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January 15, 2016

VIA ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 150256-EQ, Florida Power & Light Company's Responses to Staff of the State of Florida Public Service Commission's 1st Set of Data Requests (1-10)

Dear Ms. Stauffer:

I attach for filing in the above docket Florida Power & Light Company's ("FPL's") Non-Confidential Responses to Staff of the Florida Public Service Commission's First Set of Data Requests (1-10). FPL's Confidential response to Data Request No. 8 is being filed with the Commission Clerk under a Request for Confidential Classification.

Please contact me if you or your Staff has any questions regarding this filing.

Sincerely,

/s/Kevin I.C. Donaldson

Kevin I.C. Donaldson

Attachment
cc: Leslie Ames
3594272

QUESTION:

The Company's petition refers to Rule 28-106.21, Florida Administrative Code, which discusses continuances of a hearing. Please specify if this Rule citation is in error, and if so, what is the proper citation?

RESPONSE:

The reference to Rule 28-106.21, F.A.C. in the Company's petition is a scrivener's error. The intended Rule citation is 28-106.201, F.A.C. which pertains to the "Initiation of Proceedings."

QUESTION:

Please refer to paragraph 10 of the petition. Please specify the portion of the WNB Second PPA that entitles FPL to terminate the contract based upon a decline of Annual Capacity Billing Factor (ACBF) below the 60% threshold.

RESPONSE:

As described in this petition and its attached Exhibit B (termination agreement), FPL and Wheelabrator North Broward Inc., mutually agreed to terminate the WNB Second PPA as of November 3, 2015. It is this termination agreement for which FPL has petitioned this Commission for approval. Notwithstanding this mutually agreed upon termination agreement, WNB Second PPA Section 9 entitled "Default" provides FPL the right to terminate in the event of a default consistent with generally accepted breach of contract legal principles.

QUESTION:

Please refer to Section 9.4 of the WNB Second PPA. Does Waste Management's September 9, 2015, decision to shut down and close the NBRR Facility qualify as a failure to provide proper assurance of adequate performance?

RESPONSE:

No. Section 9.4 of the WNB Second PPA provides that a default arises if Waste Management does not provide proper assurance of adequate performance within thirty (30) days of FPL's written request for assurance. Under the current circumstances, Waste Management voluntarily notified FPL of its decision to shut down and close the NBRR Facility, thereby advising FPL that it was not going to be able to perform in accordance with the WNB Second PPA. FPL did not request a written assurance of adequate performance in order to ensure that Waste Management was not in default under this section, so the referenced default provision has not been triggered.

As described in this petition and its attached Exhibit B (termination agreement), FPL and Wheelabrator North Broward Inc., mutually agreed to terminate the WNB Second PPA as of November 3, 2015. It is this termination agreement for which FPL has petitioned this Commission for approval.

QUESTION:

Please provide, absent the agreement included as Exhibit B, the amount that would have been calculated for the Capacity Account for each month of September 2015 through December 2015.

RESPONSE:

Assuming that North Broward would produce no energy or capacity from August until ultimate default in December, the following capacity payments would be earned for the month noted, and paid in the following month:

Sep-15	\$	282,521.89
Oct-15	\$	228,031.41
Nov-15	\$	173,540.94
Dec-15	\$	-

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QUESTION:

Please provide the impact of the loss of the capacity associated with the WNB Second PPA to summer and winter reserve margins based on FPL's most recent planning forecast.

RESPONSE:

Based upon the 2015 Ten Year Site Plan, after adjusting for the latest Okeechobee capacity projection, the impact on summer and winter reserve margin of the loss of the 11 MW North Broward Facility would be as follows:

