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March 23, 2018

-VIA ELECTRONIC FILING -

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

Re: Docket No. 20170236-EI – Joint Petition of Florida Power & Light Company and City of Vero Beach to Terminate Territorial Agreement

Dear Ms. Stauffer:

Enclosed for filing please find Florida Power & Light Company's responses to Staff's First Data Request Nos. 1 through 9 in the above-referenced docket.

If you should have any questions regarding this transmittal, please contact me at (561) 691-2512.

Sincerely,

s/ Kenneth M. Rubin
Kenneth M. Rubin
Florida Bar No. 349038

cc: Kathryn G. W. Cowdery, Esq.
Jennifer Crawford, Esq.
J. Michael Walls, Esq.
J.R. Kelly, Esq.
Stephanie Morse, Esq.

QUESTION:

Paragraph 3 of the petition states that City of Vero Beach electric utility (COVB) serves approximately 34,000 customers. Please provide the number of COVB customers by customer class who will become FPL customers.

RESPONSE:

Please see table below.

Customer Class	Number of COVB Customers
Residential	29,258
Commercial	5,721
Street light and street signal	144

QUESTION:

FPL's tariff sheets Nos. 3.020 and 3.010 need to be revised if the Commission approves the instant petition. Please state when FPL will file these revised tariff sheets.

RESPONSE:

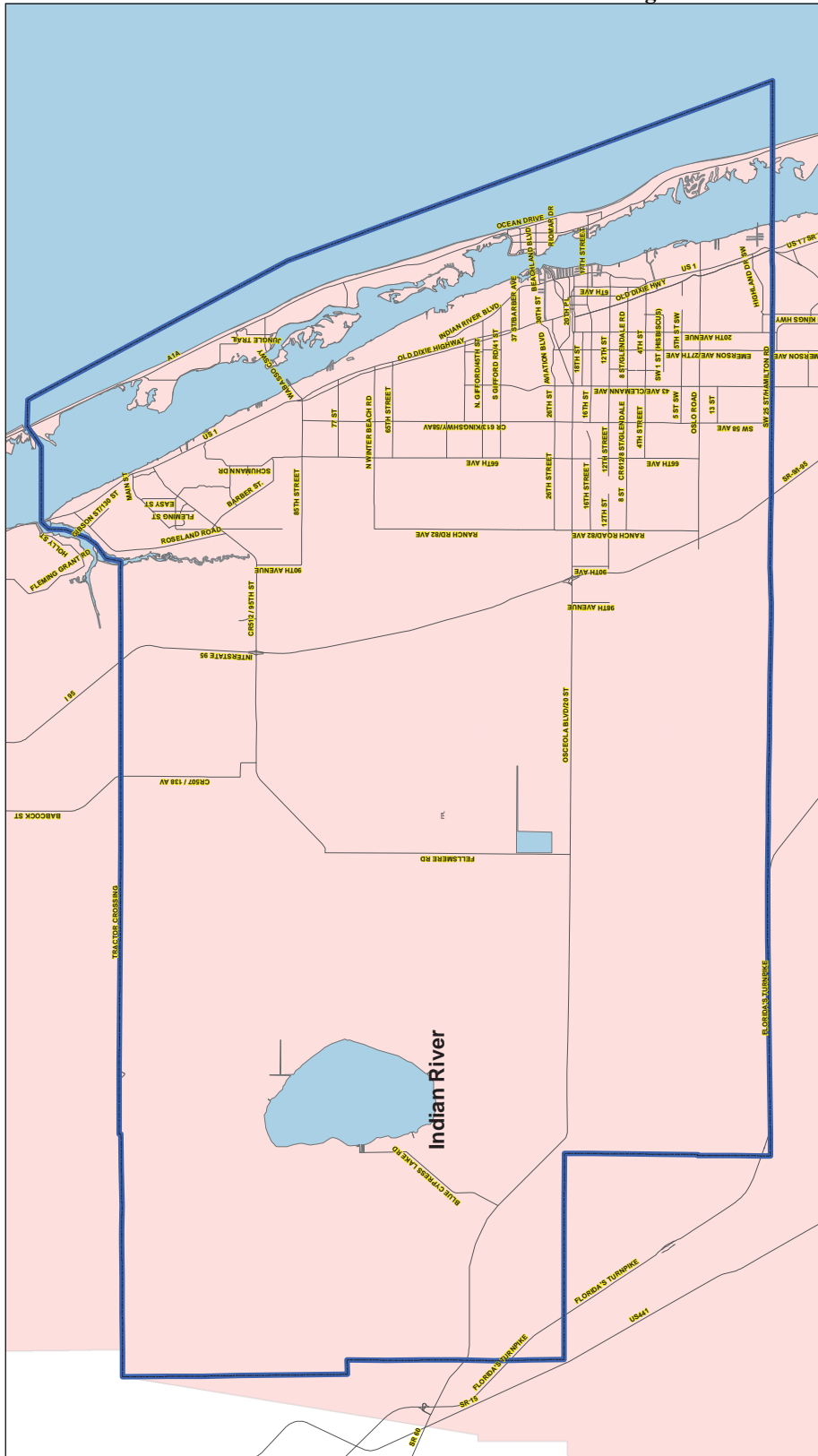
FPL will file these revised tariffs along with tariff sheet 7.020 on or after the closing date of the transaction.

