



Kenneth M. Rubin
Assistant General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 691-2512
(561) 691-7135 (Facsimile)
E-mail: Ken.Rubin@fpl.com

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Mr. Adam Teitzman
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20180049-EI – FPL’s Responses to Staff’s First Settlement Agreement Data Requests (Nos. 1-17)

Dear Mr. Teitzman:

Enclosed for filing in the above referenced docket is Florida Power & Light Company’s (“FPL”) non-confidential responses to Staff’s First Settlement Agreement Data Requests (Nos. 1 – 17). FPL takes the position that a portion of its response to Staff’s First Settlement Agreement Data Request No. 7 is confidential; the redacted response to Data Request No. 7 is included with this filing. A Notice of Intent to Seek Confidential Classification and confidential treatment of that information has also been filed on this date.

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

Sincerely,

s/ Kenneth M. Rubin
Kenneth M. Rubin

Enclosure

cc: Counsel for Parties of Record

QUESTION:

Please refer to page 4, paragraphs 2-4. In regards to the \$50 million in cumulative adjustments outlined in paragraphs 2-4, will FPL reverse the charges that it made to the Amortization Reserve? If so, will FPL need to file revised Earning Surveillance Reports as a result of the adjustments made in paragraph 2-4? If not, please explain the accounting treatment FPL will use to make the adjustments described in paragraphs 2-4.

RESPONSE:

The \$50 million in cumulative adjustments outlined in paragraphs 2-4 of the proposed settlement agreement are comprised of three items that have the following effect on the Amortization Reserve:

- The reclassification of \$25 million from base O&M expense to capital in paragraph 2 of the proposed settlement agreement will result in an increase of \$25 million being recorded as capital and an equal reduction in base O&M expense. This will result in a \$25 million credit (increase) to the balance in the Amortization Reserve. This adjustment will occur upon the issuance of a final order from the Commission, and will be just one of the inputs into FPL's calculation of amount in the Amortization Reserve, which includes FPL's 12-month rolling retail base net operating income and 13-month average retail rate base.
- The \$20 million of incremental costs that will be treated as non-incremental costs in paragraph 3 of the proposed settlement does not result in FPL recording any accounting entries because all of the non-capital Hurricane Irma costs (both incremental and non-incremental) have already been recorded to base O&M expense. The reclassification of the \$20 million of incremental costs as non-incremental costs has no impact on the amount available in the Amortization Reserve.
- The \$5 million reduction in the Amortization Reserve Amount available for amortization in paragraph 4 of the proposed settlement does not result in FPL recording any accounting entries. Upon the issuance of a final order from the Commission, this provision will simply reduce the overall Amortization Reserve amount available that FPL can prospectively utilize during the remaining term of its retail base rate settlement agreement from \$1.25 billion to \$1.245 billion.
- The adjustments in paragraphs 2-4 of the proposed settlement will occur upon the issuance of a final order from the Commission and will be reflected in the first Earning Surveillance Report submitted thereafter. These changes are prospective and, therefore, no revision to FPL's previously submitted Earning Surveillance Reports is required. The timing of recognition for these adjustments is consistent with the treatment of the adjustments in FPL's Hurricane Matthew settlement – Order No. PSC-2018-0359-FOF-EI.

QUESTION:

Please refer to page 4, paragraph 2. What would be the amount of the Amortization Reserve before and after the \$5 million adjustment in paragraph 2?

RESPONSE:

The total Amortization Reserve amount from the 2016 retail base rate settlement agreement approved by Commission Order No. PSC-2016-0560-AS-EI in Docket No. 20160021-EI was \$1.25 billion. Upon approval of the proposed Hurricane Irma settlement agreement, the total Amortization Reserve amount will be reduced by \$5 million to \$1.245 billion.

QUESTION:

Please refer to page 5, paragraph 5. Please explain why the Process Provisions excludes employees and personnel working on behalf of mutual aid utilities.

RESPONSE:

While FPL negotiates the terms and conditions of its contracts with non-mutual aid contractors, including requirements for timekeeping, mutual aid utilities assistance is provided consistent with the principles, procedures and guidelines established by mutual assistance organizations (e.g., SEE and EEI). This includes guidelines for responding utilities to keep and maintain their cost support records and for requesting utilities to reimburse responding utilities for actual costs incurred. As mentioned in FPL witness Gwaltney's rebuttal testimony in this docket, restoration support from SEE and EEI members is provided on a not-for-profit basis.

QUESTION:

Please refer to page 5, paragraph 6. Please explain how the App would work if cellular service is not available.

RESPONSE:

In the event cellular service is not available, the App will not work in the absence of a wireless connection. However, a wireless connection would be provided at check-in and at the staging sites to allow entry of time and expenses using the App. Alternatively, the process could revert back to paper until a connection is established.

QUESTION:

Please refer to page 5, paragraph 6B. Is there a cell or notes page for contractors to enter a reason for an expense in the App?

RESPONSE:

The App includes a dropdown feature that allows the vendor's crew lead to identify the reason for the expense. Use of this feature by the crew lead is required to assist FPL in determining if the expense is acceptable and eligible for reimbursement.

