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FPL's response to Staff's Second Set of Interrogatories Nos. 2-26

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 3a – Continuous Emission Monitoring Systems. Please explain the 10.78 percent decrease in Operational and Maintenance (O&M) expenses for Project 3a.

RESPONSE:
The 10.78 percent, which is a decrease of $39,548 in O&M expenses for this project, was primarily due to improved fleetwide performance which resulted in less need for maintenance.

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 8a – Oil Spill Clean-up/Response Equipment. Please explain the 11.32 percent increase in O&M expenses for Project 8a.

RESPONSE:
Project expenditures were $30,321 or 11.32% higher than previously projected. The increase was primarily associated with higher cost of Oil Spill Recovery Organization resources due to supply chain shortages of critical resources required to maintain emergency preparedness, business continuity, and regulatory compliance.

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 24 – Manatee Reburn. Please explain the 47.84 percent increase in O&M expenses for Project 24.

RESPONSE:
The 47.84 percent, or $1,661, increase for Project 24 was primarily due to a transducer failure on the reburn system, which resulted in unplanned repairs.

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 29 – SCR Consumables. Please explain the 8.26 percent decrease in O&M expenses for Project 29.

RESPONSE:
The 8.26 percent, which is a decrease of $38,345 in O&M expenses is primarily due to a decrease in expenses at plant Manatee, which is partially offset by an increase at plant Martin.

For plant Manatee, due to Covid restrictions still in place, there was a deferral to 2022 of the annual in-person Hazwoper training. In addition, improved SCR system performance and deferral to 2022 of outage work scheduled for 2021contributed to the variance.

The offsetting variance for Martin is due to unplanned SCR/ammonia grid cleaning in November 2021.

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 45 – 800 MW Unit ESP. Please explain the 21.0 percent decrease in O&M expenses for Project 45.

RESPONSE:
The O&M decrease of 21.0 percent, or $15,752 was primarily due to improved performance of the 800 MW ESP systems, which required less maintenance.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's 2nd Set of Interrogatories
Interrogatory No. 7

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 47 – NPDES Permit Renewal requirements. Please explain the 971.24 percent increase in O&M expenses for Project 47.

RESPONSE:
Project expenses are $-45,357, which is $41,123 lower than the $-4,234 estimate provided in the 2021 Actual/Estimated True-Up filing. There was a decrease in expenses, which caused the credit balance to increase. The variance is primarily due to a reduction to the scope of the required Total Residual Oxidants (TRO) mixing zone evaluation project for Port St. Lucie (PSL). The project scope was reduced from a TRO mixing zone evaluation to a chlorine dioxide dilution and decay evaluation because PSL converted from sodium hypochlorite to chlorine dioxide for water treatment purposes. The cost to conduct the chlorine dioxide dilution and decay evaluation was less than the expected TRO mixing zone evaluation.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's 2nd Set of Interrogatories
Interrogatory No. 8

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 48 – Industrial Boiler MACT. Please explain the 70.0 percent decrease in O&M expenses for Project 48.

RESPONSE:
The 70.0% or $22,169 decrease in O&M expenses is primarily due to planned testing of the West County Energy Center auxiliary boiler, which was not performed due to the modification of the boiler.

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 50 – Steam Electric Effluent Guidelines Revised Rules. Please explain the 78.57 percent increase in the O&M expenses for Project 50.

RESPONSE:
The 78.57 percent increase, or $34,357 increase in O&M expenses, was primarily due to higher than projected costs of studies required to evaluate technologies for complying with the Effluent Limitations Guidelines Rule.

QUESTION:
For the following questions, please refer to FPL witness Deaton's direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 75.

FPL's Project 51 – Gopher Tortoise Relocations. Please explain the 85.56 percent decrease in O&M expenses for Project 51.

RESPONSE:
The 85.56 percent, or $33,816 decrease in O&M expenses is primarily due to fewer gopher tortoises needing to be relocated than planned in 2021.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's 2nd Set of Interrogatories
Interrogatory No. 11

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 9 of 75.

FPL's Project 8 – Oil Spill Clean-up/Response Equipment. Please explain the 9.08 percent increase in Capital investment for this project.

