

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Energy Conservation Cost Recovery Clause

Docket No. 20210002-EG

Filed: October 7, 2021

**ERRATA SHEET**

**AUGUST 6, 2021 TESTIMONY OF RENAE B. DEATON**

Page No.

Line No.

Page 6

Line 4

Strike “The” and replace with “Although the” before “revenue”

Page 6

Line 6

Strike “the same as that” and replace with “slightly higher than those”

Strike “program.” and replace with “program, they would not result in a significant impact on the 2022 ECCR factors.”

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                   **FLORIDA POWER & LIGHT COMPANY**

3                   **TESTIMONY OF RENAE B. DEATON**

4                   **DOCKET NO. 20210002-EG**

5                   **AUGUST 6, 2021**

6  
7   **Q.     Please state your name, business address, employer and position.**

8   A.     My name is Renae B. Deaton and my business address is 700 Universe Boulevard,  
9           Juno Beach, FL 33408. I am employed by Florida Power & Light Company (“FPL”  
10           or “the Company”) as Senior Director, Clause Recovery and Wholesale Rates in  
11           the Regulatory & State Governmental Affairs Department.

12   **Q.     Have you previously filed testimony in the Energy Conservation Cost**  
13           **Recovery (“ECCR”) docket?**

14   A.     Yes.

15   **Q.     What is the purpose of your testimony?**

16   A.     The purpose of my testimony is to present the schedules necessary to support the  
17           calculation of the ECCR factors to be applied during the January 2022 through  
18           December 2022 billing period, which include (1) projected Demand Side  
19           Management (“DSM”) energy conservation program expenses for the period  
20           January 2022 through December 2022 based on an Integrated DSM Plan that meets  
21           combined FPL and Gulf Power Company (“Gulf”) 2022-2024 goals (“Integrated  
22           DSM Plan”), and (2) FPL and Gulf standalone 2021 Actual/Estimated true-up  
23           amounts, which include FPL and Gulf standalone 2020 final true-up amounts filed

1 with the Commission on May 4, 2021.

2  
3 As discussed in the testimony of FPL witness John N. Floyd in this docket, FPL is  
4 requesting recovery of 2022 ECCR factors that reflect, for 2022, a single, integrated  
5 utility system, resulting from the acquisition of Gulf by NextEra Energy, Inc. on  
6 January 1, 2019 and the merger of Gulf into FPL on January 1, 2021. The 2022  
7 consolidated ECCR factors have been calculated based on the costs for programs  
8 in the Integrated DSM Plan, as well as FPL and Gulf standalone prior and current  
9 period true-up amounts, contingent upon the Commission's approval of FPL's  
10 request in the 2021 Rate Case pending in Docket No. 20210015 ("2021 Rate Case")  
11 to unify rates.

12 **Q. Have you prepared or caused to be prepared under your direction, supervision**  
13 **or control any exhibits in this proceeding?**

14 A. Yes. I am sponsoring Schedule C-1 in Exhibits JNF-2, JNF-5 and JNF-6 and  
15 Schedule C-4 in Exhibits JNF-3 and JNF-4. I am also co-sponsoring portions of  
16 Schedules C-2 and C-3, in Exhibits JNF-2 through JNF-6. The specific sections of  
17 Schedules C-2 and C-3 that I am co-sponsoring are identified in the Table of  
18 Contents, on pages 1 and 2 of Exhibit JNF-2.

19 **Q. What is the source of the data used in calculating the 2021 actual/estimated true-**  
20 **up amounts for FPL and Gulf?**

21 A. Unless otherwise indicated, the data used in calculating the 2021 actual/estimated  
22 true-up amounts was taken from the books and records of FPL and Gulf. The books  
23 and records are kept in the regular course of FPL's and Gulf's business in accordance

1 with generally accepted accounting principles and practices, and with the applicable  
2 provisions of the Uniform System of Accounts as prescribed by this Commission and  
3 directed in Rule 25-17.015, Florida Administrative Code.

4 **Q. How does the merger between FPL and Gulf impact the calculation of the 2021**  
5 **Actual/Estimated true-up amounts and projected 2022 factors to be recovered**  
6 **through the ECCR?**

7 A. As explained in the testimony of witness Floyd, Gulf was legally merged into FPL  
8 on January 1, 2021. However, FPL and Gulf remained separate ratemaking entities  
9 and have continued to implement the programs and projects included in the  
10 Commission-approved FPL and Gulf DSM plans. Thus, the legal merger of FPL  
11 and Gulf has no impact to the calculation of the 2021 ECCR actual/estimated true-  
12 up amounts. For purposes of the 2021 ECCR actual/estimated true-ups, FPL and  
13 Gulf are providing separate schedules and exhibits in support of the FPL and Gulf  
14 actual/estimated 2021 ECCR costs. These are provided in Exhibits JNF-3 and JNF-  
15 4, Appendix II.

16  
17 Because FPL and Gulf will be operationally and functionally integrated in 2022  
18 and have requested to unify the FPL and Gulf base rates effective January 1, 2022,  
19 as explained by witness Floyd, FPL and Gulf are providing consolidated schedules  
20 in support of a projected 2022 unified ECCR revenue requirement, which are  
21 provided in Exhibit JNF-2 Appendix I.

22  
23 For informational purposes only, this filing also includes 2022 standalone FPL and

1 Gulf schedules for the projected 2022 ECCR revenue requirements. The standalone  
2 schedules are provided in Exhibits JNF-5 and JNF-6 in Appendix III and are  
3 relevant only for purposes of supporting the 2022 ECCR factors in the event the  
4 Commission declines or postpones rate unification in the 2021 Rate Case.

