

FPL Response to OPC's Sixth Interrogatories Nos. 168,  
170-171, 176–178, 184-185.

(including attachment for No. 184)

QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

In reference to page 48 lines 18 – 20, please define the term "financial strength" and "financial position" as used in the question and answer.

RESPONSE:

“Financial position” as used in the direct testimony of FPL witness Barrett, generally describes a company’s ability to meet ongoing financial obligations as well as the ability to respond to unforeseen financial circumstances. It encompasses the levels of debt and equity employed in the company’s capital structure, the operating cash flow of the company, as well as the overall level of liquidity available to the company. Financial position generically is without regard to whether it is characterized as strong or weak.

“Financial strength” or “strong financial position” as used in FPL witness Barrett’s direct testimony, page 48 lines 18-20, and elsewhere, has reference to the financial integrity of the Company relative to its individual situation taking into account its capital and liquidity needs and risk profile.

QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

In Mr. Barrett's opinion, is the "ROE performance incentive" discussed by Mr. Barrett at page 49 line 3 through page 56 line 8, necessary for the Company's "financial strength" or "financial position" in this case? If yes please fully explain why.

RESPONSE:

No. As explained by FPL Witness Barrett in his direct testimony, specifically on page 56 lines 4-8, as well as page 7 lines 3-8, the ROE performance incentive is separate and in addition to the 11.0 percent requested market-based ROE as presented in the testimony of FPL witness Coyne. FPL is requesting the ROE performance incentive as a statement of policy by the Commission to encourage and reward superior performance.

**QUESTION:**

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

What is the dollar impact on annual revenue requirements of including an additional 50 basis points of equity return as incentive compensation for shareholders? Please identify separately the equity return amount, federal income tax amount, and other revenue related amounts of annual revenue requirements in your response.

**RESPONSE:**

FPL objects to and disagrees with OPC's mischaracterization of FPL's request for a return on equity incentive in this proceeding. Notwithstanding the mischaracterization and without waiving the objection, FPL interprets this request to provide the dollar impact on its requested revenue increase for the 2022 Test Year and 2023 Subsequent Year as if FPL's requested return on equity ("ROE") incentive of 50 basis points was not reflected in its rate request in this proceeding. Based on this assumption and holding all other revenue requirements components constant, the dollar impact on FPL's requested revenue increase for 2022 and 2023 by reducing FPL's ROE from 11.5% to 11.0% is shown below:

<b>(\$ in thousands)</b>	<b>2022</b>	<b>2023</b>
<b>After- Tax Equity Return</b>	<b>\$ 136,501</b>	<b>\$ 9,965</b>
<b>Federal and State Income Taxes</b>	<b>46,341</b>	<b>3,383</b>
<b>Bad Debt and RAF Gross-Up (including Taxes)</b>	<b>278</b>	<b>21</b>
<b>Impact to Requested Revenue Increase</b>	<b>\$ 183,121</b>	<b>\$ 13,368</b>

Note, the reflected impact to 2023 assumes that FPL is granted its requested revenue increase for 2022 utilizing a ROE of 11.0%.

QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

In reference to Exhibit REB-10 page 1 of 1, Item 4, please provide the basis for the storm reserve balance of \$150 million.

RESPONSE:

A proposed storm reserve balance of \$150 million was discussed in the direct testimony of FPL witness Barrett on page 57 lines 4-7. It represents the approximate sum of the FPL and Gulf storm reserve balances currently authorized in each company's most recent settlement agreement.

QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

In reference to the non-unification of rates case in Exhibit REB-10 page 1 of 1, Item 4, please provide the basis for the FPL storm reserve balance of \$114 million.

RESPONSE:

Paragraph 6(b) of FPL's 2016 settlement agreement approved by Commission Order No. PSC-16-0560-AS-EJ, states that storm cost recovery from customers will be "inclusive of the amount needed to replenish the storm reserve to the level that existed as of August 31, 2016." That level was \$112.3 million as shown in the direct testimony of FPL witness Barrett on page 57 lines 6-7. Exhibit REB-10 page 1 of 1, Item 4 will be revised to be \$112.3 million.

QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

In reference to the non-unification of rates case in Exhibit REB-10 page 1 of 1, Item 4, please provide the basis for the Gulf storm reserve balance of \$40 million.

RESPONSE:

Paragraph 7(b) of Gulf's 2016 settlement agreement approved by Commission Order No. PSC-16-0560-AS-EJ, states that storm cost recovery from customers will be "inclusive of the amount needed to replenish the storm reserve to the level that existed as of December 31, 2016." That level was \$40.8 million as shown in the direct testimony of FPL witness Barrett on page 57 lines 6-7. Exhibit REB-10 page 1 of 1, Item 4 will be revised to be \$40.8 million.

QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

On Page 9 of Witness Barrett's testimony, the claim is made that FPL's non-fuel O&M cost performance is the best in the country "by a wide margin". This data is then presented in a graph within Exhibit REB-9. Please provide responses to the following requests / questions:

- a. Please provide the data that makes up the graph within Exhibit REB-9 (i.e., the specific utilities included in the chart and the corresponding Total Non-Fuel O&M per Retail MWh by utility).
- b. Please also include the Non-Fuel O&M per Total MWh data for FPL and the other utilities included in the graph on Exhibit REB-9.
- c. Please also include the Fuel O&M per Total MWh and Fuel O&M per Retail MWh by utility as well.

RESPONSE:

- a. Please see file "Exhibit 9 Support.xls" provided in FPL's supplemental response to OPC's Production of Documents Request No. 36 in the Witness Barrett directory.
- b. Please see Attachment 1.
- c. Please see Attachment 1.



QUESTION:

The following questions are in reference to the direct testimony of Mr. Robert Barrett.

On Page 9 of Witness Barrett's testimony, it is noted that, (1) FPL's service reliability improved by more than 16% between 2016 – 2020, and (2) FPL's 2019 service reliability is 58% better than the national average. Please provide the full set of 2019 service reliability scores for FPL and each of the other utilities that make up the national average that FPL was compared against in point (2) above. Additionally, for each of the utilities included in the listing that comprised that previously referenced national average figure, please provide each of their individual service reliability scores from 2016 – 2020, as well as FPL's.

RESPONSE:

FPL does not have 2016-2020 IEEE SAIDI results for all of the utilities comprising the Distribution National Average shown in Exhibit MS-5. These national averages were calculated by PA Consulting utilizing the U.S. Energy Information Administration's Annual Industry Report, which is publicly available information and filtering for United States investor-owned utilities with over 150,000 customers. The most recent year currently available is 2019.

Refer to FPL's response to OPC's 1st Request for Production of Documents, No. 36 Supplemental for support for the remaining parts of this question. Specifically, refer to file name "Exhibit MS3-6 Data.xlsx" in Witness Spoor's folder.