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January 23, 2025

VIA ELECTRONIC FILING

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

Re: Docket No. 20240155-EI
Florida Power & Light Company's Petition for Approval of Accounting Treatment for the Transfer of its Proportional Share of Plant Daniel Units 1 & 2 – Response to Staff's Second Data Request (Nos. 1-9)

Dear Mr. Teitzman:

I enclose for filing in the above referenced docket Florida Power & Light Company's responses to the Staff of the Florida Public Service Commission's Second Data Request (Nos. 1-9).

If you or your staff have any question regarding this filing, please contact me at (561) 691-7255.

Respectfully submitted,

/s/ Joel T. Baker
Joel T. Baker
Fla. Bar No. 0108202

Enclosures

Cc: Certificate of Service
Greg Davis, Engineering Specialist, Florida PSC Staff (gdavis@psc.state.fl.us)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copies of the foregoing have been furnished by Electronic Mail to the following party of record this 23rd day of January 2025:

Jennifer Crawford Shaw Stiller Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 jcrawfor@psc.state.fl.us sstiller@psc.state.fl.us discovery-gcl@psc.state.fl.us ***For Commission Staff***

/s/ Joel T. Baker
Joel T. Baker
Fla. Bar No. 0108202

Attorney for Florida Power & Light Company

QUESTION:
Please provide the most recent study FPL conducted prior to the retirement of FPL's share of Plant Daniel Units 1 and 2 that demonstrated that the proposed retirements were in the best interest of ratepayers. As part of your response, explain how often studies were conducted prior to the eventual retirement.

RESPONSE:
The most recent comprehensive study conducted by FPL prior to the retirement of the units was conducted in 2021 as part of its base rate case in Docket No. 20210015-EI. That study, attached to this response as Attachment 1, demonstrated a $229 million cumulative present value revenue requirements savings for customers attributable to the retirement of Units 1 and 2. FPL continued to assess the appropriateness of the planned retirement in each annual Ten-Year Site Plan resource planning cycle that followed, but no further studies were produced.

Docket No. 20210015-EI
Results of the Initial Step 1 and Step 2 Analyses
Exhibit SRS-7, Page 1 of 2

Results of the Initial Step 1 and Step 2 Analyses: Step 1

	Resource Options (Year or Years It Can Be Selected)	**Base Case**	**Case 1**	**Case 2**	**Case 3**	**Case 4**	**Case 5**	**Case 6**	**Case 7**
		Resource Options Eligible for Selection in Each Case (X = Eligible)							
	- New CT units (2022-on) & new CC Unit (2024-on)	X	X	X	X	X	X	X	X
	- Daniel 1&2 Retirement in 1/2024		X	X	X	X	X	X	X
	- 75 MW of Solar (2020)			X	X	X	X	X	X
	- Crist 6&7 Coal to Gas Conversion (2020)				X	X	X	X	X
	- Lansing Smith Upgrade (2020)					X	X	X	X
	- 2 Addl. 75 MW Solar units (2020 or 2021)						X	X	X
	- 3 Addl. 75 MW Solar units (2022-on)							X	X
	- Stand-alone Batteries (2020-on)								X
Year	**Retirements Common to All Plans**	**Resource Additions by Plan (2019 thru 2030)**							
2020	---	---	---	75 MW PV	75 MW PV, Crist Conversion	75 MW PV, Crist Conversion, Lansing Smith Upgrade	75 MW PV, Crist Conversion, Lansing Smith Upgrade	75 MW PV, Crist Conversion, Lansing Smith Upgrade	75 MW PV, Crist Conversion, Lansing Smith Upgrade
2021	---	---	---	---	---	---	2 x 75 MW PV	2 x 75 MW PV	2 x 75 MW PV
2022	---	---	---	---	---	---	---	---	---
2023	Shell PPA (885 MW)	704 MW CT	704 MW CT	704 MW CT	704 MW CT	704 MW CT	704 MW CT	469 MW CT	469 MW CT
2024	---	---	Daniel 1&2 Retire, Escambia 627 MW CC	Daniel 1&2 Retire, Escambia 627 MW CC	Daniel 1&2 Retire, Escambia 627 MW CC	Daniel 1&2 Retire, Escambia 627 MW CC	Daniel 1&2 Retire, Escambia 627 MW CC	Daniel 1&2 Retire, Escambia 627 MW CC	Daniel 1&2 Retire, Escambia 627 MW CC
2025	Crist 4 (75 MW) , Pea Ridge 1, 2 & 3 (12 MW)	235 MW CT	---	---	---	---	---	---	---
2026	---	---	---	---	---	---	---	3 x 75 MW PV	---
2027	Crist 5 (75 MW)	---	235 MW CT	---	---	---	---	---	75 MW PV
2028	Lansing Smith A (32 MW)	---	---	235 MW CT	---	---	---	---	2 x 75 MW PV
2029	---	---	---	---	---	---	---	---	---
2030	Perdido 1&2 (3 MW)	---	---	---	235 MW CT	---	---	235 MW CT	20 MW 2-Hour Battery, 20 MW 3-Hour Battery, 20 MW 4-Hour Battery
	Total CPVRR Cost =	**7,887**	**7,658**	**7,611**	**7,375**	**7,334**	**7,290**	**7,262**	**7,196**
	Case-to-Case CPVRR Change =	---	**(229)**	**(47)**	**(236)**	**(41)**	**(44)**	**(28)**	**(66)**
	Cumulative CPVRR Change =	---	**(229)**	**(276)**	**(512)**	**(553)**	**(597)**	**(625)**	**(691)**

