

393

FPL's Response to Staff's Third Interrogatories Nos. 67-91, 95-98.

(including attachments for Nos. 70, 76, and 85)

**Confidential Document No. 04603-2021**

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 5, lines 6-11.

- a. Would FPL be able to produce value for ratepayers and receive an incentive on some activities without the continuation of the Incentive Mechanism?
- b. If the Incentive Mechanism were not continued, what options would FPL have to seek recovery of costs for activities benefiting ratepayers?

RESPONSE:

- a. If the Incentive Mechanism was discontinued, FPL believes that it would be subject to, and operate under the Commission's standard sharing mechanism for gains on economy sales that was established by Order No. PSC-00-1744-PAA-EI, dated September 26, 2000. This mechanism utilizes a three-year moving average of actual gains on all non-separated wholesale power sales, firm and non-firm, excluding emergency sales, to establish a threshold level or "benchmark" each year. Actual gains below this threshold are credited 100 percent to customers. Actual gains above this threshold are split 80 percent to customers and 20 percent to shareholders. Therefore, FPL could continue to produce some value for customers through engaging in wholesale power sales and potentially receive an incentive on that activity. However, FPL's analysis reflects that customer benefits under the Incentive Mechanism far exceed those that would have been realized under the standard sharing mechanism by nearly \$65 million. Further, the standard sharing mechanism did not deliver any meaningful incentives for FPL.
- b. If the Incentive Mechanism were not continued and the Commission directed FPL to continue asset optimization activities as approved in the 2012 and 2016 Rate Settlements, FPL could potentially seek recovery of the incremental personnel, software, and associated hardware costs necessary for FPL to manage the expanded activities through the Fuel Clause.

If the Incentive Mechanism were not continued, and FPL was not permitted Fuel Clause recovery of the costs associated with those activities, recovery of those costs would default to base rates. FPL has not included such costs for purposes of setting base rates in this proceeding.

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 6, lines 2-11. Are short-term wholesale power transactions unique to FPL, or is it an activity other utilities conduct as well?

- a. Has the Commission approved a similar utility specific incentive mechanism for short-term wholesale power transactions outside of a negotiated settlement? If yes, please identify the Order(s) and activities related to them.

RESPONSE:

Short-term wholesale power transactions are not unique to FPL. Other utilities also engage in this activity.

- a. FPL has not undertaken a comprehensive review of prior Commission orders regarding utility specific incentive mechanisms for short-term wholesale power transactions. Consistent with its broad authority to approve incentives, the Commission has approved two prior incentive mechanisms related to short-term wholesale power transactions that were not utility specific, but rather applied to all IOU's in Florida. The Commission approved an incentive on economy power sales in Order No. 12923, dated January 24, 1984. Under this incentive, gains on economy sales utilizing a "split-the-savings" methodology were divided between customers and shareholders on an 80%-20% basis, respectively. This incentive was replaced with the sharing mechanism on economy sales referenced in FPL's response to Staff's Third Set of Interrogatories No. 67, subpart (a). As described in that response, the Commission approved a sharing mechanism for gains on economy sales in Order No. PSC-00-1744-PAA-EI, dated September 26, 2000. This mechanism utilizes a three-year moving average of actual gains on all non-separated wholesale power sales, firm and non-firm, excluding emergency sales, to establish a threshold level or "benchmark" each year. Actual gains below this threshold are credited 100 percent to customers. Actual gains above this threshold are split 80 percent to customers and 20 percent to shareholders. The Commission has the authority to approve incentive mechanisms whether part of a settlement agreement or proposed as part of either a base rate or limited scope proceeding.

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 6, lines 2-11. Is the utilization of other utility assets to produce gains for ratepayers an activity unique to FPL, or is it an activity other utilities conduct as well?

- a. Has the Commission approved a similar utility specific incentive mechanism for utilization of other utility assets outside of a negotiated settlement? If yes, please identify the Order(s) and activities related to them.

