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VIA ELECTRONIC FILING

Mr. Adam Teitzman
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20190190-EI
FPL's Responses to Staff's Second Data Request

Dear Mr. Teitzman:

Enclosed are Florida Power & Light Company's responses to Staff's Second Data Request (Nos. 1- 3) in Docket No. 20190190-EI.

Please contact me if there are any questions regarding this filing.

Sincerely,

s/ Maria Jose Moncada

Maria Jose Moncada

cc:
Corey Hampson (champson@psc.state.fl.us)
Tripp Coston (tcoston@psc.state.fl.us)
Kristen Simmons (KSimmons@psc.state.fl.us)
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QUESTION:

Referring to FPL's response to Staff's First Data Request (DR) 1.7, does FPL's decision to "not pursue any additional new construction until after a decision regarding FPL SolarTogether has been made," impact its ability to comply with Commission Order No. PSC-14-0468-TRF-EI that FPL will size the solar projects based on the level of participation, so that participant contributions will approximate the project revenue requirement net of estimated avoided fuel and emissions costs? Please explain.

RESPONSE:

No, it will not impact FPL's ability to comply with Order No. PSC-14-0468-TRF-EI. FPL will hold the voluntary customer contributions received in excess of the retail revenue requirements pending a decision on FPL's proposed SolarTogether program and after FPL has had the opportunity to determine how and if the SolarNow program can continue. FPL will then make a recommendation to the Commission to either continue or terminate the program. This recommendation would include a plan to utilize contributions received.

QUESTION:

Please again refer to FPL's response to Staff's DR 1.7, and to FPL's response to Staff's DR 1.2, Attachment No. 1 for the following.

- a) What will FPL do with the voluntary customer contributions that exceed the retail base revenue requirement (see FPL's response to Staff's DR 1.2, Attachment No. 1, line item I) while not pursuing any additional new construction, as discussed in response to Staff's DR 1.7?
- b) How does FPL expect its plans referenced above to impact the program's net retail base revenue requirements (see FPL's response to Staff's DR 1.2, Attachment No. 1, line item I)? Please explain.

RESPONSE:

- a. FPL will hold the voluntary customer contributions received in excess of the retail revenue requirements pending a decision on FPL's proposed SolarTogether program and after FPL has had the opportunity to determine how and if the SolarNow program can continue. FPL will then make a recommendation to the Commission to either continue or terminate the program. This recommendation would include a plan to utilize contributions received.
- b. In general, given the program's design, investing capital would increase the program expenses and cause the net retail base revenue requirements to increase (or become less negative). However, until such time as a future plan for SolarNow is determined and approved by the Commission, FPL cannot state with specificity how the net retail base revenue requirements will change.

QUESTION:

Please provide the estimated 2020 VSP pilot program's revenue requirement (see FPL's response to staff's DR 1.2, attachment No. 1). Please include estimates for both scenarios where FPL SolarTogether is approved and not approved by the Commission in 2020.

RESPONSE:

Attachment No. 1 to this response expands Staff's First Data Request No. 2, Attachment No. 1 to include a 2020 forecast of the SolarNow program in a scenario where FPL SolarTogether is not approved by the Commission. To prepare this forecast, FPL has made the following basic assumptions which could change based on market conditions and program participation:

1. FPL would seek Commission approval to continue the SolarNow program beyond 2020, as requested in this proceeding.
2. Program participation in 2020 will grow to 55,000 participants by year-end 2020.
3. FPL would resume construction of new SolarNow projects beginning in the second half of 2020, adding approximately 200 kW of new assets.