Notes:
CPVRR costs are in million $ and are discounted at 7.25% (Gulf's WACC at the time of this analysis) for the years 2019 thru 2048

Results of the Initial Step 1 and Step 2 Analyses: Step 2

Year	Retirements Common to All Plans	Step 1: Gulf Stand Alone Optimized Resource Plan (Case 7, from page 1 of 2)	Step 2: Re-optimize Gulf resource plan assuming NFRC is in place, Daniel early retirement, and w/ FPL IRP plan locked in place
		Gulf Power Resource Additions by Resource Plan	
2020	---	75 MW PV, Crist Conversion, Lansing Smith Upgrade	Crist Conversion, Lansing Smith Upgrade
2021	---	2 x 75 MW PV	2 x 75 MW PV
2022	---	---	NFRC Line
2023	Shell PPA (885 MW)	469 MW CT	469 MW CT
2024	Daniel 1&2 (510 MW)	Escambia 627 MW CC	469 MW CT
2025	Crist 4 (75 MW) , Pea Ridge (12 MW)	---	---
2026	---	---	---
2027	Crist 5 (75 MW)	75 MW PV	75 MW PV
2028	Lansing Smith A (32 MW)	2 x 75 MW PV	2 x 75 MW PV
2029	---	---	---
2030	Perdido 1&2 (3 MW)	20 MW 2-Hour Battery, 20 MW 3-Hour Battery, 20 MW 4-Hour Battery	20 MW 2-Hour Battery, 20 MW 3-Hour Battery, 20 MW 4-Hour Battery
	Gulf System CPVRR Costs =	**7,196**	**4,724**
	Costs of Energy from FPL to Gulf CPVRR =	**---**	**1,854**
	NFRC Line (Capital & FOM Only) CPVRR Cost =	**---**	**424**
	Total CPVRR Costs =	---	**7,002**
	CPVRR Cost Difference from Step 1, Case 7 =	---	**(194)**

Notes:
CPVRR costs are in million $ and are discounted at 7.25% (Gulf's WACC at the time of this analysis) for the years 2019 thru 2048

QUESTION:
What regulatory approvals are necessary for Mississippi Power Company (MPC) to get cost recovery for the operation of Plant Daniel Units 1 and 2 beyond the 2028 retirement date? Has MPC shared whether it would be willing to engage in these actions without cost recovery?

RESPONSE:
FPL does not know what approvals MPC may seek from the Mississippi Public Service Commission ("MPSC") concerning cost recovery for Plant Daniel Units 1 and 2, nor does FPL know what approvals the MPSC may require before any cost recovery may begin. MPC has not shared its intents or planning concerning cost recovery for Units 1 and 2.

