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FPL's Response to OPC’s Seventh Interrogatories Nos. 192-207, 210.

(including attachments for Nos. 200, 202-203, 205-207)

QUESTION:
Exhibit KF-4 on page 6 includes the recovery of "Unrecovered Costs" for Crist Units 4-7 amortized over 10 years. Exhibit KF-3(B) page 3 includes an annual depreciation accrual for Crist Units 4-7. Please explain why there is both an amortization expense and a depreciation expense included for Crist Units 4-7.

RESPONSE:
The amounts related to Crist Units 4-7 on Exhibit KF-4, page 6 and Exhibit KF-3(B), page 3 represent different assets. Exhibit KF-4 reflects the unrecovered costs (remaining net book value) associated with the retirement in October 2020 of components of Plant Crist Units 4-7 that were dedicated to coal-fired generation. Exhibit KF-3(B) reflects the remaining assets at Crist Units 4-7 that are still in service after the retirement of the aforementioned coal-related assets, including the investments made to convert Units 6 and 7 to run on natural gas. There is no overlap in the costs recoveries between the two exhibits.

QUESTION:
Direct Testimony of Ned W. Allis discussing the fitting of Iowa curves to original life table of Account 364.1 Poles, Towers and Fixtures-Wood on page 21, lines 13-15 states: "The residual measure for the 40-R2 survivor curve and the representative data points from the original life table is 1.41, which is considered to be a very good fit."

a. What residual measure range is considered "a very good fit"?

b. What residual measure range is considered a bad fit?

RESPONSE:
(a)-(b) There is not a published or defined list of ranges for the residual measure that establish values that are “very good fits” or “bad fits.” Additionally, the original life table data set impacts the residual measure as, for example, data that is not as smooth may only produce residual measures that are relatively high. The residual measure is often more meaningful when used to compare the fitting of different Iowa curves to the same data set rather than across different data sets. Additionally, for these reasons, it is also important to consider visual fits of the data and to consider which data points should be given the most emphasis in the analysis. That said, a residual measure that is less than 2.00 is typically a good or very good fit of the data. Depending on the data set, a residual measure that is above 4.00 or 5.00 may be a “bad” fit of the data.

QUESTION:
The file "FPL – 2020-2021 – Projected Activity" provided in response to POD-36 in the folder "Allis Workpapers" includes projected "NETSALV" amounts for October 2020 through December 31, 2021 on the "Reserve" tab.

a. Please explain how the projected net salvage amounts are calculated.

b. Please explain how the projected gross salvage amounts are calculated.

c. Please explain how the projected cost of removal amounts are calculated.

d. Are the projected net salvage, gross salvage, and cost of removal amounts based on a budget, or based on the projected additions, or based on the projected retirements, etc.?

RESPONSE:
a. Net salvage consists of projected cost of removal as well as recapitalization of certain combined cycle capital spare parts related to projected outage work. The recapitalization value of combined cycle capital spare parts is projected by applying a historical recapitalization percentage to the projected outage related combined cycle retirements. The historical recapitalization percentage is developed by analyzing the salvage recognized in prior periods as a percentage of total retirements related to combined cycle capital spare parts. Please reference subpart (c) below for explanation of how projected cost of removal is calculated. Projected net salvage methodologies are consistent with those used in FPL's 2016 Rate Case, Docket No. 160021-EI.

b. FPL does not project gross salvage. Please see response to subpart (a) related to net salvage.

c. Projected cost of removal is developed and input during the planning and budgeting process. The business units develop their forecast of cost of removal dependent on the nature and type of work as well as their historical experience performing such removal work.

d. Please see response to parts (a), (b), and (c) for explanations on net salvage, gross salvage, and cost of removal. Please also see FPL's responses to OPC's Seventh Request for Production of Documents Nos. 114 and 115.

QUESTION:
The file "FPL – 2020-2021 – Projected Activity" provided in response to POD-36 in the folder "Allis Workpapers" includes projected "ADDS" and "RETS" amounts for October 2020 through December 31, 2021.

a. Please explain how the projected addition amounts are calculated.

b. Please explain how the projected retirement amounts are calculated.

