

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates
by Florida Power & Light Company.

Docket No. 120015-EI
Filed: July 2, 2012

DIRECT TESTIMONY

OF

JACOB POUS

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

04423 JUL -2 2012
FPSC-COMMUNICATIONS DIVISION

FLORIDA POWER & LIGHT COMPANY

DOCKET NO. 120015-EI

**Direct Testimony and Exhibits
of**

JACOB POUS

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1 **DIRECT TESTIMONY**

2 **OF**

3 **Jacob Pous**

4 On Behalf of the Office of Public Counsel

5 Before the

6 Florida Public Service Commission

7 Docket No. 120015-EI

8
9 **SECTION I: STATEMENT OF QUALIFICATIONS**

10 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

11 A. My name is Jacob Pous. My business address is 1912 W Anderson Lane, Suite 202,
12 Austin, Texas 78757.

13
14 **Q. WHAT IS YOUR OCCUPATION?**

15 A. I am a principal in the firm of Diversified Utility Consultants, Inc. ("DUCI"). A
16 description of my qualifications appears as Exhibit No. __ (JP-Appendix A).

17
18 **Q. PLEASE DESCRIBE DIVERSIFIED UTILITY CONSULTANTS, INC.**

19 A. DUCI is a consulting firm located in Austin, Texas. DUCI has an international client
20 base. DUCI provides engineering, accounting, and financial services to clients. DUCI
21 provides utility consulting services to municipal governments with utility systems, to
22 end-users of utility services and to regulatory bodies such as state public service
23 commissions. DUCI provides complete rate case analyses, expert testimony, negotiation

1 services and litigation support in electric, gas, telephone, water, and sewer utility
2 matters.

3
4 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN PUBLIC UTILITY**
5 **PROCEEDINGS?**

6 A. Yes. Exhibit No. ___(JP-Appendix A) also includes a list of proceedings in which I have
7 previously presented testimony. In addition, I have been involved in numerous utility
8 rate proceedings that resulted in settlements before testimony was filed. In total, I have
9 participated in well over 400 utility rate proceedings in the United States and Canada. I
10 have testified on behalf of the staff of five different United States regulatory
11 commissions, and one Canadian regulatory body on subjects relating to appropriate
12 depreciation rates.

13
14 **Q. WHAT IS YOUR PROFESSIONAL BACKGROUND?**

15 A. I am a registered professional engineer. I am registered to practice as a Professional
16 Engineer in numerous states.

17
18 **Q. ON WHOSE BEHALF ARE YOU PROVIDING THIS TESTIMONY?**

19 A. Florida's Office of Public Counsel ("OPC") engaged me to address the subject of the
20 amortization of excess depreciation reserve that is treated in Florida Power & Light
21 Company's ("FPL" or "the Company") filing before Florida Public Service Commission
22 (the "Commission" or "FSPC") in this proceeding.

1 **SECTION II: OVERVIEW**

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A. The purpose of my testimony is to address the surplus depreciation amortization issue.
4 Specifically, FPL describes the decision of the Commission in Docket No. 080677-EI to
5 require FPL to return \$895 million of depreciation reserve surplus to customers over
6 four years as a \$104 million “driver” of its current request. Elsewhere in testimony, FPL
7 states that the decision to require FPL to amortize a portion of its depreciation reserve
8 surplus over four years was a “temporary” means of postponing an increase in base
9 rates. (See Mr. Barrett’s Direct Testimony at page 26). In my testimony, I will show
10 that both of these statements, which appear designed to criticize, albeit indirectly, the
11 policy decision made in Docket No. 080677-EI, are misplaced. In addition, I will
12 address how FPL’s claimed \$191 million amortization of excess depreciation reserve, or
13 other level proposed by other parties and ultimately adopted, for the 2013 test year
14 should be treated after the 2013 test year.

15
16 **SECTION III: TREATMENT OF AMORTIZATION OF SURPLUS**
17 **DEPRECIATION - PRIOR RATE CASE**

18 **Q. YOU SAID FPL’S STATEMENTS APPEAR TO BE CRITICAL OF A POLICY**
19 **DECISION THE COMMISSION MADE IN DOCKET NO. 080677-EI. PLEASE**
20 **BRIEFLY EXPLAIN THE MATTERS THE COMMISSION ADDRESSED AND**
21 **THE RATIONALE FOR ITS DECISION.**

22 A. A utility recovers costs of items or services that it “consumes” within one year by
23 ”expensing” the entire cost within that year. A utility accounts for capital investments in
24 plant differently. The objective relating to plant is to “depreciate,” or recover the total
25 cost of the plant item, during the full period during which it is in service, such that

1 customers who receive service from the plant pay their fair share of the cost of the plant
2 that serves them. This process of fair recovery over the useful life is called the
3 “matching principle.” The utility therefore recovers a portion of the cost of plant each
4 year. The Commission approves depreciation rates that are designed to result in the
5 appropriate amount of depreciation expense or capital recovery annually. Because the
6 service lives of plant items and their corresponding net salvage values are estimates, and
7 those estimates change over time, periodically the Commission requires utilities to
8 perform “depreciation studies” to ascertain: (1) whether the utility is “on course” to
9 recover the investment in plant ratably over the related service lives, and (2) if there is a
10 discrepancy (i.e., the utility is either ahead of schedule or behind schedule), the
11 adjustments necessary to rectify the imbalance. A severe imbalance between the amount
12 of depreciation that the utility has collected and the amount it *should* have collected at a
13 given point in time means that current and historical customers paid either too much or
14 too little of the overall cost of plant. This imbalance is frequently called an
15 “intergenerational inequity.” The corrective measure is to fashion depreciation rates that
16 have the effect of a mid-course correction. Typically, the correction takes place over the
17 currently estimated remaining lives of the plant items. However, in Docket No. 080677-
18 EI, which was consolidated with the concurrent docket involving FPL’s last depreciation
19 study and request for then current estimated service lives and depreciation rates, the
20 Commission determined the remaining life approach was inadequate to address FPL’s
21 specific circumstances.

22
23 **Q. WHAT WERE THOSE CIRCUMSTANCES?**

24 A. Very simply, the depreciation reserve imbalance created by FPL’s prior over collection
25 of depreciation expense was so extreme—meaning that current customers had paid such

1 an inordinately high portion of the costs of plant during the early part of the plant's
2 service lives—that to have flowed the excess amount it had collected back to customers
3 over the next 18-20 years (FPL's estimated remaining life for plant) would have not
4 adequately addressed the severity of the inequity that FPL's situation presented. Indeed,
5 this severe imbalance existed, even after FPL had voluntarily sought and received
6 permission to credit (reduce) depreciation expense by a billion dollars so as to reduce the
7 excess level of depreciation reserve in the periods prior to the filing that initiated Docket
8 No. 080677-EI.

9
10 **Q. DID YOU TESTIFY REGARDING THE EXCESS DEPRECIATION RESERVE**
11 **ISSUE IN FPL'S LAST RATE PROCEEDING?**

12 A. Yes. I submitted testimony regarding the excess level of depreciation reserve in FPL's
13 last rate case. In that testimony I noted that not only did FPL admit to a material excess
14 depreciation reserve, but I also identified that the level of excess reserve was much
15 greater than indicated by FPL.

