System (MDS) and discuss any characteristics of FPL's distribution system that support FPL's proposed cost of service.

RESPONSE:
FPL submitted a cost of service study with the MDS methodology for informational purposes as required by the settlement agreement in FPL's 2016 Rate Case. As explained in the rebuttal testimony of FPL witness DuBose, the MDS cost allocation method for distribution costs is not the best method for FPL's system because FPL designs and builds its distribution system to meet current and future demand (kW) load requirements, system reliability, and storm hardening requirements. On pages 15 – 17 of her rebuttal, FPL witness DuBose explains in detail the reasons why the MDS cost allocation method is not the best method for FPL's system.

QUESTION:
Referring to witness Cohen's direct testimony, page 32, lines 1 – 9, please state and explain whether FPL proposed to eliminate Gulf's current Residential Service Variable Pricing (RSVP) tariff (current Gulf tariff sheet Nos. 6.75-6.77) in the unified consolidated tariffs. If yes, please explain how the proposal to eliminate the RSVP tariff will affect any current customers taking service under the tariff.

RESPONSE:
Yes, FPL has proposed to eliminate Gulf's RSVP tariff in the unified consolidated tariffs. Current Gulf customers taking service under RSVP will begin to take service from FPL's RS-1 tariff or will have the option to take service from FPL's RTR-1 time-of-use rate schedule.

QUESTION:
Referring to witness Cohen's direct testimony, Exhibit TCC-7, page 6 of 10, regarding the Commercial/Industrial Load Control (CILC) rates, please respond to the following questions:

a. What costs are recovered through the maximum demand charge?

b. What costs are recovered through the load control on-peak demand charge?

c. What costs are recovered through the firm on-peak demand charge?

d. Please explain how the rates are lowered to reflect that FPL can interrupt CILC customers.

e. Please explain if a CILC customer's controllable kw demand is included in the cost of service for CILC customers.

RESPONSE:
a. The maximum demand charge is intended to recover distribution-related demand costs.

b. The load control on-peak demand charge is intended to recover production and transmission-related demand costs. The load control on-peak demand charge is also intended to incentivize customers to have more curtailable (non-firm) demand than firm demand, by being set lower than the firm on-peak demand charge.

c. The firm on-peak demand charge is intended to recover production and transmission-related demand costs. The firm on-peak demand charge is also intended to incentivize customers to have less firm demand, by being set higher than the load control on-peak demand charge.

d. Rates for CILC customers are lowered through a load control credit to reflect that FPL can interrupt the CILC customers. As stated in the direct testimony of FPL witness Cohen, page 23, the load control credit is built into the rate schedule as a percentage reduction from the otherwise applicable standard rate. As explained on page 9-10 of the rebuttal testimony of FPL witness Cohen, the CILC rate class's revenue requirements are reduced by the amount of CILC credit each CILC rate class is determined to have, as shown on MFR E-5, page 1 line 6. Without the adjustment, the overall CILC rate class revenue requirements and rate schedule rates would be higher.

e. As explained on page 6, lines 1-7 of the rebuttal testimony of FPL witness DuBose, the production and transmission load assigned to the CILC and CDR customers is treated as firm load in FPL's COSS to avoid a double count of the incentives provided to the CILC and CDR program customers.

QUESTION:
Referring to MFR Schedule E-5 (with RSAM, consolidated, 2022 test year, Witness Cohen), page 1 of 2, please explain the following:

a. The derivation and calculation of the total $74.5M CILC incentives offset shown on line 6. In your response, please explain how FPL quantified the CILC and CDR credits for each applicable rate class for the 2022 projected test year.

b. Please explain the derivation of the $24.3M CILC/CDR credit offsets shown on line 34.

RESPONSE:
a. Both the CILC incentives and CDR credit (CILC/CDR incentives) shown on line 6 of MFR E-5 are based on actual, customer-specific information and are calculated monthly. The CILC incentives are equal to the sum of each CILC customer's monthly bill savings as compared to their otherwise applicable firm rate (e.g. GSLD-1, GSLD-2, GSLD-3, etc.) and the CDR payments are equal to the amount of kW reduction the Company expects to have enrolled in the CDR program multiplied by the current CDR rate of $8.70.

b. The CILC/CDR incentives are proposed to be reduced by 33.33%. In addition, the amounts currently recovered through the Gulf Curtailable Load tariff (Gulf tariff sheet 6.105) are forecasted to migrate into the CDR program. Please see the table below for the detail.

