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March 14, 2019

-VIA ELECTRONIC FILING-

Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20180143-EI – Petition to initiate rulemaking to revise and amend portions of Rule 25-6.0426, F.A.C., Recovery of Economic Development Expenses, by Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company.

Dear Mr. Teitzman:

Please find attached for filing Florida Power & Light Company's Response to Staff's First SERC Data Request (Nos. 1-8) in the above-referenced docket.

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

Sincerely,

s/ James S. King
James S. King
Senior Attorney
FL Authorized House Counsel No. 1007148

cc: Parties of record

QUESTION:

Does the utility anticipate any adverse impacts to Florida's small businesses (as defined by Section 288.703, F.S.)? If there would be adverse impacts to small businesses, what would they be? Please discuss.

RESPONSE:

FPL does not anticipate any adverse impacts to Florida's small businesses.

As discussed in the Post-Workshop Comments filed by FPL in this proceeding, through December 2018, FPL's Office of Economic Development has worked with 160 companies pledging to create over 28,000 jobs. As noted in FPL's response to Staff's First Data Request, No. 2, Attachment No. 1, FPL's economic development efforts from 2012-2017 have resulted in more than \$84 billion in positive economic impact for the state, with capital investment in the 35 counties served by FPL resulting in a \$44 billion impact on Florida's Gross Regional Product. This includes: (i) an employment impact of 220,000 full-time jobs (direct, indirect, and induced) and an additional 281,724 construction jobs; (ii) over \$25 billion in labor income; and (iii) approximately \$2.8 billion in additional state and local taxes. FPL anticipates that an increased level of funding for the promotion of economic development would allow FPL to continue to contribute to these significant state-wide benefits, which in turn would benefit small businesses.

The development of small businesses is a focus of FPL's economic development program. For example, one of the most popular resources FPL provides is the Small Business Tool – available by visiting www.fpl.com/businessstool. The Small Business Tool provides market intelligence for every business in the state of Florida. It is designed specifically for small businesses and provides assistance in: (1) writing a business plan that can support financial investment; (2) identifying new customers; (3) identifying new locations for expansion; and (4) target advertising efforts to maximize market penetration. FPL partners with Florida's Small Business Development Network, SCORE, the University of Central Florida's GrowFL, and Prospera to ensure small businesses have access to the Small Business Tool and other forms of support to assist in their success and are provided training on how to utilize resources to the business's benefit.

QUESTION:

Does the utility anticipate any adverse impacts over \$1 million in the aggregate within five years of its implementation in Florida's economic growth, private sector job creation, and private sector investment? Please discuss.

RESPONSE:

No adverse impacts are anticipated to Florida's economic growth, private sector job creation, and private sector investment.

As discussed in the Post-Workshop Comments filed by FPL in this proceeding, through December 2018, FPL's Office of Economic Development has worked with 160 companies pledging to create over 28,000 jobs. As noted in FPL's response to Staff's First Data Request, No. 2, Attachment No. 1, FPL's economic development efforts from 2012-2017 have resulted in more than \$84 billion in positive economic impact for the state, with capital investment in the 35 counties served by FPL resulting in a \$44 billion impact on Florida's Gross Regional Product. This includes: (i) an employment impact of 220,000 full-time jobs (direct, indirect, and induced) and an additional 281,724 construction jobs; (ii) over \$25 billion in labor income; and (iii) approximately \$2.8 billion in additional state and local taxes. FPL anticipates that an increased level of funding for the promotion of economic development would allow FPL to continue to contribute to these significant state-wide benefits.

QUESTION:

Does the utility anticipate any adverse impacts over \$1 million in the aggregate within five years of its implementation in Florida's business competitiveness (including the ability of persons doing business in other states or domestic markets), productivity, and innovation? Please discuss.

RESPONSE:

No adverse impacts are anticipated to Florida's business competitiveness (including the ability of persons doing business in other states or domestic markets), productivity, and innovation.

As discussed in the Post-Workshop Comments filed by FPL in this proceeding, through December 2018, FPL's Office of Economic Development has worked with 160 companies pledging to create over 28,000 jobs. As noted in FPL's response to Staff's First Data Request, No. 2, Attachment No. 1, FPL's economic development efforts from 2012-2017 have resulted in more than \$84 billion in positive economic impact for the state, with capital investment in the 35 counties served by FPL resulting in a \$44 billion impact on Florida's Gross Regional Product. This includes: (i) an employment impact of 220,000 full-time jobs (direct, indirect, and induced) and an additional 281,724 construction jobs; (ii) over \$25 billion in labor income; and (iii) approximately \$2.8 billion in additional state and local taxes. FPL anticipates that an increased level of funding for the promotion of economic development would allow FPL to continue to contribute to these significant state-wide benefits.

QUESTION:

Does the utility anticipate any effect on state and local government revenues?