QUESTION:

Please provide a revised Exhibit B (to the petition) map of FPL's new service territory in Indian River County (assuming Commission approval of the instant petition).



RESPONSE:

Please see Attachment No. 1 to this response.



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Legend

-  Indian River County
-  FPL Service Area

VERO BEACH



QUESTION:

Paragraph 13 of the petition asserts that this transaction/termination of the territorial agreement is projected to result in more economical service to the COVB customers and to FPL's current customers. Please elaborate on this statement and state with examples how this transaction is economical. Please also discuss what type of energy saving programs the newly acquired customers could participate in that was not previously available to them.

RESPONSE:

With reference to current COVB customers, FPL witness Cohen explains that COVB's customers will begin receiving immediate savings on their electric bills once they begin to take service from FPL. In terms of existing FPL customers, FPL witness Bores' testimony illustrates that the transaction is also projected to result in a \$105 million CPVRR benefit. The savings will primarily be achieved by spreading fixed costs over the expanded customer base that is achieved through the combination of FPL and COVB. Some examples include:

- Utilizing FPL's existing and planned generating fleet to meet the generation needs of COVB customers;
- Achieving cost synergies in customer service billing and call center operations; and
- Consolidating back-office functions such as finance, human resources, legal and energy marketing/trading to reduce costs.

COVB customers will be eligible to participate in the following FPL energy conservation programs.

Residential customers:

- Free in-home energy surveys
- Air Conditioning rebates for eligible equipment
- BuildSmart® new home program
- Ceiling insulation rebates for qualifying homes

Business customers:

- Free on-site business energy evaluation
- HVAC rebates for eligible equipment
- Efficient lighting rebates
- Business Custom Incentives based on energy efficiency measures installed
- Commercial/Industrial Load Control incentives

As substation upgrades are completed, customers will also be able to take advantage of the On Call® program. In addition to these offerings, COVB customers will be able to manage their consumption using FPL's online customer dashboard. The customer's experience with the dashboard will be enhanced once smart meters are installed and interval meter read data is available. This will provide the customer additional savings opportunities by analyzing and managing their energy consumption usage. Business customers will also be able to take advantage of incentives such as Economic Development rates.

QUESTION:

Paragraph 14 of the petition states that the termination of the territorial agreement will result in excellent service and reliability for COVB's customers and that FPL's SAIDI has been extremely favorable. Please explain and discuss how the termination of the agreement will provide service reliability and provide assurance(s) that the newly acquired COVB customer base will not decrease the reliability of electric service to the existing FPL customers and rate payers.

