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FPL's response to staff's second set of interrogatories Nos. 4-9

(Including Attachments)

QUESTION:
Please refer to the Direct Testimony of Michael Jarro, filed April 1, 2022, covering the Storm Protection Plan Cost Recovery Clause Final True-Up for the period January 1, 2021 through December 31, 2021.

a. Page 7, line 19 – Please provide all specific examples where the "acceleration of a project" variance did increase the total overall cost of a project. If there are no specific examples, please answer "none."

b. Page 8, line 3 – Please provide all specific examples where the "project delay impact" variance did increase the overall cost of a project. If there are no specific examples, please answer "none."

c. Page 8, line 12 – Please provide all specific examples where the "project estimate change" variance did not increase the overall cost of a project. If there are no specific examples, please answer "none."

RESPONSE:
a. Exhibits MJ-1 and MJ-2 attached to the Direct Testimony of Michael Jarro filed on April 1, 2022, show the variances in the actual total SPP project spend incurred during calendar year 2021, including those variances associated with accelerated projects. Exhibits MJ-1 and MJ-2 do not provide variances in the overall total cost for SPP projects, nor are such variances required by Rule 25-6.031(7)(c), (d), F.A.C. Importantly, as shown in Exhibits MJ-1 and MJ-2, SPP projects can take multiple years to complete, and it is unknown whether the total overall cost for a SPP project increased or decreased until the individual project has been completed.

   As explained on pages 7-8 of the Direct Testimony of Michael Jarro filed on April 1, 2022, generally accelerated projects result in a greater proportion of the overall project cost being incurred sooner rather than later, but the overall estimated cost for the project typically remains the same. An accelerated project could result in greater spend being incurred for a project during an earlier year and less spend incurred in a later year. However, FPL managed the 2021 SPP projects at the program level to ensure that the total SPP program spend incurred during calendar year 2021 remained consistent with the costs projected in the Commission approved 2020-2029 Storm Protection Plan.

b. Exhibits MJ-1 and MJ-2 attached to the Direct Testimony of Michael Jarro filed on April 1, 2022, show the variances in the actual total SPP project spend incurred during calendar year 2021, including those variances associated with delayed projects. Exhibits MJ-1 and MJ-2 do not provide variances in the overall total cost for SPP projects, nor are such variances required by Rule 25-6.031(7)(c), (d), F.A.C. Importantly, as shown in Exhibits MJ-1 and MJ-2, SPP projects can take multiple years to complete, and it is unknown whether the total overall cost for a SPP project increased or decreased until the individual project has been completed.

   As explained on page 8 of the Direct Testimony of Michael Jarro filed on April 1, 2022, delayed projects result in a smaller proportion of the overall project cost being incurred later than originally estimated, but the overall estimated cost for the project typically remains the same. A delayed project could result in less spend being incurred for a project during an earlier year and more spend incurred in a later year. However, FPL managed the 2021 SPP projects at the program level to ensure that the total SPP program spend incurred during calendar year 2021 remained consistent with the costs projected in the Commission approved 2020-2029 Storm Protection Plan.

c. Exhibits MJ-1 and MJ-2 attached to the Direct Testimony of Michael Jarro filed on April 1, 2022, show the variances in the actual total SPP project spend incurred during calendar year 2021, including those variances associated with project estimate/scope change. Exhibits MJ-1 and MJ-2 do not provide variances in the overall total cost for SPP projects, nor are such variances required by Rule 25-6.031(7)(c), (d), F.A.C. Importantly, as shown in Exhibits MJ-1 and MJ-2, SPP projects can take multiple years to complete, and it is unknown whether the total overall cost for a SPP project increased or decreased until the individual project has been completed.

   As explained on page 8 of the Direct Testimony of Michael Jarro filed on April 1, 2022, unlike the drivers that result in a change in spend incurred during the year due to the timing of when the work is being completed (either being accelerated or delayed), changes to a project estimate may result in a change to the overall cost of a project cost.

   For purposes of responding to Staff's Second Set of Interrogatories No. 4(c), the following are examples of SPP projects identified in Exhibits MJ-1 and MJ-2 as completed in calendar year 2021 that have decreased in overall total project cost due to project estimate/scope change:

Distribution Lateral Hardening Program

1. Multiple laterals were combined under one project. The decision to combine laterals into a single project is made during the detailed design phase of the project. Considerations that go into the decision are the electrical load of the homes on each lateral, the proximity of the services on each lateral to one another, and the general layout of the roads or neighborhood. The lateral hardening design process dictates that the most reliable and efficient means of engineering design and construction are utilized for the new installations. This will not always be in line with how the overhead lateral was originally installed. Combining laterals into a single project improves efficiency of labor and resources. Completed projects listed in MJ-1 with zero actual costs associated fall under this example.

