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VIA ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

Re: Docket No. 20170212-EI
FPL's Amended Response to Staff's First Data Request (No. 2)

Dear Ms. Stauffer:

Enclosed is Florida Power & Light Company's amended response to Staff's First Data Request (No. 2) in Docket No. 20170212-EI.

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

Sincerely,

s/ Maria J. Moncada
Maria J. Moncada

Enclosures
cc: Riley Doherty

:6299883

QUESTION:

Please discuss and show that revenues received under the VSP Rider support the revenue requirement associated with the completed projects.

RESPONSE:

This amended response includes revisions to FPL's original response to Staff's First Set of Data Requests, No. 2 provided on October 23, 2017. Please see explanation of the revisions below and on Attachment 1, which reflects the revised revenues received under the VSP Rider and supporting revenue requirement calculations.

- The operations and maintenance expenses reflected on Line B have been adjusted for the items shown below. The correct operations and maintenance expenses for 2015 and 2016 (in thousands) are \$34 and \$156, respectively.
 - Below-the-line Expenses - For 2015 and 2016, FPL originally included \$15 and \$7 (in thousands), respectively, which should have been reported as below-the-line expenses.
 - Amounts not eligible for recovery through VSP Rider – For 2015 and 2016, FPL originally included payroll and related costs of \$27 and \$1 (in thousands), respectively, which are not incremental expenses recoverable through the VSP Rider.
- The amounts reflected for “Other” on Line C for 2015 has been adjusted to remove payroll taxes associated with the revisions stated above for operations and maintenance expenses. The correct “Other” amount for 2015 is \$0.
- The rate base amounts reflected on Line D have been adjusted to remove a project from construction work in progress that should not have been reported as a VSP project. The correct rate base amounts for 2015, 2016, and 2017 (in thousands) are \$419, \$1,500, and \$6,233, respectively.
- The actual revenues reflected on Line H for 2015 and 2016 were pulled directly from FPL's general ledger by unique internal orders (IOs), however, due to a formula error in summing the general ledger information, the amounts were incorrectly reported. The correct revenue amounts for 2015 and 2016 (in thousands) are \$85 and \$708, respectively.
- The revenues reflected on Line H for 2017 were calculated based on the sum of actual data extracted from FPL's general ledger by the unique IOs through August 2017 plus estimated the VSP revenues for the remainder of 2017 based on forecasted customer

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participation. However, due to a formula error in calculating the forecasted revenues, the estimated amounts for September through December 2017 incorrectly doubled the number of forecasted enrollments. The correct revenue amount for 2017 (in thousands) is \$2,374.

VSP PROGRAM REVENUE REQUIREMENT - PILOT PERIOD				
	<i>Actual</i>	<i>Actual</i>	<i>Estimated⁽¹⁾</i>	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	
Participant Contribution (\$/month)	\$9.00	\$9.00	\$9.00	
Number of Participants at Year End	2,397	12,651	29,599	
Cumulative Capacity (kW)	0	250	988	
M&C and G&A as % of total revenues ⁽²⁾	1%	20%	20%	
In Thousands (000)				
<u>Retail Base Impact:</u>				
<u>Operating Costs</u>				
A. Depreciation	\$287	\$144	\$324	\$755
B. O&M (Maintenance, Marketing, G&A)	\$34	\$156	\$485	\$675
C. Other (Property taxes, Insurance, Taxes Other Than Income Taxes)	\$0	(\$11)	\$0	(\$11)
<u>Capital Costs</u>				
D. VSP Program Average Rate Base ⁽³⁾	\$419	\$1,500	\$6,233	
E. Pre Tax Rate of Return ⁽⁴⁾	12.37%	11.67%	11.42%	
F. Debt & Equity Return on Rate Base	D * E	\$52	\$175	\$712
				\$939
G. Retail Base Revenue Requirements	A + B + C + F	\$372	\$464	\$1,521
				\$2,357
H. Voluntary Customer Contribution		\$85	\$708	\$2,374
				\$3,168
I. Net Retail Base Revenue Requirements	G - H	\$287	(\$244)	(\$854)
				(\$810)
<u>Retail Clause Impact:</u>				
J. System Fuel & Emissions Savings ⁽⁵⁾		\$0	\$2	\$9
				\$11
<u>Net Impact:</u>				
K. Net Impact to All Customers	I - J	\$287	(\$246)	(\$863)
				(\$821)

(1) Amounts reflect actuals through August 2017 and forecast data for September -December 2017.

(2) Includes marketing, communication, and program administration costs.

(3) Represents the average of the beginning and ending totals of the following: net plant in service, CWIP, and estimated accumulated deferred income taxes.

(4) 2015 and 2016 are based on the amounts reflected on FPL's December ESR at the mid-point ROE of 10.5%, while 2017 is based on Exhibit KO-20 filed in FPL's most recent base rate filing with an ROE of 10.55% as approved in Docket No. 160021-EI, Order No. PSC-16-0560-AS-EI.

(5) Amount calculated using fuel factor equivalent to an annual average of FPL's Cogen Monthly Average Avoided Energy Costs in the year site was placed in service, as filed with the Commission in FPL's Hourly Avoided Energy Cost Report in Dockets 160000-OT and 20170000-OT.