16
17 **Q. WHAT ACTION DID THE COMMISSION TAKE IN DOCKET NO. 080677-EI?**

18 A. Based in part on my testimony, the Commission determined that it was appropriate to:
19 (1) recognize that a \$1.2 billion excess depreciation reserve did exist, (2) that \$314
20 million of that amount should be used to immediately offset capital recovery schedules
21 that FPL had requested, and (3) that the remaining \$895 million of the \$1.2 billion
22 should be amortized over a four-year period. (See Order No. PSC-10-0153-FOF-EI,
23 pages 22 and 82). The amortization pattern of the \$895 million surplus reserve from
24 2010 through 2012 was later identified in the 2010 Rate Settlement associated with
25 FPL's last rate case. That settlement provided FPL flexibility in the timing of the

1 amortization during the 2010 through 2012 timeframe. (See Mr. Barrett's Direct
2 Testimony at page 25).

3
4 **Q. WHAT HAPPENS AS FPL IMPLEMENTS THE COMMISSION'S POLICY**
5 **DECISION IN DOCKET NO. 080677-EI?**

6 A. To explain this, I must begin with what usually happens when the utility records
7 depreciation expense. At the same time the utility records depreciation expense on its
8 books, it also records a corresponding amount in an account called the "depreciation
9 reserve," or the "accumulated provision for depreciation," which normally increases
10 over time as additional depreciation expense is recorded. The gross amount recorded for
11 the investment in plant remains constant on the books, but (for purposes of quantifying
12 the rate base used in the ratemaking formula) is offset by the depreciation reserve, which
13 represents the amount of capital recovery that has accumulated (and therefore the
14 portion of plant costs that have been recovered from customers) over time. When the
15 Commission requires a utility to amortize depreciation reserve surplus, this process is
16 reversed. The amount of the annual amortization of the surplus has the effect of
17 offsetting (reducing) the depreciation expense for that period, and the corresponding
18 reversing entry to the depreciation reserve has the effect of reducing the size of the
19 depreciation reserve. Since the depreciation reserve represents the amount by which the
20 gross investment in plant is reduced for rate base and ratemaking purposes, reducing the
21 reserve has the effect of increasing rate base (i.e., gross plant less depreciation reserve
22 equals net plant).

23
24 **Q. DOES THIS REVERSAL MEAN RATE BASE WILL BE HIGHER IN THE**
25 **FUTURE THAN WOULD HAVE BEEN THE CASE IF THE COMMISSION**

1 **HAD SPREAD THE CORRECTION OVER THE FULL REMAINING LIVES**
2 **INSTEAD OF FOUR YEARS?**

3 A. Yes, but not higher than rate base would have been had FPL been recovering the cost of
4 its plant over time at the appropriate rate in the first place. The current aspect of the
5 amortization correction simply reflects the fact that rate base had previously been
6 reduced on an accelerated basis, and that a continuation of “business as usual”
7 (correction over the full remaining life) would have overstated then current (2010) rates
8 and understated the cost responsibility of future customers whom the plant will continue
9 to serve. In other words, the accelerated action in the last rate case was necessary to
10 meaningfully address the prior violation of the “matching principle” and to bring rate
11 base more in line to where it should have been.

12
13 **Q. EARLIER, YOU SAID FPL PRESENTED A SEVERE OVERCOLLECTION**
14 **SITUATION DESPITE THE FACT IT HAD SOUGHT AND RECEIVED**
15 **PERMISSION TO REDUCE THE EXCESS DEPRECIATION RESERVE IN**
16 **PERIODS PRIOR TO DOCKET NO. 080677-EI. PLEASE ELABORATE.**

17 A. In the final order that it issued in Docket No. 080677-EI, the Commission recognized
18 that about \$300 million of FPL’s then current base rate case request was due to the \$125
19 million annual depreciation reserve credit due to the prior excess depreciation reserve
20 that was recorded in accordance with the 2005 FPL rate case settlement order. (See
21 Order No. PSC-10-0153-FOF-EI at page 83, footnote 28). In other words, by the end of
22 the 1990s, FPL was in a significant intergenerational inequity position as it related to its
23 depreciation reserve. FPL previously recognized the significant level of excess
24 depreciation reserves that had been amassed and agreed to amortize \$1 billion of the
25 excess prior to its last rate case. In the last rate case, the Commission determined it

1 should address the remaining intergenerational inequity in a more meaningful manner
2 than proposed by FPL. In that case the Commission ordered the amortization of excess
3 depreciation reserve over a four-year period (2010 – 2013), rather than over the
4 remaining life as proposed by FPL.

5
6 **Q. WAS THE COMMISSION FULLY COGNIZANT OF THE FACT THAT**
7 **AMORTIZATION OF EXCESS RESERVES WOULD RESULT IN HIGHER**
8 **REVENUE REQUIREMENTS IN FUTURE CASES?**

9 A. Yes. The Commission was well aware that FPL's rate base was low in relation to what
10 would have been the case had historical depreciation expense been collected ratably over
11 the current life expectations. In other words, the various amortizations of excess
12 reserves result in future rate base being more in line with where it should have been all
13 along. The Commission properly recognized that the resulting correction of future
14 depreciation expense due to excess depreciation reserve amortization is the only way to
15 meaningfully address the intergenerational inequity due to prior over collection of
16 depreciation expense, and move towards compliance with the matching principle. While
17 such actions may be viewed as resulting in higher future depreciation expense, the more
18 correct view of such actions is that it places future customers at the same approximate
19 level of depreciation expense that they would have experienced if historical depreciation
20 collection had been in line with current life estimates.

21
22 **Q. DID THE COMMISSION MAKE A MISTAKE WHEN IT ORDERED FPL TO**
23 **AMORTIZE A PORTION OF ITS DEPRECIATION RESERVE SURPLUS**
24 **OVER FOUR YEARS INSTEAD OF OVER THE REMAINING LIVES OF**
25 **PLANT?**

1 A. No. To the contrary, its decision was the appropriate means of addressing and
2 correcting a severe excess reserve imbalance that resulted in intergenerational inequity.

3

4 **Q. WHAT ABOUT THE STATEMENT THAT THE AMORTIZATION IS A**
5 **“DRIVER” OF FPL’S CURRENT RATE CASE PETITION?**

6 A. First, as I said earlier, the increase in rate base that is associated with the amortization is
7 part and parcel of the measure designed to apportion the cost of plant between past and
8 future customers equitably. That said, the amortization is not a “driver” of FPL’s effort
9 to increase base rates at this time.

10

11 **Q. ON WHAT DO YOU BASE THAT STATEMENT?**

12 A. My statement is based on the testimony of OPC witness Donna Ramas, who states that
13 when all of OPC’s adjustments are taken into account, FPL has not demonstrated the
14 need for a base rate increase. Notably, OPC’s adjustments do not disturb the
15 Commission ordered requirement that FPL amortize \$895 million of depreciation
16 reserve over four years. Therefore, it cannot accurately be said that the decision in
17 Docket No. 080677-EI to amortize a portion of depreciation reserve surplus is “driving”
18 an increase in base rates at this time.

