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FPL's response to Staff's Fifth Set of Interrogatories Nos. 43-57

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 2: Low NOx Burner Technology. Please explain why the capital costs are projected to be $402,777 higher in 2023 compared to 2022?

RESPONSE:
The $402,777 increase in capital costs is associated with additional regulatory asset amortization associated with the early retirement of coal equipment at the Gulf Clean Energy Center (GCEC), which had been deferred in accordance with Order No. PSC-2021-0115-PAA-EI, Docket No. 20210007-EI, dated March 22, 2021. The additional amortization is related to GCEC plant investments that were retired in prior years but were commingled within plant in-service depreciation groups, therefore they were inadvertently excluded from the originally estimated capital recovery schedule.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's Fifth Set of Interrogatories
Interrogatory No. 44
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QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 3: Continuous Emission Monitoring Systems (CEMS). Please explain why the operation and maintenance (O&M) expenses are projected to be $373,269 lower in 2023 compared to 2022?

RESPONSE:
The Continuous Emissions Monitoring Systems (CEMS) operation and maintenance (O&M) expenses are projected to be $373,269 lower in 2023 compared to 2022 primarily due to lower projected operational capacity factors at Plant Daniel Units 1 and 2.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 23: Spill Prevention, Control, and Countermeasures (SPCC) Program. Please explain why the capital costs are projected to be $350,386 higher in 2023 compared to 2022?

RESPONSE:
The $350,386 increase in capital costs is associated with installation of a new upgraded liner for Martin Units 3, 4, and 8 diesel tank secondary containment, a new oil/water separator system at Martin, and a new permanent oil containment boom at the Gulf Clean Energy Center.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 27: Lowest Quality Water Source (LQWS). Please explain why the capital costs are projected to be $368,812 higher in 2023 compared to 2022?

RESPONSE:
The $368,812 increase in capital costs is primarily associated with the Sanford water conversion project. The water conversion project includes engineering, design, and construction of a new surface water connection and abandonment of two existing groundwater supply wells. The Sanford consumptive use permit requires the elimination of groundwater use by August 1, 2023, except as a back-up supply. The groundwater supply wells are required to be abandoned by August 1, 2024.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 28: CWA 316(b) Phase II Rule. Please explain why the capital costs are projected to be $404,492 higher in 2023 compared to 2022?

RESPONSE:
The $404,492 increase in capital costs is associated with continued investment in the Ft. Myers 316(b) compliance project. The Ft. Myers Plant will begin upgrading its traveling water screens and installing an aquatic organism return system to comply with Section 316(b) of the Clean Water Act (CWA) in 2023.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 34: St. Lucie Cooling Water System Inspection and Maintenance. Please explain why the capital costs are projected to be $247,014 higher in 2023 compared to 2022?

RESPONSE:
The $247,014 increase in capital costs was associated with projected investment for a turtle excluder device. Since the preparation of the 2023 projection schedules, FPL has received the final Biological Opinion ("BO") which was issued by the National Marine Fisheries Service. The BO requires FPL to design, test, construct, and implement a deterrent at the three St. Lucie intake structures that will result in at least a 40% reduction of protected species taken in a 3-year reporting period. The deterrent must be operational by January 1, 2028.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's Fifth Set of Interrogatories
Interrogatory No. 49

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 37: DeSoto Next Generation Solar Energy Center. Please explain why the capital costs are projected to be $158,441 lower in 2023 compared to 2022?

RESPONSE:
The $158,441 decrease in capital costs is associated with the decrease in the return on average net investment. The net investment decreased by $4.7 million due to monthly depreciation and dismantlement and only minor plant investment additions through December 2023.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's Fifth Set of Interrogatories
Interrogatory No. 50

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 38: Space Coast Next Generation Solar Energy Center. Please explain why the capital costs are projected to be $292,092 lower in 2023 compared to 2022?

RESPONSE:
The $292,092 decrease in capital costs is associated with an oversight in the 2023 projection that omitted capital lease amortization. The forecasted amortization expense will be captured in the 2023 true-up filing.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 41: Manatee Temporary Heating System (MTHS).

a. **Please explain why the O&M expenses are projected to be $302,193 higher in 2023 compared to 2022?**

b. **Please explain why the capital costs are projected to be $2,171,523 lower in 2023 compared to 2022?**

RESPONSE:

a. The increase of $302,193 in O&M expenses in 2023 is primarily attributed to the projected vendor milestone payment for the Cape Canaveral Energy Center Manatee Heating System being greater in 2023 than 2022.