QUESTION:
Explain whether the following factors were considered as part of the negotiated price determination: (1) MPC's ability to run FPL's share of the Plant Daniel Units on an emergency basis; (2) the potential to return the capacity to economic dispatch; (3) or MPC's need for additional capacity due to increased demand. If one or more of the above factors was not explicitly raised by FPL, explain why not.

RESPONSE:
MPC's ability to run FPL's share of the Plant Daniel Units on an emergency basis was not a significant consideration in the negotiation of the transfer price. MPC already had the right to operate FPL's 50% capacity in Units 1 & 2 on an emergency basis per the 2022 Amendment to the Operating Agreement ("2022 Operating Agreement"). An acquisition by MPC was not needed for MPC to realize this emergency benefit, and therefore it did not play a meaningful part in the price negotiation.

While the potential return of the capacity to economic dispatch was considered during the negotiations, such a prospect was understood to be unlikely. Compared to the rest of FPL's generating fleet, Units 1 & 2 are inefficient and operate with an average effective heat rate of 11,210 British thermal units/kilowatt-hour ("Btu/kWh"). By comparison, FPL's system heat rate for 2023 was 7,032 Btu/kWh. Additionally, Plant Daniel Unit 1 requires maintenance in order to re-deploy for service. In light of FPL's system economics and the additional maintenance cost to re-deploy Unit 1, the prospect of returning the capacity of Daniel Units 1 & 2 to economic dispatch was not considered feasible for FPL, and therefore, was not a pivotal consideration in negotiations.

In negotiations, the value to MPC of FPL's 50% capacity in Plant Daniel was evident based on MPC's willingness to undertake the negotiations that ultimately led to the signing of the purchase and sale agreement. From conversations with MPC, as well as its prior regulatory filings, FPL was aware that MPC had a capacity need and the potential for increased system demand. These circumstances were considered by FPL in the negotiation of the transfer price. However, as an unassociated counterparty, FPL could not ascertain MPC's full intentions concerning the units or how MPC would plan to dispatch them in the future. Rather, FPL's principal focus was on alleviating an ongoing operational cost obligation in a way that would create savings for its customers.

QUESTION:
Please provide revised cumulative present value of revenue requirement (CPVRR) analyses showing the impact of potential approvals by the Florida Public Service Commission at the next three upcoming Agenda Conferences (February, March, and April 2025).

a. For each of these scenarios, please provide the impact if FPL were to immediately begin recovery of the regulatory asset instead of delaying until January 2026.

RESPONSE:
Please see the tabs labeled "Staffs 2nd DR No. 4 (Summary)" and "Staffs 2nd DR No. 4 (Detail)" in Attachment 1 to this response, which is being provided in native Excel format. The analyses shown on these tabs are also being provided in pdf format with this filed response as Attachment 2.

The analyses provided with this response outlines seven (7) scenarios. For purposes of comparison, Scenario 1 reflects the CPVRR analysis provided with FPL's petition, assuming a 12/31/24 closing date and deferred recovery of the regulatory assets, with recovery commencing on 1/1/2026. Scenarios 2 through 7 reflect the CPVRR impact of immediate and deferred recovery of the regulatory assets assuming approval by the Florida Public Service Commission ("Commission") at any of the next three upcoming Agenda Conferences (February, March, and April 2025). In Scenarios 2 through 7, FPL assumes a four-month lag between Commission approval and transaction closing. The Detail tab provided in Attachment 1 (*see also* Attachment 2, pages 2 through 6) includes annual revenue requirements and CPVRR calculations for the avoidable costs and regulatory assets under each of the seven scenarios described above. In Scenarios 2 through 7, the percentage change to CPVRR is less than one half of one percent when compared to the original filing. The de minimis change to CPVRR is the result of reductions to the transfer payment by the amount as outlined in the purchase and sale agreement.

The seven (7) scenarios outlined assume a 2031 retirement date for the units. If the retirement date(s) for the units extends into the mid-2030s as MPC has indicated, the CPVRR savings for FPL's customers will increase.