19

20 **Q. WHAT ABOUT THE STATEMENT THAT THE DECISION WAS A**
21 **TEMPORARY MEANS OF DEFERRING AN INCREASE IN BASE RATES?**

22 A. First, this statement is a mischaracterization. The decision was a means of correcting a
23 severe imbalance and inequity, not a means of postponing an increase in rates. Indeed,
24 even FPL proposed correction of its excess reserve imbalance, but over a longer period
25 of time. Moreover, the decision led to an annual amortization of \$224 million, when

1 FPL had requested a total increase amounting to more than \$1.2 billion annually. Many
2 other factors—including very substantial adjustments—accounted for a far larger
3 portion of the adjustments that the Commission made to FPL’s request in Docket No.
4 080677-EI. In addition, as I have noted, OPC’s witnesses have demonstrated that no
5 increase in base rates is warranted at this time, despite the fact that the amortization has
6 led to a commensurate and expected increase in rate base. This proves that the question
7 of whether base rates should be increased is always a function of many variables, of
8 which the amortization of depreciation surplus is only one factor.

9
10 **SECTION IV: AMORTIZATION OF SURPLUS DEPRECIATION- 2013 TEST**
11 **YEAR**

12 **Q. WHAT LEVEL OF EXCESS RESERVE AMORTIZATION IS REFLECTED IN**
13 **THE 2013 TEST YEAR IN THIS PROCEEDING?**

14 A. The Company has relied on a combination of actual and forecasted amortizations of the
15 \$895 million surplus reserve for the period 2010 through 2012. The resulting impact of
16 these actual and forecasted amounts yields a claimed remaining \$191 million of
17 amortization, which the Company has included in its 2013 revenue requirement. (See
18 Mr. Barrett’s Direct Testimony at page 26).

19
20 **Q. PLEASE CLARIFY HOW FPL’S PROPOSED TEST YEAR \$191 MILLION**
21 **AMORTIZATION AND THE REFERENCED \$104 MILLION FIGURE**
22 **INTERRELATE.**

23 A. There are two separate revenue requirement components associated with the
24 amortization of the excess depreciation reserve: (1) the amortization itself, which
25 decreases revenue requirements, and (2) the higher rate base due to prior year

1 amortizations, which increases revenue requirements. FPL's claimed \$191 million
 2 remaining amount of excess depreciation reserve amortization reduces the requested
 3 revenue requirement in the 2013 test year. This remaining amount is the projected
 4 balance for the fourth year of the ordered four-year amortization of the \$895 million
 5 excess depreciation reserve. Alternatively, because FPL claims that \$704 million (\$895
 6 million - \$191 million) will have been amortized during the first three years (2010-2012)
 7 of the four-year amortization, the 2013 test year rate base will be higher than it would
 8 have been absent the amortization. Further, since the \$191 million proposed
 9 amortization in 2013 is lower than the average \$224 million amortization assumed in the
 10 last case (\$895 million / 4 years) revenue requirements will be higher. These two
 11 components, as presented by FPL, mathematically increase the 2013 revenue
 12 requirement by \$104 million. The following table identifies FPL claimed change in rate
 13 base.

<u>Year</u>	<u>Basis</u>	<u>Amount (millions)</u>	<u>Weight</u>	<u>Impact (millions)</u>	<u>Cumulative (millions)</u>	<u>Cumulative (w/o 2010 Rate Case)</u>
2010	Rate Case	(\$224)	50%	(\$112)	(\$112)	N/A
2010	Actual	\$4	100%	\$4	(\$108)	\$4
2011	Forecast	\$174	100%	\$174	\$66	\$178
2012	Forecast	\$526	100%	\$526	\$592	\$704
2013	Forecast	\$191	50%	\$95	\$687	\$799

15 (See Exhibit REB-8).

16
 17 **Q. HOW DOES THE ABOVE NOTED CHANGE IN RATE BASE AND THE**
 18 **CHANGE IN ANNUAL AMORTIZATION AMOUNT PRODUCE A \$104**
 19 **MILLION INCREASE IN 2013 REVENUE REQUIREMENTS?**

1 A. First, I wish to stress that this \$104 million amount is a point of information rather than
2 an important item that impacts revenue requirements. For reasons I will describe, the
3 important value in this portion of the case is the amount of depreciation reserve
4 amortization in the 2013 test year, which FPL claims to be \$191 million.

5
6 Also, I will note that an increase in revenue requirements associated with the
7 amortization does not mean that FPL's rates necessarily must increase by that amount—
8 *or by any amount*. In fact, as I have said, OPC's witnesses sponsor adjustments that
9 offset FPL's proposed increase completely. However, I will describe the math
10 underlying FPL's \$104 million number. As noted by Mr. Barrett at page 26 of his
11 Direct Testimony, there is a \$71 million revenue requirement impact associated with the
12 estimated higher rate base due to the amortization of all but the FPL-identified amount
13 of \$191 million of the excess reserve. The \$71 million revenue requirement impact is
14 based on the claimed \$799 million of actual and forecasted excess reserve amortization
15 during 2010 through 2013 less the \$112 million rate base level already reflected in
16 current rate. As noted in the table above, the cumulative net change in rate base between
17 the test years in the prior and current case is \$687 million. When FPL's requested 10.3%
18 pre-tax rate of return is applied to the net rate base increase of \$687 million (\$799
19 million - \$112 million) a \$71 million revenue requirement results. However, OPC's
20 witnesses are testifying that major adjustments to FPL's requested capital structure and
21 return on equity should be made. To the extent these adjustments are accepted in whole
22 or in part, they will reduce the \$71 million impact. Next, the difference between the
23 average expected \$224 million ($\$895 \text{ million} / 4 \text{ years}$) annual excess depreciation
24 reserve amortization and the 2013 remaining \$191 million ($\$895 \text{ million} - \704 million
25 through 2012) level projected by the Company further increases revenue requirements

1 by an additional \$33 million (\$224 million - \$191 million). (See Mr. Barrett's Direct
2 Testimony at pages 26-27). The combination of the \$71 million and \$33 million
3 amounts total \$104 million.

4
5 **Q. IS AN INCREASE IN THE CURRENT RATE PROCEEDING REVENUE**
6 **REQUIREMENTS RELATING TO PRIOR PERIOD EXCESS RESERVE**
7 **AMORTIZATION TO BE EXPECTED?**

8 A. Yes, as I explained earlier, the amortization of excess reserve does increase future
9 revenue requirements, all other things remaining equal. However, all things do not
10 remain equal. FPL has historically over collected depreciation expense based on current
11 life and net salvage estimates. In order to comply with the matching principle and
12 address the concept of intergenerational inequity that had occurred over time, the
13 Commission recognized the existence of a material excess depreciation reserve
14 imbalance in FPL's last rate case. (See Order No. PSC-10-0153-FOF-EI at page 83). In
15 ordering the amortization of the excess depreciation reserve over a four-year period, the
16 Commission noted that:

17 If the reserve surplus is reduced, the depreciation reserve will increase
18 [decrease], thereby, all things remaining equal, causing depreciation rates
19 and future revenue requirements to naturally increase. (See Order No.
20 PSC-10-0153-FOF-EI at page 83).