Rate Class	**Present**	**Proposed**	**Change**	**% Reduction**
CILC-1D	$32,089,465	$21,394,046	($10,695,419)	33.33%
CILC-1G	$1,201,792	$801,235	($400,557)	33.33%
CILC-1T	$11,960,560	$7,974,105	($3,986,455)	33.33%
GSD(T)-1	$12,047,851	$8,032,302	($4,015,549)	33.33%
GSLD(T)-1	$12,638,469	$8,426,068	($4,212,402)	33.33%
GSLD(T)-2	$4,568,657	$3,045,924	($1,522,733)	33.33%
Sub-Total	**$74,506,795**	**$49,673,680**	**($24,833,115)**	**33.33%**
Rider CL to CDR	$0	$585,446	$585,446	
Total - MFR E-5	**$74,506,795**	**$50,259,126**	**($24,247,669)**	

QUESTION:
Referring to Witness Chapel's direct testimony, page 32, lines 14-17, please explain if FPL has a cost basis for the proposed $500 and $2,500 metering tampering charges (Tariff Sheet No. 6.061). If not, please explain the derivation of the proposed charges.

RESPONSE:
Prior to 2017, customers who tampered with their meter were back-billed only for the amount they didn't pay along with the cost of any investigation FPL conducted. The tampering penalty was established in 2017 as a deterrent fee (not cost based) and is currently $200 for residential and $1,000 for demand commercial customers. Since the implementation of the tampering deterrent penalty, annual incidents of electricity theft have decreased by approximately 60% from ~10,000 incidents in 2016 to ~4,000 in 2020. But despite the fee, thousands of customers have continued to steal electricity.

The proposed increase to the $500 and $2,500 tampering fee is meant as an additional deterrence to further reduce electricity theft. The increased fee should further deter the theft of electricity, support our goal of driving energy theft to zero, and benefit the vast majority of our customers who pay for the electricity they consume.

Florida Power & Light Company
Docket No. 20210015-EI
Staff's Sixteenth Set of Interrogatories
Interrogatory No. 208

QUESTION:
Please refer to the FPL's response to Staff's 6th Set of Interrogatories, No. 128. For all solar site additions from 2023 to 2025, please fill out the following table.

Construction Begin Date	In-Service Date	Site Name	FPSC Approval Status	Cost Recovery Mechanism	FPSC Docket Number

RESPONSE:
Please see Attachment No. 1 to this response.

QUESTION:
Please refer to FPL witness Valle's direct testimony, page 14, line 21, through page 15, line 6. Please explain if the 2024 and 2025 SoBRA projects will undergo the same competitive solicitation process.

a. If so, please explain if competitive solicitation bids for the SoBRA projects will be chosen on a least cost basis. If not, please explain the factors FPL intends to use for choosing bids.

b. If not, explain why not.

RESPONSE:
a. Yes, the competitive solicitation bids that satisfy the requirements for the requests for proposals will be chosen on a lowest cost basis in virtually every circumstance unless there is a compelling qualitative reason to select a higher cost provider.

b. Not applicable.

QUESTION:
Please refer to FPL witness Barrett's direct testimony, page 66, line 21, through page 67, line 2. Provide a construction schedule for the 2024 and 2025 SoBRA projects, if available.

RESPONSE:
Please see FPL's response to Staff's Sixteenth Set of Interrogatories, No. 208.

QUESTION:
Please refer to witness FPL Valle's direct testimony, EXH MV-3 and FPL witness Cohen's direct testimony, page 22, line 17, through page 23, line 2. Did FPL consider including the 2022 and 2023 Solar Projects in a SolarTogether program expansion?

a. If yes, explain why did the company decided against a SolarTogether program expansion. As part of your response, explain how FPL would have sought cost recovery of the 2022 and 2023 Solar Projects if included in a SolarTogether program expansion.

b. If no, explain why not.

RESPONSE:
a. Not applicable, see response below.

b. When the Company began planning for the deployment of the 2022 and 2023 solar projects described in FPL witness Valle's testimony, the SolarTogether program had been operational for less than one year. While there were indications that the program would eventually become fully subscribed, the Company wanted to be certain it could reach full subscription; that there was adequate interest from both commercial and residential customers to justify a future Phase of SolarTogether; and that all information systems and processes were in place to successfully operate and manage the subscription-based program.

QUESTION:
Please refer to FPL witness Cohen's direct testimony, page 22, line 17, through page 23, line 2.

a. Explain why FPL believes the SolarTogether program will be fully subscribed before being available for Gulf customers.

b. Provide the most up to date subscription numbers for the SolarTogether program.

c. If the 2022 and 2023 solar additions were included in a SolarTogether program expansion, would the SolarTogether program be made available to former Gulf customers?

RESPONSE:
a. At the time of the rate case filing, the commercial portion was sold out due to pre-registration, and the residential-small medium business (RESI-SMB) subscription growth was trending towards full subscription by early 2Q2021 and has since achieved full subscription.

b. As of month-end June 2021, total subscription is

		Commercial, Industrial, & Governmental	Residential-Small Medium Business	Low Income(1) (SunAssist)
June Month End	Subscribed	1,117MW	335MW	21MW

(1) SunAssist program began in January 2021.

c. Please see FPL's response to Staff's Sixteenth Set of Interrogatories, No 211. If, however, the Company does deploy a second phase/expansion of the program, it would be made available to legacy Gulf customers.