RESPONSE:

FPL's Incentive Mechanism proposal is filed on behalf of FPL and is not intended to apply to other utilities. We defer to other utilities to address their own activities related to the utilization of utility assets to produce gains for customers.

- a. FPL has not undertaken a comprehensive review of prior Commission orders regarding incentive mechanisms related to the utilization of other utility assets. The Commission does, however, have the authority to approve such a mechanism, whether part of a settlement agreement or proposed as part of either a base rate or limited scope proceeding.

**QUESTION:****Asset Optimization Incentive Mechanism**

Please refer to FPL witness Forrest's direct testimony, page 8, lines 13-14. Please provide data in a similar format to Exhibits SAF-1 and SAF-2 for the Prior Mechanism for the years 2004 through 2012. Please provide this information in Microsoft Excel format with formulas intact.

**RESPONSE:**

Note: The data below has also been provided as an attached spreadsheet with formulas intact. The interrogatory requests the data in a similar format to Exhibits SAF-1 and SAF-2, but those formats do not work well for this request. The data for 1998 through 2003 is included because it is necessary for calculating the 3-Year Average Threshold. Totals are for 2004-2012 only.

<b>Historical Performance of Prior Mechanism</b>					
<b>Year</b>	<b>Filed Gains</b>	<b>3-Year Average Threshold</b>	<b>Customer Benefit</b>	<b>Shareholder Benefit</b>	<b>MWh</b>
1998	62,276,204				
1999	59,183,161				
2000	37,400,076				
2001	17,846,596	52,953,147	17,846,596	0	1,504,584
2002	9,726,487	38,143,278	9,726,487	0	1,276,806
2003	17,827,648	21,657,720	17,827,648	0	1,786,808
2004	18,558,415	15,133,577	17,873,447	684,968	2,525,707
2005	21,022,022	15,370,850	19,891,788	1,130,234	1,734,348
2006	19,438,254	19,136,028	19,377,809	60,445	1,730,968
2007	18,545,406	19,672,897	18,545,406	0	1,440,431
2008	17,001,482	19,668,561	17,001,482	0	1,165,517
2009	10,700,431	18,328,381	10,700,431	0	933,050
2010	4,421,987	15,415,773	4,421,987	0	412,818
2011	4,918,688	10,707,967	4,918,688	0	467,694
2012	3,375,756	6,680,369	3,375,756	0	369,827
<b>Total (2004-2012)</b>	<b>117,982,441</b>		<b>116,106,794</b>	<b>1,875,647</b>	<b>10,780,360</b>

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 10, line 22 through page 11, line 6. Would FPL be able to engage in these new activities without its proposed Incentive Mechanism? If no, please explain.

RESPONSE:

If the Incentive Mechanism were not approved, it is not clear that FPL could or should engage in these new activities. First, FPL would not have formal authorization to engage in optimization activities outside of the power activities that were conducted prior to the 2012 Rate Settlement. Further, FPL believes that an evaluation of whether these additional optimization activities should be conducted absent an Incentive Mechanism would be warranted. The additional optimization activities that were approved as part of the Incentive Mechanism have a significant workload impact on several departments within FPL, including Trading and Operations, Legal, Accounting, Credit, and Risk Management.

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 12, line 19-22 and Orders No. PSC-2016-0560-AS-EI and No. PSC-2013-0023-S-EI.. Is FPL requesting to continue using the incentive mechanism approved in the 2012 and 2016 Settlements?

RESPONSE:

FPL is requesting approval by the Commission of the Incentive Mechanism proposed by FPL witness Forrest in this proceeding. With only minor modifications, the underlying structures of the Incentive Mechanisms that were approved in the 2012 and 2016 Rate Settlements were essentially the same as the program being proposed. While there are minor modifications being proposed, FPL is proposing to keep the savings threshold at \$40 million and to continue netting variable power plant O&M for economy sales and purchases. FPL is requesting to update the variable power plant O&M per-MWh rate based on the 2022 Test Year MFRs utilizing the same methodology that was applied to the 2017 Test Year MFRs. FPL is also requesting to add Renewable Energy Credits and all fuels, including hydrogen, to the products that are optimized as part of the Incentive Mechanism.

