

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION FOR INCREASE IN RATES BY FLORIDA POWER & LIGHT COMPANY. DOCKET NO. 080677-EI

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2009 DEPRECIATION AND DISMANTLEMENT STUDY BY FLORIDA POWER & LIGHT COMPANY. DOCKET NO. 090130-EI

**ORIGINAL**

VOLUME 2

Pages 284 through 375

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PROCEEDINGS: SPECIAL AGENDA

COMMISSIONERS PARTICIPATING: CHAIRMAN NANCY ARGENZIANO  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER DAVID E. KLEMENT  
COMMISSIONER BEN A. "STEVE" STEVENS III

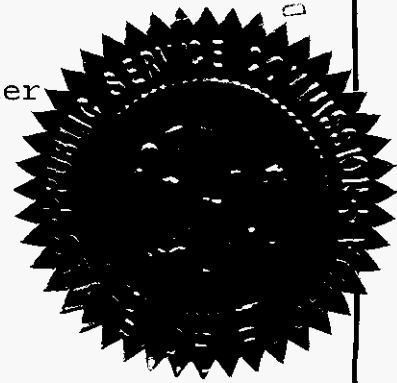
DATE: Wednesday, January 13, 2010

TIME: Commenced at 5:28 p.m.  
Concluded at 7:56 p.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: RAY CONVERY, Court Reporter  
For the Record Reporting  
(850) 223-0722

DOCUMENT NUMBER-DATE  
00374 JAN 15 2010  
FPSC-COMMISSION CLERK



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## E X H I B I T S

NUMBER	DESCRIPTION	MARKED
A	- Staff Handout 1	358
B	- Worksheet for Transmission Distribution and General Accounts	358
C	- FP&L Issue 19-C, Depreciation Parameters for Production plant)	358
D	- PSC Working File	358
E	- Spreadsheet re: 2010 Florida Power & Light Company	359
F	- FP&L ROE Scenarios	359
G	- Reduction to Revenue Requirement for Different ROE Values	359
H	- Confidential Document	360
I	- Revised Revenue Requirements	361

## P R O C E E D I N G S

1  
2           COMMISSIONER SKOP: Okay. I think on 100 the  
3 confidential data doesn't apply, but I think that  
4 there -- in addition to the staff recommendation on  
5 issue 100, OPC -- if you adopt the OPC position, it  
6 would basically have a \$6.5 million difference because  
7 of the increased difference in vacancies. So, again,  
8 I'm somewhat comfortable in adopting the OPC  
9 recommendation on that issue for issue 100, and I'd like  
10 to just have some further discussion from my colleagues  
11 as to what the consensus may be on that issue.

12           COMMISSIONER STEVENS: I agree with the  
13 Commissioner, and I'm glad we held it, because I agree  
14 with the OPC's position also.

15           COMMISSIONER SKOP: And, Mr. Prestwood, does  
16 the -- based on the discussion that we had, does the OPC  
17 position embody the discussion we had regarding the  
18 higher number of vacant positions in 2007 and the  
19 numbers work out to that \$6.5 million number that we had  
20 discussion on?

21           MR. PRESTWOOD: Yes, certainly their exhibits  
22 do. The information is there to calculate that data  
23 from and -- which is what I did. So --

24           COMMISSIONER SKOP: Okay. And then as to  
25 issue -- I think there's a part A and part B in here.

1 Can you explain that a little bit on issue 100?

2 CHAIRMAN ARGENZIANO: Staff.

3 MR. PRESTWOOD: Well, part -- if you're at the  
4 beginning, part B again is the --

5 COMMISSIONER SKOP: 2011, okay. I saw that  
6 and I've got my vision glasses on and -- all right.  
7 What I would do then, Commissioners, if there's no  
8 further questions, I would move to deny staff  
9 recommendation on issue 100 and adopt the Public  
10 Counsel's position, noting that there will be, subject  
11 to check, approximately \$6.5 million difference there, a  
12 positive difference, that would benefit ratepayers.

13 COMMISSIONER STEVENS: Second.

14 CHAIRMAN ARGENZIANO: Staff, did I hear  
15 something? Was there --

16 MR. PRESTWOOD: Madam Chairman, if I could  
17 clarify, the additional 6.5 million is not the OPC  
18 position. I mean, their position is the number that is  
19 in the staff recommendation. So certainly the numbers  
20 are there to produce the 6.5 million, but we need to add  
21 that amount to --

22 COMMISSIONER SKOP: That's what I meant to  
23 say. Let me --

24 CHAIRMAN ARGENZIANO: Okay, let's rephrase  
25 that.

1                   COMMISSIONER SKOP: Let me withdraw my motion  
2 and I think withdraw the second.

3                   COMMISSIONER STEVENS: Second.

4                   CHAIRMAN ARGENZIANO: Withdrawn the second,  
5 okay.

6                   COMMISSIONER SKOP: Reframe the motion.  
7 Basically it would be to adopt the staff recommendation,  
8 noting that we would incorporate the higher number of  
9 vacancies in 2007, take that into the analysis, and  
10 basically I believe that results in a \$6.5 million  
11 difference used on the -- using that in light of the  
12 three-year average that staff used.

13                   COMMISSIONER STEVENS: Second.

14                   CHAIRMAN ARGENZIANO: Any discussion?

15                   COMMISSIONER SKOP: Staff, is that  
16 appropriately framed to get us there?

17                   MR. PRESTWOOD: Yes, that's correct.

18                   COMMISSIONER SKOP: Is there a better way?

19                   MR. PRESTWOOD: No, that's correct.

20                   CHAIRMAN ARGENZIANO: Hearing no discussion,  
21 any questions? All in favor of the motion, indicate by  
22 aye.

23                   (Chorus of ayes.)

24                   CHAIRMAN ARGENZIANO: Opposed, same sign.

25                   (No response.)

1                   CHAIRMAN ARGENZIANO: Show the motion adopted.  
2 Now we'll move to 103. Commissioners, did you get to  
3 look at the confidential information, because I think  
4 that's what you needed to do?

5                   COMMISSIONER KLEMENT: Madam Chair?

6                   CHAIRMAN ARGENZIANO: Commissioner Klement.

7                   COMMISSIONER KLEMENT: I'd like more  
8 discussion. I want to be sure that we thoroughly  
9 understand the impact of what the previous discussion  
10 had been. I don't want to come off as being punitive to  
11 a company that has, by most of its metrics, done an  
12 outstanding job in efficiency and performance in so many  
13 of its -- the ways that it's measured. But it seems  
14 like, you know, some of the discussion may have sounded  
15 like that, and I just would like to be sure that we  
16 recognize performance and reward it appropriately while  
17 recognizing the economy that we're in and the impact on  
18 the ratepayers.

19                   CHAIRMAN ARGENZIANO: Absolutely. Thank you.  
20 Commissioner Skop.

21                   COMMISSIONER SKOP: Thank you, Madam Chair,  
22 and I appreciate Commissioner Klement's comments. I  
23 fully appreciate and do respect FP&L's performance on  
24 the operational side of their business units. Again,  
25 their power generation division has operational

1 excellence, as does their nuclear division, as does  
2 their transmission. My concern, again, is not with the  
3 operational aspect of their business. In no way did I  
4 mean my comments to be punitive, because they're not;  
5 they're just simply related to looking at the  
6 confidential data which makes it difficult at best to  
7 have an intelligent discussion at bench on those issues,  
8 but, again, that's an issue that will be taken up by the  
9 First DCA later this month to get a resolution on that.

10 But, nevertheless, getting back to the core  
11 point, my concern is that, for the non-operational  
12 units, the business support functions, whether it be  
13 marketing and communications or other areas of the  
14 business, there seems to be quite a bit of redundancy in  
15 lieu of being lean in those areas. There's also quite  
16 of bit of what could be construed as excess compensation  
17 that the ratepayers are being asked to absorb, and, you  
18 know, my position is -- and this is not punitive in any  
19 way, but if I were a manager of a business in difficult  
20 economic times and I wasn't a regulated monopoly, I  
21 think that I'd have to make a difficult business  
22 decision, and then, when it comes down to the nuts and  
23 bolts of running a business, what's more my core  
24 business and what gives me bang for the buck? And  
25 certainly, if I'm in the business of selling

1 electricity, then I care about generating electricity  
2 and delivering it in a reliable and cost-effective  
3 manner to my consumers. I don't necessarily care so  
4 much about having a deep bench that I can play a  
5 basketball game with the marketing and communications  
6 group.

7           So, again, I think the issue there is one of  
8 equity to the ratepayers. If the company wants to  
9 maintain such a large group, then certainly it's its  
10 prerogative to do so, but it can do it with shareholder  
11 money and then those costs should not be passed through  
12 to the ratepayer. There's no -- I guess I could get  
13 right to the transcript, but I questioned the witness  
14 extensively on what value to the ratepayer or what value  
15 does a ratepayer receive from having such substantial  
16 duplication of personnel in these various job functions?  
17 And I couldn't get a real straight answer. So, again, I  
18 think it's not punitive. It's strictly making a  
19 professional judgment call of looking at the salary in  
20 relation to their other non-operational business  
21 segments and saying these appear to be redundant and  
22 excessive and we need to do something to protect the  
23 ratepayer from excess costs being passed through to  
24 them. So I'll leave it at that.

25           CHAIRMAN ARGENZIANO: Commissioner Klement.



1                   COMMISSIONER KLEMENT: Thank you, Madam Chair.  
2                   May I ask, Commissioner Skop, can you direct me on these  
3                   confidential documents to the area where some of these  
4                   titles are? I have to be conscious of when I go home  
5                   tonight, if my wife is watching this, she's going to say  
6                   marketing and corporate relations are extremely  
7                   important, because that's something that she has done  
8                   for many years of her life. She will say that's the  
9                   last thing you should cut, however --

10                  CHAIRMAN ARGENZIANO: And it's too cold to  
11                  sleep outside, isn't it?

12                  COMMISSIONER KLEMENT: Right. If there is  
13                  redundancy, I would like to be made aware of it.

14                  COMMISSIONER SKOP: And that is an excellent  
15                  point, and I think in a sales environment, you know,  
16                  certainly marketing and communication is very important,  
17                  but, you know, electricity is a commodity and it pretty  
18                  much sells itself, we've grown to live with it, so  
19                  there's not a whole lot of selling of it. It's pretty  
20                  much a necessity. But I will be happy to address your  
21                  concerns and point out those areas where I feel there  
22                  are redundancies and warrant additional effort.

23                  MS. BENNETT: Madam Chair, before we start  
24                  with the confidential documents, would it be beneficial  
25                  for me to go over the use of the confidential

1 information in a public forum?

2 CHAIRMAN ARGENZIANO: Yes, please do, so we  
3 don't make any mistakes, and that would be wise.

4 MS. BENNETT: This is information that the  
5 company has claimed confidential and it's on appeal to  
6 the First DCA. Until that ruling has been rendered, we  
7 must treat it as confidential. So all of the  
8 information that is in yellow we cannot verbalize  
9 because that then becomes a public record.

10 CHAIRMAN ARGENZIANO: We can point to an item  
11 number and --

12 MS. BENNETT: Correct.

13 CHAIRMAN ARGENZIANO: -- just not be specific.

14 MS. BENNETT: To verbalize anything that's in  
15 yellow, title, name --

16 CHAIRMAN ARGENZIANO: Just a precaution.

17 COMMISSIONER KLEMENT: So a page number, for  
18 example, where these positions --

19 COMMISSIONER SKOP: All right. Well, you're  
20 going to have to work with me on this because this is  
21 hard to do. There's two documents that are 2010, and  
22 that's the year we need to take a look at. The first  
23 document has the -- more of the executive folks on it,  
24 and that is shown on --

25 CHAIRMAN ARGENZIANO: Which document are we

1 on?

2 COMMISSIONER SKOP: I'm trying to --

3

4 COMMISSIONER STEVENS: All mine say 2008.

5 CHAIRMAN ARGENZIANO: That's all right. I'll  
6 tell you what, we're not going to rush it because we've  
7 gone this far, and I know everybody is tired, but we're  
8 not going to rush it. So do you want a minute to go  
9 through it?

10 COMMISSIONER SKOP: No, I'm right here. I've  
11 found it. It's just that it's difficult, again, at best  
12 to discuss something cryptically.

13 CHAIRMAN ARGENZIANO: Okay. Just tell us  
14 which one you're on.

15 COMMISSIONER SKOP: All right. The first  
16 document that we need to take a look at is what's  
17 stamped on the first page as Document No. 08912, part 1  
18 of 2.

19 CHAIRMAN ARGENZIANO: Okay. Which number are  
20 you pointing at? It's the handwritten number?

21 COMMISSIONER SKOP: No, it's the one that's  
22 stamped from the Clerk.

23 CHAIRMAN ARGENZIANO: Oh, down on the bottom.

24 COMMISSIONER SKOP: Down on the bottom.

25 CHAIRMAN ARGENZIANO: Commissioners, down on

1 the bottom, the stamped number.

2 COMMISSIONER STEVENS: 8912.

3 COMMISSIONER SKOP: 8912, and it says part 1  
4 of 2. Okay. Now, we need to go to page -- 2010, page 3  
5 of 5 to I believe start with.

6 CHAIRMAN ARGENZIANO: Wait a minute, 3 of 5 on  
7 the part 1?

8 COMMISSIONER SKOP: Yeah.

9 COMMISSIONER STEVENS: I have eight pages of  
10 that.

11 COMMISSIONER SKOP: Yes, that's 1 of 8, but if  
12 you keep scrolling back through this, you'll get there.  
13 That's the problem with having to do it this way, so --

14 CHAIRMAN ARGENZIANO: And indicate the page  
15 number again.

16 COMMISSIONER SKOP: It's page 3 of 5 for the  
17 2010 detail.

18 CHAIRMAN ARGENZIANO: I don't have that. Let  
19 me see if it's not in yellow. Let's go over this again.  
20 The stamped numbers, 08912, marked 1 of 2.