QUESTION:
Please refer to CLEO Institute/Vote Solar witness Wilson's direct testimony, page 15, lines 8-11. Did FPL consider retiring and replacing the Crist units instead of converting them to natural gas?

a. If yes, explain what alternatives were considered and why they were ultimately rejected.

b. If no, explain why not.

RESPONSE:
a. Yes. FPL considered the early retirement of Crist Units 6 & 7 at two different points in time over the course of its many analyses of the Gulf and FPL systems. FPL witness Sim's rebuttal testimony, pages 44 – 47, discusses those considerations. A summary of that discussion is provided below in bullet format.

First Consideration:

- FPL first considered this option during its initial Steps 1 and 2 analyses that occurred during the mid-2018 to first Quarter 2019 time period. These Steps 1 and 2 analyses examined Gulf as a stand-alone utility system both with and without the NFRC.

- In regard to retirements, these analyses showed that it was cost-effective to retire Gulf's ownership portion of the Daniel coal units at the earliest possible date (January 2024). This retirement would remove 16% of Gulf's total generation capability. In addition, the Shell PPA is terminating in May 2023 which removes another 27% of Gulf's total generation. Therefore, 43% of Gulf's total generation capability would need to be replaced in the next few years. In the initial Steps 1 and 2 analyses, the AURORA optimization model selected gas-fueled units as the primary replacement capacity for these retired units.

- In regard to Crist Units 6 & 7, these units represent approximately 775 MW of capacity or another 24% of Gulf's total generation capability. If these two units were also retired, then 67% of Gulf's total generation capability would need to be replaced in the next few years. This would mean that another 700+ MW of replacement capacity, likely also gas-fueled, would be needed.

- However, AURORA analyses showed that a coal-to-gas conversion of the two units was projected to result in a $236 million CPVRR net savings to customers. In addition, this could be accomplished without the significant expense of another 700+MW of additional replacement capacity.

- Furthermore, the coal-to-gas conversion could be accomplished quickly (it has already been completed) which would allow Gulf customers to begin realizing savings more quickly.

- Based on these considerations, plus the recognition that the cost to replace 700 MW more of retired capacity would be hundreds of millions of dollars, the decision was made to proceed with the coal-to-gas conversion project.

<u>Second Consideration:</u>

- FPL next considered an early retirement of these two Crist units in the second half of 2019.

- By mid-2019, FPL's Step 3 analyses were projecting that an integration of the FPL and Gulf systems into a single utility system would result in significant additional savings to customers. Based on this projection, FPL again evaluated the retirement of Crist Units 6 & 7, but from an integrated system perspective.

- Analyses using the AURORA optimization model were performed assuming the Crist Units 6 & 7 were retired and with solar, batteries, and gas-fueled units as replacement capacity options.

- In these analyses, AURORA selected three CT units (704 MW in total) as the primary replacement capacity for the retired Crist Units 6 & 7.

- In terms of economics, the retirement of Crist Units 6 & 7, plus the addition of the most cost-effective replacement capacity, was projected to result in <u>additional costs</u> to customers of at least $556 million CPVRR compared to a case in which Crist Units 6 &7 were not retired.

- Based on the results of the analyses, the early retirement of Crist Units 6 & 7 has been dropped as a potential option for the foreseeable future.

b. Not applicable. Please see FPL's response to subpart (a).

DECLARATION

I, Christopher Chapel, sponsored the answer to Interrogatory No. 207 from Staff's Sixteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

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

____
Christopher Chapel

Date: 7.27.21

DECLARATION

I, Tiffany C. Cohen, sponsored the answers to Interrogatory Nos. 202, 204, and 206, and co-sponsored the answer to Interrogatory No. 205 from Staff's Sixteenth 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.

Tiffany Cohen

Tiffany C. Cohen

Date: 7/28/2021

DECLARATION

I, Tara B. DuBose, sponsored the answer to Interrogatory No. 203, and co-sponsored the answer to Interrogatory No. 205 from Staff's Sixteenth 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.

Tara B. DuBose
____
Tara B. DuBose

Date: 7-28-2021

DECLARATION

I, Steven R. Sim, sponsored the answer to Interrogatory No. 213 from Staff's Sixteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

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

Steven R. Sim

Steven R. Sim

Date: 7/28/2021

DECLARATION

I, Matthew Valle, sponsored the answers to Interrogatory Nos. 208-212 from Staff's Sixteenth 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.

____
Matthew Valle

Date: 07/28/2021