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September 26, 2018

**-VIA ELECTRONIC FILING -**

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

**Re: Docket No. 20170235-EI - Florida Power & Light Company's Petition 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 and Docket No. 20170236-EU – Joint Petition of Florida Power & Light and the City of Vero Beach to Terminate Territorial Agreement**

Dear Ms. Stauffer:

Please find enclosed for filing with the Commission FPL's Errata Sheet and Bores Exhibit SRB-2 Consistent with Errata and Bores Exhibit SRB-3 Consistent with Errata.

The errata reflect changes in FPL's CPVRR analysis correcting errors discovered while reviewing Staff discovery which requested a comparison of the generation plan, summer peak and reserve margin from FPL's 2018 ten-year site plan to a 2018 Ten-Year Site Plan without the acquisition of the City of Vero Beach electric system.

FPL determined that it had included the electric system load of the City of Vero Beach twice in its analysis and had incorrectly revised depreciation amounts in the CPVRR analysis after deferral of the assumed transaction closing date to January 1, 2019. The cumulative impact of making these adjustments to FPL's CPVRR analysis is an increase in the expected CPVRR savings to FPL's customers of the transaction to approximately \$135 million. The enclosed errata reflect the corrected analysis.

Please contact me should you or your Staff have any questions or concerns regarding this filing at (561) 304-5253.

Sincerely,

/s/Bryan S. Anderson  
Bryan S. Anderson  
Florida Bar No. Pending

Cc: Counsel for parties of record (w/encl.)

## ERRATA SHEET

### SUPPLEMENTAL DIRECT TESTIMONY AND EXHIBITS

WITNESS: SCOTT R. BORES

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
4	19	Change “99” to “135”
5	1	Change “99” to “135”
5	4	Change “6” to “30”
5	10	Change “reduce” to “increases”
5	10	Change “31” to “7.8”
5	10	Change “is primarily” to “includes”
5	14	Remove “further”
5	15	Change “8.1” to “7.9”
5	18	Change “reductions” to “reduction”
5	18	Change “7.5” to “4.5”
6	2	Change “3.2” to “3.8”

<u>EXHIBIT #</u>	<u>CHANGE</u>
Exhibit SRB-2	Replace Exhibit SRB-2 with attached
Exhibit SRB-3	Replace Exhibit SRB-3 with attached

WITNESS: TIFFANY COHEN

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
6	13	Change “99” to “135”

**REBUTTAL TESTIMONY**

**WITNESS: SAM FORREST**

<b><u>PAGE #</u></b>	<b><u>LINE #</u></b>	<b><u>CHANGE</u></b>
5	14	Change "99" to "135"

**WITNESS: SCOTT R. BORES**

<b><u>PAGE #</u></b>	<b><u>LINE #</u></b>	<b><u>CHANGE</u></b>
7	6	Change "60" to "96"
7	10	Change "cost" to "benefit"
7	10	Remove "less than"
7	10	Change "5" to "31"
7	11	Remove "essentially be held"
7	12	Change "harmless" to "benefit"
12	10	Change "98.6" to "135"

