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April 30, 2018

-VIA ELECTRONIC FILING -

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

Re: Docket No. 20180001-EI

Dear Ms. Stauffer:

Attached for filing on behalf of Florida Power & Light Company are its responses to Staff's Second Data Request.

Please contact me if you have or your Staff has any questions regarding this filing.

Sincerely,

s/ Maria J. Moncada
Maria J. Moncada

Enclosures

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

CERTIFICATE OF SERVICE
Docket No. 20180001-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished
by electronic service on this 30th day of April 2018 to the following:

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By: s/ Maria J. Moncada

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**Florida Power & Light Company
Docket No. 20180001-EI
Staff's Second Data Request
Question No. 1
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QUESTION:

Were any new forecasts developed for this mid-course correction filing? Why or why not? If applicable, please identify the forecast(s) and provide an explanation.

RESPONSE:

No. The purpose of FPL's petition for mid-course corrections to its Capacity Cost Recovery and Environmental Cost Recovery factors is to reflect changes related to the impact of the Tax Cuts and Jobs Act of 2017 and flow resulting savings to customers as promptly as possible. The midcourse correction does not reflect new forecasts or the incorporation of any additional months of actual cost data (historical information) beyond what was included in the November 17, 2017 mid-course correction filing.

QUESTION:

Please explain why FPL believes a mid-course correction is the appropriate mechanism for accounting for the changes due to the Jobs and Tax Act of 2017.

RESPONSE:

The Tax Cuts and Jobs Act of 2017 ("Tax Act") applies to the taxable year beginning after December 31, 2017 and impacts the revenue requirements associated with the equity return on assets that are recovered through FPL's adjustment clauses. FPL's mid-course correction appropriately balances the need for time to review FPL's changes related to the impact of the Tax Act with the desire to flow through the savings resulting from the Tax Act to FPL's customers as promptly as possible.

QUESTION:

Please explain why this mid-course correction pleading was filed in three dockets.

RESPONSE:

The Tax Cuts and Jobs Act of 2017 (“Tax Act”) impacts the revenue requirements associated with the equity return on assets that are recovered through FPL’s adjustment clauses, beginning January 1, 2018. For FPL, the Tax Act impacts its Capacity Cost Recovery Clause (“CCR”), Environmental Cost Recovery (“ECR”) and Conservation Cost Recovery (“ECCR”) clauses. FPL is not currently recovering any assets through the Fuel Cost Recovery Clause so there is no impact on this clause associated with the Tax Act. The tax impact on 2018 revenue requirements associated with the equity return on assets recovered through the ECCR clause is so small that an adjustment for it would not change the current factor, so FPL proposes to handle it through the regular true-up process. However, adjustments for the tax impacts on revenue requirements associated with the equity return on assets recovered through the CCR and ECR clauses will change the currently approved factors for those clauses. Accordingly, FPL filed its petition in Docket Nos. 20180001-EI and 20180007-EI for approval of mid-course corrections to reduce the 2018 CCR and ECR factors, effective July 1, 2018, to reflect the impacts of the Tax Act. FPL also filed its petition in Docket No. 20180046-EI – Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Florida Power & Light Company – because FPL understands that docket to relate generally to all tax impacts associated with the Tax Act.

QUESTION:

From the perspective of Docket No. 20180001-EI (the Fuel Cost Recovery Clause docket), please explain why this mid-course correction only impacts CAPACITY cost recovery factors and not FUEL cost recovery factors.

RESPONSE:

The Tax Act has lowered the federal income tax rate for corporations from 35% to 21%, which impacts the revenue requirements associated with the equity return on assets that are recovered through adjustment clauses. Therefore, FPL reflected the adjustments for the tax impacts on revenue requirements associated with the equity return on assets recovered through the Capacity Cost Recovery ("CCR") Clause, which lowers the currently approved CCR factors. FPL is not currently recovering any assets through the Fuel Cost Recovery ("FCR") Clause, so there is no impact on the FCR clause associated with the Tax Act.

QUESTION:

Please explain how FPL has notified its customers about the instant petition, and discuss the timing of notification(s). As part of your response, please provide a copy of the notification(s) that are being prepared for FPL's customers.