5 **Q. Please explain the calculation of FPL's ECCR end of period net true-up and**  
6 **actual/estimated true-up amount for 2021 included in Exhibit JNF-3.**

7 A. Schedule C-3, pages 11 and 12 in Exhibit JNF-3 provide the calculation of FPL's  
8 2021 ECCR end of period net true-up and actual/estimated true-up amounts. The  
9 end of period net true-up amount to be carried forward to the 2022 Consolidated  
10 ECCR factors is an over-recovery of \$12,202,382 (Schedule C-3, page 11, line 9).  
11 This \$12,202,382 over-recovery includes the 2020 final true-up over-recovery of  
12 \$2,529,096 (Schedule C-3, page 11, line 7a) filed with the Commission on May 4,  
13 2021, and the 2021 actual/estimated true-up over-recovery, including interest, of  
14 \$9,673,286 (Schedule C-3, page 11, lines 5 plus 6) for the period January 2021  
15 through December 2021. The 2021 actual/estimated true-up is based on actual data  
16 for the period January 2021 through June 2021 and revised estimates for the period  
17 July 2021 through December 2021.

18 **Q. Please explain the calculation of Gulf's ECCR end of period net true-up and**  
19 **actual/estimated true-up amount for 2021 included in Exhibit JNF-4.**

20 A. Schedule C-3, pages 4 and 5 in Exhibit JNF-4 provide the calculation of Gulf's 2021  
21 ECCR end of period net true-up and actual/estimated true-up amounts. The end of  
22 period net true-up amount to be carried forward to the 2022 Consolidated ECCR  
23 factors is an over-recovery of \$1,521,274 (Schedule C-3, page 4, line 11). This

1           \$1,521,274 over-recovery includes the 2020 final true-up under-recovery of  
2           \$226,949 (Schedule C-3, page 4, line 9a) filed with the Commission on May 4, 2021,  
3           and the 2021 actual/estimated true-up over-recovery, including interest, of  
4           \$1,748,223 (Schedule C-3, page 4, lines 7 +8). The 2021 actual/estimated true-up is  
5           based on actual data for the period January 2021 through June 2021 and revised  
6           estimates for the period July 2021 through December 2021.

7       **Q.    Were these calculations made in accordance with the procedures previously**  
8       **approved in the predecessors to this docket?**

9       A.    Yes.

10      **Q.    Are there adjustments from the 2021 Rate Case that impact the 2022 ECCR**  
11      **factors?**

12      A.    Yes. As part of the 2021 Rate Case, FPL has proposed changes in depreciation  
13           rates that will impact the amounts to be recovered through the 2022 ECCR clause.  
14           The revised rates are not included in the calculation of the 2022 ECCR factors, but  
15           if approved in Docket No. 20210015, they will be reflected in the 2022 final true-  
16           up amount to be included in the 2023 ECCR factors.

17      **Q.    How does the request for regulatory asset treatment associated with Gulf's**  
18      **existing Energy Select program included in the Integrated DSM Plan impact**  
19      **capital costs to be recovered in the 2022 ECCR factors?**

20      A.    If the Commission approves the Integrated DSM Plan, Gulf's existing Energy  
21           Select Program would be eliminated, and capital assets associated with that  
22           program would be retired on December 31, 2021. The unrecovered balance would  
23           be transferred to a regulatory asset in FERC Account 182.2, Unrecovered Plant and

1 Regulatory Study Costs, and amortized over their remaining life (approximately 12  
2 years) on a straight-line basis beginning January 1, 2022 with a return on the  
3 unamortized, unrecovered balance at the Company's overall weighted average cost  
4 of capital ("WACC") that is used for clause investments. The revenue  
5 requirements associated with the regulatory asset treatment are the same as that  
6 presented in the capital schedules for the existing program.

7 **Q. Please describe the WACC that is used in the calculation of the return on the**  
8 **2021 ECCR capital investments for FPL and Gulf.**

9 A. FPL and Gulf have calculated and applied a projected 2021 WACC in accordance  
10 with the methodology established in Commission Order No. PSC-2020-0165-PAA-  
11 EU, Docket No. 20200118-EU, issued on May 20, 2020 ("2020 WACC Order").  
12 This projected WACC is used to calculate the rate of return applied to the 2021  
13 ECCR capital investments. The projected capital structure, components and cost  
14 rates used to calculate the rate of return are provided in Exhibits JNF-3 and JNF-4.

15 **Q. Please describe the WACC that is used in the calculation of the return on the**  
16 **2022 Consolidated ECCR capital investments.**

17 A. FPL calculated and applied a projected 2022 WACC in accordance with the  
18 methodology established in the 2020 WACC Order. This projected WACC is used  
19 to calculate the rate of return applied to the 2022 ECCR capital investments. The  
20 projected capital structure, components and cost rates used to calculate the rate of  
21 return are provided in Exhibits JNF-2, JNF-5 and JNF-6.

22 **Q. Have you prepared calculations of the allocation factors for demand and**  
23 **energy?**

- 1     A.     Yes.   Schedule C-1, page 4 in Exhibit JNF-2, Appendix I provides these  
2           calculations.   The allocation to the retail rate classes is consistent with the  
3           allocations used in FPL's cost of service study in the 2016 and 2021 rate cases. The  
4           demand allocation factors are calculated by determining the percentage each rate  
5           class contributes to the monthly system peaks. The energy allocation factors are  
6           calculated by determining the percentage each rate class contributes to total kWh  
7           sales, as adjusted for losses.
- 8     **Q.     Have you prepared calculations of the 2022 ECCR factors by rate class?**
- 9     A.     Yes.   Schedule C-1, page 5 in Exhibit JNF-2, Appendix I provides the calculations  
10          of the Consolidated 2022 ECCR factors by rate class.
- 11    **Q.     Does this conclude your testimony?**
- 12    A.     Yes.