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 12, line 19 through page 13, line 7 and Orders No. PSC-2016-0560-AS-EI and No. PSC-2013-0023-S-EI. Beyond the stated terms and conditions included in FPL witness Forrest's testimony, is the Utility requesting that any other components of the 2012 and 2016 Settlement Incentive Mechanism also be continued? If so, please provide the specific language that would be applicable.

RESPONSE:

FPL is requesting approval by the Commission of the Incentive Mechanism proposed by FPL witness Forrest in this proceeding. With only minor modifications, the underlying structures of the Incentive Mechanisms that were approved in the 2012 and 2016 Rate Settlements were essentially the same as the program being proposed. FPL requests the Commission move the review of the Incentive Mechanism to the Fuel Clause after the four-year term of FPL's base rate request. FPL is proposing to expand the Incentive Mechanism to include the consolidated assets of both FPL and Gulf. Additionally, FPL is proposing to update optimization activities under the Incentive Mechanism to include all fuel sources and Renewable Energy Credits ("RECs").



QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 14, lines 2-3. Please list and describe the optimization activities FPL has conducted since approval of the original Incentive Mechanism by Order PSC-2013-0023-S-EI, issued on January 14, 2013. As part of this response, please identify which, if any, of these activities were engaged in prior to approval of the 2012 Settlement Agreement.

RESPONSE:

Prior to the approval of the 2012 Rate Settlement, FPL engaged in optimization activities that included wholesale power sales, wholesale power purchases, and the release of electric transmission capacity. Since the approval of the 2012 Rate Settlement, FPL has continued to engage in wholesale power sales, wholesale power purchases, and the release of electric transmission capacity. FPL has also engaged in natural gas optimization activities that include delivered city-gate sales utilizing FPL's existing gas transport, production area gas sales, the release of firm gas transport, gas storage optimization, the sale of natural gas options, gas balancing activities for a third party at FPL delivery points, and the execution of Asset Management Agreements ("AMAs"). FPL has also engaged in coal sales and NOX emissions sales.

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, page 16, lines 14-18. Please detail FPL's rationale for monetizing Renewable Energy Credits as part of the Incentive Mechanism.

RESPONSE:

FPL's rationale for monetizing Renewable Energy Credits ("RECs") as part of the Incentive Mechanism is the same as its rationale for engaging in any other form of optimization under the Incentive Mechanism, -- reducing overall costs for customers. Specifically, FPL can monetize RECs to help lower overall costs for customers while maintaining its low carbon footprint.

QUESTION:

Asset Optimization Incentive Mechanism

Please refer to FPL witness Forrest's direct testimony, Exhibit SAF-2. Please provide data in the format of this exhibit for the years 2013 through 2021. Please provide this information in Microsoft Excel format with formulas intact.

RESPONSE:

Please see responsive document provided. All prior Total Gains Schedules have been modified to fit the updated format.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to the direct testimony of witness Spoor, page 13, lines 7-8. Please list all alternative routes explored, and explain why each of these alternatives were rejected.

RESPONSE:

The route for the North Florida Resiliency Connection (NFRC) transmission line originated with defining the project endpoints, which were the two identified substations. The two substations (Sinai Cemetery and Raven) were selected because they are the closest substations in proximity to each other, within the FPL and Gulf service areas. The routes described below all follow a similar east/west path across the northern part of the panhandle of Florida.

