

ORIGINAL

Timolyn Henry

From: Tim Perry [tperry@mac-law.com]
 Sent: Thursday, July 28, 2005 4:46 PM
 To: Filings@psc.state.fl.us
 Cc: JWM -- John McWhirter
 Subject: Docket Nos. 050045-EI and 050188-EI
 Attachments: FIPUG Prehearing Statement - 7-28-05.pdf; FIPUG Prehearing Statement - 7-28-05.doc

1. Timothy J. Perry, Esq., McWhirter Reeves, 117 S. Gadsden Street, Tallahassee, FL 32301, (850) 222-2525, tperry@mac-law.com is responsible for this electronic filing;
2. The filing is to be made in Docket No. 050045-EI, *In re: Petition for rate increase by Florida Power & Light Company* and Docket No. 050188-EI, *In re: 2005 Comprehensive Depreciation Study by Florida Power & Light Company*;
3. The filing is made on behalf of the Florida Industrial Power Users Group;
4. The total number of pages is 24; and
5. Attached to this e-mail in Adobe format is The Florida Industrial Power Users Group's Prehearing Statement. In lieu of providing the Prehearing Statement in word processing format on a disk, I have attached the Word version of the document to this e-mail.

If you have any questions, please feel free to contact me.

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ORIGINAL

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 28, 2005

THE FLORIDA INDUSTRIAL POWER USERS GROUP'S PREHEARING STATEMENT

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-05-0347-PCO-EI as modified by Order No. PSC-05-0518-PCO-EI, hereby files its Prehearing Statement. Appearing on behalf of the Florida Industrial Power Users Group are:

JOHN W. MCWHIRTER, JR., McWhirter, Reeves & Davidson, P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601, and

TIMOTHY J. PERRY, McWhirter, Reeves & Davidson, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301.

A. WITNESSES:

None.

B. EXHIBITS:

None. However, FIPUG reserves the right to introduce exhibits during cross-examination.

C. STATEMENT OF BASIC POSITION:

The evidence in this case supports reducing, not increasing, FPL's rates. FIPUG will argue that the rate of return sought by FPL is excessive. Further, the amount sought to restore the storm reserve and to administer GridFlorida are unjustified. In addition, to be fair to ratepayers, the Commission should order FPL's depreciation reserve surplus to be reduced fairly rapidly. Finally, in the event the Commission should grant a rate increase, no customer class should be required to pay more than 1.5 times the system average increase.

D. STATEMENT OF ISSUES AND POSITIONS:

TEST YEAR AND FORECASTING

DOCUMENT NUMBER - DATE

07275 JUL 28 '05

COMMISSION CLERK

ISSUE 1: Is FPL's projected test period of the twelve months ending December 31, 2006 appropriate?

FIPUG: No position at this time.

ISSUE 2: Are FPL's forecasts of customer growth, kWh by revenue class, and system KW for the 2006 projected test year appropriate?

FIPUG: No position at this time.

ISSUE 3: Is the company's forecast adjustment to its growth and sales projections associated with the 2004 hurricanes appropriate and if not, what adjustments are appropriate to the test year?

FIPUG: No position at this time.

ISSUE 4: Are FPL's forecasts of billing determinants by rate class for the 2006 projected test year appropriate?

FIPUG: No position at this time.

QUALITY OF SERVICE

ISSUE 5: Is FPL's pole inspection, repair, and replacement program sufficient for the purpose of providing reasonable transmission and distribution system protection?

FIPUG: No position at this time.

ISSUE 6: Is FPL's vegetation management program sufficient for the purpose of providing reasonable transmission and distribution system protection?

FIPUG: No position at this time.

ISSUE 7: Is the quality and reliability of electric service provided by FPL adequate?

FIPUG: No position at this time.