b. The $2,171,523 decrease in the capital costs is associated with the reduction of depreciation expense due to the Manatee Temporary Heating System (MTHS) at the Fort Lauderdale plant being fully depreciated in 2022 in accordance with Order No. PSC-2018-0014-FOF-EI issued in Docket No. 20180007-EI.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's Fifth Set of Interrogatories
Interrogatory No. 52
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QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 50: Steam Electric Effluent Limitation Guidelines Revised Rule.

a. **Please explain why the O&M expenses are projected to be $5,943,163 higher in 2023 compared to 2022?**

b. **Please explain why the capital costs are projected to be $167,818 higher in 2023 compared to 2022?**

RESPONSE:

a. The increase of $5,943,163 in O&M expenses in 2023 is associated with retirement of Scherer 4. Since Scherer Unit 4 is retired, FPL can no longer capitalize Effluent Limitation Guidelines (ELG) compliance costs associated with its common ownership portion of Unit 4 leading to an increase in O&M expenses.

b. The $167,818 increase in capital costs is associated with continued investment in Scherer Unit 3 ELG compliance projects. A feasibility study was recently completed to evaluate technologies being considered for ELG compliance and Plant Scherer is currently planning to utilize Vibratory Shear Enhanced Processing membrane technology. A constructability study is scheduled for third quarter 2022 with a full-scale optimization pilot scheduled to begin in fourth quarter 2022. Capital cost projected for 2023 include engineering and other pre-construction activities.

Florida Power & Light Company
Docket No. 20220007-EI
Staff's Fifth Set of Interrogatories
Interrogatory No. 53

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 54: Coal Combustion Residuals.

a. **Please explain why the O&M expenses are projected to be $4,651,665 higher in 2023 compared to 2022?**

b. **Please explain why the capital costs are projected to be $4,122,222 higher in 2023 compared to 2022?**

RESPONSE:

a. The increase in O&M expenses in 2023 is associated with the retirement of Scherer 4. Since Scherer Unit 4 is retired, we can no longer capitalize Coal Combustion Residuals (CCR) compliance costs associated with FPL's ownership portion of Unit 4 leading to an increase in O&M expenses.

b. The $4,122,222 increase in capital costs is associated with increased depreciation and return on investment due to the increase in investment associated with completing construction of the Smith and Scholz ash pond closure projects.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 124: FPL Miami-Dade Clean Water Recovery Center (CWRC) Project. Please explain why the capital costs are projected to be $10,230,693 higher in 2023 compared to 2022?

RESPONSE:
The increase in capital costs is due to the fact that the project will undergo a full year of construction in 2023. The 2022 estimates were significantly lower than 2023 projections because construction began in the third quarter of 2022, thereby capturing less than a full year of construction costs. Construction activities related to this project are anticipated to continue until the end of 2024.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 402: GCEC 5, 6 & 7 Precipitator Projects. Please explain why the capital costs are projected to be $249,127 higher in 2023 compared to 2022?

RESPONSE:
The $249,127 increase in capital costs is associated with additional regulatory asset amortization associated with the early retirement of the Gulf Clean Energy Center (GCEC) coal equipment, approved by the Commission in Order No. PSC-2021-0115-PAA-EI, Docket No. 20210007-EI, dated March 22, 2021.

The additional amortization is related to GCEC plant investments that were retired in prior years but were commingled within plant in-service depreciation groups. Therefore, they were inadvertently excluded from the originally estimated capital recovery schedule.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 419: GCEC FDEP Agreement for Ozone Attainment. Please explain why the capital costs are projected to be $160,654 higher in 2023 compared to 2022?

RESPONSE:
FPL interprets the question to be asking why the capital costs are projected to be $160,654 *less* in 2023 compared to 2022.

The $160,654 decrease in capital costs is associated with the decrease in the return on average net investment. The net investment decreases by $4.2 million by the end of 2023 due to monthly depreciation and amortization and no plant investment through December 2023.

QUESTION:
For the following question, please refer to FPL witness Deaton's direct testimony filed August 26, 2022, Exhibit RBD-4, Form 42-5P.

Project No. 427: General Water Quality. Please explain why the capital costs are projected to be $657,597 higher in 2023 compared to 2022?

RESPONSE:
The $657,597 increase in capital costs is associated with the ongoing GCEC Closed Ash Landfill (CAL) construction project. As discussed in the FPL Project Description and Progress Report, ECRC Form 42-5P, the surface of the CAL will be regraded and then capped with a low permeability synthetic material to reduce water infiltration, to provide separation of ash and stormwater, and to provide stability improvements as recommended in the FDEP approved action plan. The GCEC industrial wastewater permit and FDEP Order 17-1224 require the plant to complete FDEP-approved rehabilitation actions by July 23, 2023 for the CAL. These costs will continue into 2023.