With the scope and complexity of the NFRC, many variables contributed to the evaluation and analysis of the final route selected. The factors considered in the determination of alternate route alignments included, where appropriate, ecological, social, cultural and natural resources in the project study area; land use including location of residential and commercial development, schools, airports, parks, natural resource areas, sensitive habitats and special land uses; long range area planning; costs; construction and operational safety and engineering and construction feasibility. Location within or adjacent to existing linear rights-of-way and/or easements such as roads, railroads, pipelines, canals and other utilities' existing transmission and distribution lines were reviewed and considered. Property ownership boundaries and constraints such as pinch points or lack of available space within existing rights-of-way, busy commercial highways, existing utilities, wildlife and aquatic resources, protected species, wetlands and waterbodies, and areas of dense or proximity to residential development were also studied and evaluated.

Initial Conceptual Routes

Initially, a half dozen or more possible routes were identified but several were quickly eliminated resulting in three conceptual routes to connect the two substations. A fourth conceptual route was added shortly thereafter, which was a hybrid of two of the originally proposed routes. However, these initial four conceptual routes did not remain viable due to feasibility concerns, excessive length, cost, space constraints, conflicts with densely populated residential areas or existing infrastructure, permitting concerns or lack of access for construction and maintenance. Accordingly, the analysis turned to further refinements of the conceptional routes that ran adjacent to I-10 for the majority of the proposed project.

Northern & Southern Routes

The Northern Route and the Southern Route were additional hybridization and refinements of the initial four conceptual routes. The Northern Route avoided paralleling I-10 in the densest metropolitan area, going north of existing/future development. The Northern Route presented additional challenges associated with easements, rights-of-way challenges, constraints due to existing/future development, and land/wetlands conservation property along the route. The Southern Route sought to avoid paralleling I-10 in the densest metropolitan area and allowed for utilization of an existing multi-utility corridor in agreement with US Forest Service (USFS), paralleling existing utility facilities within the established easement. Based on all the analysis and the information above, the Southern Route as refined, to adjust the eastern entrance point into the Apalachicola National Forest, became the final preferred route for the NFRC connecting the existing Gulf and FPL service areas.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to FPL witness Sim's direct testimony, page 13, lines 14-15. Please list and describe all analyses FPL performed for the NFRC Project.

RESPONSE:

The resource planning analyses that FPL performed to evaluate the NFRC project consisted of FPL's initial and current Step 2 and Step 3 analyses, plus analyses of the cost of wheeling a commensurate amount of energy through neighboring utilities' existing transmission systems. These analyses are described in detail in FPL witness Sim's direct testimony, particularly in Sections IV through VII of that testimony. Please refer to that testimony.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

79. Please refer to FPL witness Sim's direct testimony, page 13, lines 1-2. Please indicate the date construction began on the new transmission line, approximately what portion has been completed, and the anticipated date of completion.

RESPONSE:

Construction of the transmission line began in February 2021, is about 15% complete through April 2021, and is anticipated to be in-service by mid-year 2022.

## North Florida Resiliency Connection (NFRC) Transmission Line Project

Bidder Name	Total Cost	Reason for Selection/Rejection

Yes. Please see the confidential table below.

[illegible]



QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to FPL witness Sim's direct testimony, page 60, lines 9-10. Please indicate whether FPL conducted the transmission flow studies before or after consolidation. If before consolidation, does FPL intend to perform updated studies?

RESPONSE:

The FPL transmission flow studies that are referenced in Witness Sim's testimony are applicable to the future consolidated FPL/Gulf entity, after the NFRC project is placed in service.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to FPL witness Sim's direct testimony, page 60, lines 10-14. Please explain why FPL expects the transfer capability to increase from 2026 on.

