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# Public Service Commission

February 12, 2018

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Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408

## STAFF'S SECOND DATA REQUEST

**Re: Docket No. 20170235-EI - Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.**

Dear Mr. Anderson:

By this letter, the Commission staff requests that Florida Power & Light Company (FPL) provide responses to the following data requests.

### CPVRR Analysis

1. Please provide the electronic file containing the worksheet or spreadsheet of the 30-year CPVRR analysis with all formulas intact.
2. FPL's assertion that the acquisition of COVB customers will alleviate fixed costs from the general body of FPL ratepayers is largely based on the assumption that incremental revenues from COVB customers will significantly and consistently outpace the incremental costs to serve those customers.
  - a. How can FPL assert with confidence that this differential between incremental revenues and incremental cost to serve will exist and remain constant for the entire length of the 30-year CPVRR analysis?
  - b. How does the presumptive decision made by FPL to "stay out" an extra year until the end of 2021, due to the recent tax reform, affect the CPVRR analysis of increased base rate revenues from COVB customers, shown beginning 2021 on the 30-year CPVRR analysis?

- c. FPL's analysis reflects approximately a 15-percent growth in base rate revenue from COVB customers beginning in 2021, which grows to approximately 35-percent by 2028. Meanwhile, the incremental revenue requirement of those customers remains approximately flat. What is the explanation for this large and growing divergence between the Incremental Revenue Requirements and Base Rate Revenues for COVB customers?

#### Expected Savings to Existing Customers

3. What is the bill impact to existing FPL ratepayers, on a 1,000 kWh basis, of FPL's proposed amortization of the acquisition adjustment based on current rates?

#### Sebring Order

4. In the Sebring Order No. PSC-92-1468-FOF-EU, the Commission made clear that: "we must insure that the amount we approve for recovery from FPC's general body of ratepayers is related to the benefits that they receive."
  - a. Aside from the 30-year CPVRR analysis, does FPL believe that its general body of ratepayers will materially benefit from this acquisition in any other way?
  - b. Based on previous responses, is it fair to say that FPL believes there will be no measurable difference in quality of service provided to FPL's existing customers?
5. Also, in the Sebring Order, the Commission concluded that: "[a]s a general rule, we do not preapprove the prudence of rate base acquisitions outside of a rate case, nor do we usually permit acquisition adjustments, particularly outside of a rate case." However, in that specific case, the Commission did consider the acquisition adjustment because of the "extraordinary circumstances" surrounding that case, based primarily on the fact that existing Sebring ratepayers were facing significantly rising rates due to Sebring's debt situation. Furthermore, the Commission clearly established that because of the extraordinary circumstances, the Sebring Order could not be considered precedential in nature.
  - a. Does FPL assert that existing COVB ratepayers face similar "extraordinary circumstances" that would warrant similar Commission action? If so, please explain why in detail.
  - b. Why does FPL believe it is appropriate for the Commission to consider its request at this time, when Commission practice is to consider acquisition adjustments through general rate proceedings?

Staff's Second Data Request

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Please file all responses electronically no later than Monday, February 26, 2018, from the Commission's website at [www.floridapsc.com](http://www.floridapsc.com), by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6856 if you have any questions.

Sincerely,

*/s/ Danijela Janjic*

Danijela Janjic

Senior Attorney

DJ/csc

cc: Office of Commission Clerk  
Florida Power & Light Company (Rubin, Hoffman)  
Office of Public Counsel (Kelly, Morse)