Summer Forecast Reflecting Termination of North Broward											Impact on Summer Reserve Margin of Terminating North Broward									
August of Year	Firm Installed Capacity	Firm Capacity Import	Firm Capacity Export	Firm QF	Total Firm Capacity Available	Total Peak Demand	DSM	Firm Summer Peak Demand	Total Reserve Margin Before Maintenance	% of Peak	Firm Installed Capacity	Firm Capacity Import	Firm Capacity Export	Firm QF	Total Firm Capacity Available	Total Peak Demand	DSM	Firm Summer Peak Demand	Total Reserve Margin Before Maintenance	% of Peak
	MW	MW	MW	MW	MW	MW	MW	MW	MW	% of Peak	MW	MW	MW	MW	MW	MW	MW	MW	MW	% of Peak
2015	25,008	1,420	-	595	27,023	23,286	1,951	21,335	5,688	26.7%	-	-	-	-	-	-	-	-	-	-
2016	25,585	492	-	334	26,411	23,778	2,000	21,778	4,633	21.3%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2017	26,001	492	-	334	26,827	24,252	2,046	22,206	4,621	20.8%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2018	26,024	699	-	334	27,057	24,648	2,092	22,556	4,501	20.0%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2019	27,657	110	-	334	28,101	25,045	2,140	22,905	5,196	22.7%	(8)	-	-	(11)	(19)	-	-	-	(19)	(0)
2020	27,657	110	-	334	28,101	25,369	2,188	23,181	4,920	21.2%	(8)	-	-	(11)	(19)	-	-	-	(19)	(0)
2021	27,744	110	-	514	28,368	25,497	2,237	23,260	5,108	22.0%	(8)	-	-	(11)	(19)	-	-	-	(19)	(0)
2022	27,830	110	-	514	28,454	25,833	2,287	23,546	4,908	20.8%	(8)	-	-	(11)	(19)	-	-	-	(19)	(0)
2023	29,146	110	-	514	29,770	26,286	2,338	23,948	5,822	24.3%	(8)	-	-	(11)	(19)	-	-	-	(19)	(0)
2024	29,146	110	-	514	29,770	26,771	2,389	24,382	5,388	22.1%	(8)	-	-	(11)	(19)	-	-	-	(19)	(0)

Winter Forecast Reflecting Termination of North Broward											Impact on Winter Reserve Margin of Terminating North Broward									
August of Year	Firm Installed Capacity	Firm Capacity Import	Firm Capacity Export	Firm QF	Total Firm Capacity Available	Total Peak Demand	DSM	Firm Summer Peak Demand	Total Reserve Margin Before Maintenance	% of Peak	Firm Installed Capacity	Firm Capacity Import	Firm Capacity Export	Firm QF	Total Firm Capacity Available	Total Peak Demand	DSM	Firm Summer Peak Demand	Total Reserve Margin Before Maintenance	% of Peak
	MW	MW	MW	MW	MW	MW	MW	MW	MW	% of Peak	MW	MW	MW	MW	MW	MW	MW	MW	MW	% of Peak
2015	26,758	1,357	-	595	28,710	21,136	1,452	19,684	9,026	45.9%	-	-	-	-	-	-	-	-	-	-
2016	27,205	499	-	334	28,038	21,369	1,483	19,886	8,152	41.0%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2017	27,842	499	-	334	28,675	21,485	1,510	19,975	8,700	43.6%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2018	27,958	499	-	334	28,791	21,598	1,537	20,061	8,730	43.5%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2019	27,978	110	-	334	28,422	21,792	1,565	20,227	8,195	40.5%	-	-	-	(11)	(11)	-	-	-	(11)	(0)
2020	29,580	110	-	334	30,024	21,965	1,593	20,372	9,652	47.4%	7	-	-	(11)	(4)	-	-	-	(4)	(0)
2021	29,580	110	-	514	30,204	22,096	1,622	20,474	9,730	47.5%	7	-	-	(11)	(4)	-	-	-	(4)	(0)
2022	29,655	110	-	514	30,279	22,026	1,651	20,375	9,904	48.6%	7	-	-	(11)	(4)	-	-	-	(4)	(0)
2023	29,744	110	-	514	30,368	22,202	1,682	20,520	9,848	48.0%	7	-	-	(11)	(4)	-	-	-	(4)	(0)
2024	31,217	110	-	514	31,841	22,408	1,713	20,695	11,146	53.9%	7	-	-	(11)	(4)	-	-	-	(4)	(0)

QUESTION:

Please specify whether FPL would require the purchase of additional capacity to replace the WNB Second PP A for meeting either of its reserve margin planning criterions for summer or winter peak.