21
22 **Q. IS THERE ANYTHING SURPRISING ABOUT THE COMMISSION'S PRIOR**
23 **ACTION AS IT RELATES TO THE AMORTIZATION OF MATERIAL**
24 **EXCESS DEPRECIATION RESERVES?**

1 A. No. Indeed, all parties have previously agreed to excess depreciation reserve
2 amortizations, whether through settlement or by order of the Commission. FPL agreed
3 in two separate settlements to amortize \$1 billion of excess depreciation reserve between
4 2000 and 2009. While FPL disputed the legitimacy of continuation of the amortization
5 of excess depreciation reserve in its last case, the Commission found that such continued
6 action was appropriate. Therefore, I believe it is appropriate to reinforce the concept
7 adopted by the Commission in previous proceedings to eliminate material levels of
8 depreciation reserve imbalances over periods shorter than the remaining life of the assets
9 at issue, while always being cognizant of overall Company financial considerations.
10 This process simply attempts to place future customers in the position they should be in
11 based on current life and net salvage values.

12
13 **Q. IS IT POSSIBLE THAT A FURTHER AMORTIZATION OF EXCESS**
14 **RESERVE DEFICIENCY MAY BE WARRANTED IN FPL'S NEXT BASE**
15 **RATE CASE?**

16 A. Yes. As service lives lengthen, the amount of capital recovery that is needed to adhere
17 to the matching principle in a given year decreases. If depreciation rates remain
18 unchanged as the lives increase, the utility will overcollect depreciation expense. In
19 general, the life expectancy of utility property has increased over the past many decades.
20 It does not matter whether the increase in life expectancy is a function of better
21 operation and maintenance practices, better materials, better installation practices or for
22 that matter, more historic information upon which to draw better statistical results. It is
23 reasonable to expect that possible longer service lives will be proposed by the Company
24 and found appropriate by the Commission in FPL's next rate case. Indeed, in the last
25 proceeding, I recommended longer average service lives and less negative levels of net

1 salvage for many plant accounts. If those mortality characteristics continue to be
2 accurate, it would result in the quantification of even higher levels of surplus
3 depreciation reserves in FPL's next rate proceeding. In other words, the rapid
4 amortization of material depreciation reserve imbalances as historically practiced by the
5 Commission and specifically impacting FPL for more than a decade, is an appropriate
6 ratemaking mechanism to counter the impacts of material levels of intergenerational
7 inequities that may continue to exist in the future.

8
9 **SECTION V: TERMINATION OF AMORTIZATION OF SURPLUS**
10 **DEPRECIATION**

11 **Q. THE COMPANY INCLUDED \$191 MILLION OF DEPRECIATION RESERVE**
12 **AMORTIZATION IN TEST PERIOD REVENUE REQUIREMENTS IN THIS**
13 **CASE. HOW SHOULD THE SUBJECT OF DEPRECIATION RESERVE**
14 **SURPLUS BE TREATED AFTER THE 2013 TEST YEAR?**

15 A. The Commission ordered the amortization of \$895 million of excess depreciation
16 reserve to be completed over a four-year period. The four-year period ends in 2013.
17 FPL elected to present its best estimate of the remaining amortization due in 2013 at
18 \$191 million. The level of the 2013 remaining depreciation reserve amortization is a
19 direct function of the 2010 Rate Settlement Agreement. In this case, the Commission
20 will decide whether the \$191 million amount or some other amount is the appropriate
21 completion of the previously ordered \$895 million four-year amortization. It is my
22 strong opinion that no further amortization should be recognized beginning in 2014
23 without the benefit of a rate case review. In other words, all parties will have completed
24 their obligations under the Commission's order in FPL's last rate proceeding and the
25 2010 Rate Settlement Agreement by the end of the 2013 test year.

1

2 **Q. WHEN IS FPL'S NEXT DEPRECIATION STUDY SCHEDULED TO BE**
3 **COMPLETED?**

4 A. FPL states that its next depreciation study is scheduled for March 2013. Therefore, the
5 results of that study cannot be factored into the revenue requirements in this case.

6

7 **Q. IF THE AMORTIZATION OF EXCESS DEPRECIATION RESERVE IS TO BE**
8 **TERMINATED AS OF THE END OF 2013, WILL SUCH ACTION HAVE AN**
9 **IMPACT IN 2014?**

10 A. Yes. Whatever the necessary revenue requirements in 2014 might ultimately be, it
11 should not reflect an impact of a separate excess depreciation reserve amortization
12 unless such amortization is ordered by the Commission in a subsequent base rate case.
13 The culmination of the various impacts due to the Commission last rate case order and
14 the 2010 Rate Settlement Agreement should revert back to the normal overall interaction
15 of expenses, return and revenues for the Company. To the extent the Company, the
16 Commission, or an affected party determines that the interaction of all factors, including
17 the elimination of excess depreciation reserve amortization, result in the need for a rate
18 case (whether to increase or decrease rates) in 2014, that is a decision to be determined
19 at that time. Part of that determination undoubtedly will be the termination of the
20 amortization of excess depreciation reserve and the results of the depreciation study to
21 be completed next year.

22

23 **Q. IS THERE AN IDENTIFIABLE O&M EXPENSE THAT WILL HAVE AN**
24 **IMPACT ON 2014 AND 2015 REVENUE REQUIREMENTS THAT IS NOT**
25 **REFLECTED IN FPL'S 2013 REVENUE REQUIREMENTS?**

1 A. Yes. It is my understanding that FPL is in the process of converting to smart meters.
2 There are sizable O&M savings that will transpire subsequent to the meter change outs.
3 (See response to Staff's 4th ROG 146). If the \$191 million reserve amortization were to
4 be allowed to continue after 2013 without proper recognition of all other revenue
5 requirement changes in 2014 and thereafter in a subsequent base rate case, FPL would
6 be able to capture the O&M expense reductions associated with smart meters as
7 additional bottom line return while increasing rate base for the continued excess reserve
8 amortization. Such a process would unjustly enrich FPL's shareholders and
9 inappropriately punish customers.

10
11 This potential unjust rate treatment is demonstrated by the following illustrative
12 example. Assume that FPL would not need a base rate change in 2014 if there were to
13 be an incremental \$191 million of annual O&M savings due to smart meter installation
14 and the \$191 million annual excess reserve amortization was terminated. In other
15 words, revenue requirements would increase due to the termination of the reserves
16 amortization, but would be fully offset by the equal level of new O&M expense
17 reduction. Moreover, since the reserve amortization would be terminated, there would
18 be no rate base related increase on an annual basis. Alternatively, assume that FPL were
19 allowed to continue the reserve amortization in 2014, still realized the smart meter
20 related O&M expense savings and elected not to seek a base rate reduction. Under this
21 scenario, FPL would both increase rate base by \$191 million annually due to the
22 continued amortization as well as retain the \$191 million of O&M expense reduction
23 due to smart meter operations. The smart meter related O&M savings would become
24 additional return for the benefit of shareholders. In my opinion, the alternative does not
25 constitute appropriate ratemaking and should not be allowed.

