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October 19, 2016

-VIA ELECTRONIC FILING -

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

Re: Docket No. 160001-EI

Dear Ms. Stauffer:

Pursuant to the authorization of the prehearing officer at the prehearing conference on October 11, 2016, I enclose for electronic filing in the above docket supplemental testimony of Florida Power & Light Company witness Gerard J. Yupp, with FPL's Alternative 2017 Risk Management Plan attached as Exhibit GJY-8.

If there are any questions regarding this transmittal, please contact me at (561) 304-5639.

Sincerely,

s/ John T. Butler
John T. Butler

Enclosures

cc: Counsel for Parties of Record (w/encl.)

CERTIFICATE OF SERVICE
Docket No. 160001-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic service on this 19th day of October 2016, to the following:

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By: s/ John T. Butler
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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **SUPPLEMENTAL TESTIMONY OF GERARD J. YUPP**

4 **DOCKET NO. 160001-EI**

5 **OCTOBER 19, 2016**

6

7 **Q. Please state your name and address.**

8 A. My name is Gerard J. Yupp. My business address is 700 Universe
9 Boulevard, Juno Beach, Florida, 33408.

10 **Q. By whom are you employed and what is your position?**

11 A. I am employed by Florida Power and Light Company (“FPL”) as
12 Senior Director of Wholesale Operations in the Energy Marketing
13 and Trading Division.

14 **Q. Did you previously submit direct and rebuttal testimony in this
15 proceeding?**

16 A. Yes.

17 **Q. Are you sponsoring any supplemental exhibits in this case?**

18 A. Yes. I am sponsoring the following supplemental exhibit:
19 GJY-8: Alternative 2017 Risk Management Plan.

20 **Q. What is the purpose of your supplemental testimony?**

21 A. The purpose of my supplemental testimony is to present FPL’s
22 Alternative 2017 Risk Management Plan, in implementation of
23 Paragraph 16 of the proposed stipulation and settlement of FPL’s

1 rate case in Docket No. 160021-EI and consolidated dockets that
2 was filed on October 6, 2016 (the "Proposed Settlement
3 Agreement") in the event the Commission approves the Proposed
4 Settlement Agreement. Paragraph 16 provides for FPL to terminate
5 natural gas financial hedging prospectively for the Minimum Term of
6 the Agreement and to make filings to implement such termination in
7 Docket No. 160001-EI and subsequent fuel clause proceedings.
8 Accordingly, FPL has prepared an Alternative 2017 Risk
9 Management Plan to reflect the requirements of the Proposed
10 Settlement Agreement, if approved.

11 **Q. Has FPL previously filed a 2017 Risk Management Plan for**
12 **Commission approval?**

13 A. Yes. Pursuant to the schedule in this docket, FPL filed its 2017 Risk
14 Management Plan on August 4, 2016 (the "August 4 Plan").

15 **Q. How does the Alternative 2017 Risk Management Plan differ**
16 **from the August 4 Plan?**

17 A. Consistent with Paragraph 16 of the Proposed Settlement
18 Agreement, the Alternative 2017 Risk Management Plan states that
19 FPL will financially hedge zero percent of its 2018 natural gas
20 requirements during calendar year 2017. The Alternative 2017 Risk
21 Management Plan is attached to this supplemental testimony as
22 Exhibit GJY-8. FPL requests that the Alternative 2017 Risk
23 Management Plan be approved if the Proposed Settlement

1 Agreement is approved; otherwise, FPL would continue to request
2 that the Commission approve the August 4 Plan.

3 **Q. Does Paragraph 16 of the Proposed Settlement Agreement**
4 **require FPL to revise its approved 2016 Risk Management**
5 **Plan?**

6 A. No. Paragraph 16 requires that FPL not enter into any new financial
7 natural gas hedging contracts after the approval date, “except as
8 may be necessary for FPL to remain in compliance to the minimum
9 extent practicable with the requirements of its currently approved
10 Risk Management Plan.” FPL’s 2016 Risk Management Plan was
11 approved by the Commission in Docket No. 150001-EI and
12 therefore is “currently approved.” If the Commission approves the
13 Proposed Settlement Agreement, then consistent with Paragraph
14 16, FPL will execute only the minimum hedges necessary to remain
15 in compliance with the 2016 Risk Management Plan.

16 **Q. Does this conclude your testimony?**

17 A. Yes it does.

Florida Power and Light Company **Alternative 2017 Risk Management Plan**

Florida Power & Light (“FPL”) recognizes the importance of managing price volatility in the fuel and power it purchases to provide electric service to its customers. Further, FPL recognizes that the greater the proportion of a particular energy source it relies upon to provide electric services to its customers, the greater the importance of managing price volatility associated with that energy source.

However, on October 6, 2016, FPL, the Office of Public Counsel, the South Florida Hospital and Healthcare Association and the Florida Retail Federation jointly moved for approval of a proposed stipulation and settlement of FPL’s rate case in Docket No. 160021-EI and consolidated dockets (the “Proposed Settlement Agreement”). The Proposed Settlement Agreement requires FPL to terminate natural gas financial hedging for the minimum term of the Agreement. Therefore, in accordance with Paragraph 16 of the Proposed Settlement Agreement, FPL will financially hedge 0% of its 2018 projected natural gas requirements.

FPL does not intend to hedge heavy fuel oil for 2018. FPL discontinued fuel oil hedging in 2013 and the factors that influenced that decision remain.