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March 30, 2018

**-VIA ELECTRONIC FILING-**

Ms. Carlotta S. Stauffer  
Division of the 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**

Dear Ms. Stauffer:

Enclosed for filing please find Florida Power & Light Company’s responses to Staff’s Third Data Request Nos. 1 through 6 in the above-referenced docket.

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

Sincerely,

s/ Kenneth M. Rubin  
Kenneth M. Rubin  
Florida Bar No. 349038

cc: Kathryn G. W. Cowdery, Esq.  
Jennifer Crawford, Esq.  
J.R. Kelly, Esq.  
Stephanie Morse, Esq.

QUESTION:

Please refer to page 14, lines 1 through 5, of witness Forrest's direct testimony.

- a. Please explain how the \$6.9 million in fuels savings was estimated.
- b. Please provide an itemized list of the fixed costs associated with the OUC PPA.

RESPONSE:

- a. The base FPL system is run in the GenTrader production cost model. The hourly marginal cost of the system is then extracted from this base model. The hourly marginal cost extracted from this base model is then input into a GenTrader model containing the parameters for the OUC PPA. With this information the model identifies those days and hours where the OUC PPA is cheaper than the marginal cost of the FPL system. The savings are then calculated as the FPL system marginal cost minus the fuel and variable O&M cost of the OUC PPA when it is taken.
- b. The only fixed costs of the PPA are the capacity payments due to OUC detailed in Appendix A of exhibit SAF-2. FPL is obligated to pay the following charges regardless if the energy is called upon.
  - i. 2018: \$10,275/MW-Month
  - ii. 2019: \$9,705/MW-Month
  - iii. 2020: \$10,946/MW-Month

QUESTION:

Please complete the table below summarizing the estimated fuel savings associated with the OUC PPA.

	<b>Payment to OUC (\$)</b>	<b>Fuel Savings (\$)</b>
<b>2018</b>		
<b>2019</b>		
<b>2020</b>		

RESPONSE:

	a	b	a + b	
	<i>Fixed Payment OUC</i>	<i>Variable Payment to OUC</i>	<b>Total Payment to OUC</b>	<b>Fuel Savings \$</b>
<b>2018</b>	\$ 2,466,000	\$ 671,555	\$ 3,137,555	\$ 585,963
<b>2019</b>	\$ 9,899,100	\$ 3,202,003	\$ 13,101,103	\$ 3,250,640
<b>2020</b>	\$ 11,167,980	\$ 3,493,628	\$ 14,661,608	\$ 3,060,082

**QUESTION:**

Please describe how the OUC PPA was used as an input in FPL's GenTrader model. Please include in this description an explanation of how the OUC PPA was considered in terms of economic dispatch.

**RESPONSE:**

The OUC PPA contains three separate inputs for the dispatch parameters.

- 1) The capacity available to dispatch, which is shaped monthly to better match FPL forecasted load.
- 2) The variable O&M payment of \$2.50 per MWh.
- 3) The energy cost of each MW dispatched, which varies in heat rate based on assumed runtime and the daily price of natural gas measured as the mid-point of FGT Zone 3 plus applicable adders.

These parameters were entered into the GenTrader model containing the FPL marginal costs. The model then identifies those days and hours where the OUC PPA is cheaper than the marginal cost of the FPL system.

QUESTION:

On page 13 of witness Forrest's testimony, the witness states that the OUC PPA will effectively be exercised as a peaking option for FPL to use during periods of high demand. Please complete the table below describing FPL's combustion turbine/peaking generation.

<b>Unit Name</b>	<b>Unit Type</b>	<b>Summer Heat Rate (MMBtu/MWh)</b>	<b>Winter Heat Rate (MMBtu/MWh)</b>

RESPONSE:

<b>Unit Name</b>	<b>Unit Type</b>	<b>Summer Heat Rate (MMBtu/MWh)</b>	<b>Winter Heat Rate (MMBtu/MWh)</b>
Fort Myers 3A	Simple Cycle	10,498	10,477
Fort Myers 3C	Simple Cycle	10,187	10,128
Fort Lauderdale 6A	Simple Cycle	10,075	10,027

**QUESTION:**

Please complete the table below summarizing the estimated energy delivery associated with the OUC PPA.

	<b>Average Duration of Purchase (Hours/day)</b>	<b>Average Quantity of Purchase (MWh/day)</b>
<b>2018</b>		
<b>2019</b>		
<b>2020</b>		

**RESPONSE:**

When the call option is struck:

	<b>Average Duration of Purchase (Hours/day)</b>	<b>Average Quantity of Purchase (MWh/day)</b>
<b>2018</b>	7	587
<b>2019</b>	8	500
<b>2020</b>	8	518

QUESTION:

Please refer to exhibit SAF-2.

- a. What would be the impact on the OUC PPA if the transaction between Vero Beach and FPL occurs after October 2018?
- b. Please explain in detail, the intent of paragraph 10(b).
- c. Under the terms of the OUC PPA, is FPL required to purchase capacity and energy from OUC?

RESPONSE:

- a. The OUC PPA has a fixed termination date of December 2020, so every month after October 2018 the Vero transaction is delayed means the OUC PPA term is correspondingly one month shorter.
- b. Paragraph 10(b) makes clear that in the event the conditions precedent described in paragraph 10(a) of the Native Load Firm Day-Ahead Call Option on Capacity and Energy Agreement Between Orlando Utilities Commission and Florida Power & Light Company (the "OUC-FPL PPA") are not satisfied, the OUC-FPL PPA will terminate automatically with the exception of any provisions that by their express terms survive such termination. In short, this paragraph ties the enforceability of the OUC-FPL PPA to the closing of the Vero transaction, such that the OUC-FPL PPA would not be effective unless and until FPL completes the acquisition of the City of Vero Beach's electric utility and the OUC-Vero PPA has been terminated.
- c. Under the terms of the PPA, FPL is obligated to begin purchasing a specified amount of capacity at a specified price from OUC once the Vero transaction closes and the OUC-Vero PPA has terminated. The purchase of energy is completely at FPL's option and is based on FPL anticipating an economic benefit of calling on the energy versus dispatching the marginal unit in the supply stack.