Attachment 1 is an Excel file titled
“20240155 – Staff’s 2nd DR No. 4 – Attachment 1.xlsx”

CPVRR Scenario Analysis for Plant Daniel
By Approval Date (Summary)

$ Millions

										Regulatory Asset		
	Scenarios	Approval Date	Closing Date	Regulatory Asset Recovery Begins	Recovery Assumption	Ad Valorem Tax Avoided	Transfer Payment	CPVRR	CPVRR % Change	Base	Clause	Total
Original Filing-->	1	2024	12/31/2024	1/1/2026	<-- Deferred	Yes	$45.00	($13.36)	-	$39.29	$5.71	$45.00
	2	February 2025	5/31/2025	6/1/2025	<-- Immediate	No	$36.62	($13.33)	0.22%	$31.51	$5.12	$36.62
	3	February 2025	5/31/2025	1/1/2026	<-- Deferred	No	$36.62	($13.31)	0.38%	$31.51	$5.12	$36.62
	4	March 2025	6/30/2025	7/1/2025	<-- Immediate	No	$36.32	($13.37)	(0.10%)	$31.27	$5.05	$36.32
	5	March 2025	6/30/2025	1/1/2026	<-- Deferred	No	$36.32	($13.36)	0.04%	$31.27	$5.05	$36.32
	6	April 2025	7/31/2025	8/1/2025	<-- Immediate	No	$36.02	($13.42)	(0.40%)	$31.04	$4.98	$36.02
	7	April 2025	7/31/2025	1/1/2026	<-- Deferred	No	$36.02	($13.40)	(0.27%)	$31.04	$4.98	$36.02
Input Scenario-->	**1**	**2024**	**12/31/2024**	**1/1/2026**	**<-- Deferred**	**Yes**	**$45.00**	**($13.36)**	**-**	**$39.29**	**$5.71**	**$45.00**

CPVRR Scenario Analysis for Plant Daniel
By Approval Date (Detailed)

$ Millions

Discount Factor		0.96	0.89	0.82	0.76	0.70	0.65	0.60	0.56	0.51	0.48	0.44	0.41

FPSC Approval Date: **2024** **<-- (INTERACTIVE CASE)**

Transaction Closing Date[1]: December 31, 2024
Regulatory Asset Recovery Begins: January 1, 2026 <-- Deferred

Regulatory Asset Detail	Amount
Base	$ 39.29
Clause	$ 5.71
Total Regulatory Asset	**$ 45.00**

Incremental Revenue Requirements	**CPVRR[4]**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($28.93)	($5.3)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($8.06)	(1.6)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($21.99)	(6.9)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($58.98)**	**(13.8)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$28.85	-	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	-
Interest Expense	$3.52	0.8	0.7	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.0	(0.0)
Return on Equity	$9.90	2.2	2.1	1.8	1.6	1.4	1.2	1.0	0.8	0.5	0.3	0.1	(0.0)
Income Tax	$3.36	0.7	0.7	0.6	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.0	(0.0)
Subtotal, Regulatory Asset	**$45.62**	**3.7**	**8.0**	**7.6**	**7.2**	**6.9**	**6.5**	**6.1**	**5.8**	**5.4**	**5.0**	**4.7**	**(0.0)**
Net Customer Costs / (Savings)	**($13.36)**	**($10.2)**	**($1.3)**	**($1.8)**	**($2.4)**	**($2.9)**	**($3.4)**	**($3.9)**	**$3.0**	**$2.6**	**$5.0**	**$4.7**	**($0.0)**

CPVRR Scenario Analysis for Plant Daniel
By Approval Date (Detailed)

$ Millions

Discount Factor		0.96	0.89	0.82	0.76	0.70	0.65	0.60	0.56	0.51	0.48	0.44	0.41

FPSC Approval Date: 2024 <-- (ORIGINAL FILING)

Transaction Closing Date[1]: December 31, 2024
Regulatory Asset Recovery Begins: January 1, 2026 <-- Deferred Recovery

