



**Maria Jose Moncada**  
**Senior Attorney**  
**Florida Power & Light Company**  
**700 Universe Boulevard**  
**Juno Beach, FL 33408-0420**  
**(561) 304-5795**  
**(561) 691-7135 (Facsimile)**  
**Email: maria.moncada@fpl.com**

March 21, 2019

**VIA ELECTRONIC FILING**

Mr. Adam Teitzman  
Commission Clerk  
Florida Public Service Commission  
Betty Easley Conference Center  
2540 Shumard Oak Boulevard, Room 110  
Tallahassee, FL 32399-0850

Re: Docket No. 20190034-EI  
FPL's Responses to Staff's Second Data Request

Dear Mr. Teitzman:

Attached are Florida Power & Light Company's responses to Staff's Second Data Request (Nos. 1-9) in Docket No. 20190034-EI.

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

Sincerely,

*s/ Maria Jose Moncada*  
Maria Jose Moncada

Attachments  
cc: Walt Trierweiler

:7216731

**Florida Power & Light Company**  
**Docket No. 20190034-EI**  
**Staff's Second Set of Data Requests**  
**Request No. 1**  
**Page 1 of 1**

**QUESTION:**

The following questions refer to Florida Power & Light's (FPL or Company) proposed Optional Supplemental Power Services Pilot Program (OSPS).

- a. Does a generator for which the capital cost has been fully recovered by the Company (i.e. actual life exceeding book life), but is still operable, remain at the customer's premises at a lowered rate for service? As in, will the capital portion of the service agreement terminate for that particular customer?
- b. If the response to Request No. 1(a.) is negative, please detail the specific accounting treatment that would occur under the specified hypothetical scenario.

**RESPONSE:**

- a. Yes, at the end of the equipment book life, the capital portion of the service agreement specifically related to the initial capital investment would terminate. It is possible, however, that new capital investment and/or increased projected maintenance and repair may be necessary should a customer desire to continue OSPS service beyond the service agreement term. A generator for which the capital cost has been fully recovered may remain at the customer's premise at a lowered rate for service if the cost to serve the customer, considering projected maintenance and repair expenses and any replacement equipment capital costs for a subsequent period, results in a lower monthly service payment.
- b. As indicated in response to Staff's Second Set of Data Request No. 1(a), the initial capital portion of the installation would terminate for the particular customer. New generator equipment capital expenditures would be treated as described in Staff's Second Set of Data Request No. 3.

**Florida Power & Light Company**  
**Docket No. 20190034-EI**  
**Staff's Second Set of Data Requests**  
**Request No. 2**  
**Page 1 of 1**

**QUESTION:**

Please refer to FPL's Responses to Staff's First Set of Data Requests, No. 4 (d.). For the assets listed in this response, please specify which Federal Energy Regulatory Commission (FERC) account(s) the Company intends to record each asset.

**RESPONSE:**

The assets listed in Staff's First Set of Data Requests, No. 4(d) represent the minor items of property, as defined in the Code of Federal Regulations, Part 1, Definition 18, related to Optional Supplemental Power Services that are included in the retirement units. These assets will be recorded to the appropriate subaccount under FERC account 371, based on whether the components are attached to a light-duty or heavy-duty generator.

**Florida Power & Light Company  
Docket No. 20190034-EI  
Staff's Second Set of Data Requests  
Request No. 3  
Page 1 of 1**

**QUESTION:**

Please specify which FERC account(s) the Company intends to record the heavy-duty generators and light-duty generators investments.

**RESPONSE:**

Upon Commission approval, FPL will establish two subaccounts under FERC account 371 for the heavy-duty and light-duty generators. As the generators are purchased, they will initially be recorded to FERC account 107 until they are placed in service. Once placed in service, the generators will be moved to FERC account 106 and will be unitized to the newly established subaccounts.