1

2 **Q. IS IT NECESSARY FOR THE COMMISSION SPECIFICALLY TO ADDRESS**
3 **THE TERMINATION OF THE AMORTIZATION OF EXCESS RESERVE**
4 **ISSUE IN THIS CASE?**

5 A. Yes. It is necessary to address this issue now, so that no party can claim in a future rate
6 proceeding that it was always the intention to continue the recording of the \$191 million
7 of excess depreciation reserve amortization past the 2013 test year. Clear and certain
8 direction on this matter removes any ambiguity that any party can claim in a subsequent
9 rate proceeding. Any specific action regarding material reserve imbalances that may
10 exist in 2014 or thereafter should be determined based on the best available information
11 at that time. In my opinion, the termination of the excess depreciation reserve
12 amortization at the end of 2013 represents the most equitable position to be taken on this
13 matter, so that all parties may have certainty and make informed decisions based on
14 facts that are not in existence today. Indeed, the \$191 million amount proposed by the
15 Company is but an estimate, and for that matter any adjusted amount recommended by
16 any other party, including OPC, would still represent an amount which, as the Company
17 states, "no one can predict." (See Mr. Ousdahl's Direct Testimony at page 22, lines 19-
18 20). Future determination of depreciation reserve imbalances and the accelerated
19 treatment of any of such amounts should be determined in future rate proceedings based
20 on the facts as known at that time.

21
22 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

23 A. The Commission determined that FPL was in a material excess depreciation reserve
24 position in FPL's last rate proceeding. The Commission took corrective action to
25 eliminate such significant levels of intergenerational inequity through the amortization

1 of the excess depreciation reserve over a four-year period. The Commission took such
2 action in full recognition that such action would result in a higher level of rate base in
3 future rate proceedings, but at a level approximately equal to where it would have been,
4 had FPL's capital recovery been based on current life and net salvage expectations. This
5 situation is only logical and appropriate given that the Company had previously over
6 collected depreciation expense in relationship to current mortality characteristics for its
7 various plant accounts. In other words, if the Company is entitled to recover 100% of its
8 investment through depreciation and it over collects early in the life cycle of plant, then
9 the remaining life depreciation calculation as utilized by FPL and the Commission
10 requires a deceleration of depreciation recovery in the future. However, if material
11 excess levels of intergenerational inequity are eliminated through amortization periods
12 shorter than the remaining life of the investment at issue, then the actual depreciation
13 rates for each of the various plant accounts will have to increase to allow the Company
14 to recover the level of surplus depreciation it has amortized during prior periods. This is
15 the only way to reasonably balance the material overpayment of depreciation expense
16 associated with historical and current customers with the benefits that those customers
17 received and the benefits that future customers are expected to receive from the same
18 plant. The more rapid amortization of material depreciation reserve imbalances
19 represents an appropriate and desired compliance with the matching principle as
20 recognized by the Commission in its last order for FPL. (See order No. PSC-10-01153-
21 FOF-EI at page 82, footnote 25).

22
23 Simply put, necessary and appropriate actions were taken by the Commission in
24 amortizing the material excess depreciation reserve recognized in the last rate
25 proceeding. The revenue requirement in current and future rate proceedings will be

1 higher than they would be otherwise due to this corrective action, but at a level
2 approximately equal to where it should be based on current life and net salvage
3 expectations. Finally, the Commission should explicitly direct FPL to terminate the
4 amortization of depreciation reserve as of the end of 2013, which is the end of the four-
5 year period prescribed in FPL's last rate case order. Any future amortization of
6 depreciation reserve imbalances should be established after a thorough review and
7 analysis in a future rate case, including reliance on future depreciation studies. Such
8 determination is the only appropriate culmination of the Commission's order on this
9 matter as set in FPL's last rate case.

10
11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes, however to the extent I have not addressed an issue, method, practice, etc. proposed
13 by FPL, it should not be taken that I am in agreement with such issue, method, practice,
14 etc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and foregoing Direct Testimony of Jacob Pous has been furnished by electronic mail and/or U.S. Mail on this 2nd day of June, 2012, to the following:

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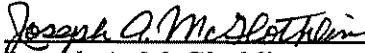
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JACOB POUS, P.E.

PRESIDENT, DIVERSIFIED UTILITY CONSULTANTS, INC.

B.S. INDUSTRIAL ENGINEERING, M.S. MANAGEMENT

I graduated from the University of Missouri in 1972, receiving a Bachelor of Science Degree in Engineering, and I graduated with a Master of Science in Management from Rollins College in 1980. I have also completed a series of depreciation programs sponsored by Western Michigan University, and have attended numerous other utility related seminars.

Since my graduation from college, I have been continuously employed in various aspects of the utility business. I started with Kansas City Power & Light Company, working in the Rate Department, Corporate Planning and Economic Controls Department, and for a short time in a power plant. My responsibilities included preparation of testimony and exhibits for retail and wholesale rate cases. I participated in cost of service studies, a loss of load probability study, fixed charge analysis, and economic comparison studies. I was also a principal member of project teams that wrote, installed, maintained, and operated both a computerized series of depreciation programs and a computerized financial corporate model.

I joined the firm of R. W. Beck and Associates, an international consulting engineering firm with over 500 employees performing predominantly utility related work, in 1976 as an Engineer in the Rate Department of its Southeastern Regional Office. While employed with that firm, I prepared and presented rate studies for various electric, gas, water, and sewer systems, prepared and assisted in the preparation of cost of service studies, prepared depreciation and decommissioning analyses for wholesale and retail rate proceedings, and assisted in the development of power supply studies for electric systems. I resigned from that firm in November 1986 in order to co-found Diversified Utility Consultants, Inc. At the time of my resignation, I held the titles of Executive Engineer, Associate and Supervisor of Rates in the Austin office of R. W. Beck and Associates.

As a principal of the firm of Diversified Utility Consultants, Inc., I have presented and prepared numerous electric, gas, and water analyses in both retail and wholesale proceedings. These analyses have been performed on behalf of clients, including public utility commissions, throughout the United States and Canada.

I have been involved in over 400 different utility rate proceedings, many of which have resulted in settlements prior to the presentation of testimony before regulatory bodies.

I am registered to practice as a Professional Engineer in many states.

**UTILITY RATE PROCEEDINGS IN WHICH
 TESTIMONY HAS BEEN PRESENTED BY JACOB POUS**

ALASKA		
ALASKA REGULATORY COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Beluga Pipe Line Company	P-04-81	Refundable Rates
Beluga Pipe Line Company	U-07-141	Depreciation
Kenai Nikiski Pipeline	U-04-81	Rate Base
ARIZONA		
ARIZONA CORPORATION COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Citizens Utilities Company	E-1032-93-111	Depreciation
ARKANSAS		
ARKANSAS PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Reliant Energy ARKLA	01-0243-U	Depreciation
CALIFORNIA		
CALIFORNIA PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Pacific Gas & Electric Company	App. No. 97-12-020	Depreciation, Net Salvage, and Amortization of True-Up
Pacific Gas & Electric Company	App. No. 02-11-017	Mass Property Salvage, Net Salvage, Mass Property Life, Life Analysis, Remaining Life, Depreciation
San Diego Gas & Electric Company		Value of Power Plants
Southern California Edison Company	App 02-05-004	Depreciation, Net Salvage
Southern California Edison Company	App 10-11-015	Mass Property Life and Net Salvage
Southern California Gas & San Diego Gas & Electric Company	Apps 10-12-005 & 10-12-006	Mass Property Life, Mass Property Net Salvage
CANADA		
ALBERTA ENERGY AND UTILITIES BOARD		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
AltaLink Management/ Transalta Utilities Corporation	App. Nos. 1279345 and 1279347	Depreciation
Epcor Distribution, Inc.	App. No. 1306821	Depreciation
Enmax Corporation	App. No. 1306818	Depreciation
Transalta Utilities Corporation	TFO Tariff App. 1287507	Depreciation
UtiliCorp Networks Canada (Alberta) Ltd.	App. No. 1250392	Depreciation
Atco Electric	App. No. 1275494	Depreciation
ALBERTA PUBLIC UTILITIES BOARD		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Alberta Power Limited	E 91095	Depreciation

