STATE OF FLORIDA

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Public Service Commission

August 23, 2012

Mr. John T. Butler
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420

STAFF'S FIRST DATA REQUEST

Re: Docket No. 120015-EI - Petition for increase in rates by Florida Power & Light Company.

Dear Mr. Butler:

By this letter, the Commission staff requests that Florida Power & Light Company (FPL or utility) provide responses to the following data requests.

1. Please refer to paragraph 3(b) of the Stipulation and Settlement.

   a. For both the proposed CILC and CDR programs, please provide the assumptions and results of a participant test, rate impact measure test, and total resource cost test. All three tests should be performed using the credits as proposed in FPL's 2012 rate filing and the proposed settlement dated August 15, 2012.

   b. For both the proposed CILC and CDR programs, please provide an estimate of the total dollars of credits that will be charged to the energy conservation cost recovery clause using the credits as proposed in FPL's 2012 rate filing and the proposed settlement dated August 15, 2012.

   c. In its original petition, FPL requested a $5 minimum late payment fee. Please explain in detail the rationale for increasing that to $6 in the stipulation, and what are the additional revenues resulting from a $6 minimum late payment fee (when compared to the $5 fee)?

   d. What is the relationship between the Economic Development rider and the enumerated changes listed on paragraph 3(b)(ii) concerning the adjustments to the demand and energy charges for commercial rates, the demand credits and the relationship between the non-fuel energy and demand charges for the CILC rate?

   e. What adjustments were made to accommodate the increased CILC credit since the CILC rate schedule has no stated credit in the tariff?

f. Under the stipulation, does the CILC rate remain closed to new customers? If not, what is the rationale for opening this rate to new load?

g. If the intent is to reopen the CILC rate, how many additional customers does FPL expect to take service under the rate and what is the impact on other customers (base or cost recovery clauses) of reopening this rate?

h. Is it correct that the only "credits" to be adjusted under the GBRA increases are the Curtailable credit and the transformation rider?

i. Does the language in paragraph 3(a), which says the proposed rates are "based on the billing determinants, cost of service allocations and rate design in the MFRs accompanying the 2012 Rate Petition," mean that the rates are based on the use of the 12 CP and 1/13th average demand cost allocation methodology without the incorporation of the Minimum Distribution Methodology?

2. Please refer to paragraph 6 of the Stipulation and Settlement. In the next from the last sentence, the phrase "through a cost recovery clause" appears. Which cost recovery clause or clauses does this paragraph involve? As part of the answer to this question, state the cost categories that are the subject of this paragraph (cyber security, seismic and flood protection costs) and state the cost recovery clause for each category and tie each cost covered by this paragraph to a specific cost recovery clause.

3. Refer to paragraph 7(a) of the Stipulation and Settlement.

a. Per Section 7(a) of the proposed stipulation, FPL will continue to recover the annual non-fuel revenue requirement for West County Unit 3 (WCEC 3) through the capacity cost recovery clause (capacity clause) in the manner provided in the 2010 rate case stipulation. Will FPL continue to use a 10% return on equity in the calculation of the WCEC 3 annual non-fuel revenue requirement? If not, please explain.

b. Is it correct that the WCEC 3 annual revenue requirement capital structure includes only long-term debt and common equity, excluding all other sources of capital?

c. Provide a calculation of the overall rate of return for the WCEC 3 annual revenue requirement on a pre-tax and after-tax basis for 2011, 2012 and 2013 that has been or would be included in the capacity clause.

d. Provide a calculation of the WCEC 3 jurisdictional annual revenue requirement for 2011 (actual) and 2012 (projected) that has been included for recovery in the capacity clause.

e. Based on the WCEC 3 amounts included in the 2013 projected test year (as appropriate), provide a calculation of the 2013 WCEC 3 jurisdictional annual revenue requirement that would be included for recovery in the capacity clause pursuant to

Section 7 of the proposed stipulation. Please indicate if any of the amounts in the calculation are based on amounts from the need determination.

f. Please state the projected fuel savings for 2012 and 2013 and the annual non-fuel revenue requirement for West County Unit 3 for 2012 and 2013.

g. Does FPL expect the annual non-fuel revenue requirement for West County Unit 3 to exceed projected fuel savings for any year covered by this Stipulation and Settlement? Please explain.

h. Are the expenses included in the calculation of the WCEC 3 jurisdictional annual revenue requirement for recovery through the capacity clause based on actual amounts or on estimated amounts that were included in the need determination request?

i. If the WCEC 3 jurisdictional annual revenue requirement expenses are based on estimated amounts from the need determination, please provide a comparison between the actual expenses and the expenses recovered through the capacity clause for 2011 for O&M expenses, depreciation, property taxes, and income taxes.