**Florida Power & Light Company  
Docket No. 20190034-EI  
Staff's Second Set of Data Requests  
Request No. 4  
Page 1 of 1**

**QUESTION:**

Please refer to page 5 of the Petition for Approval of Optional Supplemental Power Services Pilot Program and Rider (Petition) for the following request. Given that FERC Account 371 – Installations on Customers' Premises currently depreciates at 3.3 percent, how does the Company intend to reconcile (if at all) it's proposed (initial whole life) depreciation rates of 5 percent for heavy-duty generators and 10 percent for light-duty generators?

**RESPONSE:**

Upon Commission approval, FPL will establish two subaccounts under FERC account 371 for the heavy-duty and light-duty generators. The subaccount for heavy-duty generators will be assigned a five percent depreciation rate, and the subaccount for light-duty generators will be assigned a 10 percent depreciation rate. Since the generators will be depreciated at the proposed depreciation rates, no reconciliation will be necessary.

**Florida Power & Light Company  
Docket No. 20190034-EI  
Staff's Second Set of Data Requests  
Request No. 5  
Page 1 of 1**

**QUESTION:**

Indicated on page five of the Petition, the Company is proposing a zero percent net salvage rate for both light- and heavy-duty generators. Please briefly discuss the Company's expectations for both gross salvage and cost of removal for the two classes of generators.

**RESPONSE:**

FPL's expectations are that, generally, if equipment removal is necessary at end of term, gross salvage value of the equipment would approximately equal cost of removal. FPL has consulted with subject matter experts, including generator company personnel with significant experience in used generator sales and electrical construction firms, to confirm that the value of a used generator as well as removal costs are influenced by a number of factors at the time of removal. It is reasonable to assume that equipment salvage value would balance removal costs for a well-maintained generator installed in a manner that provides for efficient removal, such as installing the generator and associated equipment within an accessible enclosure.

**Florida Power & Light Company  
Docket No. 20190034-EI  
Staff's Second Set of Data Requests  
Request No. 6  
Page 1 of 1**

**QUESTION:**

Please refer to section 12(d) of the proposed Residential and Non-Residential OSPS agreements. In the instance where this provision of "Risk of Loss to Equipment (Company Responsibility)" is invoked, how and from whom would "Company Costs" be recovered? Would the general body of rate payers be held harmless in such an instance?

**RESPONSE:**

OSPS is designed to recover all of the costs associated with Company responsibility for equipment damage or loss through revenues collected from OSPS customers. OSPS pricing includes both insurance and reserve elements, such as: (i) contributions to FPL's costs for insurance coverage; (ii) a reserve to recover the costs associated with repair or replacement of damaged OSPS equipment that is not covered by insurance; and (iii) insurance deductibles. Inclusion of these cost elements in program pricing is an additional protection to ensure that the OSPS revenues cover all OSPS costs and that the Program will have no impact on the general body of customers.

**Florida Power & Light Company**  
**Docket No. 20190034-EI**  
**Staff's Second Set of Data Requests**  
**Request No. 7**  
**Page 1 of 2**

**QUESTION:**

Please refer to the paragraph titled "Limitation of Service" on proposed tariff sheet No. 8.845.

- a. Please explain why energy provided by OSPS assets on the Company's side of the billing meter will be billed under the customer's otherwise applicable general service rate schedule. Is FPL saying that the customer will be billed for the output of generator?
- b. Please list the components (e.g., customer charge, non-fuel energy, fuel, other clauses, etc.) of the customer's otherwise applicable general service rate schedule which would be billed to the customer for energy provided by OSPS assets on the Company's side of the billing meter.

**RESPONSE:**

- a. Yes, for some OSPS participants, it may be preferable or cost-beneficial to have OSPS assets placed on the Company's side of the meter and be billed for the generator's output. In the infrequent case where an OSPS asset is installed on the Company's side of the billing meter, back-up generation will be billed under the customer's applicable general service rate schedule based upon consumption registered on the Company's billing meter.

Billing in this manner promotes administrative efficiency. FPL's assessment is that providing energy-related rate credits for limited amounts of back-up generator energy registered through the billing meter is an administrative burden, requiring manual billing processes, potential billing system modifications and special meter configurations, that would outweigh the credit's benefit to the customer.