RESPONSE:

As indicated by the FPL's response to Data Request No. 1, Question No. 5, no purchases would be required.

QUESTION:

Please refer to paragraph 15 of the petition.

- a. Please provide a copy of the analysis described herein, providing separate amounts for payments of capacity and energy.
- b. Appendix E states that in the event that the ACBF is less than 60%, no monthly capacity payment shall be due. Are any capacity payments included in the calculation of the savings in part (a) above? If so, please explain.
- c. If additional capacity purchases are not required to meet either of its reserve margin planning criteria, please provide an updated version of the net present value analysis without avoided capacity payments.
- d. Are any energy payments to the NBRR Facility included in the calculation of the savings in part (a) above? If so, please explain.

RESPONSE:

Broward North Estimated Savings Calculation											
Contract Capacity		11 MW									
Billing Capacity Factor		87%									
Year	Contract Costs					Total System Costs per SOC					Annual Savings
	Contract BCC	Annual Capacity Cost	Forecast Contract Energy Rate	Forecast Energy Payment	Total Contract Payments	SOC Capacity Rates	SOC Avoided Capacity Cost	SOC Avoided Energy Rates	SOC Avoided Energy Payments	Total SOC Avoided Payments	
	(\$/kW-Mo)	Nominal (\$)	(\$/MWh)	Nominal (\$)	Nominal (\$)	(\$/kW-mo)	Nominal (\$)	(\$/MWh)	Nominal (\$)	Nominal (\$)	Nominal (\$)
2016	\$ 30.86	\$ 4,073,520	28.92	220,435	4,293,955	-	\$ -	38.36	292,349	292,349	4,001,606
2017	\$ 31.60	\$ 4,171,200	30.21	230,243	4,401,443	-	\$ -	28.88	220,100	220,100	4,181,343
2018	\$ 32.37	\$ 4,272,840	31.52	240,184	4,513,024	-	\$ -	31.72	241,744	241,744	4,271,279
2019	\$ 33.19	\$ 4,381,080	32.48	247,530	4,628,610	-	\$ -	41.20	313,993	313,993	4,314,617
2020	\$ 34.05	\$ 4,494,600	31.39	239,246	4,733,846	-	\$ -	43.02	327,864	327,864	4,405,982
2021	\$ 34.95	\$ 4,613,400	31.75	241,972	4,855,372	-	\$ -	45.77	348,822	348,822	4,506,550
2022	\$ 35.89	\$ 4,737,480	33.21	253,097	4,990,577	-	\$ -	52.55	400,494	400,494	4,590,083
2023	\$ 36.89	\$ 4,869,480	34.28	261,238	5,130,718	9.81	\$ 1,294,920	46.02	350,728	1,645,648	3,485,070
2024	\$ 37.93	\$ 5,006,760	34.99	266,679	5,273,439	10.01	\$ 1,321,320	39.49	300,961	1,622,281	3,651,158
2025	\$ 39.03	\$ 5,151,960	35.71	272,184	5,424,144	10.23	\$ 1,350,360	40.70	310,183	1,660,543	3,763,601
2026	\$ 40.19	\$ 5,305,080	36.56	278,668	5,583,748	10.44	\$ 1,378,080	41.90	319,328	1,697,408	3,886,339
a. NPV		\$33,313,124		\$1,801,464	\$35,114,588		\$2,690,055		2,235,024	4,925,079	30,189,509

- b. As shown above, capacity payments are included in the analysis. As stated in Paragraph 15 of the petition, the comparison was made between continuing to receive the 11 MW under the contract through the end of the contract and costs under FPL's current standard offer contract.

- c. Additional capacity purchases are not needed to offset the contract at present; however, irrespective of the loss of North Broward, additional capacity is anticipated to be needed by the summer of 2023, the value of which is indicated above. If this capacity value is excluded, again as indicated above, the NPV of the savings increases by \$2.7 million.
- d. Energy payments are included, for the reasons stated in subsection b, above.

QUESTION:

Regarding the fuel forecasts used to perform the analysis discussed in paragraph 15 of the petition.