2. Through the previously approved lateral underground projects, FPL gained valuable information regarding design and construction efficiencies that reduced the overall cost of underground projects. An example of one such efficiency is the bundling of multiple primary conduits in the same bore path. During design, FPL identified opportunities to limit the overall footage of directional boring by running multiple conduits in the same path. This reduces construction costs without sacrificing electrical load capacity or reliability. An example of this is Lateral #66365754910E (Turnpike 406163) identified on Exhibit MJ-1.

3. The total overall spend for certain lateral underground projects was less than initially estimated due to the actual project costs being less than the historical average cost per lateral. The estimated costs are determined utilizing historical average undergrounding cost per lateral. Some projects will be under that initial estimate due to favorable conditions, including field conditions, permit, traffic, and environmental factors. An example of this is lateral #51374722101 (Whitfield 500834) identified on Exhibit MJ-1.

Transmission Hardening Program

1. Norris-Osteen 115kv [0716] transmission line (Phase 9 of 10 of the Norris-Geneva projection): Original scope of the project was to harden nineteen (19) wooden transmission structures with an initial estimated spend of $1,056,300. During the engineering design phase, field conditions indicated (a) no maintenance of traffic plans were required at these locations, and (b) access to these specific transmission structures did not require additional costs of matting or specialized equipment. This project scope change resulted in a lower total overall spend of $194,823 for the project.

2. Horizon Solar-Putnam 115KV [0925] transmission line (Phase 2 of 4 of the McMeekin-Interlachen Tap project: Original scope of the project was to harden fifteen (15) wooden transmission structures with an initial estimated spend of $1,004,500. During the engineer design phase, field conditions reduced the number of locations requiring physical work from 15 to 7 structures. Field conditions confirmed 8 structures did not require physical work as they were already hardened and, as such, only required updates of the pole material information in the asset management program. This project scope change resulted in a lower total overall spend of $227,397 for the project.

Transmission Substation/Resiliency Program (Exhibit MJ-2 – former Gulf service area)

For the each of the Blackwater, Avalon, and Innerarity distribution substation transformer bank projects identified in Exhibit MJ-2 for the former Gulf service area, the original estimated spend included assumptions of equipment and labor needed for the project that were later determined not to be needed. During the detailed design phase for each of these projects, engineering determined certain existing equipment, such as existing switches and connections for mobile equipment, did not need to be replaced as part of the projects. The project scope change for each of these projects resulted in a lower total overall spend for these three projects.

QUESTION:
Please refer to the May 2, 2022 testimony of Renae B. Deaton, Actual/Estimated, Exhibit RBD-3, pages 8-14 of 15.

a. Please provide the depreciation rate used for each of these accounts. For composite rates, please provide a calculation with formulas intact showing how the rate was derived.

b. Using Account 601 – Pole Inspections – Distribution, page 8 of 15 as an example, please provide the calculation, with formulas intact, that was used for the depreciation expense represented on line 8a.

RESPONSE:
a.-b. FPL calculates actual depreciation expense in its PowerPlan fixed asset subledger system and forecasts depreciation expense in its Utilities International financial forecast model. Therefore, it does not maintain calculations within a file with all formulas intact. However, FPL has prepared a manual calculation demonstrating the calculations in each system in Attachment No. 1 for each program included in FPL's 2022 Actual/Estimated SPPCRC filing. Note, the individual plant account and composite depreciation rates reflected in FPL's 2022 Actual/Estimated SPPCRC Filing were approved by the Commission in Order No. PSC-2021-0446-S-EI, Docket No. 20210015-EI.

In preparing this response, FPL identified three depreciation groups that were assigned incorrect depreciation rates for the forecasted period March 2022 through December 2022. As a result, projected depreciation expense for this period is understated by $6,380, as shown on Attachment 1, tab "Impact of Incorrect Rates." FPL proposes to not revise its 2022 Actual/Estimated SPPCRC Filing for this immaterial amount and capture any difference in depreciation expense between its filed 2022 Actual/Estimated SPPCRC Filing and actuals when it files its 2022 SPPCRC Final True-Up.

QUESTION:
For the following questions, please refer to Florida Power & Light Company's Petition for Approval of the 2022 Actual/Estimated Storm Protection Plan Cost Recovery Clause True-Up and the 2023 Projected Storm Protection Plan Cost Recovery Clause Factors (the Petition) (Document No. 02751-2022), filed May 2, 2022, and Schedules 2.1, 3.1, and 3.2 of FPL's 2022 Ten Year Site Plan (TYSP).

a. Please explain why FPL's Residential 2023 "Projected Sales at Meter (kwh)" in the amount of 67,365,434 MWh, as appears in Attachment A, Form 5P of the Petition, does not match FPL's forecasted 2023 "Rural and Residential GWH" of 67,488,000 MWh, as shown in Schedule 2.1 "Business as Usual Case" of FPL's 2022 TYSP.

b. Please explain how FPL's "Projected Billed KW at Meter (KW)" figures appearing in Attachment A, Form 5P of the Petition, relate to the peak demand forecasts reflected in Schedules 3.1 and 3.2 of FPL's 2022 TYSP.