RESPONSE:

The transfer capabilities that are referenced in Witness Sim's testimony related to FPL's transmission flow studies reflect assumptions for timing of planned transmission facilities (upgrades) in the Florida Reliability Coordinating Council ("FRCC") regional models which are needed for reliability within the state in future years, and that will facilitate economic transfers between the Gulf and FPL areas. By 2026, the planned upgrades in the model should be completed, and all economic transfers would be expected to flow regardless of season or load level.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to FPL witness Sim's direct testimony, page 61, footnote 21. Please identify when the transmission flow studies for the Duke Energy Florida (DEF) transmission system are expected to be completed, and when the additional costs associated with wheeling through DEF, if any, can be expected to be provided.

RESPONSE:

The transmission flow studies that are referenced in Witness Sim's footnote have already been completed by DEF and FPL. However, identified constraints to the DEF system are still under review, and discussions between FPL and DEF on how to resolve the constraints (including associated costs) are still ongoing. Once the NFRC is placed in service, there will be no third-party transmission service costs associated with wheeling power between the systems.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to FPL witness Sim's direct testimony, Exhibit SRS-10, page 1. Please provide a table in the format of this exhibit listing all alternatives FPL considered. As part of this response, please detail the reason for dismissal for each alternative.

RESPONSE:

In regard to the alternatives for transmitting electrical energy between the existing FPL and Gulf systems, three alternatives were considered. These are: (i) wheeling through the existing Southern Company transmission system, (ii) wheeling through the existing Duke Energy Florida transmission system, and (iii) constructing and operating the NFRC to allow transfer of energy through the interconnected transmission systems. Exhibit SRS-10 provides the projected cost information for each of these alternatives. Alternatives (i) and (ii) above were rejected due to their projected higher costs compared to the projected costs for the NFRC.

QUESTION:

North Florida Resiliency Connection (NFRC) Transmission Line Project

Please refer to FPL witness Sim's direct testimony, Exhibit SRS-10, page 2. Please list the CPVRR analysis assumptions, and provide a breakdown of the "Other NFRC Line Costs" by category (operation and maintenance (O&M), PPAs, etc.). Please provide this information in Microsoft Excel format with formulas intact.

RESPONSE:

Please see Attachment No. 1, Exhibit SRS-10 page 2 of 4, which is an extended version of that page of Exhibit SRS-10, that provides the breakdown of the "Other NFRC Line Costs". This file contains most of the key assumptions used in the calculations. The remaining key assumptions are found in the EDM file associated with Exhibit SRS-10 which was previously provided in the supplemental and second supplemental responses to OPC's First Request for Production of Documents No. 36. Please refer to those responses.

QUESTION:  
O&M

Please refer to FPL witness Bores's direct testimony, page 12, lines 3-6. Please list and describe the enhancements made to Gulf's operations, since acquisition, that resulted in the reductions mentioned.

RESPONSE:

There have been numerous enhancements made to Gulf's operations since the acquisition by NextEra Energy in 2019 and it would be extremely difficult to compile a detailed list and describe each one. As such, FPL is providing an overview of several of the enhancements that have created the most value:

1) Generation Upgrades and Plant Maintenance:

- Gulf Clean Energy Center (formerly known as Plant Crist) plant conversion from coal to natural gas, which eliminated the need for limestone and the associated O&M costs to operate and maintain its scrubbers. Additionally, the conversion to a more efficient natural gas plant configuration allows for a more efficient staffing model and reduced plant maintenance cost.
- Lower negotiated maintenance costs at Plant Daniel and Plant Scherer, which are units jointly owned with Southern Company.
- Reprioritization of work to utilize existing plant staff rather than contractors.

2) Transmission and Distribution Operations:

- Optimization and/or consolidation of several transmission and distribution functions such as Gulf's Distribution and Transmission Control Centers and central meter department functions.
- Focus on investments that improve distribution reliability, as measured by metrics such as SAIDI, SAIFI, and CAIDI, to reduce outage costs.

3) Customer Service:

- Consolidation of the FPL and Gulf customer service organizations into one. The benefits include enhanced business continuity, leveraging FPL's third-party call center, enhanced reporting and dashboards and sharing best practices and expertise around the customer experience, systems, and self-service opportunities.