21 COMMISSIONER SKOP: Part 1 of 2, and it's one  
22 of eight pages, but then there's a follow-on to that.

23 CHAIRMAN ARGENZIANO: I don't have that on  
24 here.

25 COMMISSIONER KLEMENT: I don't either.

1                   COMMISSIONER STEVENS: I don't have that  
2 either, Commissioner.

3                   CHAIRMAN ARGENZIANO: You said 3 of 5? There  
4 is not even a mention of a five. So --

5                   COMMISSIONER STEVENS: Oh, okay, they're  
6 not -- they're blank in my packet.

7                   CHAIRMAN ARGENZIANO: In the packet?

8                   COMMISSIONER STEVENS: Mine don't have 8912 on  
9 them.

10                  COMMISSIONER SKOP: Yeah, they -- what we're  
11 looking for is, at the header at the top of the sheet,  
12 it says "INT 1617 2010 detail," and at the bottom it  
13 says, "page 3 of 5." There you go. Okay. So if we  
14 can --

15                  CHAIRMAN ARGENZIANO: I don't think I have it.  
16 I don't have it.

17                  COMMISSIONER STEVENS: Do you have another --

18                  CHAIRMAN ARGENZIANO: I looked in -- okay.  
19 What we can do is I can look at --

20                  COMMISSIONER STEVENS: I'll share.

21                  COMMISSIONER SKOP: I've got a solution.

22                  CHAIRMAN ARGENZIANO: Okay, let's hear it.

23                  COMMISSIONER SKOP: The better solution is  
24 there's a summary sheet that is confidential that we're  
25 going to get copied momentarily and pass out that it

1 will avoid us bouncing around all over the sheets.

2 CHAIRMAN ARGENZIANO: Okay. Then let's do  
3 this. Let's hold on 103.

4 COMMISSIONER SKOP: But I do have a question  
5 on 103 for you.

6 CHAIRMAN ARGENZIANO: For me?

7 COMMISSIONER SKOP: Yes, ma'am. On 103, there  
8 was some discussion earlier about the executive  
9 incentive compensation, and I think that we were talking  
10 of -- I don't know which number in that array on page  
11 341, but I thought, if I understood your concern  
12 correctly, that you might have some adjustments that  
13 would need to be made in that area, and I'm thinking  
14 along the lines of a future motion, but, again, I'm  
15 trying to understand the position of my colleagues.

16 CHAIRMAN ARGENZIANO: My position was that I  
17 think that the incentive pay needs to be -- we need  
18 to -- as I said the other day, on Monday, I think that  
19 if I -- I'd like to eliminate the incentive pay. I  
20 don't have control over how -- or seek control over how  
21 that is distributed, and I think that, if anything, it  
22 needs to have equal -- the shareholders need to equally  
23 share in that, or as I said the other day, we -- and I  
24 think we just clarified that at least 75 percent of --  
25 Commissioner Stevens.

1                   COMMISSIONER STEVENS: And if I may, it became  
2 75 percent when we built in the capitalized cost, and I  
3 am at 100 percent here.

4                   CHAIRMAN ARGENZIANO: Well, I am, too. I just  
5 feel strongly, and that's my opinion, that this is an  
6 issue that the shareholders can take and then decide  
7 where it goes, and I think it would be better  
8 scrutinized that way by them to determine who deserves  
9 the incentive pay.

10                  COMMISSIONER SKOP: And to that point, if  
11 staff -- I know staff has made reductions. I'm trying  
12 to understand not what the reduction number was but what  
13 the appropriate number would be if we denied the staff  
14 recommendation and moved towards the direction that my  
15 colleagues have stated. I need some numbers.

16                  MR. PRESTWOOD: Okay. Are we saying -- what  
17 we've done so far is approve the elimination of one half  
18 of the incentive pay. Are we now saying to eliminate  
19 the other half?

20                  COMMISSIONER STEVENS: Yes.

21                  MR. PRESTWOOD: Okay, give us just a minute  
22 and we can get that.

23

24                  COMMISSIONER SKOP: Or it should be the same  
25 numbers that are shown in --

1                   CHAIRMAN ARGENZIANO: Yeah, so -- Commissioner  
2 Klement.

3                   COMMISSIONER KLEMENT: Are we not permitted to  
4 name the job titles in the yellow, not at all?

5                   CHAIRMAN ARGENZIANO: No.

6                   COMMISSIONER KLEMENT: We just look at them  
7 and make our judgment?

8                   CHAIRMAN ARGENZIANO: Right. But what we're  
9 going to do for the moment is move on and then come back  
10 to this when staff is ready.

11                  COMMISSIONER STEVENS: You don't want to  
12 handle the item A in 103 first? I'll do whatever you  
13 want.

14                  CHAIRMAN ARGENZIANO: It's the will of the  
15 Commission. If you want to do it now, let's --

16                  COMMISSIONER SKOP: I think I'm waiting for  
17 the handout and then we can style a motion.

18                  CHAIRMAN ARGENZIANO: Okay. Then let's not  
19 waste any more time. Let's move on.

20                  The next issue is -- where are we? Help me  
21 out, staff.

22                  COMMISSIONER SKOP: We're at 128.

23                  CHAIRMAN ARGENZIANO: 128, we can't go there.  
24 Okay. How about 129?

25                  MS. GARDNER: Commissioners, issue 129, should



1 FP&L be permitted to collect depreciation expense for  
2 its new customer information system prior to its  
3 implementation date. Staff recommends a reduction of  
4 \$435,000 for the projected test year for depreciation  
5 expense, and we're saying no, the customer information  
6 system should not go in prior to its implementation  
7 date.

8 CHAIRMAN ARGENZIANO: Commissioner Stevens.

9 COMMISSIONER STEVENS: Madam Chair, I agree  
10 with staff's position. I think everyone else agreed too  
11 on the sheet.

12 CHAIRMAN ARGENZIANO: Okay. If there's any  
13 questions on 129? 130. There weren't any questions,  
14 were there?

15  
16 COMMISSIONER SKOP: Uh-uh.

17 CHAIRMAN ARGENZIANO: This is confidential.

18 COMMISSIONER SKOP: The only thing that's not  
19 confidential on this sheet is the line number, so that's  
20 what I'm going to use to identify it by.

21 COMMISSIONER EDGAR: Can I get a copy to my  
22 staff as well? Thank you.

23 CHAIRMAN ARGENZIANO: Well, then, all staff  
24 should get a copy.

25 COMMISSIONER SKOP: Yes, that's I think what

1 we're trying to do. If it's confidential, we need to  
2 collect it when we're done.

3 MS. HELTON: Madam Chairman, I made 15 copies,  
4 so there should be 16 copies total of the summary  
5 information that Commissioner Skop put together, so we  
6 will need to make sure we collect all of those back up.

7 CHAIRMAN ARGENZIANO: We get 16 back, okay.

8 MS. HELTON: Yes, ma'am.

9 CHAIRMAN ARGENZIANO: All right. Are you  
10 ready to go on that then?

11 COMMISSIONER SKOP: We can move forward with  
12 where you're at.

13 CHAIRMAN ARGENZIANO: Let's do this. Let's go  
14 to -- was it --

15 COMMISSIONER SKOP: 130.

16 CHAIRMAN ARGENZIANO: 130, I'm sorry. I made  
17 my mistake here. Let's go to 130.

18 MS. GARDNER: Issue 130, should FP&L's  
19 depreciation expense be reduced by the effects of its  
20 capital expenditure reductions. Commissioners, staff  
21 recommends that depreciation expense be reduced for the  
22 projected test year on all capital expenditures, and the  
23 depreciation expense or calculations are found in issue  
24 131.

25 CHAIRMAN ARGENZIANO: Any questions?

1 COMMISSIONER SKOP: No, ma'am.

2 CHAIRMAN ARGENZIANO: 131, if there are no  
3 questions.

4 COMMISSIONER SKOP: I think we're holding that  
5 one.

6 CHAIRMAN ARGENZIANO: I'm sorry, we are  
7 holding that one. 132.

8 COMMISSIONER SKOP: We probably could --

9 CHAIRMAN ARGENZIANO: Can we take a block  
10 here, do you want to do a block, unless there's  
11 particular questions and just --

12 COMMISSIONER STEVENS: Sure.

13

14 COMMISSIONER EDGAR: That's fine with me.

15 CHAIRMAN ARGENZIANO: Okay. So from -- are we  
16 okay with 132 -- Commissioner Skop, do you want to --

17 COMMISSIONER SKOP: Yeah, if staff could  
18 briefly go through the remaining 132 through 135, I  
19 think we'll be --

20

21 COMMISSIONER STEVENS: They're all fallouts  
22 except for 133.

23 COMMISSIONER SKOP: Okay, 133 then. I would  
24 move to accept the staff recommendation on issues 129  
25 and 130.

1                   COMMISSIONER STEVENS: What about 128? Oh, we  
2 have to hold on that, I'm sorry. Second.

3                   CHAIRMAN ARGENZIANO: Any discussion? Hearing  
4 none, all in favor say aye.

5                   (Chorus of ayes.)

6                   CHAIRMAN ARGENZIANO: All opposed, same sign.

7                   (No response.)

8                   CHAIRMAN ARGENZIANO: That is adopted.

9                   COMMISSIONER SKOP: Now, staff, on issue 133,  
10 is that a fallout issue or can we vote that separately?

11                   COMMISSION STAFF: I do believe you can vote  
12 on that separately.

13                   CHAIRMAN ARGENZIANO: Okay, issue 133.

14                   MR. CLEMENCE: In issue 133, staff is  
15 recommending that there are no adjustments necessary due  
16 to the impacts of the American Recovery and Reinvestment  
17 Act. Any grant money received for AMI will be used for  
18 incremental projects that are not included in this rate  
19 proceeding. The depreciation adjustment proposed by  
20 FP&L was handled in issue 64.

21                   CHAIRMAN ARGENZIANO: Any questions? Hearing  
22 none --

23                   COMMISSIONER SKOP: Madam Chair, I  
24 respectfully move to adopt the staff recommendation on  
25 issue 133.

1 COMMISSIONER STEVENS: Second.

2 CHAIRMAN ARGENZIANO: Hearing no discussion,  
3 all in favor, say aye.

4 (Chorus of ayes.)

5 CHAIRMAN ARGENZIANO: Opposed, same sign.

6 (No response.)

7 CHAIRMAN ARGENZIANO: Show the motion adopted.

8 Okay. Back to 103 for the fifth or sixth  
9 time, but here we are.

10 COMMISSIONER SKOP: Thank you. Madam Chair,  
11 now that we have the confidential summary sheet in front  
12 of us, and, again, I want to emphasize that all the data  
13 on this page, with the exception of line numbers, that  
14 it would probably be impossible to relate back to these  
15 documents in any timely manner, so just kind of work  
16 with me. The line numbers are not confidential.

17 But in the first grouping, which is the  
18 marketing and communication function, I'm looking at  
19 line numbers 15, 257, 281, 411 and 412, noting specific  
20 redundancies or apparent redundancies in lines 257, 411  
21 and 412, and in looking at the 2010 total compensation,  
22 and also looking at that in comparison to the job  
23 function area just below it, and there seems to be some  
24 difference there, and what I would propose to do is,  
25 based on the redundancies in 257, 411 and 412 and noting

1 the total compensation level in item 15, is respectfully  
2 request to make a \$600,000 reduction to that area in  
3 total.

4 CHAIRMAN ARGENZIANO: Commissioner Stevens.

5 COMMISSIONER STEVENS: And I didn't follow.  
6 Let me make sure I understand. 600,000 total just for  
7 this section?

8 COMMISSIONER SKOP: Yes.

9 COMMISSIONER STEVENS: Okay.

10 COMMISSIONER EDGAR: Could we put that  
11 potentially into a percentage so I can try to get some  
12 proportion?

13 COMMISSIONER SKOP: I just have -- I'm looking  
14 at the --

15 COMMISSIONER EDGAR: I think we're looking at  
16 a business unit.

17 COMMISSIONER SKOP: Yeah, I'm looking at the  
18 business unit function, and actually, in fairness, it  
19 should probably be about 700,000, but, again, I think  
20 600,000 is appropriate looking at the redundancies of  
21 those three positions that I previously spoke to, as  
22 well as the line 15, which appears to be somewhat out of  
23 line with the business unit below it in terms of -- at  
24 the same level.

25 CHAIRMAN ARGENZIANO: Commissioner Klement,

1 did you have a question, comment?

2 COMMISSIONER KLEMENT: I just wanted to say  
3 that Commissioner Skop's figures seem in line.

4 CHAIRMAN ARGENZIANO: Okay.

5 COMMISSIONER SKOP: And then, again --

6 COMMISSIONER EDGAR: May I?

7 CHAIRMAN ARGENZIANO: Commissioner Edgar.

8 COMMISSIONER EDGAR: A question. You've  
9 referred a number of times to redundancy, and because it  
10 has been a long day, are you talking about redundancy  
11 into the actual functions and the work performed, or  
12 redundancy as to the titles?

13 CHAIRMAN ARGENZIANO: Titles.

14 COMMISSIONER SKOP: Well, think basically  
15 redundancy in general given the fact that, during direct  
16 examination of a witness, there wasn't a whole lot of  
17 evidence provided to -- by FP&L, and the burden was on  
18 them to justify the value of these positions in terms of  
19 providing benefit to the ratepayer, and what I see here  
20 is in this functional area you have, you know, a lot of  
21 highly compensated people that are shown here, and this  
22 does not reflect manager level people, which who knows  
23 how many of those they have in that job function. I  
24 mean, that wasn't provided in the data and I couldn't  
25 get any real answers to it, but, again, I think there's

1 redundancy there. My point is this is a non-operational  
2 support group. It's essentially overhead to FP&L's core  
3 job function, and there comes a point where  
4 reasonableness comes into play, and if they want to have  
5 a marketing and communication group that large, then  
6 perhaps the shareholders should adopt some of that  
7 compensation, because, again, I don't think -- you know,  
8 and I could make comparisons, but I won't go there. It  
9 just seems to be excessive to me, and I think that  
10 appropriate adjustment is necessary to address the  
11 salary and the redundancy in positions.

