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Timolyn Henry\*\*\*\*\*1

**Timolyn Henry**

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**Sent:** Tuesday, July 12, 2005 4:35 PM  
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**Subject:** Electronic Filing for Docket No. 050045-EI / Docket No. 050188-EI - Florida Power & Light Company's Preliminary List of Issues

**Attachments:** FPL's Preliminary List of Issues.7.12.05.doc



FPL's  
Preliminary List of Issues

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 050045-EI / Docket No. 050188-EI

In re: Petition for rate increase by Florida Power & Light Company In re: 2005 Comprehensive Depreciation Studies by Florida Power & Light Company

c. Document being filed on behalf of Florida Power & Light Company.

d. There are a total of 11 pages.

e. The document attached for electronic filing is Florida Power & Light Company's Preliminary List of Issues

(See attached file: FPL's Preliminary List of Issues.7.12.05.doc)

Thank you for your attention and cooperation to this request.

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FPSC-COMMISSION CLERK

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by )  
Florida Power & Light Company. )

Docket No. 050045-EI

In re: 2005 comprehensive depreciation )  
study by Florida Power & Light Company. )

Docket No. 050188-EI

Filed: July 12, 2005

**FLORIDA POWER & LIGHT COMPANY'S  
PRELIMINARY LIST OF ISSUES**

Florida Power & Light Company ("FPL") hereby submits its Preliminary List of Issues.

**FORECASTING**

- Issue 1:** Are FPL's forecasts of customer growth, and KWH by revenue class, and system KW for the 2006 projected test year reasonable?
- Issue 2:** Are FPL's forecasts of customers and KWH by revenue class, and system KW for the 2007 Turkey Point 5 Adjustment reasonable?
- Issue 3:** Is FPL's projected test period of the twelve months ending December 31, 2006 appropriate?

**QUALITY OF SERVICE AND PERFORMANCE**

- Issue 4:** Is the quality and reliability of electric service provided by FPL adequate?
- Issue 5:** How does FPL compare to other utilities in the provision of customer service in the areas of cost and quality of service?
- Issue 6:** How does the reliability of FPL's service compare to other utilities in the areas of cost and quality of service?
- Issue 7:** How does the operational reliability and performance of FPL's Fossil Generation compare to other utilities in the areas of cost and quality of service?
- Issue 8:** How does the operational reliability and performance of FPL's Nuclear Generation compare to other utilities in the areas of cost and quality of service?
- Issue 9:** How does FPL's performance in controlling O&M costs in general compare

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to other utilities?

- Issue 10:** What conclusions should the Commission draw from the benchmarking comparisons and analyses presented by FPL?

### **DEPRECIATION STUDY**

- Issue 11:** What should be the implementation date for FPL's depreciation rates and recovery/amortization schedules?

- Issue 12:** What are the appropriate depreciation rates and recovery/amortization schedules?

### **RATE BASE**

- Issue 13:** Is FPL's level of Plant in Service in the amount of \$23,394,793,000 (\$23,591,644,000 system) for the 2006 projected test year appropriate?

- Issue 14:** Is FPL's level of Plant in Service in the amount of \$571,312,000 (\$580,300,000 system) for the projected year ended May 31, 2008, for the 2007 Turkey Point 5 Adjustment appropriate?

- Issue 15:** Is FPL's level of Accumulated Provision for Depreciation and Amortization in the amount of \$11,700,179,000 (\$11,803,581,000 system) for the 2006 projected test year appropriate?

- Issue 16:** Is FPL's level of Accumulated Provision for Depreciation and Amortization in the amount of \$15,572,000 (\$15,818,000 system) for the projected year ended May 31, 2008, for the 2007 Turkey Point 5 Adjustment appropriate?

- Issue 17:** Is FPL's level of Construction Work in Progress in the amount of \$522,642,000 (\$525,110,000 system) for the 2006 projected test year appropriate?

- Issue 18:** Is FPL's level of Property Held for Future Use in the amount of \$135,593,000 (\$136,585,000 system) for the 2006 projected test year appropriate?

- Issue 19:** Is FPL's level of Working Capital in the amount of \$57,673,000 (\$61,428,000 system) for the 2006 projected test year appropriate?

- Issue 20:** Is FPL's level of Account 151 - Fuel Stock - in the amount of \$138,686,000 (\$140,930,000 system) for the 2006 projected test year appropriate?

