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FPL's Responses to Staff's Ninth Set of Interrogatories (Nos. 314-318, 321, and 322)

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Florida Power & Light Company Docket No. 120015-EI Staff's Ninth Set of Interrogatories Interrogatory No. 314 Page 1 of 1

Q.

Please state what would be the 2013 test period equivalent for the \$757,282 adjustment in executive raises included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide detail supporting schedules.

А.

The \$757,282 retail jurisdictional amount of executive raises included in Order No. PSC-10-0153-FOF-EI, page 150, was equal to the difference between budgeted 2009 and 2010 total executive compensation, inclusive of cash and equity incentive compensation. Because executive cash and equity incentive compensation expenses are <u>not</u> included in the Company's cost of service for the projected test year ending December 31, 2013, it is not appropriate to perform the requested calculation of 2013 executive raises using the same methodology that was used to calculate the \$757,282 adjustment for 2010. The Company's cost of service for the projected test year ending December 31, 2013 does, however, include an annual increase in executive base salaries. The retail jurisdictional amount attributable to officer base salary increases for 2013, net of allocations to affiliates, is \$578,140.

	2	2012 Projection	2	013 Projection
FPL Portion of Base Salary - O&M	\$	9,151,034	\$	9,738,099
YOY Increase			\$	587,065
Retail Jurisdictional Amount		······································	\$	578,140

Florida Power & Light Company Docket No. 120015-El Staff's Ninth Set of Interrogatories Interrogatory No. 315 Page 1 of 1

Q.

Please state what would be the 2013 test period equivalent for the \$12,226,189 adjustment to reduce the payout ratio for executive compensation from 1.4 times the target level to 1.0 times the target level included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

А.

The requested compensation adjustment equivalent for the 2013 Test Year to reduce the payout ratio for executive compensation from 1.4 times the target level to 1.0 times the target level, has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown below that itemizes this adjustment. Note, the referenced \$12,226,189 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance because this amount was before allocation to affiliates, and because it had applied the reduction in executive compensation payout ratio to forms of executive equity compensation that are not subject to the payout ratio.

Commission Adjustment		2013 Per Book Amounts of allocation to affiliates)	Juris Factor	2013 Jurisdictional Amounts (net of allocations to affiliates)	
Reduction in Executive Compensation Payout Ratio from 1.4 vs. 1.0	\$	4,909,481	0.984797	\$	4,834,842
100% Reduction in Executive Compensation		23,361,046	0.984797		23,005,888
Reduction in Non-Executive Compensation Payout Ratio from 1.4 to 1.0		329,863	0.984797		324,848
50% Reduction in Non-Executive Compensation		1.039,742	0.984797		1,023,935
Totals	\$	29,640,132		\$	29,189,513

Florida Power & Light Company Docket No. 120015-El Staff's Ninth Set of Interrogatories Interrogatory No. 316 Page 1 of 1

Q.

Please state what would be the 2013 test period equivalent for the \$30,565,472 adjustment to reflect a 100 percent reduction in executive compensation included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

А.

The requested compensation adjustment equivalent for the 2013 Test Year to reflect a 100 percent reduction in executive compensation, has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown included in FPL's response provided in Staff's Ninth Set of Interrogatories No. 315 which itemizes this adjustment. Note, the referenced \$30,565,472 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance since the amount was before allocation to affiliates.

Florida Power & Light Company Docket No. 120015-El Staff's Ninth Set of Interrogatories Interrogatory No. 317 Page 1 of 1

Q.

Please state what would be the 2013 test period equivalent for the \$2,122,947 adjustment to reduce the payout ratio for non-executive compensation from 1.3 times the target level to 1.0 times the target level included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

A.

The requested compensation adjustment equivalent for the 2013 Test Year to reduce the payout ratio for the non-executive compensation from 1.4 times the target level to 1.0 times the target level, has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown included in FPL's response to Staff's Ninth Set of Interrogatories No. 315 which itemizes this adjustment. Note, the \$2,122,947 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance since the amount was before allocation to affiliates. Also, 2013 Test Year expense reflects the Company's decision to reduce the size of this program.

As noted in FPL's response to SFHHA's First Set of Interrogatories No. 162, FPL inadvertently omitted the non-executive performance share amount from the Commission adjustment reflected on MFR C-3, page 1, line 9, which the reduction for non-executive compensation from 1.4 times the target level to 1.0 times the target level is a component of. FPL will include the impact of this omission along with all other identified adjustments as part of its filed rebuttal testimony.

Florida Power & Light Company Docket No. 120015-El Staff's Ninth Set of Interrogatories Interrogatory No. 318 Page 1 of 1

Q.

Please state what would be the 2013 test period equivalent for the \$3,538,246 adjustment in non-executive compensation included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

А.

The requested compensation adjustment equivalent for the 2013 Test Year to reduce non-executive compensation has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown included in FPL's response provided to Staff's Ninth Set of Interrogatories No. 315 which itemizes this adjustment. Note, the \$3,538,246 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance because the amount was before allocation to affiliates. Also, 2013 Test Year reflects the Company's decision to reduce the size of this program.

As noted in FPL's response to SFHHA's First Set of Interrogatories No. 162, FPL inadvertently omitted the non-executive performance share amount from the Commission adjustment reflected on MFR C-3, page 1, line 9, which the reduction for non-executive compensation is a component of. FPL will include the impact of this omission along with all other identified adjustments as part of its filed rebuttal testimony.