12 COMMISSIONER EDGAR: And I'm just trying to  
13 understand the basis of the suggested disallowance or  
14 adjustment. Is it because you do not believe that these  
15 positions provide benefit to the ratepayer? Is it  
16 because you believe that it is actually a shareholder  
17 function? Is it because you don't believe that the  
18 positions' actual work functions were explained and  
19 justified to your satisfaction? If we're going to go in  
20 with a scalpel and basically eliminate from the base  
21 rate individual and specific positions, I want to make  
22 sure I understand the rationale that we're using, and  
23 I'm just not clear from the answer that you gave me.

24 CHAIRMAN ARGENZIANO: Commissioner Skop.

25 COMMISSIONER SKOP: Thank you, Madam Chair,



1 and the answer is very clear that, based on the record  
2 evidence, in my opinion, FP&L has not made met its  
3 burden in demonstrating that these positions are neither  
4 redundant or that the total compensation is excessive.  
5 If my colleagues agree, they agree, but, again, I have  
6 problems with, again, looking at the redundancy, and  
7 then also, too, looking at other things, and everything  
8 is resource constrained, but what it comes down to is I  
9 don't believe, on an evidentiary basis, that FP&L met  
10 its burden justifying the costs associated with these  
11 job positions.

12 CHAIRMAN ARGENZIANO: I remember the  
13 discussion, and it was a healthy one and I share some of  
14 the similar concerns, and to be honest, it was hard for  
15 me to understand if some of these positions were  
16 individually -- individual persons. There's no way of  
17 even telling if they're not the same person. So it  
18 became a little bit, you know, troublesome to me that  
19 there's no way of really checking into seeing, are  
20 there -- is there a W-2 for every line here, or is it  
21 two people -- one person with the same position a couple  
22 of times? So it's really difficult and it makes it  
23 hard.

24 I share some of your concerns. I think that,  
25 you know, it's hard to do it because you don't want to

1 go in there and micromanage, but when you can't get the  
2 information, it makes it very, very difficult, and when  
3 you see the same thing repeated over and over again, it  
4 starts to get a little bit sticky, and that's my  
5 understanding and the way I looked at it and remember  
6 the testimony, and in particular I remember thinking  
7 about certain areas that I don't have in front of me  
8 right now, but I couldn't tell -- the salary may have  
9 started at a very low point and then all of a sudden it  
10 worked its way up way, way high, and I didn't understand  
11 how all that worked, and then through the testimony  
12 started to understand it a lot better, and then came to  
13 the conclusion that I couldn't even tell if it was the  
14 same individual that was stated, again, going to the  
15 redundancy somewhere else, if it was two people, one  
16 person, and I didn't know if it was a way of getting an  
17 extra salary or if it was really the company needing  
18 that many people doing the same thing, and it's very  
19 difficult. So with that, I understand some of your  
20 concerns, and I agree and share some of them.

21 Commissioner Stevens.

22 COMMISSIONER STEVENS: Madam Chair, if it's  
23 the -- what the Commission wants to do, could  
24 Commissioner Skop step through the HR numbers and the  
25 regulatory affairs number?

1                   COMMISSIONER SKOP: Commissioner Stevens, I  
2 think that, in terms of the HR -- again, I think that  
3 provides an essential job function. I would compare and  
4 contrast, though, line item 15 with line item 39 to get  
5 a flavor of, you know, my concern in the previous  
6 mentioned area.

7                   With respect to regulatory affairs, I just  
8 have one concern and one adjustment, notwithstanding  
9 that there might be a little bit more room, but I don't  
10 know how much of the specific job functions are backed  
11 out and non-jurisdictional due to lobbying or what have  
12 you, but do you have an issue on one -- 419? And I  
13 understand why it was done, but I'm not necessarily sure  
14 that the ratepayers should pay for the bonus that was  
15 associated with that, and it comprises a substantial  
16 portion of the -- I believe the total compensation. So  
17 I would look for a limited adjustment there.

18                   CHAIRMAN ARGENZIANO: I'd just like to clarify  
19 something, because it is late and I'm not thinking.  
20 What I meant or what I forgot to include was, without  
21 names, without being able to see names, that's why I  
22 couldn't figure out if this is not the same person or  
23 not, and that may fill in something I didn't express. I  
24 was having a hard time understanding it, and that's what  
25 makes it really difficult.

1                   COMMISSIONER STEVENS: And I completely  
2 understand that perception. Do we know if -- are all of  
3 the positions included in this list budgeted and filled,  
4 or are some of these positions vacant in this listing?

5                   CHAIRMAN ARGENZIANO: Maybe staff can --

6                   MR. PRESTWOOD: These all are present people  
7 on the payroll.

8                   COMMISSIONER STEVENS: Okay. Thank you.

9                   COMMISSIONER SKOP: And I need my other sheet  
10 to get a proposed number on that, but if you can bear  
11 with me, like I said, it's complicated to try and get  
12 through this. There's better ways in life to have to do  
13 this.

14                  COMMISSIONER KLEMENT: Madam Chair?

15                  CHAIRMAN ARGENZIANO: Yes, Commissioner.

16                  COMMISSIONER KLEMENT: I'm perhaps echoing  
17 Commissioner Edgar. Is it possible for us to nit-pick  
18 job by job to tell FP&L what job titles they should  
19 support or not, or should we look at the bigger picture  
20 and make an opinion about an overall amount that we can  
21 deliver the same message in that decision?

22                  CHAIRMAN ARGENZIANO: Commissioner Stevens.

23                  COMMISSIONER STEVENS: Commissioner, I agree  
24 with you, and if Commissioner Skop comes up with a round  
25 number, I would be listening to it.

1                   COMMISSIONER KLEMENT: Breaking these jobs out  
2 was very helpful to me to give me a clearer idea of the  
3 job functions and the compensation. It's quite  
4 enlightening.

5                   COMMISSIONER SKOP: I guess I've made my  
6 points. Hopefully they'll be listened to, but I tend to  
7 agree that there could be a better way to do this by  
8 making an adjustment as it pertains to executive  
9 compensation perhaps that will embody the concern,  
10 because, again, that's what's driving my concern, which  
11 is probably embedded in that.

12                   What I am trying to do -- and this is why  
13 lawyers like to nit-pick, but you have to provide an  
14 evidentiary basis for making adjustments, otherwise it  
15 could be viewed and overturned on appeal as arbitrary  
16 and capricious and abuse of discretion. So what I'm  
17 trying to do is match the failure of FP&L to meet its  
18 burden of proof, two specific concerns I had, but  
19 there's different ways that the Commission can do that,  
20 so whatever route my colleagues would like to take, I'm  
21 fine with it.

22                   CHAIRMAN ARGENZIANO: It makes it very  
23 difficult, and, again, I'm going to say, when you don't  
24 have names, when you can't tell what the positions are,  
25 you don't want to nit-pick and say, oh, maybe you

1 shouldn't have this one or that one, but it made it  
2 extra hard by not having names and not being able to  
3 see, you know, is one employee here listed in three  
4 different places, is it a way of increasing a salary?  
5 I'm not saying that the company is doing that, by any  
6 means, but it's my job to scrutinize. I think it's all  
7 of our jobs to be able to use -- to see if it's done the  
8 right way and that there's no excesses that would be a  
9 problem for the ratepayers. So it's truly difficult to  
10 do it this way without the names. I don't even know  
11 that it could be, and I'm not saying this company is  
12 doing that, but things I need to look at, questions that  
13 just arise when you start saying, okay, I've got a job  
14 to do, if that -- somebody's brother and mother and  
15 sister and even their dog could be in there, I don't  
16 know, because I'm not allowed to see names and I have no  
17 idea. So it made it extra difficult.

18 Commissioner Klement.

19 COMMISSIONER KLEMENT: Commissioner Skop, I  
20 didn't mean to be -- use a pejorative in that word. I  
21 guess I'm just thinking how difficult it is to pick and  
22 choose when there are so many job categories here that  
23 we also could look at, which, you know, perhaps some of  
24 us have no idea of exactly what the function is and how  
25 important it is to the overall operation of the company.

1                   COMMISSIONER SKOP:  And I agree, Commissioner  
2                   Klement.  I think that's an excellent point you raised.  
3                   Again, I'm not trying to nit-pick, but what I am trying  
4                   to do is discreetly look at value added versus asking  
5                   ratepayers to absorb redundancy and excessive salaries,  
6                   and I think that in this case I fail to appreciate what  
7                   benefit to the ratepayers some of the redundancies in  
8                   the marketing and communication group provides.  I mean,  
9                   I can understand on operations.  I haven't said a  
10                  negative word about FP&L's operations today.  I think  
11                  they're world-class and excellent, but where I think  
12                  there's substantial room to tighten the belt is in the  
13                  non-operational payroll, salary, and, again, that's  
14                  where I've focused my attention through  
15                  the evidentiary --

16                 CHAIRMAN ARGENZIANO:  And, Commissioners,  
17                 there is no reason for anybody to apologize for  
18                 anything.  Your job is a tough one, and we all know that  
19                 each one of us have a tough job, and you're entitled to  
20                 ask the questions you need to ask.  So I don't think --

21                 COMMISSIONER EDGAR:  And on that note, I do  
22                 have some questions.

23                 CHAIRMAN ARGENZIANO:  And, Commissioner Edgar,  
24                 you are recognized.

25                 COMMISSIONER EDGAR:  Thank you very much.  I

1 guess -- and this again is a serious question to what I  
2 believe is a serious issue. We have had some comments I  
3 think from many of us that there is the potential for  
4 additional rate cases in this utility sector in the next  
5 few years perhaps. Are we putting the utilities in  
6 Florida on notice that, if they are to file a future  
7 rate case, which is their right under the statute under  
8 certain circumstances, that if they do, as part of that  
9 hearing they need to be on notice that they need to  
10 justify the work and performance of every individual  
11 position? And that is a question, and then I have some  
12 followup.

13 CHAIRMAN ARGENZIANO: Commissioner Skop.

14 COMMISSIONER SKOP: Thank you, and to  
15 Commissioner Edgar's point, I think the answer is yes,  
16 they should already be on notice, because, again, the  
17 purview of the Commission and the job of the Commission  
18 is to scrutinize each cost that the company seeks  
19 recovery of from its ratepayers to ensure that such  
20 costs are reasonable, prudent, and I think that that's  
21 the standard of review. So, again, in this instant  
22 case, as I alluded to earlier in the day, you know,  
23 before it ever came to bench for a decision, the staff  
24 recommendation had made adjustments to the request of  
25 over \$800 million. So, again, I think it comes down to,



1 can you prove up your case and what's the substance of  
2 the request versus just throwing things in there and  
3 seeking recovery, because, again, it's a  
4 reasonably-incurred and prudent standard.

5 CHAIRMAN ARGENZIANO: Commissioner Edgar  
6 and --

7 COMMISSIONER STEVENS: She's first.

8 CHAIRMAN ARGENZIANO: Commissioner Edgar.

9 COMMISSIONER EDGAR: Thank you. And as a  
10 followup, Commissioner Skop, I believe that, as we were  
11 having discussion on this item, you using the sheet that  
12 was passed out to us spoke very specifically about one  
13 two, three, four, five, six very specific positions that  
14 are listed on this sheet. It does give me some pause if  
15 we are going to consider as a commission going into  
16 specific position by position. I do think it opens us  
17 up to criticism of potentially being punitive or having  
18 individual agendas weigh into our consideration. I  
19 would be much more comfortable if we were to -- if  
20 indeed we as a Commission believe that a business unit  
21 is over-funded, say, if -- or is not performing a  
22 benefit sufficient for it to be charged to the  
23 ratepayers, I would be much more comfortable in that  
24 circumstance if we were to, as I suggested earlier,  
25 maybe suggest an adjustment of a percentage of the

1 business unit rather than an individual position.

2 CHAIRMAN ARGENZIANO: Commissioner Stevens.

3 COMMISSIONER STEVENS: Madam Chair, thank you,  
4 and I agree with Commissioner Edgar and where she's  
5 going. And, Commissioner Skop, I appreciate you pulling  
6 this out, because I agree with you on this. If we -- I  
7 believe the argument is there that this should not be  
8 all of the ratepayers' burden. And if you thought or if  
9 the Commission thinks that of these three business  
10 units, a 50-50 split is fair, and I think probably a  
11 70-30 with 30 being on the ratepayer would be more fair,  
12 but if a 50-50 split, I would be -- I would look at it  
13 that way and look at a percentage because of the  
14 argument that this shouldn't be the ratepayers' burden.  
15 Thank you.

16 CHAIRMAN ARGENZIANO: Commissioner Skop.

17 COMMISSIONER SKOP: Thank you, and that may be  
18 a better way to approach it. Again, what I'm trying to  
19 do is provide a specific basis to the specific job  
20 function to illustrate redundancies as opposed to -- to  
21 survive appellate scrutiny such that, if I just put an  
22 arbitrary percentage, then, you know, they could say,  
23 oh, that's arbitrary, what did you back it up with? But  
24 I do agree, I think there's sufficient record evidence  
25 to support my concerns about redundancy and excess

1 compensation in the marketing and communications group,  
2 so I would be comfortable with a percentage decrease. I  
3 don't know if 50 percent would be excessive there. I'm  
4 not really concerned about HR. Again, I think that's a  
5 legitimate job function. I think that they have a large  
6 workforce and they're seasoned professionals, and that  
7 level of compensation doesn't shock my conscience. It  
8 does not appear to be out of line from what I've seen in  
9 my own personal corporate experience. Regulatory  
10 Affairs, you know, some of that may be excessive, but,  
11 again --

12 CHAIRMAN ARGENZIANO: Can I just interject  
13 something for a moment? There are so many other job  
14 positions than what is on this sheet, so I would have a  
15 problem telling the company that you have to decrease by  
16 a certain percentage because I don't know how many  
17 positions they really need, and they know how many  
18 positions they need. I feel comfortable with either  
19 scrutinizing to the point where I could make sure to  
20 some degree -- and I know it can't be a thousand  
21 percent -- that they are positions that need to be --  
22 need to be occupied. They need to be to function as a  
23 company, but my concern is -- my concern is making sure  
24 that there's not duplicative -- jobs were not needed or  
25 that -- when you can't go into it to the point of

1 finding out that, is one person -- are there instances  
2 where there could be one person who is capturing five  
3 different salaries? And I'm not saying that's  
4 happening, but how do I know?