4) Administrative & General:

- Consolidation and alignment of Resource Planning, Accounting and Finance, Marketing & Communications, Safety and Training, Corporate Security, and other organizations with FPL.
- Alignment of medical, short-term and long-term disability, and other pay and benefits programs with FPL.

QUESTION:  
O&M

Please refer to FPL witness Bores's direct testimony, Exhibit SRB-9. Please detail how vendors are selected to conduct O&M activities.

RESPONSE:

Competitive bidding is an essential control to drive value for FPL when procuring goods and services. The bidding process allows the Company to validate that supplier pricing offered for goods and services, which meet specified commercial and technical requirements, is competitive, reasonable and provides good value for our Company and our customers.

Upon the receipt of proposals, FPL performs a technical (if required) and commercial evaluation. FPL may request clarifications or requests for additional technical or commercial information between the bidders and subject matter experts. FPL compares the value that each proposal will provide.

Upon completion of the commercial and technical evaluation FPL determines the recommended supplier.



QUESTION:  
O&M

Please refer to FPL witness Bores's direct testimony, Exhibit SRB-9. Please provide a breakdown of what is included in the costs for each of the "Functional O&M" categories.

RESPONSE:

Please refer to the Excel file titled "Support Exhibit SRB- 9 – FPL's Adjusted O&M Benchmark" located in the "Witness Bores" folder provided in FPL's supplemental response to OPC's First Request for Production of Documents Request No. 36 which contains a breakdown of the functional O&M costs.

QUESTION:

Dania Beach Clean Energy Center

Please refer to witness Bores' direct testimony page 25, lines 14-17 for the following questions.

- a. Has FPL conducted any internal review of the need for Dania Beach Clean Energy Center Unit 7 since receiving the need determination? If so, provide the dates of the review(s) and a summary of the result(s).
- b. Please indicate the date the final decision to commence construction of the Dania Beach Clean Energy Center Unit 7 was made, the date construction began, approximately what portion has been completed, and the anticipated date of completion.

RESPONSE:

- a. There has been no structured internal review of the need for DBEC Unit 7 since receiving the need determination because the basic factors that led to the need for additional generation in the Southeastern Florida region – continued annual load growth in the region, but no addition of generation capacity in the region – have not changed. Thus, there is still a need for additional generation capacity in the Southeastern Florida region to avoid a regional imbalance between load and generation.
- b. The final decision to commence construction of the Dania Beach Clean Energy Center was made on October 5, 2018, with execution of the construction contract. Construction began on June 10, 2019, is approximately 60% complete at the end of May 2021, and is anticipated to begin commercial operation on June 1, 2022.

QUESTION:  
CDR/CILC Credits

Please refer to witness Sim's direct testimony page 8, lines 14-17. What is the notice period requirement should a customer elect to terminate their participation in either the CILC or CDR, and does FPL believe that period is sufficient to procure additional firm resources if needed to serve customers?

RESPONSE:

The current official notice period requirement for a CILC and CDR participant to terminate participation is five years notice. FPL believes that this time period is sufficient to procure additional firm resources to replace any lost CILC and/or CDR demand response capability. This is because all of the likely replacement generation options, including combined cycle, combustion turbine, solar, and battery storage, are projected to be capable of being placed in-service in five years or less.

QUESTION:  
CDR/CILC Credits

Please refer to Dr. Sim's testimony page 17, lines 13-14. Has FPL done any analysis of potential changes to the demand reduction capacity at the proposed incentive level? If so, please provide an estimate of the reduction in customer participation, both by number of participants and peak demand impact.

