

FPL's Responses to Staff's Second Set of Interrogatories Nos. 8 (Redacted), 9-10.

QUESTION:

For the purpose of these interrogatories, please refer to FPL's January 2017 and February 2017 A-Schedule filings, and the specific schedule and line numbers identified below.

In the February 2017 A-Schedule, Schedule A1, Line 2, Column 2, reports that \$532,463 was identified for Rail Car Lease (Year-to-Date). In its projection schedule, FPL estimated Rail Car Lease amounts would total \$720,000 for the year, twelve equal amounts of \$60,000 per month. Please answer the following:

- a. Have lease arrangements changed since FPL filed its projection schedules? If so, please discuss the changes, including in your response if the annual total will exceed \$720,000.
- b. Please explain why the Rail Car Lease amounts in the January and February schedules were substantially elevated.

RESPONSE:

- a. Cedar Bay railcar lease arrangements have not changed since FPL filed its projection schedules. As discussed in FPL's response to Staff's First Set of Interrogatories No. 8, in Docket 160001-EI, monthly charges associated with the rail car leases are expected to include monthly lease charges, a monthly management fee, storage/switching costs, and railcar maintenance costs associated with maintaining the cars as required by lease terms. However, while the monthly lease charges are easy to forecast for the upcoming year, the other cost elements associated with the rail car leases are not. Accordingly, when FPL made its 2017 projection filing in September 2016, it included \$720,000, which reflects 50% of expected monthly lease charges applicable to Cedar Bay railcars (in accordance with the settlement agreement approved in Order No. PSC-15-0401-AS-EI, only 50% of the charges related to rail car leases may be recovered once the Cedar Bay facility has been retired, which occurred at the end of December 2016). In January and February 2017, FPL incurred other charges associated with the rail car leases and has recorded those costs in the referenced A-Schedules, at 50% or 100% depending upon whether the activity occurred before or after the facility was retired.

In addition to incurring charges in January and February 2017 for the Cedar Bay rail car leases that could not be readily calculated and then reflected in the September 2016 projection filing, the referenced A-Schedules also reflect charges associated with the Indiantown cogeneration facility's rail car lease. Subsequent to that projection filing, the Company received Commission approval for the purchase of the Indiantown cogeneration facility. FPL acquired the Indiantown facility in January 2017, in accordance with Order No. PSC-16-0506-FOF-EI, issued on November 2, 2016 in Docket No. 160154-EI. As FPL explained in Docket No. 160154-EI, it assumed responsibility for a railcar lease associated with that purchase, which extends until January 2025. These railcar lease costs, which are similar to those mentioned above for Cedar Bay, could not have been included in

the September 2016 projection filing due to the timing of the acquisition, but are being captured in the monthly A-Schedules.

FPL plans to include updated estimated/actual charges related to both the Cedar Bay and Indiantown Cogeneration rail car leases in the August 2017 Estimated/Actual True-Up Filing.

- b. Attachment 1 lists the expenses recorded for both Cedar Bay and Indiantown railcar leases in January and February 2017. The railcar expenses are broken down by month and include a description of the cost. The Cedar Bay amounts also include the month associated with the cost and the appropriate percentage amount to be recovered from customers pursuant to the approved settlement agreement. Finally, Attachment 1 identifies adjustments to the January and February 2017 railcar lease expenses that FPL has determined should be made. As noted on Attachment 1, FPL intends to make these adjustments when it files its April A-Schedules on May 22, 2017.

