

400

FPL's Response to Staff's Tenth Interrogatories  
Nos. 168-170.

QUESTION:

By FPL proposing its four-year rate plan, is the Company implying that the Commission's traditional use of the Cost of Service regulation and/or the Rate of Return regulation in a rate case, in carrying out its statutory responsibility of rate setting for utilities, is in some way an insufficient regulatory construct to address ratemaking for the Company? If yes, please explain, in detail, why.

RESPONSE:

Absolutely not. FPL's Four Year Rate Plan is consistent with the Commission's authority and cost-based, rate of return regulation and this model has empirically produced better results for customers than other more traditional approaches. The regulatory framework and authority that the Commission has in establishing rates that are just and reasonable is broad and can include annual rate cases, multiple test years, limited scope adjustments, or multi-year agreements containing one or more of these items. It is important to note that even in annual rate cases, it is the Commission's practice to set rates using projected test years where actual costs may be higher or lower than forecasted. Different approaches in setting rates within the overall framework of the Commission's authority can produce very different results in terms of customer value delivery (customer bills, service reliability including storm restoration response, customer service, and emissions rates). FPL has demonstrated over many years and several multi-year rate plans, that regulatory stability and rate certainty over a multi-year period enables the Company to continue to improve the value proposition for customers while not diminishing the Commission's oversight authority at all.

QUESTION:

Please refer to the direct testimony of Witness Allis, Exhibit NWA-1, pages 80 and 101 of 787 and the direct testimony of Keith Ferguson, Exhibit KF-3(B), page 23 of 47 Exhibit NWA-1, page 101 of 787 reflects a theoretical reserve deficit of \$324,060,780 for Account 364.1 – Poles, Towers, Fixtures - Wood. Page 80 of 787 shows a currently approved depreciation rate of 3.65 percent and a proposed depreciation rate of 5.35 percent for the same account. Page 23 of Exhibit KF-3(B) reflects a proposed rate of 3.63 percent for Account 364.1 – Poles, Towers, Fixtures - Wood. Assuming the 3.63 percent rate is approved in this case, and no changes to the service life or net salvage values are recommended the next time a depreciation study that utilizes the remaining life technique were to be conducted, does FPL expect the theoretical reserve imbalance for this account to increase or decrease? Please explain.

RESPONSE:

FPL does not know whether the theoretical reserve imbalance would increase or decrease for the next depreciation study. The theoretical reserve imbalance is a function of accumulated depreciation activity as well as the recommended service life and net salvage parameters. If the 3.63 percent depreciation rate is approved in this case, retirements occur in accordance with the 44-R2.5 survivor curve, net salvage occurs in accordance with a (60) percent net salvage estimate, and the full amount of the RSAM were used, then FPL would expect there to be a relatively small reserve imbalance if the same 44-R2.5 survivor curve and (60) percent net salvage were used in the next depreciation study. If, however, retirements or cost of removal do not occur in accordance with these depreciation parameters, or if the full RSAM amount were not used, then there would likely be a reserve surplus or deficiency in the next depreciation study even if the same depreciation parameters were used for that study.

QUESTION:

Pursuant to Order No. PSC-2020-0508-TRF-EI, issued December 18, 2020, did FPL remove all revenues, expenses, plant in service, and accumulated depreciation associated with the SolarNow Program from its Minimum Filings Requirements in this docket? If yes, please direct staff to where these adjustments can be found.

RESPONSE:

Yes. As discussed in the testimony of FPL witness Fuentes, due to the timing of the ultimate disposition of FPL's petition for disposition of SolarNow in Order No. PSC-2020-0508-TRF-EI, issued on December 18, 2020, Docket No. 20200209-EI, FPL was unable to incorporate the required Commission adjustments to remove all SolarNow costs, expenses, and revenues from its calculation of revenue requirements in its original petition filed in March 2021. However, FPL included this Commission adjustment for both 2022 and 2023 in its Notice of Identified Adjustments ("NOIA") filed on May 7, 2021, which is also reflected in FPL witness Fuentes's rebuttal testimony as Exhibit LF-10.

Additionally, Exhibits LF-12 through LF-14 of FPL witness Fuentes's rebuttal testimony reflect the removal of these adjustments from FPL's revenue requirement calculation for the 2022 Test Year and 2023 Subsequent Year. Support for each adjustment was provided in FPL's response to OPC's Fifth Request for Production of Documents, Request No. 91, excel files "SolarNow through 2023" and "VSP Projects Deferred Tax Balance Calculation."

**DECLARATION**

I, Ned W. Allis, co-sponsored answer to Interrogatory No. 169 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.

*Ned W. Allis*

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Ned W. Allis

Date: \_\_\_\_\_7/19/2021\_\_\_\_\_

**DECLARATION**

I, Robert E. Barrett, sponsored the answer to Interrogatory No. 168 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



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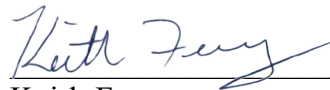
Robert E. Barrett

Date: 07/15/2021

**DECLARATION**

I, Keith Ferguson, co-sponsored the answer to Interrogatory No. 169 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.

A handwritten signature in blue ink, appearing to read "Keith Ferguson", is written over a horizontal line.

Keith Ferguson

Date: July 19, 2021

**DECLARATION**

I, Liz Fuentes, sponsored the answer to Interrogatory No. 170 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 20210015-EI, and the response is true and correct based on my personal knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.

  
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Liz Fuentes

Date: 7/15/2021