DEPRECIATION STUDY

ISSUE 8: Is FPL's \$329.75 million accrued unassigned discretionary balance allocation appropriate based upon the approved settlement agreement in Order No. PSC-02-0502-AS-EI?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 9: Has FPL correctly calculated net salvage ratios? If not, what method should be used, and what impact does this have?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 10: What are the amounts of FPL's reserve deficiencies and reserve surpluses?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 11: What are the appropriate recovery/amortization schedules for any depreciation reserve excess or surplus?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 12: What are the appropriate depreciation rates and recovery/amortization schedules?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 13: Should the current amortization of investment tax credits and flow back of excess deferred income taxes be revised to reflect the approved depreciation rates and recovery schedules?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 14: What should be the implementation date for FPL's depreciation rates and recovery/amortization schedules?

FIPUG: FIPUG adopts the position of OPC.

RATE BASE

ISSUE 15: Should any adjustments be made to the company's projected plant balances for differences between budgeted and actual amounts?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 16: Should any adjustments be made to the projected construction costs of Manatee Unit 3 and Martin Unit 8?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 17: Should adjustments to plant in service be made for the rate base effects of FPL's transactions with affiliated companies?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 18: Should the capitalized items currently approved for recovery through the Environmental Cost Recovery Clause (ECRC) be included in rate base?

FIPUG: Yes.

ISSUE 19: Should any portion of capital and expense items requested in the storm docket be included in base rates?

FIPUG: Yes.

ISSUE 20: Is FPL's requested level of Plant in Service in the amount of \$23,394,793,000 (\$23,591,644,000 system) for the projected test year appropriate?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 21: Should any adjustments be made to the company's projected accumulated provision for depreciation related to FPL's inclusion of dismantling costs for the Fort Myers Unit No. 3, Martin Unit No. 8 and Manatee Unit No. 3?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 22: Is FPL's requested level of Accumulated Depreciation and Accumulated Amortization in the amount of \$11,700,179,000 (\$11,803,581,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

FIPUG: FIPUG adopts the position of OPC.

ISSUE 23: Should any of the Company's 2006 projected construction work in progress (CWIP) balance be included in rate base?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 24: Is FPL's requested level of Construction Work in Progress (CWIP) in the amount of \$522,642,000 (\$525,110,000 system) for the projected test year appropriate?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 25: Is FPL's requested level of Property Held for Future Use in the amount of \$135,593,000 (\$136,585,000 system) for the projected test year appropriate?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 26: Has FPL properly estimated its accumulated provision for uncollectibles?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 27: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 28: Should the Commission exclude from rate base the cost associated with FPL's \$25 million purchase of a gas turbine from FPLE to be used for spare parts?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 29: Should unamortized rate case expense be included in working capital?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 30: Should the net overrecovery/underrecovery of fuel, capacity, conservation, environmental cost recovery clause and the storm damage surcharge recovery factor for the test year be included in the calculation of working capital allowance for FPL?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 31: Should derivative assets and derivative liabilities be include in working capital?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 32: Should the payable to the nuclear decommission reserve fund and the St. Johns River Power Park (SJRPP) accelerated recovery credit be included in the working capital calculation?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 33: Should an adjustment be made to working capital associated with the gain on sale of emission allowances regulatory liability?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 34: What is the appropriate level of balances in, and level of contribution to, balance sheet reserve accounts?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 35: Is FPL's requested level of Working Capital Allowance in the amount of \$57,673,000 (61,428,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

FIPUG: FIPUG adopts the position of OPC.

ISSUE 36: Is FPL's requested level of rate base in the amount of \$12,410,522,000 (\$12,511,188,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

FIPUG: FIPUG adopts the position of OPC.

BENCHMARKING

ISSUE 37: How does FPL compare to other utilities in the provision of customer service in the areas of cost and quality of service?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 38: How does the reliability of FPL's service compare to other utilities in the areas of cost and quality of service?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 39: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 40: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 41: How does FPL's performance in controlling O&M costs in general compare to other utilities?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 42: What conclusions should the Commission draw from the benchmarking comparisons and analyses presented by FPL?

FIPUG: FIPUG adopts the position of OPC.