Month	Monthly Schedule A2	Description (Month) of Charge	Percentage Charged as Railcar Lease on A2 (Cedar Bay)	Adjustments to Railcar Lease Costs
JANUARY 2017 Cedar Bay	113,090	railcar monthly lease charge (February 2017)	100% was charged as Railcar Lease and 50% was reclassified below the line in February based on date of charge - reclass shown in only February YTD value	N/A
	20,250	railcar storage/switching charge (November 2016)	100% was charged as Railcar Lease based on date of charge	N/A
	45,606	railcar monthly lease charge - Closing Date True Up (September 2015)	100% was charged as Railcar Lease based on date of charge	N/A
	9,583	railcar maintenance charge (November 2016)	50% was charged as Railcar Lease (should be 100% based on date of charge)	9,583 (1)
	413,297	Total (A2) / Column 2		N/A
FEBRUARY 2017 Cedar Bay	56,545	railcar monthly lease charge (March 2017)	50% was charged as Railcar Lease based on date of charge	N/A
	3,418	railcar use tax (March 2017)	50% was charged as Railcar Lease based on date of charge	N/A
	8,525	railcar storage/switching charge (December 2016)	50% was charged as Railcar Lease (should be 100% based on date of charge)	8,525 (1)
		169,711	Total (A2) / Column 2	
Indiantown		on site transportation repair		
		natural gas transportation demand charge		
		amount to be reclassified		(1)
		amount to be reclassified		(1)
	(56,545)	CB railcar monthly lease charge (February 2017)	50% of railcar monthly lease charge from January was reclassified below the line based on the date of charge	N/A (1)
		CB railcar monthly lease charge (January 2017) recorded in December 2016	50% of railcar monthly lease charge from December 2016 to be reclassified below the line based on the date of charge	(56,545) (1)
	532,463	2017 YEAR TO DATE		

Notes:
(1) FPL intends to make these adjustments when it files its April A-Schedules on May 22, 2017.

QUESTION:

For the purpose of these interrogatories, please refer to FPL's January 2017 and February 2017 A-Schedule filings, and the specific schedule and line numbers identified below.

In the January 2017 A-Schedule A3, Line 18, reports that 72,795 barrels of Light Oil were used in FPL's generating fleet in that period, which is over five times the quantity of units FPL forecasted for that period, based on its projection filing. Please explain why the Light Oil amounts (dollars, units, and MMBtus) were elevated, as reflected in the January 2017 A-Schedule. If applicable, discuss in your response if FPL has revised its fuel forecast since preparing its projection schedules.

RESPONSE:

The quantity shown on FPL's January 2017 Schedule A3 for the number of light oil barrels burned is comprised of two components: (i) the number of barrels estimated as burned in January and (ii) a true-up amount reflecting the difference between the number of barrels estimated as burned during the prior period (shown on the December 2016 A3 schedule) and the actual number of barrels burned (confirmed later in the prior period, after December 2016 A-Schedules were filed). The January 2017 A3 schedule reflected 4,893 barrels of light oil burned during January and a true-up of 67,902 barrels of light oil burned in December 2016. The December true-up was related to operational testing for the new Fort Myers Units 3C-3D and Lauderdale Units 6A-6E. These new peaking generation units were declared ready for commercial operation on December 31, 2016. These units were online and delivered energy into the FPL grid during their operational testing. Accordingly, the cost of the fuel for this testing is recoverable through the Fuel Clause pursuant to established Commission policy and precedent.

QUESTION:

For the purpose of these interrogatories, please refer to FPL's January 2017 and February 2017 A-Schedule filings, and the specific schedule and line numbers identified below.

Please identify all generating units that entered commercial service in January and February 2017. State by quantity and fuel type, the fuel(s) used for testing purposes.

RESPONSE:

No generating units entered commercial service in January and February 2017. Please see FPL's response to Staff's Second Set of Interrogatories No. 9 regarding operational testing of the new Fort Myers units 3C-3D and Lauderdale units 6A-6E in December 2016, the costs for which appeared as a true-up in FPL's January 2017 Schedule A3.

DECLARATION

I sponsored the answer to Interrogatory No. 10 from Staff's Second Set of Interrogatories (Nos. 8-10) to Florida Power & Light Company in Docket No. 170001-EI, and that 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.

Charles R. Rote

Charles R. Rote

Date: _____
12/1/17

DECLARATION

I sponsored the answer to Interrogatory No. 9 and co-sponsored the answer to Interrogatory No. 8 from Staff's Second Set of Interrogatories (Nos. 8-10) to Florida Power & Light Company in Docket No. 170001-EI, and that 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.



Gerard J. Yupp

Date: 4/10/2011

DECLARATION

I co-sponsored the answer to Interrogatory No. 8 from Staff's Second Set of Interrogatories (Nos. 8-10) to Florida Power & Light Company in Docket No. 170001-EI, and that 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 B. Deaton

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