RESPONSE:
a. See the reconciliation of the differences between the Residential Revenue Class information provided in FPL's 2022 TYSP and the RS-1/RTR-1 Rate Class information provided in Attachment A, Form 5P below:

Item	MWh
Residential Revenue Class (TYSP Schedule 2.1)	**67,487,685**
Less: Residential DSM Reduction	81,004
Net	**67,406,681**
Less: Residential Lighting	41,247
RS-1/RTR-1 Rate Class (Attachment A, Form 5P)	**67,365,434**

b. The Projected Billed kW at Meter (kW) is calculated by dividing the projected sales at meter for each rate class by the Non-Coincident Peak (NCP) load factor for each rate class. The NCP load factor is derived using the average monthly NCP kW by rate class per load research. NCP is defined as the sum of the monthly peak demands for all customers within each rate class, regardless of when they occur.

The Peak Demand MW forecasts per Schedules 3.1 and 3.2 of FPL's 2022 TYSP, represent the summer and winter peaks for each rate class that are coincident (occur at the same time as) with the FPL total system peak. (also known as the coincident peak or CP).

Further, during the course of drafting this response, a formula error was discovered within the kW billing demand calculations shown on Attachment A, Form 5P. The net impact by rate class compared to the projection filing is shown below. FPL will file an errata for Attachment A, Form 5P reflecting the correction.

	$/kW		
Rate Class	Filed	Corrected	Difference
GSD1/GSDT1/HLFT1/GSDEV	0.70	0.70	0.00
GSLD1/GSLDT1/CS1/CST1/HLFT2/GSLD1EV	0.75	0.74	(0.01)
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.67	0.67	0.00
GSLD3/GSLDT3/CS3/CST3	0.10	0.11	0.01
CILC D/CILC G	0.68	0.69	0.01
CILC T	0.11	0.11	0.00
MET	0.79	0.75	(0.04)

QUESTION:
For each energy and demand forecast used to support the Company's billing determinants appearing in Attachment A, Form 5P of the Petition, please provide the annual actuals for calendar years 2016-2021 and the annual projections for 2022 and 2023.

RESPONSE:
Pursuant to our records retention policy, Attachment 1 provides unconsolidated kW and kWh annual data for the 12 full months of actuals that are available for 2018-2021. The 2022-2023 consolidated kWh annual projections were developed based on historical actuals. The 2022-2023 consolidated kW (demand) projections are derived by applying historical load factors from FPL's consolidated load research study to kWh projections.

QUESTION:
Please list the date(s) of all underlying forecasts that were used to formulate the billing determinants appearing in Attachment A, Form 5P of the Petition.

RESPONSE:
The underlying forecasts used to develop the billing determinants appearing in Attachment A, Form 5P of the Petition are consistent with those presented in the Company's 2022 Ten Year Site Plan (TYSP). These forecasts were finalized in the 4th quarter of 2021.

QUESTION:
Please identify all closed and open Commission dockets and all non-docketed Commission matters in which you submitted and sought Commission approval of the same load forecast used to support the Company's billing determinants appearing in Attachment A, Form 5P of the Petition.

RESPONSE:
The load forecasts used to support the Company's billing determinants appearing in Attachment A, Form 5P of the Petition are consistent with those presented in the Company's 2022 Ten Year Site Plan (TYSP). The following open FPSC docket is based on the same load forecast used in FPL's current TYSP planning period:

- 20220072-EQ - Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

There are no closed FPSC dockets or non-docketed FPSC matters that used the same load forecast.

DECLARATION

I, Thomas Allain, sponsored the answer to Interrogatory No. 4 from **Staff's Second Set of Interrogatories (Nos. 4-9)** to Florida Power & Light Company in Docket No. 20220010-EI, and the response is true and correct based on my personal knowledge.

Under penalties 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.

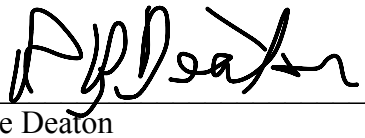
Thomas Allain

Date: July 6, 2022

DECLARATION

I, Renae Deaton, sponsored the answers to Interrogatory Nos. 6-9 and I co-sponsored the answer to Interrogatory No. 5 from **Staff's Second Set of Interrogatories (Nos. 4-9)** to Florida Power & Light Company in Docket No. 20220010-EI, and the responses are true and correct based on my personal knowledge.

Under penalties 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.



Renae Deaton

Date: _____

DECLARATION

I, Liz Fuentes, co-sponsored the answer to Interrogatory No. 5 from **Staff's Second Set of Interrogatories (Nos. 4-9)** to Florida Power & Light Company in Docket No. 20220010-EI, and the response is true and correct based on my personal knowledge.

Under penalties 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.

Liz Fuentes

Liz Fuentes

Date: 7/6/2022