- a. Please identify the sources and dates of FPL's fuel price forecast used in deriving the projected \$30.2 million savings figure.
- b. Please explain how FPL utilized its fuel price forecasts in developing the projected \$30.2 million savings figure.
- c. What is the name and date of each previous FPSC filing, if any, containing the same fuel price forecasts used in deriving the projected savings figure.
- d. Please discuss FPL's fuel price forecasting methodologies for both Natural Gas and Coal.
- e. Please identify the sources and dates of FPL's next fuel price forecasts.
- f. Please explain all tests of reasonableness FPL conducted to compare its natural gas and coal price forecasts relied upon in this proceeding to any alternate fuel price forecasts the Company may have reviewed. Please discuss any conclusions drawn from such tests.
- g. Please provide FPL's commodity, transportation, and delivered fuel price forecasts (exclusive of hedging for natural gas) for both coal and natural gas used in deriving the projected \$30.2 million savings figure.

RESPONSE:

- a. The savings calculations, with the exception of the energy costs of North Broward, do not directly use a fuel forecast; rather they use the forecast of avoided cost included in FPL's current Standard Offer Contract, approved by the Commission in Order No. PSC-15-0386-PAA-EQ dated 9-14-2015 in Docket No. 150108. SJRPP projected fuel costs are used in determining North Broward's energy cost projections. The underlying fuel forecast for the Standard Offer Contract is from November 2014, and the SJRPP projections used to determine the North Broward projections are from the same forecast.
- b. The fuel forecast is used in FPL's system model to generate forecasts of avoided energy cost. After the in-service date of the avoided unit (June 2024), the fuel forecast is used to project the energy cost of the avoided unit. Both of these values are contained in FPL's current Standard Offer Contract. Energy rates for North Broward are calculated based upon a heat rate of 8,420 Btu/kWh and FPL's fuel cost projections for SJRPP plus an additional .139 cents per kWh, as required by the contract.
- c. The same fuel forecast was used in FPL's Ten Year Site Plan filing in Docket 150000-EI, on April 1, 2015, the Standard Offer Contract, April 1, 2015, Docket No. 150108, for the Request for Proposals for the Okeechobee need determination (Docket No. 150196), and for the approval of the Cedar Bay transaction, in Docket No. 150075.

- d. For gas and oil prices from 2015 through 2016, the methodology used the November 3, 2014 forward curve for New York Harbor 0.7% sulfur heavy oil, ultra-low sulfur diesel (ULSD) fuel oil, and Henry Hub natural gas commodity prices. For the next two years (2017-2018), FPL uses a 50/50 blend of the November 3, 2014 forward curve and the most current projections at the time from the PIRA Energy Group (PIRA). FPL's Medium price forecast methodology is also consistent for coal prices. Coal Prices were based upon the following approach Delivered price forecasts for Central Appalachian (CAPP), Illinois Basin (IB), Power River Basin (PRB), and South American coal were provided by JD Energy The coal price forecast for St. Johns River Power Park (SJRPP) assumes the continuation of the existing mine-mouth and transportation contracts until expiration, along with the purchase of spot coal, to meet generation requirements.
- e. FPL's next long-term fuel forecast is currently being prepared as part of the Ten Year Site Plan process, and will be used for both the Ten Year Site Plan and the Standard Offer Contract to be filed not later than April 1, 2016. The sources are expected to be the same as identified in subpart (d) above.
- f. Since FPL's forecast is derived from indices and studies widely used in the industry for such forecasts, no comparison is made to other forecasts.
- g. FPL's fuel forecast used for the analysis is provided in Attachment No. 1, a confidential spreadsheet which will be submitted by way of RFCC.

QUESTION:

Please provide all alternative coal price forecasts the Company may have used to test the reasonableness of the coal commodity and transportation price forecasts filed in response to Request 8(g).

RESPONSE:

As noted in FPL's response to Staff's Data Request No. 1, Question No. 8 (g), no alternative forecasts were used.

QUESTION:

Please provide all alternative natural gas price forecasts the Company may have used to test the reasonableness of the natural gas commodity and transportation price forecasts filed in response to 8(g).

RESPONSE:

As noted in FPL's response to Staff's Data Request No. 1, Question No. 8 (g), no alternatives were used.