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December 17, 2018

**STAFF'S SECOND DATA REQUEST**

**-VIA ELECTRONIC FILING-**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Docket No. 20180143 - Petition to Initiate Rulemaking to Revise and Amend Portions of Rule 25-6.0426, F.A.C., by Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company.**

Dear Ms. Stauffer:

Please find attached for filing a copy of Florida Power & Light Company's ("FPL") responses to the Staff of the Florida Public Service Commission's ("Staff") Second Data Requests (Nos. 1-7) in the above-referenced docket.

Thank you for your assistance. If there are any questions regarding this transmittal, please contact me at (561) 691-3330.

Sincerely,

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

Enclosures

cc: Parties of record

**QUESTION:**

Please confirm that FPL's 2018 Forecasted December Earnings Surveillance report shows jurisdictional operating revenues of \$10,859,737,000 and that 0.15% would be \$16,289,606; however, for 2018, \$3 million is the limit of FPL's economic development expenses pursuant to Rule 25-6.0426(2)(b), F.A.C. If not, please explain.

**RESPONSE:**

FPL confirms that its 2018 Forecasted December Earnings Surveillance report shows jurisdictional operating revenues of \$10,859,737,000 and that 0.15% would be \$16,289,606.

Under Rule 25-6.0426, F.A.C., each utility's recoverable economic development expenses are limited to the greater of: (a) the amount approved in each utility's last rate case escalated for customer growth; or (b) 95 percent of the expenses incurred for the reporting period not to exceed the lesser of 0.15 percent of gross annual revenues or \$3.0 million. As such, for 2018 FPL's economic development expenses are limited to \$3 million.

**QUESTION:**

Referring to FPL's response to OPC's First Set of Interrogatories No. 3, please state the basis for allocating \$2.15 million annually for economic development. How was this amount derived?

**RESPONSE:**

In order to comply with the \$3 million for economic development cap, FPL deducts the estimated savings expected to be realized through the EDR/EFEDR programs prior to establishing its O&M spend. In recent years, FPL's EDR/EFEDR savings estimates have ranged from \$600,000 to \$800,000. Accordingly, the budgeted spend for economic development programs is approximately \$2.15 million annually.

FPL's economic development efforts have been highly successful. As set forth in the responses to Staff's First Data Request Nos. 2 and 3, these economic development efforts from 2012-2017 have resulted in an employment impact of 220,000 full-time jobs (direct, indirect, and induced). Moreover, since 2012, job creation and capital investment in the 35 Florida counties served by FPL has resulted in a \$44 billion impact on Florida's Gross Regional Product (GRP).

**QUESTION:**

Referring to FPL's response to OPC's First Set of Interrogatories No. 2, please confirm that for 2017 FPL's economic development expenses were \$2,144,437, plus the rate discounts of \$690,010, for total 2017 economic development expenses of \$2,834,447. If not, please explain and state the correct amounts.

**RESPONSE:**

FPL confirms that economic development expenses for 2017 were \$2,144,437.42 and EDR/EFEDR rate discounts in 2017 were \$690,010. This totals \$2,834,447.42 for 2017.

**QUESTION:**

Referring to FPL's response to OPC's First Set of Interrogatories No. 2, please state whether the \$2,148,303 amount shown for 2016 includes EDR/EFEDR rate tariff discounts. If not, please state the 2016 rate tariff discounts and the total 2016 economic development expenses.

**RESPONSE:**

Economic development expenses for 2016 were \$2,148,303.86. This does not include the EDR/EFEDR rate discounts in 2016 which were \$594,473.85. The total for 2016 is \$2,742,777.71.

**QUESTION:**

Please state FPL's projected total 2018 economic development expenses.

**RESPONSE:**

Projected 2018 economic development expenses are \$2,155,434. This does not include an additional approximately \$800,000 in EDR/EFEDR savings.

QUESTION:

For 2017, please show the derivation of the 5% shareholder contribution for economic development expenses. FPL's December 2017 Earnings Surveillance Report shows \$135,695. Does this amount represent 5% of the total economic development expenses? If yes, please show each step of the calculation.

RESPONSE:

FPL's total 2017 economic development expenses were \$2,834,447 including the economic development rider of \$690,010. The total amount of economic development expenses used to calculate the 5% shareholder contribution in the Earnings Surveillance Report (ESR) was \$2,796,873. The difference between the total economic development expenses and the amount used to calculate shareholder contribution is \$37,574. The difference is due to: (1) an inadvertent exclusion of an Internal Order that is used to identify economic development expenses when preparing the ESR; and, (2) the fact that actual economic development rider may be true-up in subsequent months after preparing the ESR. A true-up can result in a change to a prior month economic development expense that is not reflected in the current month ESR.

The Internal Order that was inadvertently excluded in 2017 began receiving charges in April 2016. The effect of the exclusion of the Internal Order and the true-up of economic development rider resulted in an understatement of the jurisdictional shareholder contribution for economic development expenses in 2016 of \$9,880. This variance of \$9,880 would have had no impact on FPL's resultant ROE reflected for December 2016.

FPL's December 2017 Earnings Surveillance Report shows \$135,695 representing 5% of the total economic development expenses. The calculation is  $\$2,796,873 \times 5\% = \$139,844$  prior to jurisdictional adjustments. The \$139,844 was multiplied by the jurisdictional factor of .97033 equaling \$135,695. Using the total 2017 economic development expenses of \$2,834,447 rather than \$2,796,873, the jurisdictional 5% shareholder contribution is \$137,517 or \$1,823 higher ( $\$2,834,447 \times 5\% = \$141,722$ .  $\$141,722 \times .97033 = 137,517$ ). This variance of \$1,823 would have had no impact on FPL's resultant ROE reflected for December 2017.

**QUESTION:**

Please state the dollar amounts of shareholder portion of economic development expenses for 2016, 2017, and 2018.

**RESPONSE:** The jurisdictional shareholder portion of economic development expenses as reported in the December 2016 and 2017 Earnings Surveillance Report (ESR) was \$122,497 and \$135,695, respectively. As noted in FPL's Response to Staff Second Data Request No. 6, the shareholder portion of economic development expenses for 2016 and 2017 should have been \$132,378 and \$137,517, respectively. The jurisdictional shareholder portion of economic development expenses for 2018 is estimated to be approximately \$143,000.