Florida Power & Light Company Docket No. 120015-EI Staff's Ninth Set of Interrogatories Interrogatory No. 321 Page 1 of 1

Q.

Please provide a detailed schedule comparing the average actual number of employees to the budgeted number of employees for the years 2001 through 2011, and to date for 2012.

A.

Average Actual vs Average Budgeted Employees 2001 - 2012YTD

	Average Actual Employees	Average Budgeted Employees
2001	10,008	
2002	9,973	
2003	9,807	
2004	10,107	10,338
2005	10,225	10,408
2006	10,390	10,552
2007	10,557	10,768
2008	10,711	10,994
2009	10,627	11,075
2010	10,195	10,627
2011	9,962	10,250
2012	9,996	10,391

Note: Budgeted employment levels prior to 2004 are not available.

The annual average number of budgeted employees is not available for 2004. In lieu of the annual average number of budgeted employees requested, the response includes the budgeted employees as of December 31, 2004. Florida Power & Light Company Docket No. 120015-El Staff's Ninth Set of Interrogatories Interrogatory No. 322 Page 1 of 1

Q.

Please provide the average number of employees by functions including Transmission, Distribution, Production, Customer Operations, and any other identified functions for the years 2009 through 2013. The totals should match the average employee totals shown on MFR Schedule C-35, line 27 for each year.

A.

Average Employees by Function - 2009 -- 2012 YTD

	2009	2010	2011	2012	2013
Customer Service	2,330.9	2,239.8	2,185.5	2,125.6	1,998.9
Distribution	2,539.3	2,334.2	2,181.7	2,300.0	2,325.0
Nuclear	1,931.0	1,919.6	1,946.3	1,958.0	1,909.2
Power Generation	1,038.1	1,003.2	997.3	1,084.0	1,095.6
Transmission	715.9	702.3	691.8	744.5	722.0
Other	2,071.4	1,995.9	1,959.0	2,099.9	2,096.3
Total	10,627	10,195	9,962	10,312	10,147
MFR C-35	10,633	10,200	9,971	10,312	10,147

Small variances between above totals and MFR C-35 are due in part to rounding in calcuation of average staff by functional group. In addition, totals reported on MFR C-35 inadvertantly included several employees for 2009 to 2011 who were inactive.

i Quden

Kim Ousdahl

State of Florida

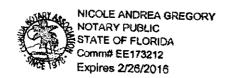
County of Palm Beach)

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I hereby certify that on this <u>15</u> day of <u>460 c</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she co-sponsored the answers to Interrogatory Nos. 315-318 from Staff's 9th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\underline{/5}$ day of $\underline{/..., 2012}$.

Alegory ary Rublic, State of Florida



State of Florida)

County of Palm Beach

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I hereby certify that on this $[\underline{9}^{+}]$ day of $\underline{1}$ une., 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kathleen Slattery, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). 314, 319, 321 - 322 and cosponsored 315 - 318 from Staff's 9th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 19^{h} day of 1000, 2012.

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State of Florida

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County of Broward

I hereby certify that on this 4th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. 320 from the Florida Public Service Commission Staff's Ninth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 4th day of June, 2012.



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FPL's Responses to Staff's Tenth Set of Interrogatories (Nos. 323-329 and 331-336) (Including Supplements to 334-336) Florida Power & Light Company Docket No. 120015-EI Staff's Tenth Set of Interrogatories Interrogatory No. 323 Page 1 of 1

Q.

Please refer to MFR schedule No. F-7, Attachment 3 of 13, Column titled "Residential Sales" and FPL's 2012-21 Ten Year Site Plan, Page 41, Schedule 2.1. The summation of 2013 monthly residential sales equals 53,056,007 megawatt hours but the ten year site plan indicates 2013 residential sales of 53,197,000 megawatt hours. Please explain in detail why these amounts are different.

Α.

These amounts differ because, as explained in a footnote to the schedule, the residential sales shown in Schedule 2.1 represent forecasted energy sales that do not include the impact of incremental conservation from FPL's Demand-Side Management (DSM) programs. As explained on page 26 of FPL witness Morley's testimony the load forecast shown in MRF F-7 includes a line item reduction for the impact from incremental DSM. As discussed on page 40 of FPL's 2012-21 Ten Year Site Plan, a line item reduction to the load forecast is likewise made for the impact from incremental DSM in the Integrated Resource Planning process. Sales by revenue class reported in Schedule 2.1 of FPL's 2012-2021 Ten Year Site do not reflect this line item reduction for incremental DSM. The forecast for net energy for load with a line item adjustment for incremental DSM is shown in column (5) of Schedule 3.3 of FPL's 2012-2021 Ten Year Site Plan. The forecast for net energy for load shown in column (5) of Schedule 3.3 matches the forecast for net energy for load shown in MFR F-7, Attachment 2 of 13.

Florida Power & Light Company Docket No. 120015-EI Staff's Tenth Set of Interrogatories Interrogatory No. 324 Page 1 of 1

Q.

Please refer to the 2012-2021 Ten Year Site Plan, Schedule 2.2 and MFR Schedule F-07 for questions 324-325.

For purposes of the instant rate proceeding, please state how many medium industrial and large industrial customers does FPL project for 2012 and 2013.

А.

FPL projects 1,479 and 1,439 medium and large industrial customers for 2012 and 2013 respectively.

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 325 Page 1 of 1

Q.