RESPONSE:

State and local governments benefit greatly from economic development activities. As set forth in the Economic Development Program Impact Evaluation and Analysis performed by Boyette Strategic Advisors of the economic impact of FPL's economic development efforts from 2012-2017, attached to FPL's Response to Staff's First Data Request No. 2, FPL's economic development efforts have contributed to the creation of approximately \$2.8 billion in additional state and local taxes. FPL anticipates that an increased level of funding for the promotion of economic development would allow FPL to continue to contribute to the development of a greater tax base in the future.

QUESTION:

Please provide an analysis of economic impacts on small businesses, small counties, and small cities.

RESPONSE:

FPL does not possess a specific formal analysis of economic impact on small business, small counties, and small cities. However, attached to FPL's Response to Staff's First Data Request No. 2 is an Economic Development Program Impact Evaluation and Analysis performed by Boyette Strategic Advisors of the economic impact of FPL's economic development efforts from 2012-2017. See also FPL's Response to Staff's First Data Request – SERC Request No. 1.

QUESTION:

Please provide and discuss any other economic benefits or costs of staff's draft rule changes regarding the recovery of economic development expenses which the Commission may find useful.

RESPONSE:

The rule modifications will permit FPL to continue expanding its promotion of Florida as a premier business destination to a targeted audience of corporate decision makers and site selectors, thus improving the prospects for economic development within the state.

FPL recognizes that businesses operate in the global economy where they must compete by using better technology, leaner production costs, and continued training of a skilled workforce. This often includes competition with sister facilities. The modification of the Rule to allow recovery of additional economic development expenses will encourage utilities to promote new economic development investment, which in turn will expand Florida's economic base and foster economic growth. These increased economic development activities will allow utilities to conduct additional outreach and to continue to build a sustainable pipeline of viable new projects. The facilitation of the expanded promotion of economic development through the modification of the Rule is anticipated to yield a corresponding increase in benefits to the state.

As FPL discussed in its Post-Workshop Comments, successful economic development is heavily staff-oriented, requiring hands-on service and project work and significant coordination among multiple local and state organizations. The increased level of funding for the promotion of economic development will allow FPL to increase Office of Economic Development staffing to levels closer to those employed by utilities in neighboring states. This will provide an enhanced staff focus in the following areas: (1) business development; (2) competitiveness; and (3) capacity building.

It is beyond dispute that the creation of new jobs and associated economic development impacts benefits the general body of customers and contributes to the prosperity of all Floridians. Moreover, as discussed in FPL's Post-Workshop comments, the addition of new load mitigates future revenue requirements by spreading fixed costs over a larger number of customers, and thus can benefit all customers by placing downward pressure on rates.

For example, since 2013, FPL's Office of Economic Development has worked with 160 companies pledging to create over 28,000 jobs in the FPL service territory. These new businesses and jobs, together with the commensurate new electric load, have produced approximately \$50 million dollars in incremental rate revenue for FPL – more than three times the level of recoverable economic development expenses over the same time period.

Moreover, for FPL, any rate effects associated with the proposed Rule modification would not occur until the conclusion of FPL's next rate case. Currently, FPL is under a base rate settlement agreement that establishes the rates charged to FPL's customers for the duration of the agreement. Therefore, any increased costs associated with the rule will not be recognized in rates until FPL's base rates are next reset.

QUESTION:

Please provide the bill impact of staff's draft rule change on a residential customer using 1,000 kWh per month.

RESPONSE:

FPL is currently operating under an approved settlement agreement per Order No. PSC-2016-0560-AS-EI, Docket No. 20160021-EI, with a minimum term through December 31, 2020. FPL anticipates being able to remain under the rates, terms and conditions of the approved 2016 settlement agreement for at least one year beyond the minimum term. Therefore, any increased costs associated with the Rule will not be recognized in rates until FPL's base rates are next reset.

Isolated, the estimated bill impact of staff's draft rule change on a residential customer using 1,000 kWh per month would be \$0.12. In this context, it is important to recognize that new load and new revenues on FPL's system benefit all customers. The addition of load and ability to spread fixed costs over a greater customer base also puts downward pressure on rates for all customers.

QUESTION:

Please provide the bill impact of staff's draft rule change on a small commercial customer (on a GS rate schedule) using 1,500 kWh per month.

RESPONSE:

FPL is currently operating under an approved settlement agreement per Order No. PSC-2016-0560-AS-EI, Docket No. 20160021-EI, with a minimum term through December 31, 2020. FPL anticipates being able to remain under the rates, terms and conditions of the approved 2016 settlement agreement for at least one year beyond the minimum term. Therefore, any increased costs associated with the rule will not be recognized in rates until FPL's base rates are next reset.

Isolated, the estimated bill impact of staff's draft rule change on a small commercial customer (on a GS rate schedule) using 1,500 kWh per month would be \$0.18. In this context, it is important to recognize that new load and new revenues on FPL's system benefit all customers. The addition of load and ability to spread fixed costs over a greater customer base also puts downward pressure on rates for all customers.

CERTIFICATE OF SERVICE
Docket No. 20180143-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic service on this 14th day of March 2019 to the following:

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