- Issue 21:** Should the net overrecovery/underrecovery of fuel, capacity, conservation, environmental cost recovery clause, and the storm damage surcharge recovery factor expenses for the test year be included in the calculation of working capital allowance for FPL?
- Issue 22:** Has FPL removed the appropriate amount of Regulatory Asset - Okeelanta Settlement out of 2006 projected test year working capital?
- Issue 23:** Is FPL's rate base of \$12,410,522,000 (\$12,511,188,000 system) for the 2006 projected test year appropriate? (This is a fallout issue.)

### COST OF CAPITAL

- Issue 24:** What is the appropriate cost rate for common equity to use in establishing FPL's revenue requirement for the projected test year?
- Issue 25:** In setting FPL's return on equity (ROE) for use in establishing FPL's revenue requirements and authorized range, should the Commission make an adjustment to reflect FPL's performance? If so, what should be the amount of the adjustment?
- Issue 26:** What is the appropriate capital structure for FPL?
- Issue 27:** What is the appropriate amount of accumulated deferred taxes to include in FPL's capital structure?
- Issue 28:** What is the appropriate amount and cost rate of unamortized investment tax credits to include in FPL's capital structure?
- Issue 29:** What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for FPL's 2007 Turkey Point 5 Adjustment? (This is a fallout issue.)
- Issue 30:** What is the appropriate cost rate for short-term debt for the 2006 projected test year?
- Issue 31:** What is the appropriate cost rate for long-term debt for the 2006 projected test year?
- Issue 32:** What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for FPL for the 2006 projected test year? (This is a fallout issue.)

### NET OPERATING INCOME

- Issue 33:** Is FPL's level of Total Operating Revenues in the amount of \$3,888,233,000

(\$3,913,736,000 system) for the 2006 projected test year appropriate?

- Issue 34:** Has FPL made the appropriate adjustments to remove the storm damage surcharge revenues and related expenses recoverable through the Storm Damage Surcharge Cost Recovery Factor approved by the Commission in Order No. PSC-05-0187-PCO-EI, Docket 041291-EI?
- Issue 35:** Is FPL's level of Total Steam Power Generation O&M (Accounts 500-514) in the amount of \$148,803,000 (\$151,191,000 system) for the 2006 projected test year appropriate?
- Issue 36:** Is FPL's level of Total Nuclear Power Generation O&M expense (Accounts 517-532) in the amount of \$362,668,000 (\$364,310,000 system) for the 2006 projected test year appropriate?
- Issue 37:** Is FPL's level of Other Power Generation O&M Expenses (Accounts 546 - 554) in the amount of \$54,853,000 (\$55,722,000 system) for the 2006 projected test year appropriate?
- Issue 38:** Is FPL's level of Other Power Supply Expenses (Accounts 555-557) in the amount of \$9,477,000 (\$9,628,000 system) for the 2006 projected test year appropriate?
- Issue 39:** Should the Capacity charges and revenues associated with SJRPP that are currently in base rates be removed from base rates and included in the Capacity Clause?
- Issue 40:** Should FPL's projected 2006 incremental power plant security costs be included in FPL's test year revenue requirements and recovered through base rates, such that FPL would recover only annual amounts above those costs in the Capacity Cost Recovery Clause.
- Issue 41:** Should FPL's projected 2006 incremental hedging costs be included in FPL's test year revenue requirements and recovered through base rates, such that FPL would recovery only annual amounts above those costs in the Fuel Clause.
- Issue 42:** Is FPL's level of Total Transmission Expense (Accounts 560-573) in the amount of \$145,396,000 (\$154,238,000 system) for the 2006 projected test year appropriate?
- Issue 43:** Is FPL's incremental transmission expense for the GridFlorida RTO in Account 565 in the amount of \$102,632,000 (\$104,000,000 system) for the 2006 projected test year appropriate?