Please refer to the 2012-2021 Ten Year Site Plan, Schedule 2.2 and MFR Schedule F-07 for questions 324-325.

When the customer projections for the medium and large industrial number of customers are summed with the small industrial customer forecast appearing in MFR Schedule F-07, does the result equal the average number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan? If your response is no, please explain in detail why the results do not equal the average number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan? If your response is no, please explain in detail why the results do not equal the average number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan.

A.

Yes, when the projections for medium and large industrial customers for 2013 are summed with the small industrial customer forecast for 2013 appearing in MFR Schedule F-7, the resulting number matches the number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan.

Florida Power & Light Company Docket No. 120015-EI Staff's Tenth Set of Interrogatories Interrogatory No. 326 Page 1 of 2

Q.

Please refer to MFR Schedule F-07, Attachments 1, 2, 3, 4, 7, 8, 12, and 13. For each of the forecasting models data sets, please describe with specificity the purpose of each "out of model" adjustment and why each adjustments is necessary for completing the forecast.

А.

Net Energy for Load (NEL)

Adjustments to the Net Energy for Load forecast include the additional load from new and/or modified wholesale contracts, the loss of load from terminated wholesale contracts, additional load resulting from plug-in electric vehicles and from the Economic Development Rider and Existing Facilities Economic Development Rider, and reductions in load due to FPL's DSM programs and from the implementation of the deployment of smart meters. These adjustments are made to account for load not otherwise reflected in FPL's historical data. Without these adjustments, the forecast would erroneously omit changes in our load we can reasonably expect will occur but are not accounted for by the model. The majority of these adjustment serve to increase the load forecast.

Summer Peak

Adjustments to the summer peak forecast include the additional load from new or modified wholesale contracts, the loss of load from terminated wholesale contracts, additional load resulting from plug-in electric vehicles, and additional load from the Economic Development Rider and Existing Facilities Economic Development Rider. As with the NEL adjustments, these adjustments are made to account for load not otherwise reflected in FPL's historical data. Without these adjustments, the forecast would erroneously omit changes in our load we can reasonably expect will occur but are not accounted for by the model.

Winter Peak

Adjustments to the winter peak forecast include the additional load from new and/or modified wholesale contracts, the additional load resulting from plug-in electric vehicles and from the Economic Development Rider and Existing Facilities Economic Development Rider, and reductions in load resulting from the impact of energy efficiency standards. Again, these adjustments are made to account for load not otherwise reflected in FPL's historical data. Without these adjustments, the forecast would erroneously omit changes in our load we can reasonably expect will occur but are not accounted for by the model.

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Total Customers

A very small intercept adjustment was made to the total customer forecast in order to correct a negative pattern in the model residuals.

Customers by Revenue Class

An adjustment was made to the econometric model output of the residential customer forecast to ensure the sum of the revenue classes matches overall total customers derived from the total customer forecast.

Sales by Revenue Class

An adjustment was made to the residential sales forecast for the increase in sales resulting from the deployment of smart meters. This adjustment was made to account for load not otherwise reflected in FPL's historical data. Without this adjustment, the forecast would not reflect the impact of what we can reasonably expect from smart meters.

An intercept adjustment was made to the output of the commercial sales model to address a negative pattern in the residuals. An additional adjustment was made to the commercial sales forecast for the increase in sales resulting from the Economic Development Riders.

An adjustment to the residential and commercial sales was also made to 1) reconcile the billed sales by revenue class forecast with the forecast of total retail billed sales derived from the net energy for load forecast and 2) to reflect the impact of incremental DSM and energy efficiency standards not otherwise reflected in the forecast of residential or commercial sales.

An intercept adjustment was also made to the large industrial sales forecast in order to correct for patterns in the model residuals.

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 327 Page 1 of 1

Q.

Please refer to MFR Schedule E-15, lines 8-9. What revenue schedules are contained within each rate class?

A.

Staff provided clarification that this question should have read: "What rate schedules are contained within each revenue class?". See Attachment No. 1 which reflects the rate schedules & revenue class mix for current customers. Although there are no commercial customers on the CS-3/CST-3 rates currently, these rate schedules are open to commercial customers. FPL does not limit the availability of a rate schedule based on whether the customer is commercial or industrial.

Florida Power & Light Company Docket No. 120015-EI Staff's Tenth Set of Interrogatories Interrogatory No. 327 Attachment No. 1 Page 1 of 1

<u>REV_CLASS</u> 1 1 1 1	RATE COD 11 43 44 45	UOL-1 RSDPR-1 RS-1	FF RATE CLASS OL-1 RS(T)-1 RS(T)-1 RS(T)-1 RS(T)-1
2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	111 54 55 56 63 64 65 68 69 70 71 72 73 74 75 78 85 85 86 87 90 91 164 165 265 265 270 364 365 370 851 851	 CILC-1D CILC-1T CILC-1G CILC-1G	OL-1 CILC-1D CILC-1T GLC-1G GSLD(T)-2 GSLD(T)-2 GSLD(T)-2 GS(T)-1 GSLD(T)-2 GSD(T)-1 GSLD(T)-1 GSLD(T)-1 GSLD(T)-1 GSLD(T)-1 GSLD(T)-1 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-1 G
2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	853 11 54 55 56 62 63 64 68 69 70 71 72 73 74 75 82 85 85 90 91 164 165 168 170 264 270 364 365 370 852 853	SST-3 OL-1 CILC-1D CILC-1D CILC-1G GSLD-1 GSLD-2 GSLD-2 GSLD-2 GSLD-2 GSD-1 CS-1 GSD-1 CS-1 CST-2 CST-3 SST-1 GSLD-3 HLFT-2 HLFT-3 GSLD-3 HLFT-3 GSLD-3 HLFT-3 SDTR-1A SDTR-2A SDTR-1A SDTR-3B SDTR-1B SST-2 SST-3	SST-1D OL-1 CILC-1D CILC-1T CILC-1G GSLD(T)-1 GSLD(T)-2 GSLD(T)-1 GSLD(T)-2 GS(T)-1 GSD(T)-1 GSD(T)-1 GSD(T)-1 GSD(T)-1 GSD(T)-1 GSLD(T)-2 GSLD(T)-2 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-3 GSLD(T)-1 GSLD(T)
4 4	86 87	SL-2 SL-1	SL-2 SL-1
5 5	19 90	OS-2 GSLDT-3	OS-2 GSLD(T)-3
6	80	MET	MET