One of the Pilot objectives is to gain experience and obtain information about the benefits, costs, and optimal economic implementation of various customer-sited solutions and equipment configurations. An OSPS customer has the option to elect to have an OSPS asset installed on either the customer's side or the Company's side of the billing meter. There could be circumstances in which a customer with multiple buildings and multiple electric billing meters at a single site, for example, elects an installation that locates the back-up power generator on the primary side of the transformer(s) serving the facilities because it is more economic. In this scenario, a Company-side of the meter installation could avoid major electrical and structural reconstruction of the customer's current electrical service equipment, which would significantly reduce the proposed OSPS monthly service payment. During the Evaluation or, if necessary, Engineering Study phase, FPL will present the customer with Company-side and customer-side installation options, and, if applicable, will provide the customer with an estimate of the impact of any additional energy charges incurred during back-up power generator operation.



**Florida Power & Light Company**  
**Docket No. 20190034-EI**  
**Staff's Second Set of Data Requests**  
**Request No. 7**  
**Page 2 of 2**

- b. Energy provided by OSPS assets will be billed under the Customer's otherwise applicable general service rate schedule, in the manner in which all energy registered by the Company's billing meter is normally billed to the customer. The energy components typical to customers' general service rate schedules are those charges listed on the Company's tariff in c/kWh and include the following charges: base non-fuel energy, capacity, conservation, environmental, fuel, and storm.

**Florida Power & Light Company**  
**Docket No. 20190034-EI**  
**Staff's Second Set of Data Requests**  
**Request No. 8**  
**Page 1 of 1**

**QUESTION:**

Please refer to No. 3 of staff's first data request in this docket.

- a. Please provide the communication and/or agreements with a customer explaining the option of having the Company install additional equipment to assist with meeting system emergencies and other conditions for which the equipment may benefit grid operations.
- b. Please explain if a customer would be compensated if their OSPS assets are used to benefit grid operations.
- c. If a customer's OSPS assets are used to benefit grid operations, will the customer's access to power provided by the generating assets be affected?

**RESPONSE:**

- a. The communication with a customer regarding any potential dispatch of the OSPS asset for grid operations will occur during the Evaluation and Engineering Study steps of the overall OSPS process, referenced in response to Staff's First Set of Data Request No. 15, as well as during review of the OSPS Agreement, particularly section 9. FPL will explain the potential use, expected dispatch conditions and any effect on generator operations. If a customer is agreeable to the potential additional use, the terms of such use will be specified within the Statement of Work that will be attached to the customer's OSPS Agreement.
- b. No mechanism exists directly in the OSPS Rider to compensate customers if the OSPS assets are used to support grid operations. However, FPL expects that some customers that participate in OSPS may also seek to participate in FPL's existing Commercial/Industrial Demand Reduction Rider and earn compensatory credits through that program, or any future rates or programs that may be available from FPL, and may elect to use the OSPS assets when their electrical load is subject to control by FPL.

During the proposed pilot, FPL will seek to identify and further understand any additional potential to utilize this equipment to support the overall operation of the grid. If such incremental use, as agreed upon by the customer, results in incremental costs of the Service, those costs would not be included in the customer's monthly service payment charge.

- c. No. The customer will always have the primary right to use the power provided by the generator for back-up purposes. Any potential dispatch of equipment to support grid operations would not encumber the equipment's ability to provide the back-up power service specified in the Agreement.

**Florida Power & Light Company  
Docket No. 20190034-EI  
Staff's Second Set of Data Requests  
Request No. 9  
Page 1 of 1**

**QUESTION:**

How many customers does FPL anticipate will take service under the proposed pilot?

**RESPONSE:**

For purposes of initial planning, FPL projected that up to approximately 300 customers may take service under the proposed pilot. However, without the benefit of data from a pilot, FPL is not certain how many customers may elect to participate in the Program.