4. Refer to paragraph 8(a) of the Stipulation and Settlement.

a. Per Section 8(c) of the proposed stipulation, is it correct that the capital structure to be utilized to calculate the GBRA will exclude short-term debt, preferred stock, customer deposits, deferred taxes and investment credits?

b. For both the WCEC 3 annual revenue requirement calculation and the GBRA calculation, is it correct that deferred taxes are treated as a reduction to rate base?

c. Provide a calculation of the WCEC 3 annual revenue requirement that is included in the proposed $516.5 million base rate increase in Docket No. 120015-EI.

d. For each of the three projects described in Section 8(a) of the proposed settlement, please provide the estimated revenue requirement for the first 12 months of operation. The estimated revenue requirements should also be separated by capital, fixed O&M, and variable O&M.

e. For each GBRA, why is it more appropriate to use the capital structure reflected in the MFR's for the Canaveral Step Increase than using the overall cost of capital for the 2013 test year?

f. For each GBRA, what is the difference in the revenue requirement using the capital structure reflected in the MFR's for the Canaveral Step Increase versus using the overall cost of capital for the 2013 test year?

g. What is the anticipated impact on a 1,000 kWh residential bill of the base rate increases due to the Riviera Modernization (2014)? For the Port Everglades Modernization Project (2016)?

5. Refer to paragraph 8(b) of the Stipulation and Settlement.

a. Section 8(b) provides that each GBRA is to be reflected on FPL's customer bills by increasing base charges and base credits by an equal percentage contemporaneously. Please provide the resulting estimated bill impact for each customer class as described in Section 8(b) for the years 2013, 2014, and 2016. Please provide a similar bill impact estimate assuming that the rates would be based on the cost of service methodology, billing determinants, and rate design in the MFRs accompanying the 2012 Rate Petition.

b. Please explain why the energy sales and revenues from West County 3 are excluded from the calculation of the GBRA as explained in Section 8(b)? What would be the resulting revenue requirement and bill impact if these revenues were not excluded from the GBRA calculation?

6. Please refer to Section 8(c). For each project subject to the proposed GBRA, please provide a side-by-side comparison of the return on equity and capital structure that was assumed in each project's determination of need proceeding and the capital structure and ROE being proposed in the settlement.

7. Section 8(f) describes the term of the proposed GBRA portion of the settlement. Please compare and contrast the proposed term of the GBRA described in Section 8(f) to that approved as part of the settlement approved in Docket 050045-EI and the proposal that was offered and denied in Docket No. 080677-EI. Also please provide a similar comparison and contrast to other portions of the GBRA proposal.

8. Please refer to paragraph 9(b) of the Stipulation and Settlement.

a. How does FPL intend to fund dismantlement activities at the time of plant shutdown if its dismantlement reserve is flowed-back to its current customers?

b. Would FPL's proposal to flow-back its current dismantlement reserve violate the regulatory principle whereas service costs are borne by the customers who receive the benefits of investment and not passed to future a generation of customers?

c. Is FPL aware of any other investor-owned electric utility that has been allowed to flow-back fossil plant dismantlement reserves? If so, please detail.

d. Does FPL currently have a theoretical reserve surplus in its Fossil Dismantlement Reserve? If yes, what is the calculated surplus amount?

9. Please refer to paragraph 12(a)(i) of the Stipulation and Settlement.

a. Please define the following terms: short-term wholesale sales, short-term wholesale purchases. As part of the definition, please distinguish these terms from long-term wholesale sales and purchases.

b. Are FPL's agreements to supply power to the City of Key West and Lee County Electric Cooperative a part of wholesale sales that will be affected by the provisions of paragraph 12? Please explain.

c. Are any other of FPL's long-term wholesale power supply agreements affected by the provisions of paragraph 12? Please explain.

d. How will a gain on a short-term wholesale purchase be calculated? Please provide a detailed example.

e. FPL has 2 BCF of firm gas storage at Bay Gas Storage in southern Alabama. Does FPL have any other firm gas storage?

f. FPL currently recovers the cost of gas storage - monthly storage reservation charges, fuel retention, commodity charges for injection and withdrawal, and monthly insurance charges - through the fuel cost recovery clause. In Docket No. 060392-EI, FPL represented that having firm gas storage will increase system reliability and reduce gas price volatility. How would these benefits be affected if FPL releases firm storage or sells gas in storage?