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Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 328 Page 1 of 1

Q.

Please refer to MFR Schedule E-15, lines 8-9, and MFR Schedule F-07. What are the customer allocations by rate schedule referenced in MFR Schedule E-15, lines 8-9, which are summed to match FPL's various customer forecasts appearing in MFR Schedule No. F-07?

Α.

Please refer to FPL's response to Staff's Seventh Set of Interrogatories No. 275 referencing FPL's response to OPC's Second Request for Production of Documents No. 12. The customer forecast by revenue class (e.g. residential, commercial, industrial, etc.) is projected by Load Forecasting and Analysis and is reflected in FPL's response to OPC's Second Request for Production of Documents No. 12 in folder "Rates & Tariffs Rate Dev-Revenue Forecast Files" in the file "Customer Forecast_2001_10_31.xls," on the Sales, Customer, Usage Forecast tab. The total customers from this tab matches the corresponding month and year for total Customer Forecast by rate schedule appears on the tab entitled Customer Forecast, and matches the total jurisdictional customers reflected on the Sales, Customer, Usage Forecast tab.

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Q.

Please describe in detail how FPL accounts for line losses when planning new generation, transmission, and distribution facilities. In your response, please include the following:

- a. The percentage loss values that are assumed for transmission losses.
- b. The percentage loss values that are assumed for distribution losses.
- c. An explanation of how the values provided for a. and b. are developed and tested.
- d. A comparison of these values to other similarly situated utilities.

A.

Losses occur on FPL facilities as the electrical current flows from generators to loads. The farther the generator is from the load, the higher the losses. Since there are numerous generators, transmission elements, and loads distributed on the system, losses vary as a function of generator location and how it is dispatched, the transmission and distribution facilities installed and the load level. When planning new generation, transmission, and distribution facilities FPL considers line losses among many other factors including environmental impact, proximity to fuel and natural resources, utilization of existing infrastructure, and cost, that result in the selection of the project alternative with the lowest overall cost to ratepayers.

When planning new generation, FPL develops resource plans with the new generation options. The economic analyses of these competing resource plans focus on total system economics. When the specific locations of the competing generation options are known, transmission losses are included in the economic analyses. In such cases, transmission line loss (MW) projections are provided by Transmission Planning for peak and average conditions for each resource plan. (The relative transmission line loss impact may be zero if the generation options are of the same size (MW) and located in the same area.) The economic value of different transmission line losses are calculated using projected marginal costs.

Planning for line losses, in terms of both a peak hour line loss value and an annual line loss value, are taken into account in the preliminary cost-effectiveness screening analyses of Demand Side-Management (DSM) programs. These line loss values are not split between Transmission and Distribution for this calculation.

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The forecasted values for net energy for load and monthly peak demands used in the resource planning process are values at the generator which already reflect system losses. As such, the forecasted loads used in the resource planning process are inclusive of total system losses, including transmission and distribution losses. No explicit assumptions on the values for transmission losses versus distribution losses are made in conjunction with these forecasts.

When planning new transmission facilities, FPL performs an analysis to determine if the transmission system meets all applicable NERC reliability planning standards, or requires system upgrades, to reliably serve all of its retail and wholesale customer loads. If system upgrades are needed, then various feasible alternatives are developed in order to evaluate which alternative, or combination of alternatives, best meet the NERC requirements and the needs of our customers. The alternatives are then cost estimated for inclusion in an economic decision making matrix designed to evaluate and select a preferred alternative based on minimizing cost, executability, operational flexibility, and community impacts.

When competing alternatives that would have an impact on transmission losses are evaluated, FPL includes in its analysis, a model calculation of total FPL transmission line losses for each alternative being considered. The losses calculated for each alternative are then compared to the losses of the alternative with the least losses in order to compute the incremental losses referenced to the alternative with the least losses. Next, these incremental losses are converted to costs using projected marginal costs, which are then included in FPL's economic evaluation matrix for selection of the preferred alternative. In this way, FPL considers transmission losses in its planning of transmission facilities.

When planning new distribution facilities, FPL relies on optimizing design characteristics of its circuits to minimize distribution line losses. Guidelines for minimizing distribution line losses include utilizing standards/criteria to limit the amount of conductor, customers and loads on a circuit, analysis of system loads to effectively plan and design new feeder routes/installations, conducting proactive volt-ampere reactive (VAR) flow analyses to maintain necessary power factor levels on distribution circuits and following Institute of Electrical and Electronics Engineers (IEEE) standards for resistance and reactance limits on distribution devices and equipment (e.g., transformers). FPL's processes do not assume percentage line loss values.