RESPONSE:
The 9.08 percent, or $17,245 variance is associated with the Ft. Myers Permanent Oil Boom project. There was a scope increase needed to redesign and reconstruct the shoreline embankment on each side of the discharge canal to stabilize and provide solid foundations for anchoring the concrete and sheet pile boom structure. Additionally, there was a substantial increase in the amount of concrete and other materials needed.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's 2nd Set of Interrogatories
Interrogatory No. 12

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 9 of 75.

FPL's Project 123 – The Protected Species Project. Please explain the 27.75 percent decrease in Capital investment for this project.

RESPONSE:
The 27.75 percent or $5,056 decrease in revenue requirements is primarily due to delays in project development. FPL is working with the National Marine Fisheries Service to determine the appropriate path forward for the project, including the design of the proposed barrier at the Ft. Myers Plant and the timing of implementation.

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 9 of 75.

FPL's Project 124 – FPL Miami-Dade Clean Water Recovery Center. Please explain the 85.52 percent decrease in Capital investment for this project.

RESPONSE:
The 85.52 percent, or $33,632 variance is primarily due to FPL's decision to consolidate contracting. Originally, FPL planned on having separate Engineering, Procurement and Construction (EPC) contracts for the waterline and Clean Water Recovery Center project components. However, FPL subsequently decided to utilize one EPC contract for both components. Utilizing a single EPC contract resulted in the deferral of certain engineering costs into 2022. This deferral does not result in a change to the overall project cost.

QUESTION:
For the following question, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 23 of 75.

FPL's Project 7 – Relocate Turbine Lube Oil Underground Piping to Above Ground. Please explain why the depreciation expense (line 8a) decreased by $1,557 from February to March 2021.

RESPONSE:
The $1,557 decrease in depreciation expense from February to March 2021 was due to the over-depreciation of the Plant-In-Service for this project. The depreciation rate and reserve were adjusted in order to bring the Net Investment to zero.

QUESTION:
For the following question, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 26 of 75.

FPL's Project 8 – Oil Spill Clean-up/Response Equipment. Please explain why the depreciation expense (line 8a) fluctuated throughout the different months of 2021.

RESPONSE:
Depreciation expense fluctuated during the months of 2021 due to the different plant additions and retirements, which impact the plant in service/depreciation upon which depreciation expense is based.

- For those months in which retirements exceed plant additions, the plant in-service will be lower than the prior month and therefore the depreciation expense will be lower, as well (example: Jan and Feb).

- For months with no additions or retirements, the plant in service and depreciation expense is unchanged from the prior month.

- For those months with plant additions exceeding retirements the plant in-service and depreciation expense will be higher than the prior month.

QUESTION:
For the following question, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 27 of 75.

FPL's Project 8 – Oil Spill Clean-up/Response Equipment. Please explain why the depreciation expense (line 8a) fluctuated throughout the different months of 2021.

RESPONSE:
Please see response to Staff's Second Set of Interrogatories No. 15.

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 55.

Gulf's Project 2 – Air Emission Fees. Please explain the 18.1 percent decrease in O&M expenses for Project 2.

RESPONSE:
The 18.1 percent, or $41,668 decrease in air emission fees is primarily due to Plant Daniel air emission fees being less than projected for the second half of 2021. The actual generation and associated emissions were lower than forecasted due to an unplanned outage on Daniel Unit 2.

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 55.

Gulf's Project 8 – State NPDES Administration. Please explain the 16.2 percent decrease in O&M expenses for Project 8.

RESPONSE:
The 16.2% or $6,650 decrease in Project 8 is primarily due to an error in recording the projected cost for the annual State NPDES Administration fee. Costs associated with the NPDES industrial wastewater permit sampling were incorrectly included on Project 8 rather than Project 427. The actual costs were booked correctly to Project 427, resulting in the variance.

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 55.

Gulf's Project 12 – Above Ground Storage Tanks. Please explain the 9.0 percent decrease in O&M expenses for Project 12.

RESPONSE:
The 9.0 percent, or $23,786 decrease in Project 12 is primarily due to rescheduling the Line Equipment Service Center fuel tank repairs from December 2021 to the first half of 2022. Additional time was needed to finalize the scope of work.

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 4 of 55.

Gulf's Project 22 – Crist Combustion Residuals. Please explain the 9.7 percent decrease in O&M expenses for Project 22.