## Summary of Economic Analysis

	<u>Nominal</u>	<u>30 Year</u>												
	<u>Total</u>	<u>CPVRR</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029-2048</u>
Discount Factor			0.96	0.89	0.83	0.77	0.71	0.66	0.62	0.57	0.53	0.49	0.46	
<b>Base Rates: Incremental Revenue Requirements<sup>(1)</sup></b>														
Operations and Maintenance <sup>(2)</sup>	157.3	57.6	1.7	6.4	10.0	4.2	4.1	3.8	3.6	3.8	3.8	3.9	4.0	107.9
Property Tax and Insurance	105.0	31.5	0.1	1.4	1.7	1.8	2.0	2.2	2.3	2.4	2.6	2.7	2.8	82.9
Depreciation and Amortization <sup>(3)</sup>	326.9	115.1	0.3	9.6	9.2	9.4	9.7	10.1	9.5	9.8	10.1	10.4	10.3	228.6
Interest Expense <sup>(4)</sup>	122.5	44.4	0.1	3.7	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	83.2
Return on Equity <sup>(5)</sup>	390.8	141.7	0.5	11.9	12.3	12.4	12.4	12.7	12.6	12.6	12.7	12.7	12.7	265.4
Income Tax <sup>(6)</sup>	132.7	48.1	0.2	4.0	4.2	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	90.1
System Impact <sup>(7)</sup>	399.5	83.1	-	-	-	-	-	-	-	-	-	-	-	399.5
<b>Total Incremental Base Rate Revenue Requirements</b>	<b>1,634.7</b>	<b>521.6</b>	<b>3.0</b>	<b>37.0</b>	<b>41.2</b>	<b>35.9</b>	<b>36.3</b>	<b>37.0</b>	<b>36.3</b>	<b>36.8</b>	<b>37.4</b>	<b>38.0</b>	<b>38.2</b>	<b>1,257.6</b>
Base Rate Revenue from COVB Customers <sup>(8)</sup>	(1,984.6)	(648.8)	-	(43.2)	(44.2)	(44.6)	(49.5)	(53.4)	(54.4)	(55.4)	(56.4)	(57.4)	(59.0)	(1,467.1)
<b>Base Rate (Savings)/Cost from COVB Customers<sup>(9)</sup></b>	<b>(349.9)</b>	<b>(127.2)</b>	<b>3.0</b>	<b>(6.2)</b>	<b>(3.0)</b>	<b>(8.7)</b>	<b>(13.2)</b>	<b>(16.4)</b>	<b>(18.1)</b>	<b>(18.6)</b>	<b>(19.0)</b>	<b>(19.4)</b>	<b>(20.8)</b>	<b>(209.5)</b>
<b>Clause: Incremental Revenue Requirements<sup>(1)</sup></b>														
OUC PPA Payments <sup>(10)</sup>	21.1	18.1	-	9.9	11.2	-	-	-	-	-	-	-	-	-
System Impact <sup>(11)</sup>	1,072.1	315.0	-	20.4	13.8	18.2	17.7	22.0	21.0	23.2	24.8	29.6	26.6	854.9
<b>Total Incremental Clause Revenue Requirements</b>	<b>1,093.2</b>	<b>333.1</b>	<b>-</b>	<b>30.3</b>	<b>24.9</b>	<b>18.2</b>	<b>17.7</b>	<b>22.0</b>	<b>21.0</b>	<b>23.2</b>	<b>24.8</b>	<b>29.6</b>	<b>26.6</b>	<b>854.9</b>
Clause Revenue from COVB customers <sup>(12)</sup>	(1,100.0)	(341.0)	-	(24.1)	(24.3)	(24.7)	(24.5)	(25.1)	(25.3)	(25.5)	(26.4)	(27.2)	(28.1)	(844.8)
<b>Clause (Savings)/Cost from COVB Customers<sup>(13)</sup></b>	<b>(6.8)</b>	<b>(7.9)</b>	<b>-</b>	<b>6.2</b>	<b>0.6</b>	<b>(6.5)</b>	<b>(6.7)</b>	<b>(3.0)</b>	<b>(4.3)</b>	<b>(2.3)</b>	<b>(1.6)</b>	<b>2.3</b>	<b>(1.5)</b>	<b>10.1</b>
<b>Total Net Customer (Savings)/Cost<sup>(14)</sup></b>	<b>(356.7)</b>	<b>(135.1)</b>	<b>3.0</b>	<b>0.0</b>	<b>(2.4)</b>	<b>(15.2)</b>	<b>(20.0)</b>	<b>(19.4)</b>	<b>(22.4)</b>	<b>(20.9)</b>	<b>(20.6)</b>	<b>(17.1)</b>	<b>(22.3)</b>	<b>(199.4)</b>

1) Incremental Revenue Requirement represents the difference between the Revenue Requirement with and without the Transaction.

2) Represents FPL's estimated incremental Operations and Maintenance cost for operating COVB's system.

3) Incremental D&amp;A associated with the acquired COVB's assets, incremental capital expenditures to improve COVB's system and the asset acquisition adjustment.

4) Interest expense assumes 4.88% cost of debt and 40.4% debt to investor capital ratio.

5) Return on Equity assumes 10.55% cost of equity and 59.6% equity to investor capital ratio.

6) Income tax assumes blended state and federal tax rate of 25.345%.

7) Incremental fixed costs and capital for generation needed to serve Vero's load.

8) Base rate revenue from COVB's customers at FPL's forecasted rates.

9) Incremental revenue requirements netted against incremental revenue

10) Expenses associated with power purchase agreement with Orlando Utilities Commission

11) System impacts include incremental effects on fuel, emissions, variable O&amp;M, short-term PPAs, and gas transportation.

12) Clause revenue from COVB's customers at FPL's forecasted rates.

13) Incremental clause revenue requirements netted against incremental clause revenue.

14) Total Net Customer Costs / (Savings) reflect the sum of base and clause net revenue requirement.

Docket No. 20170235-EI  
Comparison of CPVRR Benefits  
Exhibit SRB-3 consistent with Errata, Page 1 of 1

	<b>Total Net Customer (Savings)/Cost CPVRR <u>in millions</u></b>
<b>Original Petition</b>	<b>(105.3)</b>
Tax Reform	(26.2)
Rate Case Deferral to 2022	4.6
<b>Tax Reform Sensitivity</b>	<b>(127.0)</b>
Update to System Plan	(7.8)
Revised Long-Term Price of Electricity	7.9
Deferral of Transaction to January 1, 2019	(4.5)
Revised Cost of Debt Estimate	(3.8)
<b>Revised</b>	<b>(135.1)</b>