- Issue 44:** Is FPL's level of Total Distribution O&M expenses (Accounts 580-598) in the amount of \$254,987,000 (\$254,995,000 system) for the 2006 projected test year appropriate?
- Issue 45:** Is FPL's level of Account 904 - Uncollectible Accounts expense in the amount of \$14,569,000 (\$14,569,000 system) for the 2006 projected test year appropriate?
- Issue 46:** Is FPL's level of Total Customer Accounts Expense (Accounts 901-905) in the amount of \$124,248,000 (\$124,262,000 system) for the 2006 projected test year appropriate?
- Issue 47:** Is FPL's level of Total Customer Service and Information Expense (Accounts 907-910) in the amount of \$14,302,000 (\$14,302,000 system) for the 2006 projected test year appropriate?
- Issue 48:** Is FPL's level of Total Demonstrating and Selling expenses in the amount of \$18,585,000 (\$18,585,000 system) for the 2006 projected test year appropriate?
- Issue 49:** Is FPL's level of Account 920 - Administrative and General Salaries expense in the amount of \$145,276,000 (\$145,942,000 system) for the 2006 projected test year appropriate?
- Issue 50:** Is FPL's 2006 projected test year accrual of \$120,000,000 for Storm Damage appropriate?
- Issue 51:** Is FPL's level of Account 928 - Regulatory Commission Expense in the amount of \$7,741,000 (\$7,741,000 system) appropriate for the 2006 projected test year?
- Issue 52:** Should an adjustment be made in the 2006 projected test year to Account 928, Regulatory Commission Expense, for rate case expense?
- Issue 53:** Is FPL's level of Total Administrative and General Expense (Accounts 920-935) in the amount of \$457,872,000 (\$462,252,000 system) for the 2006 projected test year appropriate?
- Issue 54:** Is FPL's proposed recovery of charitable contributions in the amount of \$1,538,000 (\$1,545,000 system) for the 2006 test year appropriate?
- Issue 55:** Is FPL's level of Salaries and Employee Benefits for the 2006 projected test year appropriate?
- Issue 56:** Is FPL's level of Total Operation and Maintenance Expense in the amount of \$1,591,191,000 (\$1,609,486,000 system) for the 2006 projected test year

appropriate? (This is a fallout issue.)

- Issue 57:** Is FPL's level of Total Operation and Maintenance Expenses for the new 2007 Turkey Point 5 unit in the amount of \$4,448,000 (\$4,519,000 system) for the 2007 Turkey Point 5 Adjustment appropriate?
- Issue 58:** Is FPL's Depreciation and Amortization Expense of \$924,323,000 (\$931,710,000 system) for the 2006 projected test year appropriate? (This is a fallout issue.)
- Issue 59:** What is the appropriate level of nuclear decommissioning expense for the 2006 projected Test Year?
- Issue 60:** What is the appropriate level of fossil dismantlement expense for the 2006 projected test year?
- Issue 61:** Is FPL's Depreciation and Amortization Expense of \$31,143,000 (\$31,635,000 system) for the 2007 Turkey Point 5 Adjustment appropriate?
- Issue 62:** Is FPL's level of Taxes Other Than Income Taxes in the amount of \$299,798,000 (\$301,922,000 system) for the 2006 projected test year appropriate?
- Issue 63:** Is FPL's level of Taxes Other Than Income Taxes in the amount of \$11,367,000 (\$11,546,000 system) for the 2007 Turkey Point 5 Adjustment appropriate?
- Issue 64:** Is FPL's adjustment to remove Gross Receipts Tax from base rates appropriate?
- Issue 65:** Are FPL's Income Tax expenses in the amount of \$291,326,000 (\$289,545,000 system) for the 2006 projected test year appropriate? (This is a fallout issue.)
- Issue 66:** Are FPL's Income Tax expenses in the amount of \$25,719,000 (\$26,124,000 system) for the 2007 Turkey Point 5 Adjustment appropriate? (This is a fallout issue.)
- Issue 67:** Is FPL's Net Operating Income of \$782,562,000 (\$782,041,000 system) for the 2006 projected test year appropriate? (This is a fallout issue.)

### REVENUE REQUIREMENTS

- Issue 68:** What are the appropriate revenue expansion factors including the appropriate elements and rates for FPL for the 2006 projected test year and the 2007 Turkey Point 5 Adjustment?

**Issue 69:** What is the appropriate annual operating revenue requirement for FPL for the 2006 projected test year?

**Issue 70:** What is the appropriate incremental annual operating revenue requirement for the 2007 Turkey Point 5 Adjustment?

### **COST OF SERVICE AND RATE DESIGN**

**Issue 71:** Is FPL's separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

**Issue 72:** Is FPL's method of developing its estimates by rate class of the 12 monthly coincident peak hour demands and the class non-coincident peak hour demands appropriate?