RESPONSE:
a. Projected additions are classified as either a major project or minor project by the responsible business units as shown in Exhibit SRB – 4, page 31. If a project is classified as major, additions occur on a specific in-service date provided by the business unit and the amount placed in-service at that date will be the accumulation of all costs of construction up to that point, including AFUDC if applicable. If a project is classified as minor, monthly additions are based on a historical average calculated by the Utilities International financial forecast model and applied to the amount of projected construction costs available to close. This forecast methodology is consistent with that used in FPL's 2016 Rate Case, Docket No. 160021-EI.

b. Projected retirement amounts are categorized into several categories: normal retirements, final site retirements, or outage related combined cycle retirements. Normal retirements are developed based on a five-year average of actual activity. Consistent with the previous depreciation study, transactions not expected to be indicative of future experience are excluded from the analyses such as, hurricane related retirements, final retirement of power plants, and outage related combined cycle retirements. Projected final site retirements are calculated based on an identified future retirement date and the assets identified to be retired upon final site retirement. Projected outage related combined cycle retirements are developed based on planned outage work by plant site. Projected retirement methodologies are consistent with those used in FPL's 2016 Rate Case, Docket No. 160021-EI.

QUESTION:
The file "Gulf – 2020-2021 – Projected Activity" provided in response to POD-36 in the folder "Allis Workpapers" includes projected "NETSALV" amounts for October 2020 through December 31, 2021 on the "Reserve" tab.

a. Please explain how the projected net salvage amounts are calculated.

b. Please explain how the projected gross salvage amounts are calculated.

c. Please explain how the projected cost of removal amounts are calculated.

d. Are the projected net salvage, gross salvage, and cost of removal amounts based on a budget, or based on the projected additions, or based on the projected retirements, etc.?

RESPONSE:
Gulf's projection methodology is consistent with FPL. However, Gulf currently does not have any projected recapitalization of combined cycle capital spare parts within this period due to the expected nature of outage work.

a. Please see FPL's response to OPC's Seventh Set of Interrogatories, No. 194.

b. Please see FPL's response to OPC's Seventh Set of Interrogatories, No. 194.

c. Please see FPL's response to OPC's Seventh Set of Interrogatories, No. 194.

d. Please see FPL's response to OPC's Seventh Set of Interrogatories, No. 194.

QUESTION:
The file "Gulf – 2020-2021 – Projected Activity" provided in response to POD-36 in the folder "Allis Workpapers" includes projected "ADDS" and "RETS" amounts for October 2020 through December 31, 2021.

a. Please explain how the projected addition amounts are calculated.

b. Please explain how the projected retirement amounts are calculated

RESPONSE:
Gulf calculates “projected activity” in the same manner as FPL.

a. Please see FPL’s response to OPC’s Seventh Set of Interrogatories, No. 195.

b. Please see FPL’s response to OPC’s Seventh Set of Interrogatories, No. 195.

QUESTION:
Does FPL (including Gulf) have any Asset Retirement Obligation (ARO(s) associated with the dismantlement or dismantlement liabilities of its wind and/or solar production facilities?

RESPONSE:
Yes. FPL has an ARO associated with its Space Coast Solar Energy Center, which is subject to a land lease. The total cost estimate, which would be used for the basis of the ARO, is reflected in the dismantlement study included as Exhibit JTK-1 (Corrected) to FPL witness Kopp's testimony. As discussed in OPC's 7th Set of Interrogatories, No. 200, FPL has removed all ARO assets, accumulated depreciation, and liabilities from rate base through a Commission adjustment and all ARO net operating income components net to zero.

QUESTION:
Does FPL (including Gulf) have any ARO(s) associated with the closure, remediation or dismantlement or dismantlement liabilities of any ash ponds?

RESPONSE:
Yes. FPL (including Gulf) has recognized AROs associated with individual ash pond locations. Please refer to FPL's response to OPC's 7th Set of Interrogatories, No. 205 for the list of AROs currently recognized by FPL. Where applicable, the cost estimates associated with these AROs are reflected in the dismantlement study included as Exhibit JTK-1 (Corrected) to FPL witness Kopp's testimony. As discussed in OPCs 7th Set of Interrogatories No. 200, FPL has removed all ARO assets, accumulated depreciation, and liabilities from rate base through a Commission adjustment and all ARO net operating income components net to zero.

QUESTION:
Page 123.5 of the FPL FERC Form 1 for the year 2019 includes the statement:

"Depreciation of FPL's electric property is primarily provided on a straight-line average remaining life basis. FPL includes in depreciation expense a provision for fossil and solar plant dismantlement, interim asset removal costs, accretion related to asset retirement obligations (see Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below), storm recovery amortization and amortization of pre-construction costs associated with planned nuclear units recovered through a cost recovery clause."

a. Provide the amount, and location in the FPL filing of each "accretion related to asset retirement obligations" or ARO depreciation expense or ARO liability or ARO Asset that is included in the FPL revenue requirement filed by FPL in this rate case proceeding, other than being included in the amounts shown on pages 22-24 of FPL Exhibit JKT-1 (and flowing through from those pages).

b. For each ARO amount provided in response to part (a), state what that ARO is for (write out all abbreviations used and explain all terms used that are not known to the general public).

c. Provide the amount, and location in the FPL filing of each "provision for fossil and solar plant dismantlement" that is included in the FPL revenue requirement filed by FPL in this rate case proceeding, other than being included in the amounts shown on pages 22-24 of FPL Exhibit JKT-1 (and flowing through from those pages).