Alberta Power Limited	E 97065	Depreciation
Canadian Western Natural Gas Company, Ltd.		Depreciation
Centra Gas Alberta, Inc.		Depreciation
Edmonton Power Company	E 97065	Depreciation
Edmonton Power Generation, Inc.	1999/2000	GUR Compliance, Depreciation
Northwestern Utilities, Ltd	E 91044	Depreciation
NOVA Gas Transmission, Ltd.	RE95006	Depreciation
TransAlta Utilities Corporation	E 91093	Depreciation
TransAlta Utilities Corporation	E 97065	Depreciation
TransAlta Utilities Corporation	App. No. 200051	Gain on Sale
ALBERTA UTILITIES COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
AltaGas Utilities	1606694	Life Analysis, Net Salvage
AltaLink Management, Ltd.	1606895	Life Analysis, Net Salvage
ATCO Gas	1606822	Life Analysis, Net Salvage
FortisAlberta	1607159	Life Analysis, Net Salvage
NORTHWEST TERRITORIES PUBLIC UTILITIES BOARD		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Northwest Territories Power Corporation	1995/96 and 1996-97	Depreciation
Northwest Territories Power Corporation	2001	Depreciation
NOVA SCOTIA UTILITY AND REVIEW BOARD		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Nova Scotia Power, Inc.	M03665	Production Plant Life and Net Salvage (Inflation), Interim Retirements, Mass Property Life and Net Salvage, ELG vs. ALG, Remaining Life, Fully Accrued
COURTS		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
7 th Judicial Circuit Court of Florida	2008-30441-C1C1	Depreciation Valuation
112 th Judicial District Court of Texas	5093	Ratemaking Principles, Calculation of damages
253 rd Judicial District Court of Texas	45,615	Ratemaking Principles, Level of Bond
126 th Judicial District Court of Texas	91-1519	Ratemaking Principles, Level of Bond
172 Judicial District Court of Texas		Franchise Fees
United States Bankruptcy Court Eastern District of Texas	93-10408S	Level of Harm, Ratemaking, Equity for Creditors
3 rd Judicial District Court of Texas		Adequacy of Notice
DISTRICT OF COLUMBIA		
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Washington Gas Light Company	768	Depreciation
FLORIDA		

FLORIDA PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Progress Energy Florida, Inc.	090079-EI	Depreciation, Excess Reserve
Progress Energy Florida, Inc.	050078-EL	Depreciation, Excess Reserve
Florida Power & Light Company	790380-EU	Territorial Dispute
Florida Power & Light Company	080677-EI 090130-EI	Depreciation, Excess Reserve
FEDERAL ENERGY REGULATORY COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Alabama Power Company	ER83-369	Depreciation
Connecticut Municipal Electric Energy Cooperative v. Connecticut Light & Power Company	EL83-14	Decommissioning
Florida Power & Light Company	ER84-379	Depreciation, Decommissioning
Florida Power & Light Company	ER93-327-000	Transmission Access
Georgia Power Company	ER76-587	Rate Base
Georgia Power Company	ER79-88	Depreciation
Georgia Power Company	ER81-730	Coal Fuel Stock Inventory, Depreciation
ISO New England, Inc.	ER07-166-000	Depreciation
Maine Yankee Atomic Power Company	ER84-344-001	Depreciation, Decommissioning
Maine Yankee Atomic Power Company	ER88-202	Decommissioning
Pacific Gas & Electric	ER80-214	Depreciation
Public Service of Indiana	ER95-625-000, ER95-626-000 & ER95-039-000	Depreciation, Dismantlement
Southern California Edison Company	ER81-177	Depreciation
Southern California Edison Company	ER82-427	Depreciation, Decommissioning
Southern California Edison Company	ER84-75	Depreciation, Decommissioning
Southwestern Public Service Company	EL 89-50	Depreciation, Decommissioning
System Energy Resource, Inc.	ER95-1042-000	Depreciation, Decommissioning
Vermont Electric Power Company	ER83 342000 & 343000	Decommissioning
Virginia Electric and Power Company	ER78-522	Depreciation, Rate Base
INDIANA		
INDIANA UTILITY REGULATORY COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Indianapolis Water Company	39128	Depreciation
Indiana Michigan Power Company	39314	Depreciation, Decommissioning
KANSAS		
KANSAS CORPORATION COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Arkansas Louisiana Gas Company	181,200-U	Depreciation
United Cities Gas Company	181,940-U	Depreciation
LOUISIANA		

LOUISIANA PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Louisiana Power & Light Company	U-16945	Nuclear Prudence, Depreciation
CITY OF NEW ORLEANS		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Entergy New Orleans, Inc.	UD-00-2	Rate Base, Depreciation
MASSACHUSETTS		
MASSACHUSETTS TELECOMMUNICATION AND ENERGY		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Bay State Gas	D.T.E.-0527	Depreciation
National Grid/KeySpan	07-30	Quality of Service
MISSISSIPPI		
MISSISSIPPI PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Mississippi Power Company	U-3739	Cost of Service, Rate Base, Depreciation
MONTANA		
MONTANA PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Montana Power Company (Gas)	90.6.39	Depreciation
Montana Power Company (Electric)	90.3.17	Depreciation, Decommissioning
Montana Power Company (Electric and Gas)	95.9.128	Depreciation
Montana-Dakota Utilities	D2007.7.79	Depreciation
Montana-Dakota Utilities	D2010.8.82	Depreciation, Interim Retirements, Production Plant Life and Net Salvage
NEVADA		
PUBLIC UTILITIES COMMISSION OF NEVADA		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Nevada Power Company	81-602, 81-685 Cons.	Depreciation
Nevada Power Company	83-667, Consolidated	Depreciation
Nevada Power Company	91-5032	Depreciation, Decommissioning
Nevada Power Company	03-10002	Depreciation
Nevada Power Company	08-12002	Depreciation, CWC
Nevada Power Company	06-06051	Depreciation, Life Spans, Decommissioning Costs, Deferred Accounting
Nevada Power Company	06-11022	General Rate Case
Nevada Power Company	10-02009	Production Life Spans
Nevada Power Company	11-06007	Early Retirement, Production Plant Net Salvage, Mass Property Life, Mass Property Net Salvage, Excess APFD
Sierra Pacific Gas Company	06-07010	Depreciation, Generating Plant Life Spans, Decommissioning Costs, Carrying Costs