10. Please refer to paragraph 12(a)(ii) of the Stipulation and Settlement.

a. Currently, if FPL sells gas out of storage at a gain, is that gain credited to fuel costs? Please explain.

b. Currently, if FPL sells idle gas transportation or idle electric transmission short-term, are those sales recognized and treated for regulatory purposes? Please explain.

c. Currently, regarding delivered city-gate gas sales using existing transport, how are those sales recognized and treated for regulatory purposes?

d. Currently, regarding production (upstream) area sales, how are those sales recognized and treated for regulatory purposes?

e. Is FPL, or will FPL be, participating in the expansion of the Southeast Supply Header Pipeline and, if so, will this added pipeline capacity be part of "asset optimization" stated in paragraph 12? Please explain.

f. Under the second bullet on page 13, paragraph 12 (a) (ii) of the stipulation, (Delivered city-gate gas sales using existing Transport), to whom would FPL market the gas?

g. Under the third bullet under paragraph 12 (a) (ii) (Production (upstream) area sales), what types of entities would likely be buyers?

11. Please refer to paragraph 12(a)(iii) of the Stipulation and Settlement.

a. For 2012, FPL's estimated benchmark for gains on non-separated wholesale sales for purposes of calculating the shareholder incentive is $6,763,028. In paragraph 12(a)(iii), the sharing thresholds are $36 million and $10 million. Does FPL anticipate an increase in off system wholesale sales that will contribute to reaching these thresholds? Please explain and indentify and describe any anticipated increases in off-system sales.

b. Differentiate the impact on customer savings between the $36 million "Customer Savings Threshold" and the incremental $10 million "Additional Customer Savings."

c. Does the "Customer Savings Threshold" and the "Additional Customer Savings" apply to the same customer classes?

d. Does FPL anticipate new wholesale sales agreements, pipeline capacity, storage capacity, or gas sales opportunities that will contribute to reaching the thresholds in paragraph 12(a)(iii)? Please explain and identify these new activities.

e. Please refer to Order No. PSC-00-1744-PAA-EI, issued September 26, 2000. Explain how the provisions of this order governing gains on non-separated wholesale power sales (firm and non-firm) would be affected by this stipulation and settlement.

f. Are the references to paragraph 12(b)(i) correct?

12. Please refer to paragraph 12(b) of the Stipulation and Settlement.

a. Does variable power plant O&M costs that is incurred currently in off system wholesale sales include capital replacement parts? Please explain.

b. Regarding the O&M costs, can FPL provide an estimate of the 2013 amount?

c. Regarding the O&M costs, how will these costs be reported in the fuel clause proceeding?

d. Is it FPL's intent to recover the incremental O&M costs incurred in implementing its expanded short-term wholesale purchases and sales programs as well as the asset optimization measures, even if no gains as described in 12(a)(ii) are realized under the programs?

13. Please prepare a schedule in the format of MFR Schedule E-1, Attachment 3 of 3, for the increases proposed under the stipulation.

14. What is the impact on a 1,000 kWh residential bill, including base rates and clauses, of the stipulation in 2013? Please show all components separately.

15. Why were revised tariff sheets for the GS(T) rate schedules (Tariff sheets 8.101 and 8.103) omitted from the revised tariffs submitted with the stipulation? Is the intent to use the rates submitted in the original filing, MFR Schedule E-14, pages 4 and 5, or to simply not change the currently applicable sheets?

16. Has FPL conducted any migration analysis on the impact of the new rates? If so, have changes in billing determinants resulted from this adjustment? If not, why not?

Please file the original and five copies of the requested information by Friday, August 31, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6226 if you have any questions.

Sincerely,

Lisa C. Bennett

for Keino Young
Senior Attorney

KY:th

cc: Office of Commission Clerk
All Parties in Docket No. 120015-EI