RESPONSE:

Once the COVB electric system has been integrated into the FPL system, FPL will be providing its award winning service and reliability to all COVB customers. This will include the use of smart grid technology developed by FPL which provides numerous service and reliability benefits, including the prevention and/or reduction of outages. As far as the effect on existing FPL customers, because the number of COVB accounts acquired represents less than 1% of FPL's total existing accounts, FPL will be able to seamlessly integrate the new accounts into the FPL system with no impact on the reliability of electric service to existing customers.

QUESTION:

Paragraph 15 of the petition states that the termination of the agreement will eliminate existing or potential uneconomic duplication of facilities. Please discuss in detail how the termination of the territorial agreement will eliminate existing or potential uneconomic duplication of facilities.

RESPONSE:

The acquisition of the COVB utility will result in the elimination of duplicative COVB facilities via consolidation of facilities and services with existing FPL facilities such as control centers that FPL already operates which cover and serve the surrounding area. Utilizing FPL's existing facilities for control and operations of COVB facilities, as well as the use of FPL's support staff for activities such as NERC compliance, environmental compliance and other activities, allows for economies of scale that are not currently available for COVB's staff and customers.

QUESTION:

Have the potential customers of COVB been informed of the termination of the COVB- FPL territorial agreement? Please provide details of how the customers have been informed.

RESPONSE:

FPL's proposal to acquire the COVB electric utility has been the subject of public debate and discussion for nearly a decade leading up to the time when the Vero Beach City Council voted in favor of the sale in October of 2017. In the years leading up to that vote, the proposed sale of the COVB electric utility to FPL was specifically addressed in two public referendums, the results of which showed that the majority of Vero Beach voters favored the sale, and during numerous publicly noticed City Council meetings. Throughout this lengthy process, COVB customers have been provided the opportunity to stay abreast of the circumstances surrounding the sale of the COVB electric utility to FPL which, by definition, would also eliminate the need for and purpose of the territorial agreement.

Additionally, FPL is planning to hold two open houses to occur before the transaction closes in order to address all customer questions and concerns, including termination of the territorial agreement.

QUESTION:

What is the degree of acceptance of FPL as the new electric service provider to COVB customers?

RESPONSE:

In two previous public referendums related to the acquisition of the COVB utility by FPL, nearly two-thirds of Vero Beach voters supported the effort. Additionally, in October 2017, the duly elected city council members represented the voices of their electorate and voted to approve the sale of the utility to FPL. All of the members who voted in favor of the sale who were up for reelection in November of 2017 were subsequently reelected. COVB customers located outside of the Vero Beach city limits and in the Town of Indian River Shores, through actions of Indian River Shores' elected officials, have sought to become customers of FPL by virtue of filing a Petition for Modification of Territorial Order Based on Changed Legal Circumstances Emanating From Article VIII, Section 2(C) of the Florida Constitution, Docket No. 160049-EU. That docket is being held in abeyance until December 31, 2018 pending resolution of matters related to the sale of the COVB electric system to FPL. (See Order No. PSC-2018-0036-PCO-EU.)

QUESTION:

For the following question, please refer to the petition in Docket No. 20170235-EU. Please provide an updated Exhibit TCC-1 of Witness Cohen testimony reflecting current FPL rates (i.e., rates effective March 2018) and updated COVB rates (if updated)

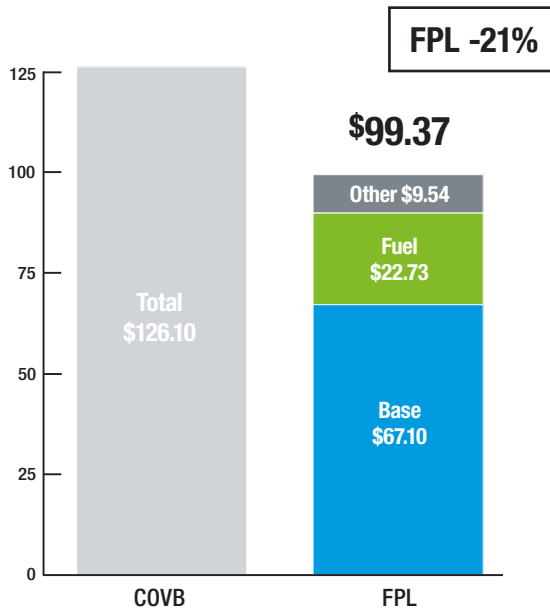
RESPONSE:

Please see Attachment No. 1 to this response.