RESPONSE:
a.-b. FPL's asset retirement obligations are recorded in compliance with Accounting Standards Codification 410-20 (ASC 410-20) Asset Retirement Obligations (formerly SFAS 143) and identified as the majority of its nuclear decommissioning reserve and a portion of its dismantlement reserve. As required per FPSC Rule 25-14.014, Accounting for Asset Retirement Obligations Under SFAS 143, FPL must apply this accounting standard "such that the assets, liabilities and expenses created by SFAS 143 and the application of SFAS 143 shall be revenue neutral in the rate making process." Based on these requirements, refer to Attachment 1 to this response which reflects the removal of all ARO assets, accumulated depreciation, and liabilities from rate base through Commission adjustments and that all net operating income expenses components (i.e. depreciation and accretion expenses) net to $0 for the 2022 Test Year and 2023 Subsequent Year. Therefore, FPL has not included any ARO assets, liabilities, or expenses subject to ASC 410-20 in its calculation of revenue requirements in either 2022 or 2023.

c. Not applicable.

QUESTION:
If any amount is being included in the revenue requirement filed by FPL in this rate case proceeding (1) associated with the closure, remediation or dismantlement or dismantlement liabilities of any ash ponds and/or (2) associated with the dismantlement or dismantlement liabilities of its wind and/or solar production facilities, other than being included in the amounts shown on pages 22-24 of FPL Exhibit JKT-1 (and flowing through from those pages) explain why these amount should be included in the revenue requirement outside of pages 22-24 of FPL Exhibit JKT-1 while also being included on pages 22-24 of FPL Exhibit JKT-1.

RESPONSE:
Not applicable. See FPL's response provided in OPC's Seventh Set of Interrogatories No. 200.

QUESTION:
For Account 354 Towers and Fixtures, page 331 of Exhibit NWA-1 shows that in every year shown, except the year 2019, the Cost of Removal was less than $2 million. However, in the year 2019 the Cost of Removal shown is $33,425,934.

a. Provide a breakdown of this is $33,425,934 amount by entry, with the name of the project or adjustment shown. Amounts less than $500,000 may be omitted.

b. Identify each project or entry provided in response to part (a) which is not the Cost of Removal incurred for facilities that were physically retired in the year 2018 or 2019.

c. For the three largest amounts provided in response to part (b), explain the reason for this entry, provide the documents contemporaneous to this entry which explain the reason for this entry and provide the documents contemporaneous to this entry which show the dollar amounts of all other entries associated with that entry (include the entries in the same adjustment even if they were in accounts other than 354).

d. Is it possible that more than $10 million of this $33,425,934 amount was not the Cost of Removal incurred for facilities that were physically retired in the year 2018 or 2019?

RESPONSE:
a. The below table includes the projects with cost of removal above $500,000 that are included in the total $33,425,934 from page 331 of Exhibit NWA-1. Each of these projects are a component of the Company's 500 kV rebuild project, which is a multi-year project.

Name of Project	Internal Order Number	Amount
Andytown- Martin 500kv replace 8 tangent structures	T00000018531	($984,904)
Replace Structures between Orange River Substation and Terrytown (500 kV rebuild)	T00000021765	($8,058,283)
Replace Structures between Corbett Substation and Terrytown (500 kV rebuild)	T00000021764	($22,794,504)

b. Of the projects noted in part (a) above, Internal Order Nos. T00000021765 and T00000021764 did not have facilities that were retired in the Company's fixed asset subledger in 2018 or 2019. These projects are part of a multi-year ongoing 500 kV rebuild project. As noted in FPL witness Ferguson's Exhibit KF-4, page 8 of 8, FPL is requesting a capital recovery schedule for Account 354 of $251 million for cost of removal and $260 million in original plant retired for the 500kV rebuild project through 2025.

c. See Attachment No. 1 to this response for a detailed listing of the activity related to the projects listed in subpart (b) of this response. Note that it is not uncommon for a multi-year project such as the 500kV rebuild for cost of removal and retirements to be recorded in different years. The cost of removal may be recorded at the time the costs are incurred whereas the retirements are generally recorded when the new assets are placed in service. FPL did record $7 million in retirements related to the 500kV rebuild project in 2019.

d. Yes, it is possible that more than $10 million of the $33,425,934 was not related to the cost of removal incurred for facilities that were retired in the Company's fixed asset subledger in 2018 or 2019. Refer to subparts a & b.