5 I kind of like your idea better of splitting  
6 it because then the shareholder has -- again, to me,  
7 would have more scrutiny when it hits the pocket of the  
8 shareholder. I like that idea better, if that is fair,  
9 rather than telling the company they have to decrease by  
10 a certain amount that we could really be hurting the  
11 workforce of the company or, you know -- Commissioner  
12 Klement and then Commissioner Skop.

13 COMMISSIONER KLEMENT: You could if you were  
14 to get at it perhaps say for the non-operational  
15 departments or divisions, and that way you haven't  
16 affected the operational ones.

17 CHAIRMAN ARGENZIANO: Commissioner Skop.

18 COMMISSIONER SKOP: Madam Chair, and I share  
19 Commissioner Klement's view. Again, my issue is not  
20 with the operational groups at all. Again, I think I've  
21 said repeatedly world-class, excellent, no problem  
22 there. It's just the redundancy in the salaries in the  
23 non-operational --

24 CHAIRMAN ARGENZIANO: Okay. But --

25 COMMISSIONER SKOP: Just hear me out, please,

1 for one second. I'm amenable to the suggestions of the  
2 percentages. Again, I think that, you know, it could be  
3 workable that way. I'm equally comfortable just making  
4 an adjustment to incentive compensation which would  
5 address my issues without having to nit-pick this to  
6 death. But the one problem I would have on the  
7 percentages is I would not touch HR because I feel  
8 that's a legitimate job function and not discretionary.

9 COMMISSIONER STEVENS: Madam Chair.

10 CHAIRMAN ARGENZIANO: Commissioner Stevens.

11 COMMISSIONER STEVENS: If we could, I'd like  
12 to keep the incentives separate, because there was a --  
13 I want to ask the Commission to go a certain direction  
14 there.

15 CHAIRMAN ARGENZIANO: Okay. Commissioner  
16 Skop.

17 COMMISSIONER SKOP: And to your point that you  
18 made, which was a good one, by making adjustments  
19 specifically as I've suggested, I'm not suggesting that  
20 they're telling people that, you know, eliminate jobs.  
21 I'm just telling them that the shareholders need to pay  
22 for it instead of recovering it from the ratepayers. So  
23 it doesn't eliminate jobs, they can hire whoever they  
24 want. It's just we're not going to pay for excess,  
25 redundant positions and make the ratepayer pay for it.

1 COMMISSIONER KLEMENT: I agree.

2 CHAIRMAN ARGENZIANO: Got it. Is there a  
3 motion? Are we at that point? Please. No, serious,  
4 are you --

5 MR. PRESTWOOD: Yes, ma'am.

6 COMMISSIONER SKOP: Does Mr. Prestwood have  
7 those numbers for me on the --

8 CHAIRMAN ARGENZIANO: He looks surprised.

9 COMMISSIONER SKOP: Help me out here.

10 MR. PRESTWOOD: On issue 103, the -- yes --

11 CHAIRMAN ARGENZIANO: Keeping in mind we want  
12 to keep the incentives separate. Is that --

13 COMMISSIONER SKOP: No, I'm asking him for the  
14 incentive.

15 CHAIRMAN ARGENZIANO: Okay, I've got you.

16 MR. PRESTWOOD: The incentives for executives  
17 that we've already eliminated is \$15,282,736. That  
18 would double -- or it's that amount again. That would  
19 double to 30,565,472, and then the incentive for the  
20 non-executives is 3,538,246, so it would be that number  
21 again doubled, or 7,076,492. That's an additional  
22 thirty-seven million six hundred and forty-one dollars  
23 -- \$641,964, not additional, that's the total incentive  
24 you would be removing, excuse me. The additional amount  
25 would be 18,820,982, and the grand total -- I don't have

1 the grand total for 103, excuse me. The additional  
2 amount, by going from 50 to 100 for everything, is  
3 \$18,820,982.

4 COMMISSIONER STEVENS: And, Madam Chair, if I  
5 may?

6 CHAIRMAN ARGENZIANO: Yes, you are recognized.

7 COMMISSIONER STEVENS: If I understand the  
8 18 million, that also includes the non-executive piece?

9 MR. PRESTWOOD: Uh-huh.

10 COMMISSIONER STEVENS: Madam Chair, I would  
11 prefer to stick to the executive piece, which is the  
12 15,282,736, if that's the pleasure of the Commission.  
13 And then that would be added, the  
14 fifteen-two-eighty-two, to the total of  
15 thirty-three-nine.

16 CHAIRMAN ARGENZIANO: Commissioner Skop.

17 COMMISSIONER SKOP: Thank you, Madam Chair,  
18 just a point of clarification on that. That seems to be  
19 a more reasonable alternative. Again, I want to  
20 understand, when we're talking incentive compensation,  
21 that's strictly incentive compensation and not the  
22 annual raise for the rank-and-file employees. We're not  
23 touching any of that, is that correct?

24 MR. PRESTWOOD: It's not touching any of the  
25 rank and file, but it does include -- the

1 thirty-three-nine does include 757,000 for executive  
2 raises.

3 COMMISSIONER SKOP: Okay. Well, I think they  
4 already gave that one up, right?

5 MR. PRESTWOOD: Yeah.

6 COMMISSIONER SKOP: So that's not rank and  
7 file.

8 MR. PRESTWOOD: So we take -- to Commissioner  
9 Stevens' suggestion, we would take the 33,927,000 and  
10 add to it only 15,282,736, and leave the non-executive  
11 out of it.

12 COMMISSIONER STEVENS: If it's the pleasure of  
13 the Commission, I would accept staff's recommendation  
14 changing the 50 percent under item 3 to 100 percent,  
15 which would change that fifteen-two-eighty-two to  
16 30 million.

17 COMMISSIONER SKOP: 30,565,472, right?

18 COMMISSIONER STEVENS: Uh-huh.

19 COMMISSIONER SKOP: Okay. All right.

20 CHAIRMAN ARGENZIANO: Commissioner Klement,  
21 did you have a question?

22 COMMISSIONER KLEMENT: No, I guess I was -- I  
23 got it clarified.

24 COMMISSIONER SKOP: I have a question.

25 CHAIRMAN ARGENZIANO: Okay, Commissioner Skop.



1                   COMMISSIONER SKOP: Thank you. A question for  
2 staff would be to embody Commissioner Stevens'  
3 suggestion as to revising the number in item 3, what is  
4 the sum of 33,927,400 with 15,282,736, if the calculator  
5 goes that high?

6                   COMMISSIONER STEVENS: I think it's  
7 49,210,136.

8                   CHAIRMAN ARGENZIANO: Say again, please.

9                   COMMISSIONER STEVENS: I believe it's  
10 49,210,136.

11                  COMMISSIONER KLEMENT: That's what I have.

12                  MR. PRESTWOOD: That's correct.

13                  COMMISSIONER SKOP: Okay. I would be amenable  
14 to that. I would request that, in addition to that, we  
15 look at a slight upward adjustment to address the  
16 redundancies if --

17                  COMMISSIONER STEVENS: I'd do it. Add the  
18 number.

19                  COMMISSIONER SKOP: Okay. Again, I was at  
20 600. I'm going to try and be fair, again, looking at  
21 this a little bit more critically, but looking at  
22 redundancies, I'd like to add 300,000 to that number,  
23 and I'd be comfortable to address the redundancies in  
24 line 15, 257, 411 and 412, and also in 419 there's a  
25 bonus issue, but I think that executive comp took care

1 of that.

2 COMMISSIONER STEVENS: Madam Chair, I'm good  
3 with that.

4 COMMISSIONER SKOP: So I can try and style a  
5 motion.

6 CHAIRMAN ARGENZIANO: Okay. Let's go with the  
7 motion.

8 COMMISSIONER SKOP: Madam Chair, I  
9 respectfully move to deny staff recommendation in part  
10 on issue 103, noting the change that No. 3 be reduced by  
11 the full amount of 30,565,472, which would change the  
12 total recommended reduction to 49,210,136, and then we'd  
13 add an additional 300,000 to that, and I'll get a  
14 revised number to reflect the redundancy. So the total  
15 would be -- 49,510,136 would be the total recommended  
16 reduction.

17 COMMISSIONER STEVENS: Second.

18 CHAIRMAN ARGENZIANO: Any discussion? Hearing  
19 none, all in favor say aye.

20 (Chorus of ayes.)

21 CHAIRMAN ARGENZIANO: Opposed, same sign.

22 (No response.)

23 CHAIRMAN ARGENZIANO: The motion is adopted.  
24 Okay. Commissioner Stevens, if you want to -- did you  
25 have a --

1           COMMISSIONER STEVENS: I think I'm good down  
2 to -- shoot, I think we're done.

3           CHAIRMAN ARGENZIANO: We are -- we have some  
4 fallout issues.

5           COMMISSIONER STEVENS: I'm about to fall out.

6           MR. DEVLIN: Madam Chair, we do have some  
7 fallout issues, but I think we're okay with those, but  
8 one issue we should vote on is the revenue expansion  
9 factors in issue 136.

10          MS. BENNETT: And 128.

11          COMMISSIONER SKOP: Say again, please.

12          MR. DEVLIN: Issue 136 is the revenue  
13 expansion factor that we need for the revenue  
14 requirement calculation, and we also left 128.

15          CHAIRMAN ARGENZIANO: 128, that's right. We  
16 have 128 on hold, right. So 136.

17          MR. PRESTWOOD: Okay. 136 is the revenue  
18 expansion factor. It's been revised for the bad debt  
19 from earlier adjustments, and we are recommending a net  
20 income multiplier of 61.195 and a revenue expansion  
21 factor of 1.63411, which is also shown on Schedule 4-A.  
22 4-B is moot.

23          MR. SLEMKEWICZ: That's page 512.

24          CHAIRMAN ARGENZIANO: Commissioner Stevens.

25          COMMISSIONER STEVENS: So with the things that

1 we've done, there have been no changes to the  
2 61.195 percent and the 1.63411 income multiplier, is  
3 that correct?

4 MR. SLEMKEWICZ: That's correct.

5 COMMISSIONER STEVENS: Okay, thanks. Thank  
6 you.

7 COMMISSIONER SKOP: Madam Chair, if there are  
8 no changes that require modification, I would move to  
9 adopt the staff recommendation on issue 136.

10 COMMISSIONER STEVENS: Second.

11 CHAIRMAN ARGENZIANO: Any discussion? Hearing  
12 none, all in favor, say aye.

13 (Chorus of ayes.)

14 CHAIRMAN ARGENZIANO: Opposed, same sign.

15 (No response.)

16 CHAIRMAN ARGENZIANO: The motion is adopted.

17 Okay. Now we go to our fallout positions,  
18 issues. Or, staff, do you need --

19 MR. DEVLIN: Madam Chairman, at your pleasure,  
20 we will need some time to calculate the revenue  
21 requirement, but I was talking to the rate people, if  
22 you want to trudge forward, you can work on some rate  
23 issues that are independent of the revenue requirement  
24 calculation.

25 CHAIRMAN ARGENZIANO: I'm for trudging forward

1 if everybody else is. Okay, let's go.

2 COMMISSION STAFF: Ms. Williams is going  
3 around gathering the confidential document.

4 CHAIRMAN ARGENZIANO: Does anybody need a  
5 five -- let's just take a five-minute recess and give  
6 our court reporter a break, too.

7 (Recess.)

8 CHAIRMAN ARGENZIANO: Okay. Let's gather up.  
9 We are missing a few commissioners. Okay. Why don't we  
10 just begin, I think Commissioner Skop will be with us  
11 momentarily.

12 MS. ROBERTS: Good evening, Commissioners. My  
13 name is Alecia Roberts with staff.

14 Issues 139 deals with whether or not FP&L  
15 revenues were correctly calculated at current rates for  
16 the 2010 projected tax year. Given your earlier  
17 decision in issue 3 to adopt OPC's position, this would  
18 increase projected revenues by \$36,969,000, and this is  
19 due to the change in the load forecast. This takes our  
20 projected revenues from 3,880,726,521 to 3,917,695,521.

21 CHAIRMAN ARGENZIANO: Commissioners, that is  
22 139. Commissioner Stevens.

23 COMMISSIONER STEVENS: Could you tell me those  
24 numbers one more time? I apologize.

25 MR. ROBERTS: I sure will. The increase is

1 36,969,000 and the projected revenues now go from  
2 3,880,726,521 to 3,917,695,521.

3 CHAIRMAN ARGENZIANO: Very good. It really  
4 is. Any requests, comments? Okay, thank you. Let's go  
5 to 140.

6 MS. KUMMER: Commissioners, Connie Kummer with  
7 staff. Issue 140 addresses how certain distribution  
8 costs are allocated to rate classes. Staff recommends  
9 that the Commission approve FP&L's current methodology  
10 of limiting the costs allocated on a per customer basis  
11 to the meter, service drop, billing and customer  
12 service.