Since FPL does not use percentage loss values in planning for new facilities, the comparison requested in subpart (d), related to loss values requested in subparts (a) and (b), cannot be provided.

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Q.

Please describe in detail how FPL accounts for line losses when operating its system on an hour-by-hour basis. In your response, please include the following:

- a. The percentage loss values that are assumed for transmission losses.
- b. The percentage loss values that are assumed for distribution losses.
- c. An explanation of how the values provided for a. and b. are developed and tested.
- d. A comparison of these values to other similarly situated utilities.

A.

Losses occur on FPL facilities as the electrical current flows from generators to loads. The farther the generator is from the load, the higher the losses. Since there are numerous generators, transmission elements, and loads distributed on the system, losses vary as a function of generator location and how it is dispatched, the transmission and distribution facilities installed and the load level. When dispatching resources on a real-time basis, FPL uses individual generator penalty factors to account for transmission losses when making its generation dispatch decisions. These penalty factors are recomputed every five minutes and are based on real-time operating conditions. The penalty factors are used along with fuel costs, unit operating efficiency and other variables to determine the most cost effective way to operate the system on a minute to minute basis, including accounting for the impact of transmission losses. FPL does not rely on a fixed transmission loss percentage.

FPL does not directly incorporate a distribution loss percentage into its real-time generation dispatch decisions since the distribution system is operated in a radial configuration with respect to the transmission system. While we continue to improve, no other utility in Florida is situated similarly to FPL from a line loss perspective. Because FPL's service territory covers three quarters of the State of Florida, a comparison to more compact systems would not be appropriate.

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Q.

Please describe in detail what measures are taken by FPL to minimize line losses on an hour-by-hour basis.

А.

Losses occur on FPL facilities as the electrical current flows from generators to loads. The farther the generator is from the load, the higher the losses. Since there are numerous generators, transmission elements, and loads distributed on the system, losses vary as a function of generator location and how it is dispatched, the transmission and distribution facilities installed and the load level. As described in FPL's response to Staff's Tenth Set of Interrogatories No. 331, FPL incorporates generator penalty factors into its generation economic dispatch decision process to properly account for transmission losses when determining how to operate its plants. Similarly, when making economic purchases, the impact on transmission losses is incorporated into the decision through the use of a transmission penalty factor. Additionally, as part of its day-to-day operations, FPL strives to maintain the voltage profile across both its transmission and distribution system through its transmission and distribution reactive sources in order to reduce losses on its facilities. Additionally, FPL actively monitors and maintains its distribution power factors to reduce losses in both the distribution and transmission systems.

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Q.

Please provide the values for the table below based on system average values for calendar year 2011. Please note the source of all values

2011 Total Sa	tles (MWH) =	······································		·······	
		System Aver	rage Total Losses		
Transm	ission losses	Distribution losses		Theft/uncollected sales	
MWH	% of total sales	MWH	% of total sales	MWH	% of total sales
				_	

CONTRACTOR OF THE PARTY OF THE	otal Sales (MWH) =	105,721,576	(1)		
	····	System Avera	ge Total Losses		
Transmis	sion losses	Distribution losses ⁽²⁾		Theft/uncollected sales	
МWН ⁽³⁾	% of total sales	MWH ⁽⁴⁾	% of total sales	MWH ⁽⁵⁾	% of total sales

Notes: ⁽¹⁾ 2011 Total Sales (MWH). Source: Financial and Operating Report, page 8, Statistics of Revenue, Customers and Sales, Column 12 Months Ended Dec 2011, Line SUBTOTAL RETAIL & WHOLESALE-DELIVERED.

^[4] Distribution losses include electricity theft and unknown usage.

⁽³⁾ Transmission Josses MWH. Source: 2011 Loss Study, Page 3, Col 3, sum of Line 3, 5 & 7

⁽⁴⁾ Distribution losses MWH. Source: 2011 Loss Study, Page 3, Col 3, Line 16

⁽⁵⁾ n/a = not available

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 334 Page 1 of 1

Q.

Please state what was FPL's monthly actual Net Energy for Load and actual Net Energy for Load (weather normalized) from October 2011 through April 2012.

А.

The table below lists actual and weather normalized actual Net Energy for Load. Consistent with FPL's obligations to the Securities and Exchange Commission, the information requested for April 2012 will be provided in a supplemental response once it has been publicly released, which is expected to be on or after July 27, 2012.

	Net Energy for Load (MWH)						
Month	Actual without Weather Normalization	Actual with Weather Normalization					
Oct-11	9,050,810	9,522,417					
Nov-11	8,021,393	8,015,573					
Dec-11	7,931,422	8,117,556					
Jan-12	7,979,304	8,156,808					
Feb-12	7,702,146	7,658,092					
Mar-12	8,639,929	8,449,180					

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 334- Supplemental Page 1 of 1

Q.

Please state what was FPL's monthly actual Net Energy for Load and actual Net Energy for Load (weather normalized) from October 2011 through April 2012

А.

The table below lists actual and weather normalized actual Net Energy for Load for April 2012.

Net Energy for Load (MWH)

Actual without Weather Actual with Weather

Month	Normalization	Normalization
Apr-12	8,505,617	8,547,925

Florida Power & Light Company Docket No. 120015-EI Staff's Tenth Set of Interrogatories Interrogatory No. 335 Page 1 of 1

Q.

