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OFFICE OF THE GENERAL COUNSEL  
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GENERAL COUNSEL  
(850) 413-6199

# Public Service Commission

March 22, 2018

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Bryan S. Anderson  
Assistant General Counsel – Regulatory  
[bryan.anderson@fpl.com](mailto:bryan.anderson@fpl.com)  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408

**STAFF'S FOURTH DATA REQUEST**  
via e-mail

**Re: Docket No. 20170235-EI - Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.**

Dear Mr. Anderson:

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

1. Please describe the current condition of the Vero Beach electric utility assets that FPL will acquire as a result of the proposed transaction. For purposes of this response, state whether the system is in excellent, fair, or poor condition.
2. Does FPL anticipate that it will have to make substantial upgrades to the Vero Beach utility system over the next five to ten years?
3. How much does FPL anticipate it will invest in the Vero Beach utility system over the next 10 years? For purposes of this response, provide an estimate of the amount FPL anticipates it will invest in the Vero Beach utility system in each of the next 10 years.
4. On page 9 of witness Deason's testimony, he discusses the concept of "going concern value." Has FPL identified the "going concern value" of the Vero Beach utility system? If no, explain why not. If yes, what is the going concern value of the Vero Beach utility customer base?
5. If identified in Question 4, specifically how did FPL arrive at the going concern value of the Vero Beach utility customer base? For purposes of this response, explain how the value was determined and what is included in the valuation.

6. On page 15 of witness Forrest's testimony, he explains that the benefit to FPL's existing customers is derived largely due to the positive effect of spreading FPL's fixed costs of operation over a larger total customer base when the COVB customers are added. Please explain specifically how adding 34,000 customers to an existing base of 4.9 million customers, an addition of less than 1 percent, will have a material impact on the fixed costs paid by the latter group.
7. On page 14 of witness Deason's testimony, he explains that the size of FPL in comparison to the COVB is such that the acquisition's impact would not have a material impact on FPL's surveillance reports. If the acquisition is so small that it would not have a material impact on FPL's surveillance reports, please explain how is it large enough to materially spread fixed costs.
8. Please refer to the Company's response to Data Request No. 3 of Staff's Second Data Request. Based on FPL's current rates, what would be the rate impact on a residential bill on a 1,000 kWh basis for recovery of \$116.2 million and the associated carrying cost (exclusive of the CPVRR analysis)?
9. FPL's request assumes the acquisition adjustment will be recovered over 30 years. Will FPL earn an equity return on the unamortized balance of the acquisition adjustment over the 30 year recovery period? If yes, please identify the total equity return FPL will earn on the \$116.2 million acquisition adjustment over the 30 year period. For purposes of this response, please provide the value on both a nominal and cumulative net present value basis.
10. Please refer to the Company's response to Data Request No. 1 of Staff's Second Data Request, Summary of Economic Analysis. For the line item labeled System Impact, please explain why FPL has assumed it will incur zero incremental fixed costs and capital for generation needed to serve Vero's load for the initial 15 years 2018 through 2032 and that it will incur between \$20 million and \$31 million each and every year from 2033 through 2047, or a total of \$415.2 million, over the latter 15 years.

Please file all responses electronically no later than April 3, 2018, from the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6216 if you have any questions.

Sincerely,

*/s/ Kathryn G.W. Cowdery*  
Kathryn G.W. Cowdery  
Senior Attorney

KGWC

cc: Office of Commission Clerk  
Florida Power & Light Company (Rubin, Hoffman)  
Office of Public Counsel (Kelly, Morse)