13 COMMISSIONER STEVENS: Madam Chair.

14 CHAIRMAN ARGENZIANO: Commissioner Stevens.

15 COMMISSIONER STEVENS: So no change, is  
16 that --

17 MS. KUMMER: Exactly.

18 COMMISSIONER STEVENS: Okay. Thank you.

19 CHAIRMAN ARGENZIANO: Staying with the same.  
20 Anything else? Okay, 141.

21 MS. DRAPER: Elizabeth Draper with staff.  
22 Issue 141 concerns the appropriate cost of service  
23 methodology. FP&L has proposed no change to its current  
24 method, which is the 12 coincident peak, or CP and 114  
25 average demand methodology. Staff is recommending

1 approval of FP&L's continued use of that method. So no  
2 change.

3 CHAIRMAN ARGENZIANO: No change. Any  
4 comments? 142.

5 MS. DRAPER: Issue 142 addresses how the  
6 approved revenue increase, if any -- I guess we're  
7 waiting on John for the number -- should be allocated to  
8 the rate classes. Staff recommends that, consistent  
9 with past decisions, each class is moved to parity;  
10 however, no class should receive an increase greater  
11 than 1.5 times the system average and no class should  
12 receive an increase -- should receive a decrease. I'm  
13 sorry.

14 CHAIRMAN ARGENZIANO: And no class --

15 MS. DRAPER: That's to share the pain, no  
16 class should receive a decrease in a rate case increase.

17 CHAIRMAN ARGENZIANO: Any questions?

18 COMMISSIONER STEVENS: No, ma'am.

19 CHAIRMAN ARGENZIANO: Okay, 144.

20 MS. THOMPSON: Commissioners, I'm Kaley  
21 Thompson with staff. Issue 144 addresses service  
22 charges. Service charges cover one-time charges, such  
23 as your initial connect, disconnect, reconnect and  
24 return payment. If the Commission approved an increase  
25 -- or, I'm sorry, no increase or a decrease in FP&L's

1 operating revenues, the service charges should remain at  
2 their current levels.

3 CHAIRMAN ARGENZIANO: Okay. Take it back  
4 again. Staff is recommending that they remain --

5 MS. THOMPSON: If there is no increase and --  
6 or there is a decrease, then we recommend that they stay  
7 at their current levels.

8 COMMISSIONER STEVENS: I'm good as long as it  
9 stays at the same levels.

10 CHAIRMAN ARGENZIANO: Because there are some  
11 big jumps that I'd want to address.

12 COMMISSIONER STEVENS: So I'd want it to stay  
13 the same levels.

14 CHAIRMAN ARGENZIANO: But that is if there is  
15 no --

16 MS. THOMPSON: That is if there's no increase  
17 or a decrease, but as of right now, staff is  
18 recommending \$75 for the initial connection, 19 for a  
19 field connection, \$48 for a reconnection, 21 for a  
20 connect or a disconnect at an existing premise, and a  
21 return payment charge as allowed by Section 68.065,  
22 Florida Statute.

23 CHAIRMAN ARGENZIANO: Commissioner Skop.

24 COMMISSIONER SKOP: Thank you. I'm a little  
25 fuzzy on that one, it's late in the day, but on page



1 442, issue 144, I'm still trying to get a grapple on, if  
2 the Commission approves no increase or a decrease in  
3 FP&L's operating revenues, the service charge should  
4 remain at the current level, but you're saying it should  
5 go up if we grant them a rate increase?

6 MS. THOMPSON: Right.

7 CHAIRMAN ARGENZIANO: Well, that is what we  
8 need to address.

9 COMMISSIONER STEVENS: Madam Chair, where I am  
10 is -- I'll make it easy. I want to deny staff's  
11 recommendation and keep the current charges the same.

12 CHAIRMAN ARGENZIANO: The same as they are  
13 currently?

14 COMMISSIONER STEVENS: Yes, ma'am, the 14.88,  
15 5.11, 17.66, so forth.

16 CHAIRMAN ARGENZIANO: Any comments?  
17 Commissioner Skop.

18 COMMISSIONER SKOP: Thank you. I probably am  
19 comfortable with that. I was just trying to understand  
20 the basis for staff recommendation. If a rate increase  
21 would be granted, then that's the justification for  
22 allowing the higher costs, because I guess I'm trying  
23 to -- that one just kind of was a non sequitur to me.

24 MS. DRAPER: If I may help out, those charges  
25 are based on the cost FP&L incurs to provide that

1 service. If you approve a rate increase and let's say  
2 those charges remain at their current level, the costs  
3 don't go away. They will just be rolled into base  
4 rates. So, to the extent service charges are increased,  
5 that helps reduce base rates to all customers. So it's  
6 an offsetting effect. You know, the costs are still  
7 here. They have to be recovered either through the  
8 service charges or through base rates.

9 COMMISSIONER SKOP: Kind of like a pay me now  
10 or pay me later type of argument. If customers have  
11 lower connection costs later, they may have higher --  
12 they have a higher rate base and then they have to pay  
13 higher base rates.

14 MS. DRAPER: But if you look at FP&L's current  
15 initial connect charge, 14.88, their cost of providing  
16 that service is 136, and that charge was, you know, set  
17 a long time ago. So that's why staff is saying, if  
18 there's some increase, it should be brought up to \$75.  
19 That's less than what FP&L proposed. FP&L proposed a  
20 \$100 initial connect charge.

21 CHAIRMAN ARGENZIANO: Commissioner Skop, are  
22 you --

23 COMMISSIONER SKOP: I'm pretty on board with  
24 Commissioner Stevens on this one.

25 CHAIRMAN ARGENZIANO: Commissioner Stevens?

1 COMMISSIONER STEVENS: I'm fine now.

2 CHAIRMAN ARGENZIANO: Do we have a motion?

3 COMMISSIONER STEVENS: My motion -- if you're  
4 ready for a motion, my motion is to deny staff's  
5 recommendation and maintain the current charges of 14.88  
6 for initial connect, \$5.11 for a field connection,  
7 \$17.66 for reconnect for non-payment service charge,  
8 \$14.88 for connection of an existing account, and for a  
9 returned payment, \$23.24, or five percent of the amount  
10 of payment, whichever is greater.

11 COMMISSIONER KLEMENT: Madam Chair.

12 CHAIRMAN ARGENZIANO: Commissioner Klement.

13 COMMISSIONER KLEMENT: Commissioner Stevens'  
14 suggestion notwithstanding, I have to inquire as to, if  
15 the initial connect hasn't -- is so far out of line from  
16 what the actual cost is, 14.88 versus almost \$136, why  
17 shouldn't those who move around or ask for service pay  
18 the actual cost rather than spread it to the ratepayers?

19 COMMISSIONER STEVENS: I think it's a sunk  
20 cost.

21 COMMISSIONER KLEMENT: A what?

22 COMMISSIONER STEVENS: A sunk cost.

23 COMMISSIONER KLEMENT: What does that mean?

24 COMMISSIONER STEVENS: It means, if you keep  
25 it low, the people are going to connect. If you make it

1 too high, then, you know, it's inflated, and it is --

2 COMMISSIONER KLEMENT: What choice do they  
3 have -- if they move to -- from one house to another,  
4 from one market to another, they have to have the  
5 service; correct?

6 COMMISSIONER STEVENS: If -- I wouldn't want  
7 to penalize an existing customer for moving.

8 COMMISSIONER KLEMENT: That's a good point.

9 CHAIRMAN ARGENZIANO: That is a good point,  
10 but I also look -- if there are -- trying to figure out  
11 the cost to the company I think you indicated was -- for  
12 initial hookup was a hundred -- did you say 145?

13 MS. DRAPER: 136.

14 CHAIRMAN ARGENZIANO: 46, 146.

15 MS. DRAPER: 136.

16 CHAIRMAN ARGENZIANO: 136.

17 MS. KUMMER: And, Madam Chair, those numbers  
18 are shown on page 443 of --

19 CHAIRMAN ARGENZIANO: Yes. I don't want to go  
20 there right now. I just wanted her to say it, but I  
21 guess what I'm looking at, to be fair -- well, I'm  
22 trying to understand, if you -- if a person has to go  
23 out to someone's home every time there's a connection,  
24 or is it done --

25 COMMISSIONER STEVENS: Madam Chair, they're

1 still going to have the same people on board, whether  
2 someone needs a fuel connection, an initial connect or  
3 whatever, and that's why I say it's a sunk cost. The  
4 company is paying the people, and this is in addition  
5 to. And that's why I'd keep the current charges. Even  
6 though we did a cost -- a true cost of connection, if  
7 you back out of that true cost of connection what's  
8 already included, I think you even get lower than the  
9 current charge, but --

10 CHAIRMAN ARGENZIANO: Okay. Of course, there  
11 would be, too, a cost of connection and then what about  
12 reconnection, was that configured in there if someone  
13 has -- electric was turned off, or am I not -- that's --  
14 okay, okay. All right. That's good. Did you have a --  
15 Commissioner Skop.

16 COMMISSIONER SKOP: Yeah, just a point of  
17 clarification. The way I'm looking at -- and what I'd  
18 like to do is clarify the motion. The motion I guess is  
19 on issue 144. I don't know if that was embodied in  
20 there, but I just want to make sure we're talking about  
21 the right issue.

22 CHAIRMAN ARGENZIANO: We're not -- oh, yes,  
23 I'm sorry. You are right. I'm sorry.

24 COMMISSIONER SKOP: I agree with Commissioner  
25 Stevens. I think the point is, if you raise the cost,

1 while it may be more representative of the cost study to  
2 establish the true cost of connection, the bottom line  
3 is I'm not really worried about it for those that are  
4 more affluent, but if you have lower incomes, I mean, a  
5 \$75 charge is pretty hefty. Something more reasonable,  
6 you know, maybe 25, 30, 40, I could probably get  
7 comfortable with, but I'm comfortable with the 14.88 and  
8 keeping things the way they are. I don't really have a  
9 problem with it.

10 CHAIRMAN ARGENZIANO: So did you move --

11 COMMISSIONER STEVENS: I made a motion but I  
12 did not have a second.

13 COMMISSIONER SKOP: I'll second.

14 CHAIRMAN ARGENZIANO: Any comment,  
15 Commissioner Klement?

16 COMMISSIONER KLEMENT: Well, I'm just noting  
17 that these rates haven't been raised in 20 years, and it  
18 seems like the company ought to be given some allowance  
19 for the passage of time. What costs the same today that  
20 it cost 20 years ago? Except an initial connection, one  
21 thing, I guess, and, yes, that's good, but shouldn't  
22 we -- in fairness, shouldn't we consider at least some  
23 increase?

24 CHAIRMAN ARGENZIANO: Commissioner Stevens.

25 COMMISSIONER STEVENS: And, again, my point is

1 I believe it's a sunk cost I think the people already  
2 paid for because they're on board.

3 COMMISSIONER EDGAR: I'm sorry. Could you  
4 give me your definition of sunk cost again?

5 COMMISSIONER STEVENS: They're going to get  
6 paid regardless. So if no one gets connected, the  
7 people are there.

8 CHAIRMAN ARGENZIANO: And I guess then, to  
9 that point, the salaries of those people have gone up  
10 over 20 years.

11 COMMISSIONER STEVENS: Uh-huh.

12 COMMISSIONER SKOP: Madam Chair.

13 CHAIRMAN ARGENZIANO: Commissioner Skop.

14 COMMISSIONER SKOP: And I'd like to -- staff  
15 to clarify this, but I think Commissioner Stevens may be  
16 spot on there. It seems to me that they already have  
17 the personnel on board, the trucks on board. You know,  
18 it's a matter of just driving out there. So this seems  
19 to be an incremental revenue component. So if the rates  
20 were kept stable, most likely, if you come in for  
21 another rate case, then obviously you're not going to  
22 have as much incremental revenue from connection or  
23 disconnection services that you'll have to make up  
24 later, but it's kind of like pay me now, pay me later,  
25 but I think it all washes out, as Commissioner Stevens

1 says because, again, those personnel are already on  
2 board. You already have the assets to do the thing.  
3 It's just we're charging you to come out, but we're  
4 already asking you to pay for all the overhead to begin  
5 with. Am I right on that, staff?

6 MS. KUMMER: You are correct, Commissioner,  
7 that they will get the money one way or the other.  
8 Whether it comes from the customer requesting the  
9 service or whether the balance of that cost is recovered  
10 through base rates, the company will get the money one  
11 way or the other.

12 COMMISSIONER SKOP: So they're made whole  
13 either way.

14 MS. KUMMER: Yes.

15 COMMISSIONER KLEMENT: But if the person or  
16 the personnel who are charged with doing that, if there  
17 weren't this demand, perhaps some of those positions  
18 could be eliminated because there wouldn't be a need for  
19 them. If they're there anyway, they're performing a  
20 service that they have to be paid for.

21 CHAIRMAN ARGENZIANO: Commissioner Skop.

22 COMMISSIONER SKOP: To that point, you know, I  
23 think that we have, you know, service standards. I  
24 mean, they have to turn on the electricity per request  
25 within a certain number of days, but I don't really see



1 the workforce declining substantially because there's  
2 always going to be people moving. So I think the  
3 point's a valid concern. I'm just not so sure that it  
4 would result in significant workforce reduction in terms  
5 of the connection people.

6 CHAIRMAN ARGENZIANO: Okay. We have a motion  
7 and a second. All those in favor say aye.

8 (Chorus of ayes.)

9 CHAIRMAN ARGENZIANO: Aye. Opposed, same  
10 sign.

11 COMMISSIONER KLEMENT: Aye.

12 CHAIRMAN ARGENZIANO: Okay. The motion is  
13 adopted, and now we are on 145.

14 MS. DRAPER: Issue 145 concerns FP&L's request  
15 to increase the minimum late payment charge to \$10. In  
16 Issue 89 you adopted the staff recommendation and FP&L  
17 in rebuttal testimony and in its brief stated that, if  
18 the Commission approves the staff recommendation in  
19 Issue 89, FP&L would withdraw its proposal a for minimum  
20 late payment charge. In an abundance of caution, staff  
21 is recommending that you formally deny the proposed  
22 minimum late payment charge. In the alternative, on  
23 page 448, staff included a discussion that, if you  
24 believe there's merit to a minimum late payment charge,  
25 that you approve a five-dollar minimum charge, and

1 that's simply based on what Progress, TECO and FPUC  
2 currently have in their tariff.