RESPONSE:

FPL has not performed a detailed analysis per se of how the proposed change in the CDR and CILC incentive level might impact either continued or new participation in these programs. However, a major factor that was considered as FPL developed the proposed incentive level was the fact that the CDR monthly incentive was at \$4.68/kW until 2013 (when the incentive level was increased as part of an overall settlement of the 2012 base rate case). Prior to 2013, 100% of all CILC participants and 70% of all CDR participants, had been signed up at incentive levels that were lower than the proposed \$5.80/kW incentive level. In addition, Gulf has been signing up new participants for its curtailable load offering which offers an incentive that is lower than the proposed incentive level.

QUESTION:

Solar Base Rate Adjustment

Please refer to FPL witness Valle's direct testimony, page 17, line 22 through page 18, line 3 and FPL witness Barrett's direct testimony, Exhibit REB-12. Is FPL requesting to continue, with modification, the SoBRA mechanism approved in the 2016 Settlement?

RESPONSE:

FPL is not proposing a continuation of a portion of the 2016 Settlement; rather, FPL is requesting approval by the Commission of the SoBRA mechanism proposed by FPL witnesses in this proceeding. However, with only minor modifications, including a lower cost cap, the proposed SoBRA is substantively the same mechanism as has been previously approved by the Commission.

QUESTION:

Solar Base Rate Adjustment

Please refer to FPL witness Barrett's direct testimony, Exhibit REB-12 and Order No. PSC-2016-0560-AS-EI.

- a. Beyond the stated terms and conditions included in Exhibit REB-12, is the Utility requesting that any other components of the 2016 Settlement SoBRA Mechanism also be continued? If so, please provide the specific language from the 2016 Settlement Agreement that would be applicable.
- b. Exhibit REB-12 does not address the limitation of issues in the proposed Fuel Clause proceeding, as is the case with paragraph 10(c) of the 2016 Settlement. Explain whether the Commission could consider any other issues in approving the proposed SoBRA mechanism.

RESPONSE:

- a. See response to Staff Interrogatory No. 95. Exhibit REB-12 was intended to be the comprehensive expression of the SoBRA mechanism proposed for Commission approval.
- b. While it does not use the identical language in paragraph 10(c) of the 2016 Settlement Agreement, in describing the two issues for Commission review in the SoBRA proceeding, Paragraph 2 of Exhibit REB-12 was intended to be read as the exclusive issues for resolution in the proceeding, consistent with the administratively efficient approach in the 2016 Settlement Agreement and a Commission finding in the current proceeding that the proposed four year plan results in just and reasonable rates.

QUESTION:

Solar Base Rate Adjustment

Please refer to FPL witness Barrett's direct testimony, page 13, lines 14-18. Is the addition of solar generation and recovery through base rates unique to FPL, or is it an activity other utilities conduct as well?

- a. Has the Commission approved a similar utility specific base rate adjustment mechanism outside of a negotiated settlement? If yes, please identify the Order(s) and activities related to them.

RESPONSE:

Whether solar or other forms of generation, the resource planning, resource additions, and the timing and cost recovery of such additions relative to general base rate proceedings are unique to each utility. FPL has not undertaken research to address the specific question posed in subpart (a); however, the Commission has broad authority in setting rates and determining appropriate vehicles and methodologies for the recovery of prudently incurred costs under Chapter 366, F.S., whether through general base rate proceedings or limited scope proceedings.

QUESTION:  
Solar Base Rate Adjustment

Please refer to FPL witness Barrett's direct testimony, page 13, lines 14-18.

- a. Would FPL be able to add solar generation to its system without the proposed SoBRA Mechanism?
- b. If the SoBRA Mechanism were denied and FPL added solar generation to its system, how could FPL seek base rate recovery?

RESPONSE:

- a. The absence of a SoBRA mechanism itself does not preclude addition of solar generation; rather, the SoBRA mechanism enables the addition of cost effective solar in subsequent years under the terms of a longer term rate plan that, along with other elements discussed by FPL witness Barrett, defers general base rate increases beyond the term of FPL's proposed multi-year plan.
- b. Under the circumstances described, FPL would need to petition for additional base rate increases, likely in the form of a general base rate case.