Please state what was FPL's actual monthly total customers, residential customers, commercial customers, small industrial, medium industrial, and large industrial from October 2011 through April 2012.

A.

The table below lists actual customers for October 2011 through March 2012 for the customer groups requested. Consistent with FPL's obligations to the Securities and Exchange Commission, the information requested for April 2012 will be provided in a supplemental response once it has been publicly released, which is expected to be on or after July 27, 2012.

	Residential	Commercial	Small Industrial	Medium Industrial	Large Industrial	Total			
Oct-11		4			Miller, and a second of property of the second second system;	4,546,841			
Nov-11	4,027,556	509,402	7,191	1,275	207	4,549,257			
Dec-11	4,032,352	509,489	7,148	1,278	207	4.554.107			
Jan-12	4,037,796	510,021	7,091	1,280	209	4,560.015			
Feb-12	4,043,285	510,239	7,086	1,274	207	4,565,707			
Mar-12	4,051,099	510,602	7,138	1.266	207	4,573,930			

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 335- Supplemental Page 1 of 1

Q.

Please state what was FPL's actual monthly total customers, residential customers, commercial customers, small industrial, medium industrial, and large industrial from October 2011 through April 2012.

Α.

The table below lists actual customers for April 2012 for the customer groups requested.

	Customers					
	Residential	Commercial	Small Industrial	Medium Industrial	Large Industrial	Total
Apr-12	4,053,654	511,111	7,171	1,261	206	4,577,038

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 336 Page 1 of 1

Q.

Please state what was FPL's actual monthly residential, commercial, small industrial, medium industrial, and large industrial sales from October 2011 through April 2012.

A.

The table below lists actual billed sales for October 2011 through March 2012 for the customer groups requested. Consistent with FPL's obligations to the Securities and Exchange Commission, the information requested for April 2012 will be provided in a supplemental response once it has been publicly released, which is expected to be on or after July 27, 2012.

·····	Billed Sales							
:	Residential	Commercial	Small Industrial	Medium Industrial	Large Industrial			
Oct-11	4,694,930	3,896,891	4,933	22,645	222.299			
Nov-11	3,596,927	3,478,006	4.545	* ************************************	223.054			
Dec-11	3,630,694	3,515,880	4,079	Construction (C. C. C	220,502			
Jan-12	4,000,847	3,546,423	4,326		222,237			
Feb-12	3,390,701	3,282,169	3,766		221.212			
Mar-12	3,701,821	3,475,977	3,954	and a second	216.069			

Florida Power & Light Company Docket No. 120015-El Staff's Tenth Set of Interrogatories Interrogatory No. 336- Supplemental Page 1 of 1

Q.

Please state what was FPL's actual monthly residential, commercial, small industrial, medium industrial, and large industrial sales from October 2011 through April 2012.

А.

The table below lists actual billed sales for April 2012 for the customer groups requested.

	Billed Sales (MWH)				
-			Small	Medium	Large
	Residential	Commercial	Industrial	Industrial	Industrial
Apr-12	4,090,950	3,670,592	4,109	23,251	222,973

(Name of Sponsor)

State of Florida

)

County of Palm Beach)

I hereby certify that on this <u>19</u>^h day of <u>June</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Rosemary Morley</u>, who is personally known to me, and she acknowledged before me that she <u>sponsored</u> the answer to Interrogatory Nos. <u>323, 324, 325, 326, 334,</u> <u>335, 336, and 337</u> from <u>Staff's Tenth Set of Interrogatories</u> to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 12th day of June, 2012.

Public, State of Florida



Renae B. Deaton

State of Florida

County of Palm Beach

I hereby certify that on this 20th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared ______, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 327 and 328 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this <u>20</u>th day of <u>June</u>, 2012.

Norgan



Iglesias

State of Florida

County of Palm Beach

)

)

I hereby certify that on this <u>26</u>⁴⁴ day of <u>June</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Daisy Iglesias who is personally known to me, and he/she acknowledged before me that he/she cosponsored the answer(s) to Interrogatory No(s). 329 and 330 from Staff's 10th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 26^{44} day of 4000, 2012.

Notary Public, State of Florida

Notary Public State of Florida A Rodriguez

id T. Bromlev

State of Florida

)

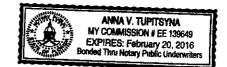
)

County of Broward

I hereby certify that on this 15th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he co-sponsored the answers to Interrogatory Nos. 329 and 330 from the Florida Public Service Commission Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15th day of June, 2012.

Notary Public.



Mike Lannon

State of Florida

)

)

County of Palm Beach

I hereby certify that on this 27 day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Mike Lannon</u>, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 331 & 332 and co-sponsored the answers to Interrogatory Nos. 329 & 330, from Staff's 10th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 27 day of June, 2012.

Public. State of Florida Notary



AFFIDAVIT

Je Carl Jøseph A. Ender

State of Florida

County of Palm Beach

I hereby certify that on this <u>28</u>th day of <u>JUNE</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Joseph A. Ender</u>, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. <u>333</u> from <u>Staff's Tenth</u> Set of Interrogatories to Florida Power & Light Company in Docket No.

120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 2% day of $_____, 2012$.