Regulatory Asset Detail

Base	$ 39.29
Clause	$ 5.71
Total Regulatory Asset	**$ 45.00**

Incremental Revenue Requirements	**CPVRR[4]**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($28.93)	($5.3)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($8.06)	(1.6)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($21.99)	(6.9)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($58.98)**	**(13.8)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$28.85	-	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	-
Interest Expense	$3.52	0.8	0.7	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.0	(0.0)
Return on Equity	$9.90	2.2	2.1	1.8	1.6	1.4	1.2	1.0	0.8	0.5	0.3	0.1	(0.0)
Income Tax	$3.36	0.7	0.7	0.6	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.0	(0.0)
Subtotal, Regulatory Asset	**$45.62**	**3.7**	**8.0**	**7.6**	**7.2**	**6.9**	**6.5**	**6.1**	**5.8**	**5.4**	**5.0**	**4.7**	**(0.0)**
Net Customer Costs / (Savings)	**($13.36)**	**($10.2)**	**($1.3)**	**($1.8)**	**($2.4)**	**($2.9)**	**($3.4)**	**($3.9)**	**$3.0**	**$2.6**	**$5.0**	**$4.7**	**($0.0)**

CPVRR Scenario Analysis for Plant Daniel
By Approval Date (Detailed)

$ Millions

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Discount Factor		0.96	0.89	0.82	0.76	0.70	0.65	0.60	0.56	0.51	0.48	0.44	0.41

FPSC Approval Date: **February 2025**

Transaction Closing Date[1]: May 31, 2025
Regulatory Asset Recovery Begins: June 1, 2025 <-- Immediate Recovery

Regulatory Asset Detail	
Base	$ 31.51
Clause	$ 5.12
Total Regulatory Asset	**$ 36.62**

Incremental Revenue Requirements	**CPVRR[4]**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($26.81)	($3.0)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($7.40)	(1.0)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($15.32)	-	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($49.53)**	**(4.0)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$24.60	2.1	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	1.5	-
Interest Expense	$2.43	0.4	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	(0.0)
Return on Equity	$6.84	1.2	1.6	1.4	1.2	1.0	0.9	0.7	0.5	0.3	0.2	0.0	(0.0)
Income Tax	$2.32	0.4	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	(0.0)
Subtotal, Regulatory Asset	**$36.19**	**4.1**	**6.3**	**6.0**	**5.7**	**5.4**	**5.1**	**4.8**	**4.5**	**4.2**	**3.9**	**1.6**	**(0.0)**
Net Customer Costs / (Savings)	**($13.33)**	**$0.1**	**($3.0)**	**($3.4)**	**($3.9)**	**($4.3)**	**($4.8)**	**($5.2)**	**$1.7**	**$1.4**	**$3.9**	**$1.6**	**($0.0)**

FPSC Approval Date: **February 2025**

Transaction Closing Date[1]: May 31, 2025
Regulatory Asset Recovery Begins: January 1, 2026 <-- Deferred Recovery

Regulatory Asset Detail	
Base	$ 31.51
Clause	$ 5.12
Total Regulatory Asset	**$ 36.62**

Incremental Revenue Requirements	**CPVRR[4]**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($26.81)	($3.0)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($7.40)	(1.0)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($15.32)	-	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($49.53)**	**(4.0)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$23.48	-	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	-
Interest Expense	$2.67	0.4	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	(0.0)
Return on Equity	$7.52	1.2	1.7	1.5	1.3	1.1	1.0	0.8	0.6	0.4	0.3	0.1	(0.0)
Income Tax	$2.55	0.4	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.0	(0.0)
Subtotal, Regulatory Asset	**$36.22**	**2.0**	**6.5**	**6.2**	**5.9**	**5.6**	**5.3**	**5.0**	**4.7**	**4.4**	**4.1**	**3.8**	**(0.0)**
Net Customer Costs / (Savings)	**($13.31)**	**($2.0)**	**($2.8)**	**($3.2)**	**($3.7)**	**($4.2)**	**($4.6)**	**($5.1)**	**$1.9**	**$1.6**	**$4.1**	**$3.8**	**($0.0)**