3 CHAIRMAN ARGENZIANO: I have a problem with  
4 the increase, not only because of the times the way they  
5 are right now. If somebody is having a hard time making  
6 their payment on time, I think it's going to be even  
7 harder for them to add the extra to get there, and I  
8 don't think they're going to be able to do that, and  
9 with that, I would just --

10 COMMISSIONER STEVENS: I agree.

11 CHAIRMAN ARGENZIANO: -- look to that as not  
12 being appropriate. I don't think it -- Commissioner.

13 COMMISSIONER KLEMENT: I agree with you. I  
14 think -- I don't have any problem with that.

15 CHAIRMAN ARGENZIANO: Commissioner Skop?

16 COMMISSIONER SKOP: Madam Chair, based on the  
17 discussion I've heard from my colleagues, I'd move to  
18 approve the staff recommendation on issue 145, which  
19 would deny the late payment charge increase.

20 COMMISSIONER STEVENS: Second.

21 CHAIRMAN ARGENZIANO: Okay. We have a second.  
22 Any other discussion? All those in favor say aye.

23 (Chorus of ayes.)

24 CHAIRMAN ARGENZIANO: Aye. Opposed, same  
25 sign.

1 (No response.)

2 CHAIRMAN ARGENZIANO: The motion is approved.  
3 148.

4 MR. ROBERTS: Commissioners, issue 148 deals  
5 with FP&L's proposed termination factors that are  
6 applied to the total cost of installed facilities when  
7 customers terminate their premium lighting or  
8 recreational lighting contracts prior to their  
9 expiration. Staff do believe this is appropriate  
10 subject to recalculation based on inputs used to derive  
11 those termination factors decided in the Commission's  
12 earlier decisions.

13 CHAIRMAN ARGENZIANO: Any discussion?

14 We'll give -- in case there's discussion -- I  
15 think there's a sneeze coming. Any discussion?

16 Okay, hearing none, do we have a motion?

17 COMMISSIONER SKOP: Move to approve staff  
18 recommendation on issue 148.

19 COMMISSIONER STEVENS: Second.

20 CHAIRMAN ARGENZIANO: Hearing no discussion,  
21 all those in favor say aye.

22 (Chorus of ayes.)

23 CHAIRMAN ARGENZIANO: Aye. Opposed, same  
24 sign.

25 (No response.)

1                   CHAIRMAN ARGENZIANO: The motion is adopted.  
2 Let's move to 150.

3                   COMMISSIONER SKOP: Have we picked up motions  
4 for 139, 40, 41 and 42?

5                   COMMISSIONER STEVENS: No, and I don't think  
6 we did 37 either.

7                   COMMISSIONER SKOP: I think that's --

8                   COMMISSIONER STEVENS: I'm sorry, 137.

9                   COMMISSIONER SKOP: -- a fallout issue. Yeah.  
10 That's still a fallout issue and staff's working to  
11 calculate --

12                   CHAIRMAN ARGENZIANO: Right. So then let's go  
13 back to 139.

14                   COMMISSIONER SKOP: Madam Chair, if there are  
15 no questions on the issues, I'd move to adopt the staff  
16 recommendation on 139, adopt noting that there would be  
17 a change to revenue per the staff oral modification, and  
18 also approve the staff recommendations on issues 140,  
19 141 and 142.

20                   COMMISSIONER STEVENS: Second.

21                   CHAIRMAN ARGENZIANO: Wait a minute. Hold on  
22 one second. I want to make sure what we're doing there.  
23 Would staff briefly go over that, just -- oh, you know,  
24 we should probably keep antihistamines in this room.

25                   COMMISSIONER KLEMENT: Thank you. I'm seeing

1 my allergist tomorrow.

2 COMMISSIONER EDGAR: Welcome to Tallahassee.

3 COMMISSIONER SKOP: It's not even spring  
4 pollen season yet.

5 CHAIRMAN ARGENZIANO: Just go over 139 for me  
6 very quickly.

7 I'm sorry. I was thinking of something. I'm  
8 looking at it right now. No problem. Do we have a  
9 motion?

10 COMMISSIONER STEVENS: Yes, ma'am.

11 COMMISSIONER SKOP: Yes. I think the change  
12 to issue 139 related to the change in issue 3 and the  
13 follow-on issues, and so there's a modification to the  
14 revenue number per the staff oral modification.

15 CHAIRMAN ARGENZIANO: We went through all  
16 those wonderful numbers before.

17 COMMISSIONER SKOP: I dare not repeat that  
18 large number, so I'll rely on staff's -- per the  
19 staff --

20 CHAIRMAN ARGENZIANO: I was just trying to get  
21 her to do it again. No, was there a second?

22 COMMISSIONER STEVENS: Yes, ma'am.

23 CHAIRMAN ARGENZIANO: Okay. Any discussion?  
24 Hearing none, all those in favor say aye.

25 (Chorus of ayes.)

1                   CHAIRMAN ARGENZIANO: Aye. Opposed, same  
2 sign.

3                   (No response.)

4                   CHAIRMAN ARGENZIANO: The motion is adopted.  
5 Now we are -- that's a fallout issue. We're on -- we  
6 want to go back to 150.

7                   MS. ROBERTS: Okay. Commissioners, 150 deals  
8 with FP&L's proposed present value revenue requirement  
9 multiplier. This is applied to the install cost of  
10 premium lighting facilities as well as recreational  
11 lighting facilities to determine their lump-sum advance  
12 payment. Staff do believe this is appropriate subject  
13 to recalculation based on inputs used that may change  
14 from prior decisions.

15                   CHAIRMAN ARGENZIANO: Commissioners? Hearing  
16 nothing, let's move to 152. Thank you.

17                   MS. DRAPER: Issue 152 deals with FP&L's  
18 proposal to close the re-lamping option on the street  
19 lighting and outdoor lighting tariffs for new street  
20 light installations, and re-lamping is simply, when it's  
21 a customer-owned street light or outdoor light and FP&L  
22 changes the light bulbs. Staff is recommending denial  
23 of the proposal and that FP&L continue to provide the  
24 re-lamping option to those customers.

25                   CHAIRMAN ARGENZIANO: Hearing no discussion,

1           okay, 154.

2                   MS. DRAPER: 154 concerns FP&L's proposed  
3           monthly credit be provided to customers who own their  
4           own transformers, and staff recommends approval of  
5           FP&L's methodology; however, the calculation of the  
6           credit is subject to change based on certain inputs that  
7           you voted on earlier.

8                   CHAIRMAN ARGENZIANO: Is there any questions?  
9           155. Sorry.

10                   MS. DRAPER: Issue 155 concerns FP&L's  
11           proposed monthly fixed-charge carrying rate to be  
12           applied to the installed cost of customer-requested  
13           distribution equipment, and staff is recommending  
14           approval of FP&L's method; however, it's subject to  
15           recalculation based on the Commission's decision in  
16           prior issues.

17                   CHAIRMAN ARGENZIANO: Any discussion? Hearing  
18           none, let's move to 156.

19                   MS. DRAPER: 156 is FP&L's proposed monthly  
20           rental factor to be applied to the in-place value of  
21           customer-rented distribution substations to determine  
22           the monthly rental fee. Again, staff is recommending  
23           approval of FP&L's method; however, it's subject to  
24           recalculation.

25                   CHAIRMAN ARGENZIANO: Any discussion?

1 COMMISSIONER STEVENS: No, ma'am.

2 CHAIRMAN ARGENZIANO: Hearing none, let's go  
3 to 157.

4 MS. DRAPER: Issue 157 concerns FP&L's  
5 proposed termination factors to be applied to the  
6 in-place value of customer-rented distribution  
7 substations, and FP&L's calculation is appropriate;  
8 however, it may have to be recalculated based on your  
9 vote in prior decisions.

10 CHAIRMAN ARGENZIANO: Any discussion? Okay,  
11 165.

12 MS. DRAPER: Commissioner, I will have to --  
13 and it's not on the issue, however -- on your list.  
14 Issue 160, staff would like that you vote on that, too.  
15 It's the demand charges, and we're not recommending  
16 actual demand charges at this point. That is a fallout  
17 issue; however, the staff analysis addresses the  
18 methodology as to how FP&L should design those demand  
19 charges so they would give FP&L guidance as to how to  
20 come back with the actual charges. So we would like  
21 that you do vote on Issue 160 which just lays out how  
22 the calculation should be done. The actual demand  
23 charges will be handled at the next rates agenda.

24 CHAIRMAN ARGENZIANO: Any comments? Okay,  
25 166. I'm sorry, 165.



1 MS. KUMMER: Issue 165 addresses the design of  
2 the high load factor time of use rate. This is a  
3 special rate option for customers who have a 70 percent  
4 load factor or higher. Staff recommends that FP&L's  
5 methodology is appropriate.

6 CHAIRMAN ARGENZIANO: Commissioners?

7 COMMISSIONER STEVENS: Madam Chair.

8 CHAIRMAN ARGENZIANO: Commissioner Stevens.

9 COMMISSIONER STEVENS: Could y'all help me  
10 understand this issue a little bit? Does this mainly  
11 affect businesses?

12 MS. KUMMER: Yes, sir. This is primarily  
13 large industrial and commercial customers who have a  
14 very high load factor. It affords them a lower energy  
15 rate because of their high load factor. It's designed  
16 to have a lower energy rate to recognize their higher  
17 load factor.

18 COMMISSIONER STEVENS: Thank you.

19 CHAIRMAN ARGENZIANO: How does it affect it  
20 exactly?

21 MS. KUMMER: A higher load factor customer, it  
22 results in a lower energy charge is the bottom line.

23 CHAIRMAN ARGENZIANO: Well, that doesn't make  
24 sense to me then. According to the parties, they seem  
25 to be the opposite of the recommendations of staff. If

1 it was a lower charge, wouldn't they be favorable? I  
2 mean, I maybe have it backwards, I'm sorry, but if you  
3 can just explain it.

4 MS. KUMMER: FIPUG seemed to -- they advocated  
5 that the rate be designed to be beneficial for customers  
6 with a high load factor, 70 percent or greater, and that  
7 is in fact according to FP&L's work papers and according  
8 to their testimony is how the rate is designed. FIPUG  
9 did not provide any calculations to show that that was  
10 not the way the rate was designed, so I really didn't  
11 have much to go on to dispute that, and South Florida  
12 Hospital, their issues -- the points they raise are  
13 addressed in other issues in the rate case. They're not  
14 pertinent particularly to this rate design.

15 CHAIRMAN ARGENZIANO: Commissioner Skop.

16 COMMISSIONER SKOP: Thank you, and just if you  
17 could briefly explain I guess for anyone that's  
18 remaining in the audience and also my recollection, but  
19 the difference between demand charge and energy charge,  
20 and I'm having trouble at the hour trying to remember,  
21 but one's driven in large part by residential usage, and  
22 I think -- I'll go on a limb, I think that's demand.  
23 Did I get it right? I guessed right.

24 MS. KUMMER: Customer rates can come in three  
25 different types, I suppose. There's the customer charge

1 which we discussed earlier. The demand charge recovers  
2 essentially the production and the transmission costs.  
3 The energy charges recovers some distribution, but  
4 mostly energy related. It is true that the residential  
5 class typically drives the system peak demand. It is a  
6 very sharp, narrow peak, whereas the higher load factor  
7 customer may not drive demand but they use more energy  
8 because, once they come line, they stay on line.

9 COMMISSIONER SKOP: Thank you. I'm awfully  
10 glad I didn't embarrass myself on that one.

11 CHAIRMAN ARGENZIANO: Any other questions?  
12 Hearing none, 167.

13 MS. LEWIS: Good evening, Commissioners, Kathy  
14 Lewis.

15 CHAIRMAN ARGENZIANO: I'm sorry. I'm going  
16 ahead of myself. We're all in a hurry here tonight.

17 MS. KUMMER: Okay. Issue 166 addresses the  
18 calculation of the commercial industrial load control  
19 rate. Staff recommends that FP&L has calculated  
20 appropriately consistent with the orders approving the  
21 rate schedule.

22 CHAIRMAN ARGENZIANO: Any comments, any  
23 questions? Okay. Now, 167.

24 MS. LEWIS: All right, my turn now.

25 CHAIRMAN ARGENZIANO: I just don't want to go

1 to 166. This is 166.

2 MS. LEWIS: I'm Kathy Lewis, commission staff.  
3 Issue 167 asks whether the commercial industrial demand  
4 reduction rider or CDR credit of \$4.68 is set at the  
5 appropriate level. Staff's recommendation is yes, the  
6 current CDR credit is appropriate at this time, but we  
7 would qualify that by noting that staff will be  
8 conducting an appropriateness review of the CDR credit  
9 within the next 90 days in FP&L's conservation goals  
10 docket when we review the cost effectiveness of FP&L's  
11 conservation programs.

12 CHAIRMAN ARGENZIANO: Any questions? Okay,  
13 168.

14 MS. KUMMER: Commissioners, 168 addresses the  
15 methodology used to calculate time of use rates. Staff  
16 is recommending that FP&L's current methodology is  
17 appropriate, however, staff is also recommending that  
18 FP&L should be directed to study alternatives to the  
19 existing time of use rate and report back to the  
20 Commission on such options by August 1st, 2010, and as I  
21 mentioned in the Progress recommendation, there are no  
22 impediments to them offering a new option rate schedule  
23 at any time.