COST OF CAPITAL

ISSUE 43: Should debit accumulated deferred income taxes be included as a reduction to cost free capital?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 44: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 45: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 46: What is the appropriate cost rate for short-term debt for the projected test year?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 47: What is the appropriate cost rate for long-term debt for the projected test year?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 48: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 49: What is the appropriate cost rate for common equity to use in establishing FPL's revenue requirement for the projected test year?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 50: What is the appropriate capital structure for FPL?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 51: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure? This is a calculation based upon the decisions in preceding issues.

FIPUG: FIPUG adopts the position of OPC.

NET OPERATING INCOME

ISSUE 52: Are FPL's estimated revenues for sales of electricity by rate class appropriate, if not what adjustments are should be made?

- FIPUG:** No position at this time.
- ISSUE 53:** Should the Commission include gas margin revenue from FPL Energy Services in the test year?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 54:** Should the Commission include the administrative fee revenue associated with margin trading performed by FPL on behalf of FPL Energy Services?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 55:** Should revenues be adjusted to include profits, if any, from the FPLES Connect Services program?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 56:** 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?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 57:** Has FPL made the appropriate adjustments to remove the revenues and related expenses and capital costs recoverable through the Retail Cost Recovery Clauses (Fuel, Capacity, Environmental and Conservation)?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 58:** Is FPL's forecasted level of Total Operating Revenues in the amount of \$3,888,233,000 (\$3,913,736,000 system) for the projected test year appropriate?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 59:** Should an adjustment be made to FPL's requested level of security expenses related to the increased threat of terrorist attacks since September 11, 2001?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 60:** What are the appropriate management fee allocation factors for use by FPL for the test year?
- FIPUG:** FIPUG adopts the position of OPC.

ISSUE 61: What adjustments, if any, should be made to the management fees included in FPL's test year expenses?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 62: Should an adjustment be made to allocate test year administrative and general expenses associated with the New England Division Seabrook substation assets purchased by FPL in 2004, and if so, how much?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 63: Should an adjustment be made to adjust test year O&M expense charges from FiberNet to FPL?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 64: Should any other adjustments be made for the net operating income effects of FPL's transactions with affiliated companies?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 65: Is FPL's level of Generation/Power Supply O&M expense (Accounts 500-514, 517-532, 546-554 and 555-557) in the amount of \$575,801,000 (\$580,851,000 system) for the 2006 projected test year appropriate?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 66: Is FPL's requested 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?

FIPUG: No.

ISSUE 67: Is FPL's level of Transmission O&M Expenses (Accounts 560-573) in the amount of \$145,396,000 (\$154,238,000 system) for the 2006 projected test year appropriate?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 68: Is FPL's level of 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 69: Is the amount of postage projected in the 2006 test year in Account 903, Customer Records and Collection Expenses, appropriate? If not, what are the appropriate system and jurisdictional adjustments?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 70: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 71: Is FPL's level of Automatic Meter Reading pilot project expense for the test year appropriate, and if not, what adjustments should be made to plant in service, accumulated depreciation, depreciation expense and O&M expense?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 72: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 73: Should an adjustment be made to remove image building or other inappropriate advertising expenses?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 74: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 75: Is FPL's level of Total Demonstrating and Selling expenses (Accounts 911-916) in the amount of \$18,585,000 (\$18,585,000 system) for the 2006 projected test year appropriate?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 76: Is FPL's requested \$120,000,000 annual accrual for storm damage for the projected test year appropriate?

FIPUG: No.

ISSUE 77: Is \$500,000,000 an appropriate reserve goal for Account 228.1, Accumulated Provision for Property Insurance – Storm Damage?

FIPUG: No position at this time.

ISSUE 78: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 79: Should an adjustment be made to Account 928, Regulatory Commission Expense, for rate case expense for the projected test year and what is the appropriate amortization period?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 80: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 81: 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?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 82: Is FPL's level of medical insurance expense in the amount of \$79,612,000 for the test year appropriate, and if not, what adjustment should be made?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 83: Is FPL's level of pension credit expense in the amount of negative (\$68,663,000) for the test year appropriate, and if not, what adjustment should be made?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 84: Is FPL's level of Nuclear Passport Replacement expense in the amount of \$6,940,000 for the test year appropriate, and if not, what adjustment should be made?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 85: Is FPL's level of Directors and Officers Liability insurance expense in the amount of \$8,468,340 for the test year appropriate, and if not, what adjustment should be made?

- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 86:** Is FPL's level of Executive Department contingencies expense in the amount of \$1.7 million for the test year appropriate, and if not, what adjustment should be made?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 87:** 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?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 88:** Should the O&M expense items currently approved for recovery through the Environmental Cost Recovery Clause be included in base rates?
- FIPUG:** Yes.
- ISSUE 89:** Is FPL's level of salaries for the 2006 projected test appropriate? If not, what adjustments are necessary?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 90:** Is FPL's level of employee benefits for the 2006 projected test appropriate? If not, what adjustments are necessary?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 91:** Are FPL's O&M Expenses of \$1,591,191,000 (\$1,609,486,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 92:** Is FPL's level of nuclear decommissioning expense in the amount of \$78,179,000 (\$78,523,000 system) for the test year appropriate, and if not, what adjustment should be made?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 93:** What adjustments, if any, should be made to the fossil dismantlement accrual?
- FIPUG:** FIPUG adopts the position of OPC.

- ISSUE 94:** Is FPL's Depreciation and Amortization Expense of \$924,323,000 (\$931,710,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 95:** What is the appropriate amount of gain on sales and disposition of properties for the test year?
- FIPUG:** FIPUG adopts the position of OPC.
- ISSUE 96:** Is FPL's adjustment to remove Gross Receipts Tax from base rates appropriate and should Gross Receipts Tax be shown as a separate line item on the customer's bill?
- FIPUG:** Yes
- ISSUE 97:** Is FPL's Taxes Other Than Income of \$299,798,000 (\$301,922,000 system) for the projected test year appropriate?
- FIPUG:** No position at this time.
- ISSUE 98:** Should a Parent Debt Adjustment be made for the projected test year and if so, what is the appropriate amount of the adjustment?
- FIPUG:** No position at this time.
- ISSUE 99:** Has FPL appropriately calculated the adjustment to taxable income to reflect the domestic manufacturer's tax deduction which was attributable to the American Jobs Creation Act?
- FIPUG:** No position at this time.
- ISSUE 100:** What adjustments, if any, are appropriate to account for interest synchronization?
- FIPUG:** No position at this time.
- ISSUE 101:** Is FPL's Income Tax Expense of \$291,326,000 (\$289,545,000 system) which includes current and deferred income taxes and interest reconciliation for the projected test year appropriate?
- FIPUG:** No position at this time.
- ISSUE 102:** Is FPL's projected Total Operating Expenses of \$3,105,671,000 (\$3,140,480,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

FIPUG: No.

ISSUE 103: Is FPL's Net Operating Income (NOI) of \$782,562,000 (\$782,041,000 system) for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

FIPUG: No.

REVENUE REQUIREMENTS

ISSUE 104: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL?

FIPUG: FIPUG adopts the position of OPC.

ISSUE 105: Is FPL's requested annual operating revenue increase of \$384,580,000 for the projected test year appropriate? This is a calculation based upon the decisions in preceding issues.

FIPUG: FIPUG adopts the position of OPC.

COST OF SERVICE AND RATE DESIGN

ISSUE 106: Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

FIPUG: No position at this time.

ISSUE 107: What is the appropriate cost of service study to be used in designing FPL's rates?

FIPUG: No position at this time.

ISSUE 108: How should a change in revenue requirements be allocated among the customer classes?

FIPUG: No position at this time.

ISSUE 109: What is the appropriate adjustment to account for the increase in unbilled revenue due to any recommended rate increase?

FIPUG: No position at this time.

ISSUE 110: What are the appropriate demand charges?