Notary Stamp:



AFFIDAVIT

(Name of Sponsor)

State of Florida

County of Palm Beach)

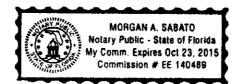
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I hereby certify that on this <u>1</u>^m day of <u>August</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Rosemary Morley</u>, who is personally known to me, and she acknowledged before me that she <u>sponsored</u> the answer to Supplemental Interrogatory Nos. <u>334</u>, <u>335</u>, <u>and 336</u> from <u>Staff's Tenth Set of Interrogatories</u> to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $1^{\hat{n}}$ day of <u>August</u>, 2012.

Notary Public, State of Florida

Notary Stamp:



48

FPL's Responses to Staff's Eleventh Set of Interrogatories (Nos. 338-340, 343-347, 350-352, 354, 356, 358-360, 363, 364, and 367-388) Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 338 Page 1 of 1

Q.

With respect to page 17, lines 2 - 3 of witness Avera's direct testimony, please explain how the customer mix of FPL compares to the customer mix of each of the companies listed on Exhibit WEA-15. For purposes of this response, please identify the customer mix of each of the IOUs listed in Exhibit WEA-15.

A.

Dr. Avera's testimony at pages 17, lines 2-3 was part of a general discussion of FPL's utility operations, and did not depend on data concerning the customer mix of the companies listed on Exhibit WEA-15. Accordingly, in the course of preparing his direct testimony, Dr. Avera did not develop any analyses to compare the percentage of sales attributed to various customer classes for the operating utilities included on Exhibit WEA-15. To the extent the requested information is publicly available, it can be obtained from Form 10-K Reports filed with the Securities and Exchange Commission, which can be obtained at:

http://www.sec.gov/edgar/searchedgar/companysearch.html.

Additionally, information regarding the customer mix of the companies included in Dr. Avera's Utility Proxy Group is contained in the Value Line reports included as WEA WP-48 to Dr. Avera's workpapers, which were previously provided in FPL's response to Staff's First Request for Production of Documents No. 19.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 339 Page 1 of 1

Q.

With respect to page 17, lines 6 - 11 of witness Avera's direct testimony, please explain how the energy requirements of FPL compares to the energy requirements of each of the companies listed on Exhibit WEA-15. For purposes of this response, please identify the energy requirements of each of the IOUs listed in Exhibit WEA-15.

А.

Dr. Avera's testimony at pages 17, lines 6-11 was part of a general discussion of FPL's utility operations, and did not depend on data concerning the energy requirements of the companies listed on Exhibit WEA-15. Accordingly, in the course of preparing his direct testimony, Dr. Avera did not develop any analyses to compare the energy requirements of the operating utilities included on Exhibit WEA-15. To the extent the requested information is publicly available, it can be obtained from Form 10-K Reports filed with the Securities and Exchange Commission, which can be obtained at <u>http://www.sec.gov/edgar/searchedgar/companysearch.html</u>.

Florida Power & Light Company Docket No. 120015-Ei Staff's Eleventh Set of Interrogatories Interrogatory No. 340 Page 1 of 1

Q.

With respect to page 18, line 16 through page 19, line 12 of witness Avera's direct testimony, please identify any specific instances when FPL has been denied access to capital markets under reasonable terms as a direct result of the concerns expressed in the above cited testimony.

А.

Dr. Avera's testimony at page 18, line 16 through page 19, line 12 discusses risks that investors associate with the electric utility industry generally, and the need for FPL to access capital markets going forward. Dr. Avera is not aware of any instance in which these factors have resulted in FPL being denied access to capital. Indeed, Dr. Avera's testimony observes that FPL's strong financial position and a history of constructive regulation have benefited customers by ensuring efficient and reliable service. Please also refer to FPL's responses to Staff's Eleventh Set of Interrogatories Nos. 367 and 377, which address FPL's experience following the FPSC's 2010 rate order in Docket Nos. 080677-El and 09130-EI.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 343 Page 1 of 1

Q.

With respect to page 73, lines 3 - 8 of witness Avera's direct testimony, was the ROE of 10.0 percent approved in Order No. PSC-10-0153-FOF-EI "too low to attract investors' money?" For purposes of this response, please identify specific examples of instances when FPL was unable to access the capital markets under reasonable terms due to its authorized midpoint ROE of 10.0 percent.

A.

As discussed in Dr. Avera's testimony, the 10% ROE approved in Order No. PSC-10-0153, the 10% ROE was unsettling to investors because it was such a low ROE for an electric utility in Florida and the decision was viewed as a departure from the FPSC's tradition of supportive regulation protected from political influence. As described in FPL witness Dewhurst's testimony, the bond rating agencies responded with negative assessments, including downgrades of FPL's bond rating by Moody's and S&P. Value Line informed investors that, "FPL was hit with a harsh rate order," and noted that the "disappointing rate order ... came as a shock." The Value Line Investment Survey at 157 (Feb. 26, 2010). Value Line also noted that FPL Group's stock price suffered a 10% decline, and directly attributed this capital loss to investors to the FPSC's Order. This dramatic share price revaluation and the impact of the rate order on the assessment of the investment community supports Dr. Avera's position that the 10% ROE was unsettling to investors and insufficient to maintain FPL's financial integrity and access to capital, particularly in light of the exposures faced by the Company. See Attachment No. 1 for a copy of the above-referenced Value Line report.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 343 Attachment No. 1; Page 1 of 1

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Q.

With respect to page 83, lines 11 - 14 of witness Avera's direct testimony, does the converse also hold true, namely, others things equal, a lower debt ratio, or higher common equity ratio, translates into decreased financial risk for all investors?