Sierra Pacific Power Company	83-955	Depreciation (Electric, Gas, Water, Common)
Sierra Pacific Power Company	86-557	Depreciation, Decommissioning
Sierra Pacific Power Company	89-516, 517, 518	Depreciation, Decommissioning (Electric, Gas, Water, Common)
Sierra Pacific Power Company	91-7079, 80, 81	Depreciation, Decommissioning (Electric, Gas, Water, Common)
Sierra Pacific Power Company	03-12002	Allowable Level of Plant in Service
Sierra Pacific Power Company	05-10004	Depreciation
Sierra Pacific Power Company	05-10006	Depreciation
Sierra Pacific Power Company	07-12001	Depreciation, CWC
Sierra Pacific Power Company	10-06003	Depreciation, Excess Reserve, Life Spans, Net Salvage
Sierra Pacific Power Company	10-06004	Depreciation, Net Salvage
Southwest Gas Corporation	93-3025 & 93-3005	Depreciation
Southwest Gas Corporation	04-3011	Depreciation
Southwest Gas Corporation	07-09030	Depreciation
NORTH CAROLINA		
NORTH CAROLINA UTILITIES COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
North Carolina Natural Gas	G-21, Sub 177	Cost of Service, Rate Design, Depreciation
OKLAHOMA		
OKLAHOMA CORPORATION COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Arkansas Oklahoma Gas Corporation	PUD 200300088	CWC, Legal Expenses, Factoring, Cost Allocation, Depreciation
Oklahoma Natural Gas Company	PUD 980000683	Depreciation, Calculation Procedure, Depreciation on CWIP
Reliant Energy ARKLA	PUD 200200166	Depreciation, Net Salvage, Software Amortization
Public Service Company of Oklahoma	PUD 960000214	Depreciation, Interim Activity, Net Salvage, Mass Property, Rate Calculation Technique
Public Service Company of Oklahoma	PUD 200600285	Depreciation
Public Service Company of Oklahoma	PUD 200800144	Depreciation
Public Service Company of Oklahoma	PUD 201000050	Depreciation, Evaluation vs. Measurement, Interim and Terminal Net Salvage, Economies of Scale
Oklahoma Gas & Electric	PUD 201100087	Depreciation
TEXAS		
PUBLIC UTILITY COMMISSION OF TEXAS		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
CenterPoint Energy Houston Electric, LLC	29526	Stranded Costs

CenterPoint Energy Houston Electric, LLC	36918	Hurricane Cost Recovery
CenterPoint Energy Houston Electric, LLC	38339	Depreciation, Net Salvage, Excess Reserve, Gain on Sale
Central Power & Light Company	6375	Depreciation, Rate Base, Cost of Service
Central Power & Light Company	8439	Fuel Factor
Central Power & Light Company	8646	Rate Base, Excess Capacity, Depreciation, Rate Design, Rate Case Expense
Central Power & Light Company	9561	Depreciation, Excess Capacity, Cost of Service, Rate Base, Taxes
Central Power & Light Company	11371	Economic Development Rate
Central Power & Light Company	12820	Nuclear Fuel and Process, OPEB, Pension, Factoring, Depreciation
Central Power & Light Company	14965	Depreciation, Cash Working Capital, Pension, OPEB, Factoring, Demonstration and Selling Expense, Non-Nuclear Decommissioning
Central Power & Light Company	22352	Depreciation
Central Telephone & United Telephone Company of Texas d/b/a Sprint	17809	Rate Case Expenses
City of Fredericksburg	7661	Territorial Dispute
El Paso Electric Company	9165	Depreciation
Entergy Gulf States, Inc.	16705	Depreciation, Prepayments, Payroll Expense, Pension Expense, OPEB, CWC, Transfer of T&D Depreciation
Entergy Gulf States, Inc.	21111	Reconcilable Fuel Costs
Entergy Gulf States, Inc.	21384	Fuel Surcharge
Entergy Gulf States, Inc.	23000	Fuel Surcharge
Entergy Gulf States, Inc.	22356	Unbundling, Competition, Cost of Service
Entergy Gulf States, Inc.	23550	Reconcilable Fuel Costs
Entergy Gulf States, Inc.	24336	Price to Beat
Entergy Gulf States, Inc.	24460	Implement PUC Subst.R.25.41(f)(3)(D)
Entergy Gulf States, Inc.	24469	Delay of Deregulation
Entergy Gulf States, Inc.	24953	Interim Fuel Surcharge
Entergy Gulf States, Inc.	26612	Fuel Surcharge
Entergy Gulf States, Inc.	28504	Interim Fuel Surcharge
Entergy Gulf States, Inc.	28818	Cert. for Independent Organization
Entergy Gulf States, Inc.	29408	Fuel Reconciliation
Entergy Gulf States, Inc.	30163	Interim Fuel Surcharge
Entergy Gulf States, Inc.	31315	Incremental Purchase Capacity Rider
Entergy Gulf States, Inc.	31544	Transition to Competition Cost
Entergy Gulf States, Inc.	32465	Interim Fuel Surcharge
Entergy Gulf States, Inc.	32710	River Bend 30%, Explicit Capacity, Imputed Capacity, IPCR, SGSF Operating Costs and Depreciation Recovery, Option Costs

Entergy Gulf States, Inc.	33687	Transition to Competition
Entergy Gulf States, Inc.	33966	Interim Fuel Surcharge
Entergy Gulf States, Inc.	32907	Hurricane Reconstruction
Entergy Gulf States, Inc.	34724	IPCR
Entergy Gulf States, Inc.	34800	JSP, Depreciation, Decommissioning, Amortization, CWC, Franchise Fees, Rate Case Exp.
Entergy Texas Inc.	37744	Depreciation, Property Insurance Reserve, Cash Working Capital, Decommissioning Funding, Gas Storage
Entergy Texas Inc.	39896	Depreciation, Amortization, Property Insurance Reserve, Cash Working Capital
Gulf States Utilities Company	5560	Depreciation, Fuel Cost Factor
Gulf States Utilities Company	5820	Fuel Cost, Capacity Factors, Heat Rates
Gulf States Utilities Company	6525	Depreciation, Rate Case Expenses
Gulf States Utilities Company	7195 & 6755	Depreciation, Interim Cash Study, Excess Capacity, Rate Case Expense
Gulf States Utilities Company	8702	Rate Case Expenses, Depreciation
Gulf States Utilities Company	10,894	Fuel Reconciliation, Rate Case Expenses
Gulf States Utilities Company & Entergy Corporation	11292	Acquisition Adjustment Regulatory Plan, Base Rate, Rate Case Expenses
Gulf States Utilities Company & Entergy Corporation	12423	North Star Steel Agreement
Gulf States Utilities Company & Entergy Corporation	12852	Depreciation, OPEB, Pensions, Cash Working Capital, Other Cost of Service, and Rate Base Items
Houston Light & Power Company	6765	Depreciation, Production Plant, Early Retirement
Lower Colorado River Authority	8400	Rate Design
Magic Valley Electric Cooperative, Inc.	10820	Cost of Service, Financial Integrity, Rate Case Expenses
Oncor Electric Delivery, LLC	35717	Depreciation, Self-Insurance, Payroll, Automated Meters, Regulatory Assets, PHFU
Southwestern Bell Telephone Company	18513	Rate Case Expenses
Southwestern Electric Power Company	3716	Depreciation
Southwestern Electric Power Company	4628	Depreciation
Southwestern Electric Power Company	5301	Depreciation, Fuel Charges, Franchise Fees
Southwestern Electric Power Company	24449	Fuel Factor Component of Price to Beat Rates
Southwestern Electric Power Company	24468	Delay of Deregulation
Southwestern Public Service Company	11520	Depreciation, Cash Working Capital, Rate Case Expenses
Southwestern Public Service Company	32766	Depreciation Expense Revenue Requirements
Southwestern Public Service Company	35763	Depreciation
Texas-New Mexico Power Company	9491	Avoided Cost, Rate Case Expenses