QUESTION:

Please refer to page 6, paragraph 8. Is the Crew Tracking App different from the App referenced in paragraph 6?

RESPONSE:

Yes. FPL's Crew Tracking App, which includes GPS-tracking capabilities, is different from the App referenced in paragraph 6.

QUESTION:

What are FPL's estimated costs for development of Phase I of the FPL App?

RESPONSE:

FPL's estimated cost for developing Phase I of the App is approximately [REDACTED]

QUESTION:

What are FPL's estimated costs for development of Phase II of the FPL App?

RESPONSE:

At this time, FPL does not have estimated costs for developing Phase II of the App because the requirements for additional functionality are still being finalized.

QUESTION:

What are FPL's estimated costs for ongoing support of the FPL App?

RESPONSE:

FPL does not have estimated costs for ongoing support of the App because it is still in the process of finalizing process and resource requirements.

QUESTION:

Will FPL seek to recover the costs related to the development and ongoing support of its Apps through storm cost recovery?

RESPONSE:

No, FPL will not seek to recover the costs related to the development and ongoing support of its Apps through the storm cost recovery mechanism.

QUESTION:

Please refer to page 7, paragraph 9. Please define when a crew is determined to have begun to “travel” and whether or not this includes any mustering time or time spent returning to the crew’s home base before heading to FPL’s service territory.

RESPONSE:

Crew mobilization/demobilization travel time (including when travel time starts/end) is contractually defined. Travel start time begins when the crew starts its actual drive to the storm area (mobilization) and when the crew leaves the designated storm area (demobilization). Travel time does not include muster time, crew preparation time or time spent returning to the crew’s home base before heading to FPL’s service territory.

QUESTION:

Please refer to page 8, paragraph 16. Please clarify whether this documentation must be provided for every named storm, regardless of whether or not it affects FPL's service area, or if this documentation is only required when FPL's service area is affected by a named storm.

RESPONSE:

The referenced documentation (paragraph 16, page 8) is required only when FPL's service area is affected by a named storm.

QUESTION:

Please refer to pages 8-9, paragraph 16. Please explain what REDi is. Is REDi connected to the Crew Tracking App?

RESPONSE:

REDi (Resources for Emergency Deployment) is a tool that FPL utilizes during storm restoration events to manage resources (e.g., includes travel orders for crew movement). It is separate from and not connected to the Crew Tracking App.

QUESTION:

Please refer to page 9, paragraph 17. When will an independent audit be required?

RESPONSE:

The independent audit will be required for the first named tropical storm after the effective date of the Hurricane Irma settlement agreement for which claimed damages exceed \$250 million. FPL recommends beginning this process within six months of the storm event, at which point the majority of storm costs will be known and finalized. The parties to the settlement agreement have included at paragraph 18b their agreement that the completion of the audit should not delay cost recovery. Stated another way, the agreement provides for cost recovery proceedings to commence during the pendency of the audit.

QUESTION:

Please refer to pages 9-10, paragraph 18b. Since the initial independent audit will not delay cost recovery, is this audit different from the audit referenced in paragraph 17?

RESPONSE:

No, the provisions in paragraphs 17 and 18b are referencing the same independent audit. The provision in paragraph 18b reflects the agreement of the parties to the settlement agreement that cost recovery may commence during the pendency of the audit.

QUESTION:

Please refer to page 12, paragraph 25. Please detail the proposed Issue 1A referred to in paragraph 25, and explain how the settlement agreement affects this proposed issue.

RESPONSE:

The settlement agreement does not per se affect the proposed issue; rather, it was included in the agreement to provide assurance that, despite FPL's position that Contested Issue 1A proposed by FRF in this docket was not an appropriate issue, FPL would not later take the position that an intervenor had waived its right to challenge the Prehearing Officer's ruling in Docket 20180049-EI referenced below in order to have the issue addressed in this docket.

Contested Issue 1A, raised by FRF in this docket, reads as follows: "Was FPL required to use the Storm Cost Recovery Mechanism (SCRM) described in Order No. PSC-2016-0560-AS-EI for the recovery of FPL's reasonable and prudent Hurricane Irma restoration costs?" With respect to the proposed issue, the Prehearing Officer in Docket 20180049-EI, found as follows: "It is clear that the Commission has already voted that use of the SCRM was not mandated by FPL's 2016 Settlement Agreement as part of its approval of Issue 18 in the FPL Tax Docket. Parties that disagree with the Commission's decision on this issue in the FPL Tax Docket have the ability to raise this issue by filing a timely appeal in Docket No. 20180046-EI." (footnote omitted).

In other words, if Issue 18 in the FPL Tax Docket (Docket No. 20180046-EI) becomes the subject of an appeal, the parties to the settlement agreement in Docket 20180049-EI (namely FPL) will not advocate, assert or otherwise take a position in the potential appeal of Issue 18 in the FPL Tax Docket that the issue was waived for failure to pursue Contested Issue 1A in Docket 20180049-EI.

QUESTION:

Do the parties agree that safe and timely restoration of service after a storm event is the overarching goal of this settlement agreement?

RESPONSE:

Yes.