CPVRR Scenario Analysis for Plant Daniel
By Approval Date (Detailed)

$ Millions

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Discount Factor	0.96	0.89	0.82	0.76	0.70	0.65	0.60	0.56	0.51	0.48	0.44	0.41

FPSC Approval Date: March 2025

Transaction Closing Date[1]:	June 30, 2025	
Regulatory Asset Recovery Begins:	July 1, 2025	<-- Immediate Recovery

Regulatory Asset Detail	
Base	$ 31.27
Clause	$ 5.05
Total Regulatory Asset	**$ 36.32**

Incremental Revenue Requirements	CPVRR[4]	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($26.40)	($2.6)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($7.28)	(0.8)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($15.32)	-	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($49.00)**	**(3.4)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$24.23	1.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	1.8	-
Interest Expense	$2.39	0.4	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0
Return on Equity	$6.72	1.0	1.6	1.4	1.2	1.0	0.9	0.7	0.5	0.3	0.2	0.0	0.0
Income Tax	$2.28	0.3	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0
Subtotal, Regulatory Asset	**$35.62**	**3.5**	**6.3**	**6.0**	**5.7**	**5.4**	**5.1**	**4.8**	**4.5**	**4.2**	**3.9**	**1.9**	**0.0**
Net Customer Costs / (Savings)	**($13.37)**	**$0.1**	**($3.0)**	**($3.4)**	**($3.9)**	**($4.4)**	**($4.8)**	**($5.3)**	**$1.7**	**$1.4**	**$3.9**	**$1.9**	**$0.0**

FPSC Approval Date: March 2025

Transaction Closing Date[1]:	June 30, 2025	
Regulatory Asset Recovery Begins:	January 1, 2026	<-- Deferred Recovery

Regulatory Asset Detail	
Base	$ 31.27
Clause	$ 5.05
Total Regulatory Asset	**$ 36.32**

Incremental Revenue Requirements	CPVRR[4]	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($26.40)	($2.6)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($7.28)	(0.8)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($15.32)	-	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($49.00)**	**(3.4)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$23.28	-	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	-
Interest Expense	$2.59	0.4	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0
Return on Equity	$7.29	1.0	1.7	1.5	1.3	1.1	1.0	0.8	0.6	0.4	0.3	0.1	0.0
Income Tax	$2.48	0.3	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0
Subtotal, Regulatory Asset	**$35.64**	**1.7**	**6.4**	**6.1**	**5.9**	**5.6**	**5.3**	**5.0**	**4.7**	**4.4**	**4.1**	**3.8**	**0.0**
Net Customer Costs / (Savings)	**($13.36)**	**($1.7)**	**($2.9)**	**($3.3)**	**($3.8)**	**($4.2)**	**($4.7)**	**($5.1)**	**$1.9**	**$1.6**	**$4.1**	**$3.8**	**$0.0**

CPVRR Scenario Analysis for Plant Daniel
By Approval Date (Detailed)

$ Millions

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Discount Factor	0.96	0.89	0.82	0.76	0.70	0.65	0.60	0.56	0.51	0.48	0.44	0.41

FPSC Approval Date: April 2025

Transaction Closing Date[1]: July 31, 2025
Regulatory Asset Recovery Begins: August 1, 2025 <-- Immediate Recovery

Regulatory Asset Detail

Base	$ 31.04
Clause	$ 4.98
Total Regulatory Asset	**$ 36.02**

Incremental Revenue Requirements	**CPVRR[4]**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($26.00)	($2.2)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($7.15)	(0.7)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($15.32)	-	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($48.47)**	**(2.9)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$23.87	1.5	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	2.1	-
Interest Expense	$2.34	0.3	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0
Return on Equity	$6.60	0.8	1.6	1.4	1.2	1.1	0.9	0.7	0.5	0.4	0.2	0.0	0.0
Income Tax	$2.24	0.3	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0
Subtotal, Regulatory Asset	**$35.05**	**2.9**	**6.3**	**6.0**	**5.7**	**5.4**	**5.1**	**4.8**	**4.5**	**4.2**	**3.9**	**2.1**	**0.0**
Net Customer Costs / (Savings)	**($13.42)**	**$0.0**	**($3.0)**	**($3.5)**	**($3.9)**	**($4.4)**	**($4.8)**	**($5.3)**	**$1.7**	**$1.4**	**$3.9**	**$2.1**	**$0.0**