Texas-New Mexico Power Company	10200	Jurisdictional Separation, Cost Allocation, Rate Case Expenses
Texas-New Mexico Power Company	17751	Rate Case Expenses
Texas-New Mexico Power Company	36025	Depreciation
Texas-New Mexico Power Company	38480	Depreciation, Mass Property Life, Net Salvage
Texas Utilities Electric Company	5640	Franchise Fees
Texas Utilities Electric Company	9300	Depreciation, Rate Base, Cost of Service, Fuel Charges, Rate Case Expenses
Texas Utilities Electric Company	11735	Cost Allocation, Rate Design, Rate Case Expenses
Texas Utilities Electric Company	18490	Depreciation Reclassification
West Texas Utilities Company	7510	Depreciation, Decommissioning, Rate Base, Cost of Service, Rate Design, Rate Case Expenses
West Texas Utilities Company	10035	Fuel Reconciliation, Rate Case Expenses
West Texas Utilities Company	13369	Depreciation, Payroll, Pension, OPEB, Cash Working Capital, Fuel Inventory, Cost Allocation
West Texas Utilities Company	22354	Depreciation
RAILROAD COMMISSION OF TEXAS		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Atmos Energy Corporation	9530	Gas Cost, Gas Purchases, Price Mitigation, Rate Case Expense
Atmos Energy Corporation	9670	CWC, Depreciation, Expenses, Shared Services, Taxes Other Than FIT, Excess Return
Atmos Energy Corporation	9695	Rate Case Expense
Atmos Energy Corporation	9762	Depreciation, O&M Expense
Atmos Energy Corporation	9732	Rate Case Expense
Atmos Energy Corporation	9869	Revenue Requirements
Atmos Energy Corporation	10041	Mass Property Life, Net Salvage
Atmos Pipeline-Texas	10000	Rate Base, Depreciation Life and Net Salvage, Incentive Compensation, Merit Increase, Outside Director Retirement Costs, SEBP
CenterPoint Energy Entex – City of Tyler	9364	Capital Investment, Affiliates
CenterPoint Energy Entex – Gulf Coast Division	9791	Rate Base, Cost Allocation, Affiliate Expenses, Depreciation Net Salvage, Call Center, Litigation, Uncollectibles, Post Test Year Adjustments
CenterPoint Energy Entex – City of Houston	9902	CWC, Plant Adjustments, Depreciation, Payroll, Pensions, Cost Allocation
CenterPoint Energy Entex – South Texas Division	10038	CWC, Incentive Compensation, Payroll, Depreciation

CenterPoint Energy – Texas Coast Division	10007	Cost of Service Adjustment, CWC, ADIT, Incentive Compensation, Pension, Meter Reading, Customer Records and Collection, Investor Relations/Investor Services
CenterPoint Energy – Texas Coast Division	10097	Pension, Severance Expense
Energas Company	5793	Depreciation
Energas Company v. Westar Transmissions Company	5168 & 4892 Cons.	Cost of Service, Refunds, Contracts, Depreciation
Energas Company	8205	Cost of Service, Rate Base, Depreciation, Affiliate Transactions, Sale/Leaseback, Losses, Income Taxes
Energas Company	9002-9135	Depreciation, Pension, Cash Working Capital, OPEB, Rate Design
Lone Star Gas Company	8664	Cash Working Capital, Depreciation Expense, Gain on Sale of Plant, OPEB, Rate Case Expenses
Rio Grande Valley Gas Company	7604	Depreciation
Southern Union Gas Company	2738, 2958, 3002, 3018, 3019 Cons.	Cost of Service, Rate Design, Depreciation
Southern Union Gas Company	6968 Interim & Cons.	Affiliate Transactions, Rate Base, Income Taxes, Revenues, Cost of Service, Conservation, Depreciation
Southern Union Gas Company	8033 Consolidated	Acquisition Adjustment, Depreciation, Excess Reserve, Distribution Plant, Cost of Gas Clause, Rate Case Expenses
Southern Union Gas Company	8878	Depreciation, Cash Working Capital, Gain on Sale of Building, Rate Case Expenses, Rate Design
Texas Gas Service Company	9988 & 9992 Cons.	Cash Working Capital, Post Test Year Plant, ADFIT, Excess Reserve, Depreciation Expense, Amortization of General Plant, Corporate and Division Expenses, Incentive Compensation, Hotel and Meals Expense, Pipeline Integrity Costs
TXU Gas Distribution	9145-9147	Depreciation, Cash Working Capital, Revenues, Gain on Sale of Assets, Clearing Accounts, Over-Recovery of Clearing Accounts, SFAS 106, Wages and Salaries, Merger Costs, Intra System Allocation, Zero Intercept, Customer Weighting Factor, Rate Design
TXU Gas Distribution	9400	Depreciation, Net Salvage, Cash Working Capital, Affiliate Transactions, Software Amortization, Securitization, O&M Expenses, Safety Compliance

TXU Lone Star Pipeline	8976	Depreciation, Net Salvage, Cash Working Capital, ALG vs. ELG
Westar Transmissions Company	5787	Depreciation, Rate Base, Cost of Service, Rate Design, Contract Issues, Revenues, Losses, Income Taxes
TEXAS WATER COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
City of Harlingen-Certificate for Convenience & Necessity	8480C/8485C/851 2C	Rate Impact for CCN
City of Round Rock	8599/8600M	Rate Discrimination, Cost of Service
Devers Canal System	8388-M	Affiliate Transactions, O&M Expense, Return, Allocation, Acquisition Adjustment, Retroactive Ratemaking, Rate Case Expenses, Depreciation
Devers Canal System	30102-M	Cost of Service, Rate Base, Ratemaking Principles, Affiliate Transactions
Southern Utilities Company	7371-R	Affiliate Transactions, Cost of Service
Scenic Oaks Water Supply Corporation	8097-G	Affiliate Transactions, Cost of Service, Rate base, Cost of Capital, Rate Design, Depreciation
Sharyland Water Supply vs. United Irrigation District	8293-M	Rate Discrimination, Cost of Service, Rate Case Expenses
Southern Water Corporation	2008-1811-UCR	Cost of Service
Travis County Water Control & Improv. District No. 20		Cost of Service
EL PASO PUBLIC UTILITY REGULATION BOARD		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
Southern Union Gas Company	1991	Depreciation, Calculation Procedure
Southern Union Gas Company	1997	Depreciation, Calculation Procedure
Southern Union Gas Company	GUD 8878 – 1998	Depreciation, Cash Working Capital, Rate Design, Rate Case Expenses
Texas Gas Services Company	2007	Revenue Requirements
UTAH		
UTAH PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
PacifiCorp	98-2035-03	Production Plant Net Salvage, Production Life Span, Interim Additions, Mass Property, Depreciation
Questar	05-057-T01	Conservation Enabling Tariff Adjustment Option and Accounting Orders
Rocky Mountain Power	07-035-13	Depreciation
WYOMING		
WYOMING PUBLIC SERVICE COMMISSION		
<u>JURISDICTION / COMPANY</u>	<u>DOCKET NO.</u>	<u>TESTIMONY TOPIC</u>
PacifiCorp	20000-ER-00-162	Rate Parity