QUESTION:
For Account 358 Towers and Fixtures, page 339 of Exhibit NWA-1 shows that in every year shown, except the years 2018 and 2019, the Cost of Removal was less than $1.2 million. However, in both 2018 and 2019 the Cost of Removal shown is in excess of $3,000,000.

a. Provide a breakdown of this is $4,224,923 in year 2018 Cost of Removal amount by entry, with the name of the project or adjustment shown. Amounts less than $300,000 may be omitted.

b. Identify each project or entry provided in response to part (a) which is not the Cost of Removal incurred for facilities that were physically retired in the year 2017 or 2018 or 2019

c. For the three largest amounts provided in response to part (b), explain the reason for this entry, provide the documents contemporaneous to this entry which explain the reason for this entry and provide the documents contemporaneous to this entry which show the dollar amounts of all other entries associated with that entry (include the entries in the same adjustment even if they were in accounts other than 354).

d. Provide the responses to parts (a), (b) and (c) for the $3,370,782 in year 2019 Cost of Removal amount.

RESPONSE:
a. The below table includes the projects with cost of removal above $300,000 that are included in the total $4,224,923.

Name of Project	Internal Orders	Amount
Flagami-Miami #2 230kV - Inductors at Flagami substation	T00000016198	$ (2,948,355)
Port Everglades-Sistrunk 230kV - Replace terminations, splice and cable section	T00000020046	$ (1,230,694)

b. Both projects provided in part (a) had assets that were retired in 2017, 2018 or 2019; therefore, there are no entries to provide.

c. There are no applicable entries for 2018. Note that it is not uncommon for large projects for cost of removal and retirements to be recorded in different years. The cost of removal may be recorded at the time the costs are incurred whereas the retirements are generally recorded when the new assets are placed in service.

d. See the responses for the 2019 cost of removal below.
   a. The below table includes the projects with cost of removal above $300,000 that are included in the total $3,370,782 for 2019:

Name of Project	Internal Orders	Amount
Greynolds-Laudania 230kV – Replace cable & extend line	T00000020685	$(1,139,267)
Turkey Point 4C – Replace pumping plant	T00000016210	$(783,031)
Miami South – Replace pumping plant	T00000022272	$(402,528)

   b. Of the projects noted in part (d), subpart (a) above, Internal Order Nos. T00000020685 and T00000022272 did not have facilities that were retired in the Company's fixed asset subledger in 2019. Note, Project T00000022272 did have retirements in 2020 of approximately $438 thousand.

   c. See Attachment No. 1 to this response for a detailed listing of the activity related to the projects listed in part (d) subpart (b) of this response. Note that it is not uncommon for a large project for cost of removal and retirements to be recorded in different years. The cost of removal may be recorded at the time the costs are incurred whereas the retirements are generally recorded when the new assets are placed in service.

QUESTION:
Document FPL 003256 "Reserve Amount Balance As Of December 31, 2020" provided by FPL in response to POD-34 shows $893,809,009 as the balances as of December 31, 2020.

a. Provide the estimate of the similar balances as of the December 31, 2021 date used in FPL Depreciation Study (Exhibit NWA-1).

b. Is the reserve balance provided in response to part (a) included in the $14,553,210,983 Depreciation Reserve used in the FPL Depreciation Study (Exhibit NWA-1, page 69)?

c. If the response to part (b) is no, explain why not.

RESPONSE:
a. The balance estimated for the Depreciation Study as of December 31, 2021 is $316,127,519.

b. Yes, except for approximately $5 million of this balance that is related to assets not included in the study (e.g., Lauderdale Units 4 and 5).

c. N/A

QUESTION:
Provide a list of each ARO of FPL (including Gulf), for each stating:

a. What the ARO is for (write out all abbreviations used and explain all terms used that are not known to the general public. Include the term "ash pond" for any ARO associated with an ash pond. Include the terms "solar" for any ARO associated with a solar production facility. Include the terms "wind" for any ARO associated with a wind production facility).

b. The dollar amount of the liability in that ARO for the most recent time in which actual data is available,

c. The dollar amount of the asset in that ARO for the same time period provided in response to part (2),

d. The depreciation expense dollar amount recorded for that ARO in the most recent year for which actual data is available, and

e. The accretions dollar amount recorded for that ARO in the same time period provided in response to part (4).