**Issue 73:** What is the appropriate cost of service methodology to be used in designing FPL's rates?

**Issue 74:** Are FPL's estimated revenues for sales of electricity by rate class appropriate?

**Issue 75:** How should a change in revenue requirements be allocated among the customer classes?

**Issue 76:** What are the appropriate demand charges?

**Issue 77:** What are the appropriate energy charges?

**Issue 78:** What are the appropriate customer charges?

**Issue 79:** What are the appropriate service charges?

**Issue 80:** What are the appropriate lighting rate schedule charges?

**Issue 81:** What is the appropriate Present Value Revenue Requirement multiplier to be applied to the installed cost of premium lighting facilities under rate schedule PL-1 to determine the lump sum advance payment amount for such facilities?

**Issue 82:** What is the appropriate level and design of the charges, and terms and conditions, under the Standby and Supplemental Service (SST-1) rate schedule?

**Issue 83:** Should the inversion point on FPL's RS-1 rate be increased from 750 to 1,000 kWh?



- Issue 84:** Should the PL-1 rate schedule be closed to new customers and replaced with the SL-2 rate schedule?
- Issue 85:** Should the Wireless Internet Rate (WIES-1) be closed to new customers effective January 1, 2006 and existing customers transferred to the otherwise applicable rate effective January 1, 2007?
- Issue 86:** Should the 10 kW exemption for the GSD-1, GSD(T)-1 and CILC-G rate schedule be eliminated?
- Issue 87:** Should FPL's proposal to offer an optional high load factor TOU rate including the load factor breakeven point and the methodology for determining the rate be approved?
- Issue 88:** Should FPL's proposal to offer an optional seasonal demand TOU rider and what should be the methodology used for determining the rate be approved?
- Issue 89:** Should FPL's proposal to offer an optional GS-1 constant usage rate be approved and what should be the methodology used for determining the rate?
- Issue 90:** Are the non-metered GS-1 charges appropriate?
- Issue 91:** Should the GSD-1, GSLD-1, GSLD-2, CS-1, and CS-2 rate schedules (and their TOU equivalents) have the same demand and energy charges?
- Issue 92:** Is the forecast of billing determinants by rate class appropriate?
- Issue 93:** Should the curtailable rate schedule remain open and what credit, if any, should be provided under curtailable rate schedule?
- Issue 94:** Should the sports field rate schedule remain open?
- Issue 95:** Are the proposed rates for the 2007 Turkey Point Unit 5 Adjustment appropriate?
- Issue 96:** Should unrecovered AFUDC costs resulting from the mismatch between the time Turkey Point Unit 5 goes into service and customers are billed for service from the unit be recovered through the fuel adjustment clause?

#### MISCELLANEOUS ISSUES

- Issue 97:** What is the appropriate effective date for new base rates and charges established based on the 2006 projected test year?
- Issue 98:** What is the appropriate effective date for an adjustment to FPL's base rates to reflect the addition of Turkey Point Unit 5?

- Issue 99:** Is \$500 million an appropriate reserve goal for Account 228.1 - Accum. Provision for Property Insurance - Storm Damage?
- Issue 100:** Has FPL made the appropriate adjustments to remove the capacity cost revenues and related expenses and capital costs recoverable through the Capacity Cost Recovery Clause?
- Issue 101:** Has FPL made the appropriate adjustments to remove fuel revenues and related expenses and capital costs recoverable through the Fuel Adjustment Clause?
- Issue 102:** Has FPL made the appropriate adjustments to remove the environmental revenues and related expenses and capital costs recoverable through the Environmental Cost Recovery Clause?
- Issue 103:** Has FPL made the appropriate adjustments to remove the conservation revenues and related expenses and capital costs recoverable through the Conservation Cost Recovery Clause?
- Issue 104:** Should any portion of capital and expense items requested in the storm docket be included in base rates?

FPL reserves the right to propose modifications or otherwise comment on the issues proposed by Staff or other parties to this Docket. In particular, FPL notes that the dollar amounts reflected in these issues are taken from FPL's March 22, 2005 filing and do not reflect the effects of the updates to FPL's depreciation study filed July 1, 2005. FPL will furnish revised amounts, as applicable, on or about July 28, 2005.

Respectfully submitted this 12<sup>th</sup> day of July, 2005.

By: s/ R. Wade Litchfield  
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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Preliminary List of Issues, has been furnished electronically and by United States Mail this 12<sup>th</sup> day of July, 2005 to the following:

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