RESPONSE:
The 9.7 percent, or $23,334 decrease in Gulf's Project 22, which is the Crist Water Conservation project, is primarily due to costs associated with completing installation of the new cooling tower chemical tanks being rescheduled from late 2021 to early 2022. The chemical tanks are needed to treat reclaimed water utilized in the cooling tower.

QUESTION:

For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 17 of 55.

Gulf's Project 6 – Substation Contamination Remediation – Distribution.

a. Please explain why the Plant-in-Service/Depreciation Base (line 2) has a beginning balance of $3,547,349 when the ending balance from Gulf's 2020 True-Up was $2,906,667.

b. Please explain why the Accumulated Depreciation (line 3) has a beginning balance of $378,797 when the ending balance from Gulf's 2020 True-Up was $1,019,477.

RESPONSE:

a-b. In Gulf's 2020 Final True-up filing (FTU), the schedules reported an end of period plant in service and accumulated depreciation balance of $2,906,667 and $1,019,447, respectively. However, it was later discovered that some assets were accounted for in the incorrect strata. The plant additions in the amount of $1,194,932 and cost of removal in the amount of $554,252 were reclassified from the transmission to the distribution strata. Gulf's accumulated depreciation and CWIP decreased by the same amount; therefore there is no change to net investment or revenue requirements as shown on Exhibit RLH-1, page 17 of 55 line 5 filed on April 1, 2021, and shown on Exhibit RBD-1, page 17 of 55, line 5 filed on April 1, 2022.

Gulf's ledger reflected the correct balances, and the additional beginning balance detail was reflected in the 2021 Actual/Estimated filing submitted on July 30, 2021.

Transmission	PIS	CWIP	Net Investment	**Distribution**	PIS	Accum Depr.	Net Investment
2020 FTU End balance	$1,534,089	($709,166)	$774,366	2020 FTU End balance	$2,906,667	$1,019,477	$3,934,192
Plant additions	($1,194,932)	$1,194,932	$0	Plant additions	$1,194,932	($1,194,932)	$0
Cost of removal	$0	$0	$0	Cost of removal	($554,252)	$554,252	$0
2021 FTU Beg balance	$339,158	$485,766	$774,364	2021 FTU Beg balance	$3,547,347	$378,797	$3,934,194

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 18 of 55.

Gulf's Project 6 – Substation Contamination Remediation – Transmission.
a. Please explain why the Plant-in-Service/Depreciation Base (line 2) has a beginning balance of $339,159 when the ending balance from Gulf's 2020 True-Up was $1,534,089.

b. Please explain why the CWIP – Non Interest Bearing (line 4) has a beginning balance of $485,766 when the ending balance from Gulf's 2020 True-Up was negative $709,166.

RESPONSE:
a-b. Please see FPL's response to Staff Interrogatory No. 21. In Gulf's 2020 Final True-up filing (FTU), the schedules reported an end of period plant in service and CWIP – Non-Interest-Bearing balance of $339,159 and $1,534,089, respectively. However, it was later discovered that the plant additions in the amount of $1,194,932 was inadvertently account for in the transmission strata. The amount was reclassified from the transmission strata to the distribution strata. Gulf's CWIP decreased by the same amount; therefore there is no change to net investment or revenue requirements as shown on Exhibit RLH-1, page 18 of 55 line 5 filed on April 1, 2021, and shown on Exhibit RBD-1, page 18 of 55, line 5 filed on April 1, 2022.

Gulf's ledger reflected the correct balances, and the additional beginning balance detail was reflected in the 2021 Actual/Estimated filing submitted on July 30, 2021.

Transmission	PIS	CWIP	Net Investment	**Distribution**	PIS	Accum Depr.	Net Investment
2020 FTU End balance	$1,534,089	($709,166)	$774,366	2020 FTU End balance	$2,906,667	$1,019,477	$3,934,192
Plant additions	($1,194,932)	$1,194,932	$0	Plant additions	$1,194,932	($1,194,932)	$0
Cost of removal	$0	$0	$0	Cost of removal	($554,252)	$554,252	$0
2021 FTU Beg balance	$339,158	$485,766	$774,364	2021 FTU Beg balance	$3,547,347	$378,797	$3,934,194

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 24 of 55.

