

130001-EI

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1 CONFIDENTIAL

Florida Power & Light Company
Docket No. 130001-EI
Staff's 2nd Set of Interrogatories
Question No. 13
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Q.

For each Request for Proposal (RFP) for coal that Georgia Power Company/Southern Company Services issued in 2012 for Florida Power and Light's (FPL) interest in Scherer Unit 4, please provide the following information:

a) List the bids received. Include the supplier, tonnage bid, coal quality, and delivered price information, as well as the method and route of delivery.

b) Describe what action was taken for each RFP. Include in your response an explanation of the evaluation process and how successful proposals were selected.

A.

a) Georgia Power Company/Southern Company Services issued four (4) RFP's in 2012 for spot coal to supply Plant Scherer in the 3rd quarter, 4th quarter & December of 2012 and the 1st quarter of 2013. The suppliers, tonnage bid, coal quality and delivered price information are listed in the attachment.

All coal delivered to Plant Scherer is by rail in unit trains of 124 rapid discharge railcars. The Burlington Northern Santa Fe (BNSF) Railroad serves all coal mines located in Wyoming's Powder River Basin (PRB). Loaded trains are routed to Scherer via Memphis, TN. The Norfolk Southern Railroad (NS) accepts the trains from BNSF, in Memphis, for final delivery to the plant.

b) All bids were evaluated on a delivered cost per million btu basis.

No purchases were made from the bids solicited for the 3rd quarter of 2012.

Twenty trains, approximately 292,000 tons, were purchased from [REDACTED] (A) the low evaluated bidder, from the offers for the 4th quarter of 2012. Approximately 191,000 tons, of the total purchase, were for FPL.

No purchases were made from the bids solicited for December of 2012.

Twenty-one trains, approximately 304,000 tons, were purchased from [REDACTED] (B) the low evaluated bidder, from the offers for the 1st quarter of 2013. Approximately 247,000 tons, of the total purchase, were for FPL.

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4	Attachment						
5	Confidential						
6							
7							
8	Scherer						
9	RFP's Issued						
10	in 2012						
11							
12							
13		Supplier	Tonnage Bid	Coal Quality Btu/lb	% Sulfur	Delivered Price \$/mmbtu	
14							
15							
16	Q3 2012 Spot	[REDACTED]	45,000	8,800	0.35	2.211	
17			45,000	8,800	0.35	2.211	
18			45,000	8,800	0.24	2.226	
19			45,000	8,700	0.22	2.359	
20			45,000	8,400	0.35	2.545	
21							
22	Q4 2012 Spot			100,000	8,800	0.35	2.198
23				20,000	8,400	0.33	2.239
24				100,000	8,800	0.35	2.244
25				100,000	8,850	0.35	2.292
26				30,000	8,800	0.24	2.305
27				50,000	8,350	0.38	2.317
28				100,000	8,700	0.22	2.346
29				100,000	8,350	0.33	2.349
30				50,000	8,550	0.25	2.388
31				100,000	8,400	0.35	2.500
32							
33	Dec 2012 Spot			75,000	8,800	0.35	2.313
34				75,000	8,700	0.22	2.333
35				75,000	8,850	0.35	2.342
36				75,000	8,400	0.35	2.400
37				75,000	8,350	0.35	2.418
38							
39	Q1 2013 Spot			100,000	8,800	0.35	2.272
40				30,000	8,800	0.24	2.281
41				100,000	8,800	0.35	2.287
42				100,000	8,800	0.22	2.302
43				50,000	8,350	0.38	2.340
44				100,000	8,400	0.35	2.389

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Q.
Please describe FPL's process for purchasing natural gas including how it solicits and communicates with suppliers and how it negotiates supply contracts.

A.
FPL's natural gas procurement process is based on delivering cost minimization within the framework of supply reliability. FPL's procurement process seeks to diversify FPL's gas supply portfolio by executing transactions with varying durations, utilizing multiple suppliers. Transactions are executed under master agreements that have been entered into with numerous natural gas suppliers. The master agreements contain general contract provisions that apply to individual transactions executed with suppliers. In general, the process FPL employs for purchasing natural gas involves contacting credit worthy suppliers to discuss/negotiate requirements, receipt points, delivery points, pricing, volumes, and any other relevant issues. Transactions that best meet FPL's requirements from a reliability and cost perspective are executed with suppliers. FPL's natural gas procurement is divided into term, monthly and spot procurement. Additional details for each category are provided below:

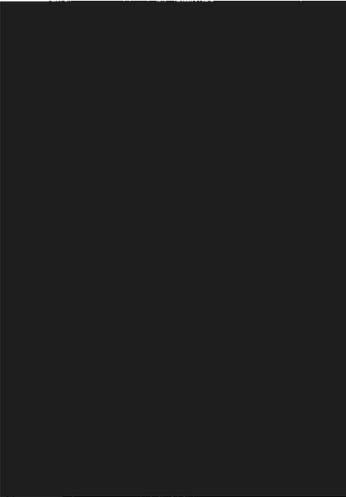
Term Procurement:

FPL's term procurement generally pertains to the seasonal and yearly volumes of natural gas that FPL procures for the current year and up to two years into the future. Term procurement covers a portion of FPL's baseload requirements and typically carries the highest level of firmness. Projections for total system natural gas requirements are developed utilizing a unit commitment/optimization software application called GenTrader. Target term procurement volumes are determined based on the output data of the GenTrader program. Term procurement volumes typically range from [REDACTED]^(A) of the average projected requirements during the November through March (winter/shoulder) time period and from [REDACTED]^(B) of the average projected requirements during the April through October (summer/peak) time period. Transactions that fall under term procurement are executed using index-based pricing, typically NYMEX plus/minus basis or a point-specific, Inside FERC posting. FPL's natural gas portfolio includes numerous receipt points across many different areas, as well as upstream transportation capacity. An important factor that FPL considers when determining the make-up (both location and volume) of its term procurement portfolio is receipt point liquidity, both historical and projected.

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Staff's Second Set of Interrogatories No. 17
Attachment
Confidential

**FPL's response to Staff's Second Set of Interrogatories No. 17 is
confidential in its entirety**

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1	Florida Power and Light Company						
2	Docket No. 130001-EI						
3	Staff's Second Set of Interrogatories No. 20						
4	Attachment						
5	Confidential						
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8	2012 Heavy Oil Purchases						
9							
10							
11	<u>Date</u>	<u>Supplier</u>	<u>Sulphur Grade</u>	<u>Volume (Bbls)</u>	<u>Delivery Method</u>	<u>Price Delivered (\$/Bbl)</u>	
12							
13	7/9/12	Freepoint Commodities LLC	0.40%	104,165	Barge		
14	8/1/12	Freepoint Commodities LLC	0.30%	57,647	Barge		
15	12/14/12	Freepoint Commodities LLC	0.70%	100,861	Barge		
16							

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1	Florida Power and Light Company					
2	Docket No. 130001-EI					
3	Staff's Second Set of Interrogatories No. 21					
4	Attachment					
5	Confidential					
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7	2012 Light Oil Procurement					
8						
9						
10	<u>Date</u>	<u>Supplier</u>	<u>Volume (Gallons)</u>	<u>Delivery Price (\$/Gallon)</u>	<u>Delivery Method</u>	
11						
12	1/31/12	APEC	756,000		Tank Truck	
13	1/27/12	APEC	38,010		Tank Truck	
14	3/30/12	APEC	247,926		Tank Truck	
15	4/30/12	APEC	389,886		Tank Truck	
16	5/16/12	TransMontaigne	873,134		Pipeline	
17	5/31/12	APEC	706,524		Tank Truck	
18	6/30/12	APEC	238,434		Tank Truck	
19	10/31/12	APEC	1,665,300		Tank Truck	
20	11/30/12	APEC	461,244		Tank Truck	
21	11/30/12	APEC	282,702		Tank Truck	
22	12/26/12	Port Consolidated	220,332	Tank Truck		
23	12/31/12	Freepoint Commodities LLC	255,864	Tank Truck		
24	12/31/12	Freepoint Commodities LLC	296,940	Tank Truck		
25	12/31/12	Freepoint Commodities LLC	153,048	Tank Truck		
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3	Staff's Second Set of Interrogatories No. 23						
4	Attachment						
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8							
9	Supplier	Volume (MW)	Term				
10	DeSoto	305	Jan-Dec				
11	TECO	25-125	Jan-Dec				
12	Seminole	150	Apr-Sep				
13	Oleander	155	Jun-Sep				

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Q.
Please provide a complete copy of all coal supply agreements (“coal contracts”) that FPL signed in 2012 or that were signed on behalf of FPL.

A.
In 2012, two coal supply agreements were signed on behalf of FPL: (1) Coal Confirmation Letter dated 28 September 2012 with [REDACTED] ^(A) and 2. Confirmation (Coal Purchase/Sale Agreement) dated 14 December 2012 with [REDACTED] ^(C) [REDACTED] ^(B), Inc. The relevant documents are attached.

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**Documents responsive to Staff's First Request for Production of
Documents No. 1 (Bates No. FCR-13-1 through FCR-13-32) are confidential in
their entirety**