- FIPUG:** No position at this time.
- ISSUE 111:** What are the appropriate energy charges?
FIPUG: No position at this time.
- ISSUE 112:** How should FPL's time-of-use rates be designed?
FIPUG: No position at this time.
- ISSUE 113:** What are the appropriate customer charges?
FIPUG: No position at this time.
- ISSUE 114:** What are the appropriate service charges?
FIPUG: No position at this time.
- ISSUE 115:** What are the appropriate lighting rate schedule charges?
FIPUG: No position at this time.
- ISSUE 116:** Is FPL's proposal to eliminate the option allowing lump-sum payment for time of use metering equipment appropriate?
FIPUG: No position at this time.
- ISSUE 117:** What is the appropriate monthly fixed charge carrying rate to be applied to the installed cost of customer-requested distribution equipment for which there are no tariffed charges?
FIPUG: No position at this time.
- ISSUE 118:** What is the appropriate Monthly Rental Factor to be applied to the in-place value of customer-rented distribution substations to determine the monthly rental fee for such facilities?
FIPUG: No position at this time.
- ISSUE 119:** What are the appropriate termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee?
FIPUG: No position at this time.
- ISSUE 120:** What are the appropriate termination factors to be applied to the total installed cost of facilities when customers terminate their lighting agreement prior to the expiration of the contract term?

- FIPUG:** No position at this time.
- ISSUE 121:** 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?
- FIPUG:** No position at this time.
- ISSUE 122:** What are the appropriate per-month facilities charges under FPL's PL-1 and SL-3 rate schedules?
- FIPUG:** No position at this time.
- ISSUE 123:** What is the appropriate monthly per kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider?
- FIPUG:** No position at this time.
- ISSUE 124:** What is the appropriate level and design of the charges, and terms and conditions, under the Standby and Supplemental Service (SST-1) rate schedule?
- FIPUG:** No position at this time.
- ISSUE 125:** What is the appropriate level and design of the charges under the Interruptible Standby and Supplemental Service (ISST-1) rate schedule?
- FIPUG:** No position at this time.
- ISSUE 126:** What are the appropriate curtailment credits?
- FIPUG:** No position at this time.
- ISSUE 127:** Should the curtailable rate schedule remain open and what credit, if any, should be provided under curtailable rate schedule?
- FIPUG:** No position at this time.
- ISSUE 128:** What are the appropriate administrative charges under the Commercial/Industrial Demand Reduction rider?
- FIPUG:** No position at this time.
- ISSUE 129:** Should the Commission approve FPL's proposal to change the breakpoint applicable to its inverted residential rate from 750 to 1,000 kilowatt hours?

- FIPUG:** No position at this time.
- ISSUE 130:** 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?
- FIPUG:** No position at this time.
- ISSUE 131:** Should the 10 kW exemption for the GSD-1, GSD(T)-1 and CILC-G rate schedule be eliminated?
- FIPUG:** No position at this time.
- ISSUE 132:** 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?
- FIPUG:** No position at this time.
- ISSUE 133:** Should FPL's proposal to close its Premium Lighting rate schedule to new customers and replace it with a new Decorative Lighting rate schedule be approved?
- FIPUG:** No position at this time.
- ISSUE 134:** 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?
- FIPUG:** No position at this time.
- ISSUE 135:** 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?
- FIPUG:** No position at this time.
- ISSUE 136:** 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?
- FIPUG:** No position at this time.
- ISSUE 137:** What is the appropriate effective date for new base rates and charges established based on the 2006 projected test year?
- FIPUG:** No position at this time.

INCREMENTAL REVENUE REQUIREMENT
FOR THE 2007 TURKEY POINT UNIT 5 ADJUSTMENT

ISSUE 138: Should the Commission approve FPL's request to allow an additional base rate increase in 2007 to correspond with the in-service date of the Turkey Point Unit 5?

FIPUG: No.

ISSUE 139: Are FPL's forecasts of customers, kWh by revenue class, and system KW for the 2007 Turkey Point 5 Adjustment reasonable?

FIPUG: This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

ISSUE 140: Are FPL's forecasts of billing determinants by rate class for the Turkey Point 5 Adjustment appropriate?

FIPUG: This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

ISSUE 141: 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?

FIPUG: This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

ISSUE 142: 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?

FIPUG: This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

ISSUE 143: 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?

FIPUG: This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

ISSUE 144: 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?

- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 145:** Is FPL's Depreciation and Amortization Expense of \$31,143,000 (\$31,635,000 system) for the 2007 Turkey Point 5 Adjustment appropriate?
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 146:** 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?
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 147:** Are FPL's Income Tax expenses in the amount of negative \$25,719,000 (negative \$26,124,000 system) for the 2007 Turkey Point 5 Adjustment appropriate? (This is a fallout issue.)
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 148:** 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?
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 149:** What is the appropriate incremental annual operating revenue requirement for the 2007 Turkey Point 5 Adjustment?
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 150:** Is FPL's proposed method for the recovery of the costs of Turkey Point Unit 5 appropriate?
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.
- ISSUE 151:** What is the appropriate effective date for an adjustment to FPL's base rates to reflect the addition of Turkey Point Unit 5?
- FIPUG:** This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

ISSUE 152: 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?

FIPUG: This issue is neither appropriate nor applicable in this proceeding as the plant is not in used and useful service.

OTHER ISSUES

ISSUE 153: Should the Commission approve FPL's request to move into base rates the security costs that result from heightened security requirements since September 11, 2001, from the Capacity Cost Recovery Clause?

FIPUG: Yes.

ISSUE 154: Should FPL continue to seek recovery of incremental security costs above the amount included in base rates through the Capacity Cost Recovery Clause? If so, what mechanism should be used to determine the incremental security costs?

FIPUG: No. After base rates are adjusted to reflect FPL's current security costs, recovery of incremental security costs through the Capacity Cost Recovery Clause should be discontinued.

ISSUE 155: 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?

FIPUG: No position at this time.

ISSUE 156: Should the Commission approve FPL's request to transfer its 2006 projected incremental hedging costs from Fuel Clause recovery to base rate recovery?

FIPUG: No. The Commission should deny FPL's request to transfer its 2006 projected incremental hedging costs from Fuel Clause recovery to base rate recovery, and continue to review the prudence and reasonableness of FPL's hedging costs during the annual Fuel Clause proceeding.

ISSUE 157: Should FPL be allowed to recover incremental hedging costs in excess of its base rate amount through the Fuel and Purchased Power Cost Recovery Clause, and if so, should netting be required in the clause for these costs?

FIPUG: If the Commission grants FPL's request to transfer its 2006 projected incremental hedging costs from Fuel Clause recovery to base rate recovery, it should not be allowed to recover incremental hedging costs in excess of its base rate amount through the Fuel Clause.

ISSUE 158: Should any annual under-spending from the amount of distribution vegetation management expenses ultimately approved the Commission be deferred and returned to the ratepayers in the future?

FIPUG: No position at this time.

ISSUE 159: Should FPL be required to report to the Commission on a regular basis on its actual vegetation management expenditures?

FIPUG: No position at this time.

ISSUE 160: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records that will be required as a result of the Commission's findings in this rate case?

FIPUG: Yes.

ISSUE 161: Should this docket be closed?

FIPUG: No position at this time.

E. STIPULATED ISSUES

FIPUG: None at this time.

F. PENDING MOTIONS OR OTHER MATTERS

FIPUG: The Joint Motion to Consolidate filed on July 19, 2005 by the Citizens, the FRF, AARP, the Federal Executive Agencies, the SFHHA, and FIPUG to consolidate these dockets with Docket No. 050494-EI.

G. PENDING CLAIMS OF CONFIDENTIALITY

FIPUG: None at this time.

H. COMPLIANCE WITH ORDER NO. PSC-05-0347-PCO-EI AS MODIFIED BY ORDER NO. PSC-05-0518-PCO-EI

FIPUG: At this time, FIPUG believes it can comply with all parts of Order No. PSC-05-0347-PCO-EI as modified by Order No. PSC-05-0518-PCO-EI.

I. OBJECTIONS TO WITNESS QUALIFICATIONS

FIPUG: None at this time. However, FIPUG reserves the right to raise any such objections at the time of the Prehearing Conference or at Hearing.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and exact copy of The Florida Industrial Power Users Group's Prehearing Statement has been furnished by electronic mail and U.S. Mail this 28th day of July 2005 to:

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