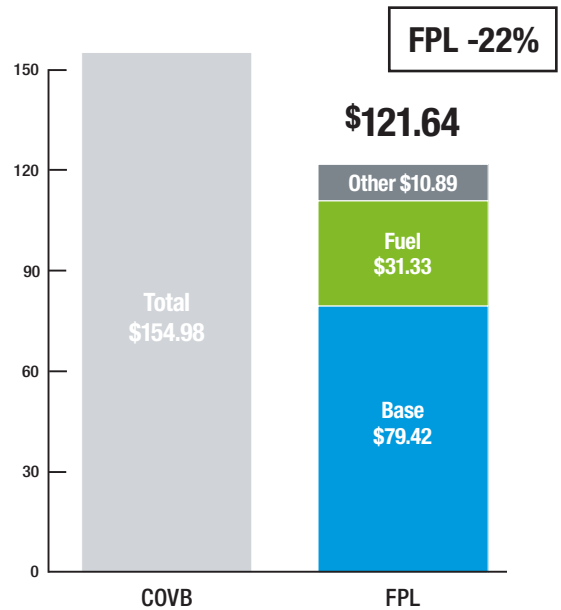


Typical Bill Comparisons – FPL vs. COVB

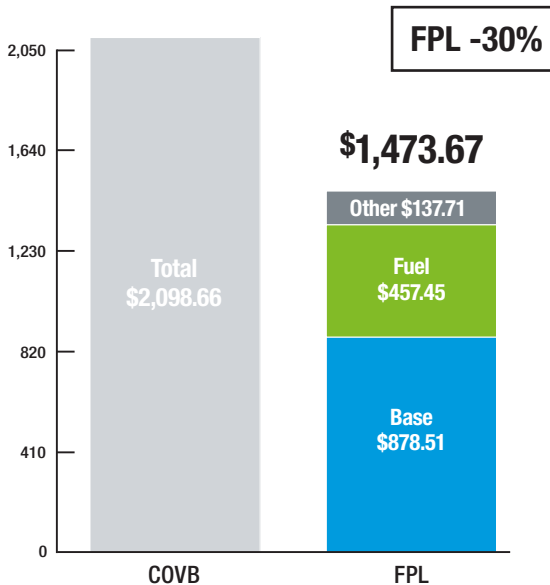
1,000 kWh Residential Bill Comparison



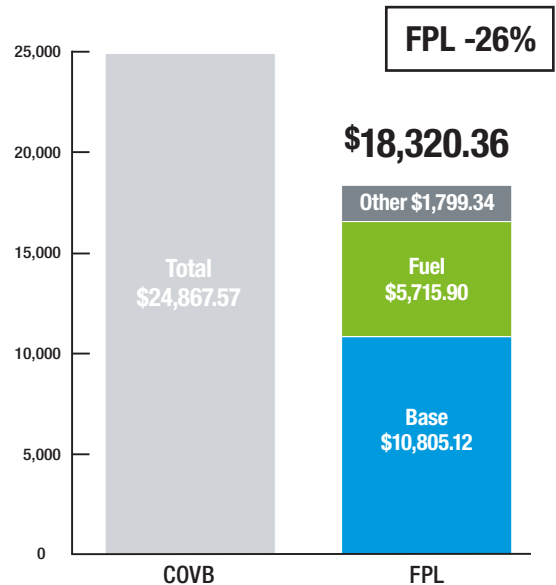
1,200 kWh Small Non-Demand Commercial Bill Comparison "Small Store Front"



17,520 kWh/50 kW Medium Demand Commercial Bill Comparison "Office Building or School"



219,000 kWh/600 kW Large Commercial Bill Comparison "Large Retailer or Hospital"



Notes:

FPL and COVB typical bills are as of March 1, 2018, and include gross receipts tax.