RESPONSE:

As is standard for all petitions that result in a change to customer bills, FPL will include a very short bill message on all customer bills 30 days in advance of the rates taking effect, and will provide updated rates schedules on its website (www.FPL.com/rates) at the same time that will reflect all rate changes that, if approved, would take effect the following month.

In addition, FPL plans to include a story in its next quarterly bill insert (published in July) that will notify customers about the mid-course corrections taking effect in July (if approved) as well as the routine storm charge adjustment taking effect in June. At this time a draft copy of the newsletter story is not available, however FPL will provide Staff a draft of the story for review prior to publication.

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Question No. 6
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QUESTION:

Does the July billing cycle begin on July 1st? If not, please specify when it begins.

RESPONSE:

Yes.

QUESTION:

Questions 7-10 pertain to data shown in Schedule E-10 attached to your Mid-Course Petition (Appendix 5).

Please describe the billing change identified in footnote 1 appearing on Schedule E-10 attached to your Mid-Course Petition (Appendix 5).

RESPONSE:

On April 2, 2018, in Docket No. 20060038-EI, FPL filed its routine storm charge quarterly true-up adjustment to the storm recovery bond repayment charges and the storm recovery bond tax charges. Based on this true-up adjustment, the residential storm charge will increase from \$1.38 to \$1.48 for the typical residential 1,000 kWh customer bill. The new storm charges will become effective on June 1, 2018. FPL included this billing change in Schedule E-10 for informational purposes only, in order to provide the full impact on the typical 1,000 kWh residential bill from current rates to the proposed rates that would go into effect on July 1, 2018.

QUESTION:

Questions 7-10 pertain to data shown in Schedule E-10 attached to your Mid-Course Petition (Appendix 5).

Why is this (a mid-course correction filing) the appropriate vehicle to reflect to a \$0.10 billing change due to a true-up adjustment of storm charges?

RESPONSE:

The \$0.10 increase to FPL's Storm Restoration Surcharge is included in FPL's proposed residential 1,000 kWh bill for July 2018 for informational purposes only, in order to provide the full impact on the typical 1,000 kWh residential bill from current rates to the proposed rates that would go into effect on July 1, 2018. As discussed in FPL's response to Question 9 in Staff's Second Data Request, FPL submitted its request for the routine storm charge adjustment on April 2, 2018 in Docket No. 20060038-EI for administrative approval. The adjustment is to be effective June 1, 2018.

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QUESTION:

Questions 7-10 pertain to data shown in Schedule E-10 attached to your Mid-Course Petition (Appendix 5).

Please identify the schedule(s), and/or Docket Numbers or Orders, if applicable, that support this billing change.

RESPONSE:

FPL assumes that this question is referring to the \$0.10 billing change referenced in Staff's Data Request No. 8.

On April 2, 2018, in Docket No. 060038-EI, FPL filed a Routine Storm Charge True-Up Adjustment Request, giving notice of an adjustment to the storm recovery bond repayment charges and the storm recovery bond tax charges. Attachments A-1 and A-2 to that filing contain the schedules that reflect the calculation of revised storm charges to be effective on June 1, 2018. As noted in response to Staff's Data Request No. 8, FPL reflected this billing change in Schedule E-10 for informational purposes only, in order to provide the full impact on the typical 1,000 kWh residential bill from current rates to proposed rates.

QUESTION:

Questions 7-10 pertain to data shown in Schedule E-10 attached to your Mid-Course Petition (Appendix 5).

Do the customer notifications cover the subject matter of footnote 1?

RESPONSE:

Because the effective date of the storm charge adjustment is June 1, customer notifications regarding this rate change will be on a different schedule than the mid-course correction. As is standard for all petitions that result in a change to customer bills, FPL will be running a very short bill message on all customer bills 30 days in advance of the June storm charge adjustment taking effect (throughout the month of May). In addition, updated rates schedules will be available on its website (www.FPL.com/rates) at the same time reflecting the change to the storm charge beginning in June.

However, FPL plans to include a story in its next quarterly bill insert (published in July) that will notify customers about the mid-course corrections taking effect in July (if approved) as well as the routine storm charge adjustment taking effect in June. At this time a draft copy of the newsletter story is not available; however, FPL will provide Staff a draft of the story for review prior to publication.