FPSC Approval Date: April 2025

Transaction Closing Date[1]: July 31, 2025
Regulatory Asset Recovery Begins: January 1, 2026 <-- Deferred Recovery

Regulatory Asset Detail

Base	$ 31.04
Clause	$ 4.98
Total Regulatory Asset	**$ 36.02**

Incremental Revenue Requirements	**CPVRR[4]**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Avoidable Costs (Base + Clause)													
Common Facilities Expense[2]	($26.00)	($2.2)	($5.1)	($5.2)	($5.4)	($5.5)	($5.6)	($5.7)	$0.0	$0.0	$0.0	$0.0	$0.0
Common Facilities Capital (expensed)[2]	($7.15)	(0.7)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	-	-	-	-	-
Property / Ad Valorem Tax	($15.32)	-	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	-	-	-
Subtotal, Avoidable Costs	**($48.47)**	**(2.9)**	**(9.3)**	**(9.4)**	**(9.6)**	**(9.8)**	**(9.9)**	**(10.1)**	**(2.8)**	**(2.8)**	**-**	**-**	**-**
Regulatory Asset (Base + Clause)													
Amortization of Reg Asset[3]	$23.09	-	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	-
Interest Expense	$2.51	0.3	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0
Return on Equity	$7.07	0.8	1.6	1.5	1.3	1.1	1.0	0.8	0.6	0.4	0.3	0.1	0.0
Income Tax	$2.40	0.3	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0
Subtotal, Regulatory Asset	**$35.07**	**1.4**	**6.4**	**6.1**	**5.8**	**5.5**	**5.2**	**4.9**	**4.6**	**4.3**	**4.0**	**3.7**	**0.0**
Net Customer Costs / (Savings)	**($13.40)**	**($1.5)**	**($2.9)**	**($3.3)**	**($3.8)**	**($4.3)**	**($4.7)**	**($5.1)**	**$1.8**	**$1.5**	**$4.0**	**$3.7**	**$0.0**

1) Transaction closing is expected to occur four months post-FPSC approval.
2) FPL remains obligated to pay Common Facility costs associated with its 50% ownership interest in Plant Daniel through transaction closing.
3) Represents recovery of the regulatory assets over ten years.
4) CPVRR calculations assume a 12/31/2024 discount date for purposes of comparison to the original filing.

QUESTION:
Verify that the purchase and sale agreement (PSA) does not reduce the price based on when the contract is signed to reflect operation and maintenance (O&M) expenses in 2025 excluding property taxes, and that FPL will be responsible for a pro-rata share of the 2025 O&M expenses until the contract is approved.

RESPONSE:
The purchase and sale agreement (PSA) was signed by both FPL and MPC on November 8, 2024, and no reduction in the transfer price is premised upon that date. Instead, the PSA reduces the transfer price based on the Closing Date as shown in Appendix C to FPL's petition at page 78. The declining transfer price reflects expenses being assumed by MPC; therefore, delays in Closing Date result in those expenses being incurred by FPL and warrant a reduction in transfer price.

QUESTION:
Will FPL be liable for decommissioning costs if MPC continues to operate FPL's half of Plant Daniel Units 1 & 2? If yes, then why and how long will FPL be liable? If liable, does it apply to both pre-Closing and post-Closing liabilities?

RESPONSE:
Under the PSA, FPL remains liable for 50% of the decommissioning costs of plant associated with Units 1 & 2, even after retirement of its share. This liability applies to both pre-Closing and post-Closing decommissioning liabilities, with the exception of incremental decommissioning costs that arise solely from MPC's continued operation of the plant after FPL's retirement. In other words, FPL's decommissioning liabilities relate to the plant as it exists today, but if MPC's continued operation of the plant requires the construction of additional facilities that result in incremental decommissioning costs, FPL would be exempt from those incremental decommissioning costs.