RESPONSE:
a. See Attachment No. 1 for the requested information.

b.-e. FPL interprets this data request for AROs that are subject to Accounting Standard Codification ("ASC") 410-20 Asset Retirement Obligations and included in its revenue requirements in this proceeding. Based on this interpretation, please see FPL's response to OPC's 7th Set of Interrogatories No. 200, for the requested information for the 2022 Test Year and 2023 Subsequent Year. As indicated in that response, FPL has removed all ARO assets, accumulated depreciation, and liabilities from rate base through a Commission adjustment and all ARO net operating income components net to zero. Therefore, FPL has not reflected any AROs in its 2022 Test Year or 2023 Subsequent Year revenue requirements.

QUESTION:
Column 9 of page 69 of Exhibit NWA-1 show the proposed Annual Depreciation Accrual for Account 364.10 Poles, Towers and Fixtures-Wood is $95,845,338.

a. Provide the dollar amount of this accrual that is for Net Salvage.

b. Provide the dollar amount of this accrual that is for other than Net Salvage.

c. Provide responses to parts (a) and (b) for each Transmission, Distribution and General Plant account shown on page 69 of Exhibit NWA-1.

d. Provide the formula used to calculate the amount provided in response to part (a) of this request

RESPONSE:
a.- c. Please refer to Attachment 1 to this response for the requested information.

d. The formula used to calculate the amount in part (a) is:
Net Salvage Accrual = Accrual x (-NS%/(100%-NS%)), where NS% is the net salvage percent.

QUESTION:
Column 5 of page 23 of Exhibit KF-3(B) show the proposed Annual Depreciation Accrual for Account 364.10 Poles, Towers and Fixtures-Wood is $65,054,027.

a. Provide the dollar amount of this accrual that is for Net Salvage.

b. Provide the dollar amount of this accrual that is for other than Net Salvage.

c. Provide responses to parts (a) and (b) for each Transmission, Distribution and General Plant account shown on pages 23 and 24 of Exhibit KF-3(B).

d. Provide the formula used to calculate the amount provided in response to part (a).

RESPONSE:
a. – c. Please refer to Attachment 1 to this response for the requested information.

d. The formula used to calculate the amount in part (a) is:
Net Salvage Accrual = Accrual x (-NS%/(100%-NS%)), where NS% is the net salvage percent.

QUESTION:
Plant Held for Future Use. Please refer to FPL's supplemental response to OPC first POD item 36, Witness Valle, PHFFU Report, December 2020, Excel file, where several properties are identified as either surplus or being held for sale, and to the MV-5 Land held for future use working file, where several items have a "Target COD" (i.e., target commercial operation date) of "TBD" (i.e., to be determined).

a. Has FPL removed all surplus or being held for sale PHFFU from its proposed rate base for the 2022 and 2023 periods?

b. For each PHFFU property that is listed as surplus or being held for sale, and/or which has a Target COD of "TBD" on the MV-5 Land held for future use working file, identify the amount that FPL included in its proposed 2022 and 2023 rate base.

c. Has FPL included any PHFFU in its proposed 2022 rate base that has a projected in-service or use date beyond 2031? If so, how much?

d. Has FPL included any PHFFU in its proposed 2023 rate base that has a projected in-service or use date beyond 2032? If so, how much?

e. Has FPL included any PHFFU in its proposed 2022 or 2023 rate base which has a Target COD of "TBD" on the MV-5 Land held for future use working file? If so, identify the related amounts that FPL included for each "TBD" Target COD date item, for each test year.

RESPONSE:
a. Yes. FPL has removed all surplus or being held for sale PHFFU from its proposed per book rate base for the 2022 and 2023 periods.

b. The properties that were listed in the December 2020 PHFFU Report as being surplus or held for sale contained incorrect or outdated explanations. While these properties were at one time considered for sale, given current market conditions and future utility operations, FPL will be utilizing those properties in utility operations. As such, the following amounts representing all PHFFU property labeled as surplus or being held for sale in the referenced report have been included in FPL's rate base for 2022 and 2023:

	13 Month Average Rate Base	
	2022	2023
Per Book	2,206,937	2,206,937
Juris Adj Utility	2,204,327	2,204,312

FPL has also included the following amounts representing all Target COD of "TBD" property in MV-5 Land held for future use working file in its rate base for 2022 and 2023:

	13 Month Average Rate Base	
	2022	2023
Per Book	$ 310,016,664	$ 310,016,664
Juris Adj Utility	$ 297,027,788	$ 296,335,517

c. No.

d. No.

e. Yes, see response in b. above.