FPL does not have a 2020 SolarNow estimate in a scenario where FPL SolarTogether is approved by the Commission. FPL's data regarding the co-existence of the two programs is limited and it cannot gain further insight until, assuming approval, FPL launches FPL SolarTogether and assesses the programs' interactions with one another. As noted in FPL's response to Staff's First Data Request No. 5, FPL has offered its customers an opportunity to join an FPL SolarTogether mailing list to learn more about the program and receive updates. Based on this data, as of August 31, 2019, there are approximately 2,200 customers out of 57,000 who are current SolarNow participants. This equates to a 5% overlap. However, FPL cannot assume that post-enrollment data will reflect the same figures and does not yet know whether mailing list interest will result in FPL SolarTogether enrollment, or whether "common" customers will terminate their participation in SolarNow or participate in both programs.

VSP PROGRAM REVENUE REQUIREMENT - SCENARIO SolarTogether IS NOT APPROVED BY THE COMMISSION							
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Estimated⁽¹⁾</i>	<i>Estimated⁽⁶⁾</i>	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	
Participant Contribution (\$/month)	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	
Number of Participants at Year End	2,397	12,651	26,674	42,654	49,147	55,000	
Cumulative Capacity (kW)	0	250	315	1,838	2,536	2,743	
M&C and G&A as % of total revenues ⁽²⁾	1%	20%	20%	19%	20%	20%	
In Thousands (000)							
Retail Base Impact:							
<u>Operating Costs</u>							
A. Depreciation	\$0	\$144	\$283	\$661	\$1,004	\$1,288	\$3,380
B. O&M (Maintenance, Marketing, G&A)	\$34	\$156	\$477	\$720	\$1,060	\$1,130	\$3,577
C. Other (Property taxes, Insurance, Taxes Other Than Income Taxes, ITC Amort)	\$0	(\$11)	\$8	\$194	\$151	\$88	\$430
<u>Capital Costs</u>							
D. VSP Program Average Rate Base ⁽³⁾	\$419	\$1,500	\$6,761	\$16,931	\$23,784	\$28,104	
E. Pre Tax Rate of Return ⁽⁴⁾	12.37%	11.67%	11.84%	10.48%	10.32%	10.32%	
F. Debt & Equity Return on Rate Base	D * E	\$52	\$175	\$800	\$1,774	\$2,453	\$8,154
G. Retail Base Revenue Requirements	A + B + C + F	\$86	\$464	\$1,569	\$3,349	\$4,668	\$15,540
H. Voluntary Customer Contribution		\$85	\$708	\$2,298	\$3,614	\$5,650	\$17,586
I. Net Retail Base Revenue Requirements	G - H	\$1	(\$244)	(\$730)	(\$265)	(\$563)	(\$2,046)
<u>Retail Clause Impact:</u>							
J. System Fuel & Emissions Savings ⁽⁵⁾		\$0	\$2	\$4	\$38	\$85	\$228
<u>Net Impact:</u>							
K. Net Impact to All Customers	I - J	\$1	(\$246)	(\$733)	(\$303)	(\$648)	(\$2,274)

(1) 2019 amounts reflect actuals through August 2019 and forecast data for September -December 2019.

(2) Includes marketing, communication, and program administration costs.

(3) Represents the average of the beginning and ending totals of the following: net plant in service, CWIP, and estimated accumulated deferred income taxes.

(4) 2015 and 2016 are based on the amounts reflected on FPL's December ESR at the mid-point ROE of 10.5%, while 2017 is based on Exhibit KO-20 filed in FPL's most recent base rate filing with an ROE of 10.55% as approved in Docket No. 160021-EI, Order No. PSC-16-0560-AS-EI. 2018 is based on Exhibit KO-20 as well, and has been adjusted for new tax rates for Tax Cuts and Jobs Act. 2019 and 2020 are based on FPL's 2019 Forecasted ESR.

(5) Amount calculated using fuel factor equivalent to an annual average of FPL's Cogen Monthly Average Avoided Energy Costs in the year site was placed in service, as filed with the Commission in FPL's Hourly Avoided Energy Cost Report in Dockets 160000-OT and 20170000-OT.

(6) This forecast is representative of a scenario where SolarTogether is not approved.