24 CHAIRMAN ARGENZIANO: Okay. Commissioner  
25 Skop.

1           COMMISSIONER SKOP: Thank you. On this issue,  
2 again, part of my concern is looking at some of the time  
3 of use rate schedules. They are four-tiered. I'm used  
4 to kind of seeing three-tiered. Sometimes four-tiered  
5 is good, but again, in looking at the option and trying  
6 to encourage customers to migrate to time of use rates  
7 when it's appropriate for them to do so, I think that's  
8 a good thing because it sends price signals to the  
9 customer that, if you use off-peak, then you're getting  
10 a better rate. If you want to use critical-peak or  
11 whatever the methodology is called under the rate  
12 structure design, then there's a higher cost of doing  
13 that.

14           Where I'm having some heartache is that, in  
15 some of the tier structures, that fourth-highest tier,  
16 like critical-peak or whatever, some of the numbers I've  
17 seen, like, you know, even 75 cents per kilowatt hour,  
18 and again, I think that's kind of getting somewhat  
19 outside the bounds of reality, but I would just ask  
20 that, in any consideration of rate design, we start  
21 looking at Pacific Gas & Electric and benchmarking on  
22 some of their best practices. I've said this a couple  
23 of times, but I know they have some safeguards there  
24 that, when consumers are migrating, that, you know,  
25 their bill either remains as it was before, at least for

1 a period of time, the lesser of their previous bill or  
2 average bill or what's under the new rate structure so  
3 they don't get burned as they learn to adjust to time of  
4 use pricing.

5 MS. KUMMER: Yes, sir, Commissioner. Those  
6 would certainly all be things that we would be looking  
7 at when we considered any new optional rates.

8 COMMISSIONER SKOP: All right. Thank you.

9 CHAIRMAN ARGENZIANO: Any questions? Okay,  
10 170?

11 MS. DRAPER: Issue 170 arose from testimony at  
12 a customer service hearing and concerns whether FP&L  
13 should look at a prepayment option in lieu of monthly  
14 bills. FP&L has agreed to evaluate such an option, and  
15 staff recommends that FP&L should file with the  
16 Commission its study no later than March 1, 2010. Staff  
17 envisions that any prepayment option would be codified  
18 as a tariff and would be handled as a tariff filing at a  
19 subsequent agenda.

20 CHAIRMAN ARGENZIANO: Any discussion? Okay.  
21 172.

22 MS. DRAPER: Issue 172 is the effective date  
23 of any revised rates and charges, and it would be 30  
24 days following the Commission vote approving the rates  
25 and charges which would be 30 days after the next

1 January 29th, 2010 agenda.

2 CHAIRMAN ARGENZIANO: Any discussion? Okay.  
3 173.

4 MR. PRESTWOOD: Issue 173 deals with nuclear  
5 updates. FP&L had asked that any costs that they had  
6 anticipated be recovered in the nuclear cost recovery  
7 clause that didn't get covered in that clause to be  
8 recovered in base rates in this case. Everything was  
9 covered that they anticipated, and so it's really not an  
10 issue. No adjustments are necessary.

11 CHAIRMAN ARGENZIANO: Any discussion? Hearing  
12 none, going to 173-A.

13 MS. DRAPER: 173-A addresses whether FP&L  
14 should evaluate the merits of an LED street lighting  
15 alternative. FP&L testified that FP&L has installed LED  
16 lights in its parking lot in March of last year. It  
17 needs to study the performance of LED lights for one  
18 year. Thus, staff recommends that FP&L provide the  
19 results of the study no later than March 1st, 2010.

20 CHAIRMAN ARGENZIANO: Commissioner Skop.

21 COMMISSIONER SKOP: Thank you, and I think  
22 that we can't go on to next one yet because we have some  
23 more to do, but if there are no questions, I'd move to  
24 approve the staff recommendations for Issues 150, 152,  
25 154, 155, 156, 157, 160, 165, 166, 167, 168, 170, 172,

1 173 and 173-A.

2 CHAIRMAN ARGENZIANO: Okay. And before we do  
3 that, was there any discussion on 173-A? I didn't think  
4 there would be, but I just wanted to ask.

5 COMMISSIONER EDGAR: I'm a little confused on  
6 160.

7 CHAIRMAN ARGENZIANO: Commissioner Edgar --  
8 Commissioner Skop.

9 COMMISSIONER SKOP: Staff -- it's not on  
10 this -- staff mentioned it's not on this list, and they  
11 kind of stuck it in and requested formal approval, so  
12 they just kind of incorporated on the fly what they  
13 asked us to do.

14 MS. KUMMER: That was simply an oversight on  
15 our part, Commissioners, and we apologize for that.

16 COMMISSIONER STEVENS: Second.

17 CHAIRMAN ARGENZIANO: Any discussion? All  
18 those in favor say aye.

19 (Chorus of ayes.)

20 CHAIRMAN ARGENZIANO: Aye. Opposed, same  
21 sign.

22 (No response.)

23 CHAIRMAN ARGENZIANO: Show the motion adopted.  
24 Okay. Now, are we going back to -- are we  
25 ready?



1 MR. DEVLIN: Madam Chairman, staff has done  
2 the calculations and it has presented it. I would like  
3 to have an opportunity to spend ten minutes with it, 15  
4 minutes, go over the numbers with staff and come back  
5 maybe in about 15 minutes.

6 CHAIRMAN ARGENZIANO: Absolutely, and, Mary  
7 Anne, did you want to give us an update on the  
8 confidential documents?

9 MS. HELTON: If this is a appropriate time,  
10 I'd like to maybe address not just the confidential  
11 document that was distributed and y'all reviewed while  
12 deliberating today, but also the other handouts.

13 CHAIRMAN ARGENZIANO: Mary Anne, I'm sorry, I  
14 didn't mean to cut you off. Mr. Devlin, did you say 15,  
15 20 minutes?

16 MR. DEVLIN: Yes, ma'am.

17 CHAIRMAN ARGENZIANO: Okay. So it's :10  
18 after, how about at the half hour? Would that be  
19 enough?

20 MR. DEVLIN: Yes, ma'am.

21 CHAIRMAN ARGENZIANO: 7:30. Okay. And if  
22 you're back before, we'll start up. Sorry.  
23 Commissioner Skop.

24 COMMISSIONER SKOP: And, yes, Madam Chair, and  
25 also, too, if legal could take a look at the remaining

1 issues that we need to consider just so I don't miss  
2 any, or we don't miss any, so that we know what other  
3 issues we need to vote on. Thank you.

4 CHAIRMAN ARGENZIANO: And, Ms. Helton --

5 COMMISSIONER STEVENS: Because I have several  
6 we didn't mark through, okay.

7 MS. HELTON: Madam Chairman, as I was sitting  
8 here today, I was thinking, in order to make sure that  
9 we have a clear record and are transparent to the folks  
10 that have been sitting here in the room with us today  
11 and also to those who might be watching, that we append  
12 to the transcript the documents that were distributed  
13 and that you've reviewed in your deliberations, and I  
14 think, to make that clear and so that we do have total  
15 transparency, my suggestion is that we go through and  
16 mark those now and that I would then give them to the  
17 court reporter so that they can be made part of today's  
18 record. So if that's your pleasure to do right now or  
19 if you want to wait until everyone else gets back --

20 CHAIRMAN ARGENZIANO: We want to do it right  
21 now.

22 MS. HELTON: Okay. The first handout that I  
23 think should be marked, if you look at -- it's a  
24 seven-page document, and in the top right-hand corner it  
25 says "Staff Handout 1," and it's the list of issues that

1 staff compiled that we've been working through today  
2 where we've listed the issue number, the page number,  
3 what was the topic of the issue. So that should be, I  
4 believe, identified as Special Agenda Exhibit A.

5 (Exhibit A marked for identification.)

6 MS. HELTON: There is a document that Pat Lee  
7 of our staff put together that is -- the heading of it  
8 is Worksheet for Transmission Distribution and General  
9 Accounts. That's a four-page document. I believe that  
10 should be marked as Exhibit B.

11 (Exhibit B marked for identification.)

12 MS. HELTON: There is another exhibit that Pat  
13 Lee put together that is a one-page exhibit that on the  
14 top left-hand corner it says, "FP&L Issue 19-C," in  
15 parentheses, "(Depreciation Parameters for Production  
16 plant)." That should be identifies as Exhibit C.

17 (Exhibit C marked for identification.)

18 MS. HELTON: There is what I believe some of  
19 you have referred to as the monster document or monster  
20 worksheet. On the top left-hand corner it says, "PSC  
21 Working File." It has 13 pages. It's a remaining life  
22 worksheet that was put together by Pat Lee. That should  
23 be marked as Exhibit D.

24 (Exhibit D marked for identification.)

25 MS. HELTON: There was a one-page spreadsheet

1 put together by Jon Slemkewicz that in the top left-hand  
2 corner says, "2010 Florida Power & Light Company," and  
3 the docket number here. And it's -- looks at the annual  
4 theoretical depreciation reserve surplus amortization  
5 for four years and six years. That should be marked as  
6 Exhibit No. E.

7 (Exhibit E marked for identification.)

8 MS. HELTON: There was a one-page I guess  
9 spreadsheet, for lack of a better word, that was put  
10 together by Michael Springer. On the top line it says,  
11 "FP&L ROE Scenarios," and it looks at FP&L's ROE  
12 potential from 13.9 to 7.60. That should be marked as  
13 Exhibit No. F.

14 (Exhibit F marked for identification.)

15 MS. HELTON: There was a large document that I  
16 believe Commissioner Skop put together, reduction to  
17 revenue -- and it has three different schedules on it.  
18 The first one is the reduction to revenue requirement  
19 for different ROE values in millions. That should be  
20 marked as Exhibit No. G.

21 (Exhibit G marked for identification.)

22 MS. HELTON: There was also a confidential  
23 document that you reviewed that Commissioner Skop put  
24 together that has been since collected back that will be  
25 provided to the court reporter and will be appended as a

1 redacted document that should be marked as Exhibit No.  
2 H.

3 (Exhibit H marked for identification.)

4 MS. HELTON: And if I can could just point out  
5 that it's my understanding that each of these  
6 worksheets, spreadsheets, whatever you want to call  
7 them, that have been compiled by commission staff or by  
8 a commissioner all have compiled information that is  
9 already part of the record. So this information that  
10 you have looked at today is part of the record. It was  
11 just put together in a format that would make it easier  
12 for you to work with while you were making your  
13 deliberations and they're -- I believe that  
14 Mr. Slemkewicz and Ms. Banks have put together another  
15 document that will be distributed after Mr. Devlin and  
16 Mr. Willis have looked at it, and we'll need to mark  
17 that one also at the end of the day.

18 CHAIRMAN ARGENZIANO: Thank you. And why  
19 don't we all recess until the half hour.

20 (Recess.)

21 CHAIRMAN ARGENZIANO: Okay. We are getting  
22 ready to begin. Commissioner Skop, we will hang on a  
23 minute for him to get here. Staff, are you all ready?

24 MS. HELTON: Madam Chairman, maybe we could go  
25 ahead and mark as -- Exhibit I I believe is where we

1 are -- the handout that Ms. Banks is passing out that  
2 shows the revised revenue requirements based on your  
3 vote today.

4 (Exhibit I marked for identification.)

5 CHAIRMAN ARGENZIANO: Great.

6 I will give Commissioner Skop another two  
7 minutes to get here and then we'll just begin. Okay.  
8 Sorry.

9 (Pause in place.)

10 CHAIRMAN ARGENZIANO: Why don't we just start.  
11 If the members have questions, let's just go ahead and  
12 do that, and if he has questions when he comes, we'll  
13 have to wait. Commissioner Edgar.

14 COMMISSIONER EDGAR: Oh, I understand that we  
15 are focusing -- or let me say I am focusing primarily on  
16 the last sheet that the staff handed out, and just to  
17 make sure I'm reading it correctly, it basically shows  
18 that the increase that had been -- revenue increase that  
19 had been requested was 1.04 billion and change, and  
20 that, with the result of all of the decisions that have  
21 been made so far today and the staff's adjustments of  
22 all related issues in keeping with that, that that  
23 brings us to 75 million and change.

24 MR. SLEMKEWICZ: That's correct, and that  
25 incorporates the changes from basically issue 3, 19-F,

1 80, 100, 103 and 120, and that overall rate of return of  
2 6.65 is based on the ten percent ROE that was voted on,  
3 and basically it falls out to that \$75,470,948 rate  
4 increase.

5 CHAIRMAN ARGENZIANO: Commissioner Stevens.

6 COMMISSIONER STEVENS: I have a few items that  
7 we haven't voted on, and I think mainly the reason we  
8 haven't voted on them is because we were waiting to see  
9 the impact. What is the Chair's feelings on how to go  
10 through this?

11 CHAIRMAN ARGENZIANO: Well --

12 COMMISSIONER STEVENS: I didn't want to --

13 CHAIRMAN ARGENZIANO: Well, we have to --  
14 well, to do exactly that, tell us where we're at, and  
15 then we're going to have to go back on the items that  
16 are still waiting for a vote. So -- and my sheet looks  
17 like such a mess right now --

18 COMMISSIONER STEVENS: I'm showing 128 is the  
19 first one.

20 CHAIRMAN ARGENZIANO: 128, right, that was a  
21 hold, and that's probably what --

22 COMMISSIONER STEVENS: And page 399.

23 CHAIRMAN ARGENZIANO: And let me do this:  
24 Commissioner Skop, did you have any questions to the  
25 staff on the sheet that was handed out? Do you have

1 your sheet?

2 COMMISSIONER SKOP: Let me look at it for one  
3 second, one quick gander.

4 CHAIRMAN ARGENZIANO: Take a look at that  
5 and --

6 COMMISSIONER EDGAR: While he's doing that,  
7 Madam Chair, if we could, for my benefit, because my  
8 kind of issue sheet is not as marked up as yours, but  
9 it's pretty marked up. We've talked about 128 I believe  
10 that we still have left to vote on.

11 MR. WILLIS: Would you like me to go down the  
12 list of issues?

13 COMMISSIONER EDGAR: Yes, please.

14 CHAIRMAN ARGENZIANO: That would be great.

15 MR. WILLIS: Okay. I have -- starting out  
16 with 128, O&M expense, next would be 131, 132, 134, 135,  
17 137 operating revenue increase, and then we have the  
18 close the docket issue, 177, that's what I have.