Gulf's Project 11 – Crist Bilk Tanker Unloading Second Containment – Base.
a. Please explain why the Plant-in-Service/Depreciation Base (line 2) has a beginning balance of $50,748 when the ending balance from Gulf's 2020 True-Up was $101,495.

b. Please explain why the Accumulated Depreciation (line 3) has a beginning balance of negative $41,024 when the ending balance from Gulf's 2020 True-Up was negative $91,771.

RESPONSE:

a-b. In October 2020, there were retirements made that were not itemized on the Excel Schedules used for the 2020 Final True-up filing submitted on April 1, 2021 resulting in the mismatch between 2020 and 2021 balances. However, the net investments ending balance for 2020 from the Final True-up filed April 1, 2021, Exhibit RLH-1, page 26 of 55 line 5, matches the beginning balance for 2021 from the Final True-up filed April 1, 2022, Exhibit RBD-1 page 24 of 55 line 6. The Company's ledger reflected the correct balances from October 2020 and the additional beginning balance detail was added for the Actual/Estimated filing submitted on July 30, 2021 and the 2021 Final True-up filing submitted on April 1, 2022.

QUESTION:
For the following questions, please refer to FPL's witness Deaton direct testimony filed April 1, 2022, Exhibit RBD-1, page 26 of 55.

Gulf's Project 13 – Sodium Injection System – Base.
a. Please explain why the Plant-in-Service/Depreciation Base (line 2) has a beginning balance of $0 when the ending balance from Gulf's 2020 True-Up was $284,622.

b. Please explain why the Accumulated Depreciation (line 3) has a beginning balance of $134,738 when the ending balance from Gulf's 2020 True-Up was negative $149,884.

RESPONSE:
a-b. In October 2020, there were retirements made that were not itemized on the Excel schedules used for the 2020 Final True-up filing submitted on April 1, 2021 resulting in the mismatch between 2020 and 2021 balances. However, the net investments ending balance for 2020 from the Final True-up filed April 1, 2021, Exhibit RLH-1, page 26 of 55 line 5, matches the beginning balance for 2021 from the Final True-up filed April 1, 2022, Exhibit RBD-1 page 26 of 55 line 6. Gulf's ledger reflected the correct balances from October 2020 and the additional beginning balance detail was added for the 2021 Actual/Estimated filing submitted on July 30, 2021 and the 2021 Final True-up filing submitted on April 1, 2022.

QUESTION:
For the following question, please refer to FPL's witness MacGregor direct testimony filed April 1, 2022.

Please refer to page 4, lines 21 through 23, and page 5, lines 1 through 2. New Project – CT NESHAP Project.
a. FPL projected an initial and continued annual compliance cost of $380,000. Please indicate how much of this amount is for the initial cost and how much is for the continued annual compliance cost.
b. Would there be different costs associated with testing at different CT units? If so, please provide an estimate of the initial and annual costs per unit.
c. What would the rate impact be for this project?

RESPONSE:

a. FPL is projecting an estimated initial compliance cost of $380,000 for emission stack testing to demonstrate compliance with the EPA standard at those affected CTs. At this time FPL is estimating that annual compliance testing costs will be the same as initial compliance testing. Until the Florida Department of Environmental Protection provides annual testing requirements in the affected facility operating permits, FPL cannot know if demonstration of compliance can be made through less rigorous testing.

b. Testing cost is based on contractor mobilization and demobilization costs for travel to each facility and then a per stack fee for compliance testing. Currently, the estimated testing cost per stack is approximately $5,500. Facilities with fewer affected units may have a higher cost per stack test as mobilization and demobilization costs are spread across fewer units.

c. The rate impact of $380,000 on a 1,000 kWh bill for residential customers in 2022, would be less than $0.01.

QUESTION:
Please refer to page 7, lines 8 through 11. Project 5a – Maintenance of Stationary Above Ground Fuel Storage Tanks.

a. Please explain why the tank repainting and repair work was cancelled at Manatee Plant and Port Manatee.

b. Will this work be rescheduled? If so, when? If not, why not?

RESPONSE:
a-b. At the time of FPL's 2021 Actual/Estimated True-Up filing in Docket No. 20210007-EI, the tank repainting and repair work at the Manatee plant was expected to be cancelled due to the anticipated retirement and dismantlement of the plant. However, because retirement of the Manatee plant has been postponed, the work is still required (per the results of recently completed external inspections) and has been rescheduled to the third quarter of 2022.