QUESTION:
Refer to FPL's response to Staff's first data request, question 2a, page 2 of 5. In the timeline under year 2023, please summarize the options FPL evaluated to eliminate or reduce common plant cost-share in Plant Daniel Units 1 and 2. Provide any supporting documents.

RESPONSE:
In 2023, FPL engaged in a review of contractual obligations tied to common plant cost-share in Plant Daniel Units 1 and 2. The intent of the review was to assess FPL's existing contractual obligations and determine how best to alleviate the Company's common plant costs. Through this review, FPL identified two potential options that could achieve the desired end of reducing or eliminating the Company's common plant obligations. The first option involved selling the offtake of FPL's ownership share in Units 1 and 2 to defray costs. This option, however, proved to be unfeasible. Through exploratory discussions with potential counterparties, FPL was unable to find an interested counterparty, leading FPL to determine that there were limited options to reduce common costs under continued ownership of the units. No supporting documentation is associated with these exploratory discussions.

The second option was the divestiture of FPL's ownership in Units 1 and 2. This option proved viable. Through negotiations with MPC, FPL determined a divestiture of the Company's share of the units could be priced to create demonstrable savings for FPL's customers. FPL therefore pursued this second option, which ultimately resulted in the PSA that is now before the Commission.

QUESTION:
Refer to FPL's response to Staff's first data request, question 2b, page 4 of 5. Under the section labeled Second Amended and Restated Plant Daniel Operating Agreement dated July 8, 2022, the third bullet states that FPL will no longer be obligated for decommissioning cost increases if MPC continues to operate Daniel Units 1 & 2 after FPL's retirement. The fourth bullet states that FPL will be obligated for 50 percent of decommission costs for Plant Daniel Units 1 & 2 beyond December 31, 2041. Please explain if FPL will be obligated for decommissioning cost increases above the decommissioning costs at the time FPL retires their share of Plant Daniel Units 1 and 2. If so, explain why.

RESPONSE:
Under the PSA, FPL remains responsible for 50% of decommissioning costs of plant associated with Units 1 & 2, even after retirement of its share. However, FPL is not responsible for incremental decommissioning costs that arise solely from MPC's continued operation of the plant after FPL's retirement. Please also see FPL's response to Staff's Second Set of Data Requests, No. 6.

QUESTION:
If a Regulatory Asset is approved by the Commission, please explain when FPL will be requesting to begin recovery of those costs, what the expected costs to be included are, and the length of time the Asset will be recovered over.

RESPONSE:
As stated in FPL's petition filed on November 8, 2024, the Company will establish two regulatory assets for the up to $45 million payment from FPL to Mississippi Power Company: (i) a base rate regulatory asset of up to $39.3 million that would be base rate recoverable, and (ii) a clause recoverable regulatory asset of up to $5.7 million that would be recovered through FPL's Environmental Cost Recovery Clause ("ECRC"). The total amount of the regulatory assets will decline based on the final transfer price to be determined consistent with the pricing outlined in the purchase and sale agreement. The ratable declines in the amounts of the regulatory assets based on different closing dates can be seen in Attachments 1 and 2 to FPL's response to Staff's 2nd Data Request, No. 4. FPL proposes an amortization period of 10 years for each regulatory asset.

Additionally, FPL proposed in its petition that it be allowed to defer recovery of the costs associated with the base rate regulatory asset until such time base rates are expected to be reset and recover it over a 10-year period. FPL also proposed to begin recovery of the clause recoverable regulatory asset through the ECRC over a 10-year period beginning on January 1, 2026. After the filing of FPL's petition in this docket, FPL notified the Commission of its intent to file a petition for a general base rate increase on February 28, 2025 (refer to Docket No. 20250011-EI). Therefore, if the Commission approves the requested regulatory assets in this proceeding, FPL proposes that it be allowed to appropriately adjust its revenue requirements filed in Docket No. 20250011-EI to reflect the recovery of the base rate regulatory asset along with removal of certain Plant Daniel expenses it will no longer incur (i.e., O&M expenses, property taxes, and insurance).