19 CHAIRMAN ARGENZIANO: Okay. Very good. Okay.  
20 Commissioner Skop, any questions as to the --

21 COMMISSIONER SKOP: No, Madam Chair. If I  
22 understand the handout on Schedule 5-A, the Line Item  
23 No. 7 shows the staff-adjusted operating revenue  
24 requirement; is that correct?

25 MS. WILLIAMS: That's correct.



1 CHAIRMAN ARGENZIANO: Okay. Let's go to 128.

2 MR. SLEMKEWICZ: Okay. Issue 128, based on  
3 all the adjustments that have been made, the O&M expense  
4 number instead -- is now \$1,475,020,037. And that's on  
5 Schedule 3, to make it easier to look at. Schedule 3,  
6 and it's in the third numbered column, "O&M Other."  
7 It's the very bottom line.

8 COMMISSIONER KLEMENT: Where is that, please?

9 MR. SLEMKEWICZ: It's on Schedule 3-A, and  
10 it's in the third column of numbers. It's the very  
11 bottom number, the 1,475,000,000.

12 COMMISSIONER KLEMENT: Right.

13 CHAIRMAN ARGENZIANO: Okay.

14 COMMISSIONER SKOP: Do we want to do these  
15 individually, Madam Chair? It would be probably easier  
16 with these big numbers.

17 CHAIRMAN ARGENZIANO: Probably so.

18 COMMISSIONER SKOP: Madam Chair, if there's no  
19 further questions on Issue 128, I'd move to adopt the  
20 staff recommendation as amended by the oral modification  
21 by staff to show the revised O&M number.

22 CHAIRMAN ARGENZIANO: Any discussion?

23 COMMISSIONER SKOP: On Schedule 3-A.

24 CHAIRMAN ARGENZIANO: On Schedule 3-A. Any  
25 discussion, comments? Hearing none --

1 COMMISSIONER STEVENS: Second.

2 CHAIRMAN ARGENZIANO: A second would be good,  
3 yes.

4 Hearing no discussion, all in favor say aye.

5 (Chorus of ayes.)

6 CHAIRMAN ARGENZIANO: Aye. Same sign opposed.

7 (No response.)

8 CHAIRMAN ARGENZIANO: The motion is adopted,  
9 and now we are on 131.

10 MR. SLEMKEWICZ: Okay. If you refer to  
11 Schedule 3-A again, it would be in the very next column,  
12 and that number would be \$753,236,559, and, again,  
13 that's at the very bottom. That's the total of that  
14 column.

15 COMMISSIONER SKOP: Madam Chair --

16 CHAIRMAN ARGENZIANO: Commissioner Skop.

17 COMMISSIONER SKOP: -- move to -- thank you.

18 Move to adopt the staff recommendation as to Issue 131

19 as amended by staff's oral modification to show the

20 revised number on Schedule 3-A in the amount of

21 \$753,236,559.

22 COMMISSIONER STEVENS: Second.

23 CHAIRMAN ARGENZIANO: Any discussion,  
24 Commissioners? Hearing none, all those in favor signify  
25 aye.

1 (Chorus of ayes.)

2 CHAIRMAN ARGENZIANO: Aye. Opposed, same  
3 sign.

4 (No response.)

5 CHAIRMAN ARGENZIANO: Show the motion adopted.  
6 And now we are on 132.

7 MR. SLEMKEWICZ: Okay. I'm trying to relate  
8 how the issue is worded to what I think it should be --  
9 okay. The issue is, should an adjustment be made and  
10 the total adjustment that has been made to taxes other  
11 than income taxes. Again, that's in the very next  
12 column labeled "Taxes Other Than Income." The total  
13 adjustments that staff made were a negative \$5,407,870,  
14 which yields a total for taxes other than income of  
15 \$344,962,130.

16 COMMISSIONER SKOP: Madam Chair, if there are  
17 no further questions on Issue 132, I'd move to adopt the  
18 staff recommendation on Issue 132 as amended by staff  
19 via oral modification to revise the reduction number to  
20 \$5,407,870 with a revised total of 344 million -- a  
21 revised total of 344,962,130.

22 COMMISSIONER STEVENS: Second.

23 COMMISSIONER SKOP: On Schedule 3-A.

24 CHAIRMAN ARGENZIANO: On Schedule 3-A. Any  
25 discussion, questions?

1                   Hearing none, all those in favor say aye.

2                   (Chorus of ayes.)

3                   CHAIRMAN ARGENZIANO: Aye. Opposed, same  
4 sign.

5                   (No response.)

6                   CHAIRMAN ARGENZIANO: Show the motion adopted.  
7 Now 134.

8                   MR. SLEMKEWICZ: 134 is the total income  
9 taxes, and that's in the very next column, and the total  
10 amount of income taxes would be \$466,545,072.

11                   CHAIRMAN ARGENZIANO: Any questions? Do I  
12 have a motion?

13                   COMMISSIONER SKOP: Madam Chair, I'd move to  
14 approve staff recommendation as amended by the staff's  
15 oral modification to reflect the total shown on Schedule  
16 3-A in the amount of \$466,545,072.

17                   COMMISSIONER STEVENS: Second.

18                   CHAIRMAN ARGENZIANO: All those in favor say  
19 aye.

20                   (Chorus of ayes.)

21                   CHAIRMAN ARGENZIANO: Aye. Same sign,  
22 opposed.

23                   (No response.)

24                   CHAIRMAN ARGENZIANO: Hearing none, it's  
25 adopted. Let's go to 135.

1 MR. SLEMKEWICZ: 135 is the amount of net  
2 operating income which is the very last column, and that  
3 number is now \$1,070,179,348.

4 CHAIRMAN ARGENZIANO: Any discussion,  
5 questions? Do we have a motion?

6 COMMISSIONER SKOP: Yes, Madam Chair. Move to  
7 approve staff recommendation on Issue 135 as amended by  
8 the revised numbers shown in the net operating income  
9 column on Schedule 3-A.

10 CHAIRMAN ARGENZIANO: Do we have a second?

11 COMMISSIONER STEVENS: Second.

12 CHAIRMAN ARGENZIANO: All those in favor say  
13 aye.

14 (Chorus of ayes.)

15 CHAIRMAN ARGENZIANO: Aye. Opposed, same  
16 sign.

17 (No response.)

18 CHAIRMAN ARGENZIANO: The motion is adopted.  
19 Now 137.

20 MR. SLEMKEWICZ: 137 is the last issue, and  
21 that's on, you know, Schedule 5-A, and staff recommends  
22 that the appropriate annual operating revenue increase  
23 is \$75,470,948.

24 CHAIRMAN ARGENZIANO: Any questions?

25 COMMISSIONER SKOP: No, ma'am.

1                   CHAIRMAN ARGENZIANO: Do I have a motion?

2                   COMMISSIONER SKOP: Yes, Madam Chair. Move to  
3 approve the staff recommendation as to issue 137 per the  
4 oral modification to the net revenue increase shown on  
5 Schedule 5-A.

6                   CHAIRMAN ARGENZIANO: And can I do this before  
7 we do that, at some point because we still have people  
8 watching and maybe -- and for my own self, can staff  
9 just summarize what this means to the ratepayer and to  
10 the company, very quickly, the rate increase, can we go  
11 through just a quick synopsis of what this all means;  
12 very quick? But just to clarify, what does this mean,  
13 the bottom line?

14                   MR. SLEMKEWICZ: The bottom line, I don't  
15 know, but Ms. Draper can address that.

16                   MS. DRAPER: The bottom line, and just  
17 understand it's quick and dirty, but approximately 75  
18 cents on a 1,000 kilowatt hour bill, but again, FP&L is  
19 going to file a compliance cost of service study and run  
20 all the numbers and come back with exact rates, so very  
21 approximate, but don't hold me to it.

22                   CHAIRMAN ARGENZIANO: And you said 75 cents  
23 per --

24                   MS. DRAPER: 1,000 kilowatt hour residential  
25 bill.

1                   CHAIRMAN ARGENZIANO: Okay. Commissioner  
2 Skop.

3                   COMMISSIONER SKOP: Thank you, Madam Chair,  
4 and just a quick followup question on that. Would that  
5 be annually or -- I know you said per 1,000 kilowatts  
6 but I'm having some trouble breaking that number down  
7 based on the total number of customers. I think that 75  
8 cents seems really high for 1,000 kilowatts on base  
9 rates.

10                  MS. DRAPER: I apologize. That's annually. I  
11 think we have to divide that by 12 to get their monthly.

12                  COMMISSIONER SKOP: So let me take a stab at  
13 what this means, and I'll get staff maybe to nod their  
14 head. Total bills for FP&L customers will be going down  
15 probably substantially due to the fuel charge, and the  
16 base rate component of the bill will go up by pennies,  
17 if at all. So I think that the net result is the bills  
18 will go down for FP&L customers as a result of this  
19 decision. Is that correct?

20                  MS. DRAPER: Yes. The fuel decrease took  
21 effect January already, and that was about a 15-dollar  
22 decrease, so now we see that 75 cents divided by 12  
23 increase.

24                  COMMISSIONER SKOP: Commissioner Klement says  
25 five cents a month.

1 CHAIRMAN ARGENZIANO: I'm going to call you  
2 the calculator for the Commission. Thank you. We  
3 appreciate that. Okay. Given that, do we have a second  
4 on --

5 COMMISSIONER STEVENS: Second.

6 CHAIRMAN ARGENZIANO: Do we have a motion?

7 COMMISSIONER SKOP: I think I made the motion.

8 CHAIRMAN ARGENZIANO: Okay. And we have a  
9 second. Any questions? Okay.

10 All in favor say aye.

11 (Chorus of ayes.)

12 CHAIRMAN ARGENZIANO: All opposed, same sign.

13 (No response.)

14 CHAIRMAN ARGENZIANO: I said aye, not for  
15 opposed. Show the motion approved.

16 And one last issue is 177 and it's to close  
17 the docket. Staff.

18 MS. BENNETT: We do have an oral modification  
19 on this issue. It should be should these dockets be  
20 closed, referring to both 080677 and 090130. Oh, we  
21 don't close the docket. We come back to that when --

22 CHAIRMAN ARGENZIANO: When will we be coming  
23 back?

24 COMMISSIONER STEVENS: On January 29th, right?

25 MS. BENNETT: On January 29th, correct.



1 CHAIRMAN ARGENZIANO: Okay.

2 COMMISSIONER STEVENS: So we don't close the  
3 docket?

4 CHAIRMAN ARGENZIANO: Right.

5 COMMISSIONER STEVENS: Madam Chair, before we  
6 adjourn --

7 CHAIRMAN ARGENZIANO: Well, we didn't -- we  
8 made a motion, but we -- did we move not to close the  
9 docket?

10 COMMISSIONER EDGAR: Because we have to vote  
11 on it.

12 CHAIRMAN ARGENZIANO: Yeah, but do we vote on  
13 it? That's what I mean.

14 COMMISSIONER SKOP: No.

15 CHAIRMAN ARGENZIANO: That's what I mean. So  
16 did you want to say something before we do --

17 COMMISSIONER STEVENS: Well, before we adjourn  
18 for the evening or decide not to close the docket, I  
19 want to thank staff for their patience and hard work,  
20 patience with me and their hard work putting all this  
21 together. If they had not done this, it would have been  
22 a lot longer night. Thank you very much. It was an  
23 outstanding job and I appreciate all the hard work y'all  
24 put into this. Thank you.

25 CHAIRMAN ARGENZIANO: Thank you. Let's do

1 this: We have a motion, I think we have a motion.  
2 Okay. We didn't make a motion not to close the docket.  
3 Okay. I thought we did. Okay. Comments then?

4 Very good. Go ahead, Commissioner Skop.

5 COMMISSIONER SKOP: Thank you, Madam Chair,  
6 and again I think that the Commission's worked hard to  
7 decide this case on the merits in a fair and impartial  
8 manner, we've been very deliberate in the decisions  
9 we've made here today. I think the reality is that  
10 FP&L's going to have to make do in these difficult  
11 economic times. The return on equity that the  
12 Commission awarded I think is fair to the company. It  
13 helps preserve its financial integrity, but it's also  
14 fair to FP&L's customers who won't be asked to pay more  
15 than they should, and just in closing, that, you know,  
16 I'd note that FP&L today is a strong company and I have  
17 no doubt they'll be a strong company tomorrow. They  
18 have an ambitious capital program that will invest in  
19 Florida's future, and any suggestion that that should  
20 not be achievable would be a complete falsehood. So,  
21 again, I think that we have adequate cost recovery  
22 mechanisms in place to provide for recovery of assets  
23 once they're placed in service for the public, and,  
24 again, I think that in different times, as those  
25 projects come on line, certainly the Commission's here

1 to incorporate reasonably and prudently necessary costs  
2 into the rate base. Thank you.

3 CHAIRMAN ARGENZIANO: Just thank you, staff,  
4 for everything. Everybody who's sat here throughout the  
5 day and through this whole proceeding, and just the  
6 final words that I have is that I think that y'all did a  
7 yeoman's job, we all did, and the difference of opinions  
8 and everything else, I think they were based on the  
9 facts before us, and I appreciate that very much. And  
10 with that said, if nobody has anything else to say, we  
11 are adjourned. Let's go home.

12 (Recessed at 7:56 p.m.)  
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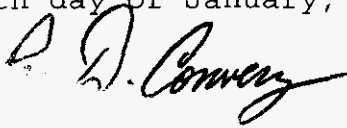
STATE OF FLORIDA        )  
                                  :        CERTIFICATE OF REPORTER  
COUNTY OF LEON         )

I, RAY D. CONVERY, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 15th day of January, 2010.



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RAY D. CONVERY  
Court Reporter  
(850) 224-0728