А.

Yes, a higher common equity ratio, or lower debt leverage, results in decreased financial risk, which, in the case of FPL, is necessary to offset other business risk exposures so that the Company can maintain its present credit ratings and financial position.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 345 Page 1 of 1

Q.

With respect to page 88, lines 9 - 13 of witness Avera's direct testimony, does FPL's proposed capital structure represent "a strong balance sheet" and provide the company with "one of the best defenses against business and operating risk and potential negative ratings actions?"

A.

Yes. As Dr. Avera noted, FPL's customers have benefited from a financial strong utility that has maintained its ability to provide efficient and reliable service, despite political, regulatory, and operational challenges. FPL's policy of maintaining a capital structure that reflects the relatively greater financial strength required to counterbalance the various exposures faced by FPL, including the implications of debt equivalents such as purchased power obligations, is consistent with Moody's guidance.

FPL's capital structure reflects the Company's ongoing efforts to maintain its credit standing and support access to capital on reasonable terms. The reasonableness of FPL's capital structure is reinforced by the ongoing uncertainties associated with the electric power industry, the need to accommodate the specific exposures faced by FPL, and the importance of supporting continued system investment, even during times of adverse industry or market conditions. As Dr. Avera noted (p. 6), the FPSC Staff has previously recognized the benefits of FPL's strong financial position for customers.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 346 Page 1 of 1

Q.

With respect to page 85, line 6 through page 86, line 11 of witness Avera's direct testimony, please identify the "S&P adjusted equity ratios" for each of the IOUs listed on Exhibit WEA-15. For purposes of this response, please use the most current information available.

А.

Standard & Poor's does not consistently publish debt equivalents for all of the operating companies reflected on Exhibit WEA-15, with reported data reflecting amounts calculated at the holding company level. As a result, Dr. Avera did not develop a capital structure reflecting debt equivalents for the utility operating companies identified on Exhibit WEA-15.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 347 Page 1 of 1

Q.

With respect to Exhibit WEA-7 attached to witness Avera's direct testimony, please identify the average for each column (a) through (d).

A.

Please refer to Attachment No. 1.

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Staff's Eleventh Set of Interrogatories Florida Power & Light Company Docket No. 120015-E1 Interrogatory No. 347 Attachment No. 1 Page 1 of 1

		(a)	(a)	(q)	(c)	(p)
		Dividend		EPS		
	Company	<u>Yield</u>	<u>V Line</u>	IBES	Zacks br+sv	<u>br+sv</u>
,	Abbott Labs.	3.55%	8.5%	9.3%	8.0%	18.2%
Ч	Bard (C.R.)	0.88%	8.5%	10.5%		10.9% 20.3%
Э	Church & Dwight	1.53%	10.5%	11.4%		11.8% 12.5%
4	Coca-Cola	2.74%	10.0%	8.0%	8.0%	8.0% 10.3%
ഹ	Colgate-Palmolive	2.67%	10.5%	% 0.6	8.8%	6.3%
9	Gen'l Mills	3.18%	8.5%	7.9%	8.0%	9.0%
5	Hormel Foods	1.94%	10.0%	9.5%	9.3%	10.0%
œ	Kellogg	3.12%	8.5%	8.8%	9.0%	9.0% 14.4%
6	Kimberly-Clark	3.94%	7.0%	5.8%	6.7%	6.7% 12.4%
10	McCormick & Co.	2.26%	14.5%	8.4%	9.0%	9.0% 20.5%
11	PepsiCo, Inc.	3.32%	9.5%	8.9%	8.0%	8.0% 11.3%
12	Procter & Gamble	3.22%	10.0%	8.8%	%0 .6	5.9%
13	Wal-Mart Stores	<u>2.53%</u>	8.5%	9,0%	12.6%	7.4%
	Average (e)	2.7%	%9.6	8.9%	9.2%	9.5%

(a) www.valueline.com (retrieved Nov. 2, 2011).
(b) www.finance.yahoo.com (retrieved Nov. 3, 2011).
(c) www.zacks.com (retrieved Nov. 7, 2011).
(d) See Exhibit WEA-8.
(e) Excludes highlighted figures.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 350 Page 1 of 1

Q.

With respect to page 10, lines 9 - 12 of witness Avera's direct testimony, does the 10 percent ROE reflect the capital markets during the last rate case?

A.

As discussed in Dr. Avera's direct testimony, and in the testimony of Mr. Dewhurst, the 10% ROE approved in Order No. PSC-10-0153 was viewed as a departure from the FPSC's tradition of supportive regulation, and widely considered by investors to be the result of political influence rather than reflecting capital market realities or investors' requirements for FPL. Please also refer to FPL's response to Staff's Eleventh Set of Interrogatories No. 343.

Florida Power & Light Company Docket No. 120015-E1 Staff's Eleventh Set of Interrogatories Interrogatory No. 351 Page 1 of 2

Q.

Does FPL deserve to be rewarded with a ROE adder, when they are benefitting from low natural gas prices at a time when the fuel mix is not adequately diversified?

A.

a and a second and a The second and a second and as second and a seco FPL disagrees with the broad assumptions that underlie this request, i.e., that: (i) FPL's fuel mix is not adequately diversified; (ii) FPL's low cost position is simply due to low natural gas prices; and (iii) the performance adder requested by FPL is in the nature of a "reward."

(i) Whether a system is adequately diversified in terms of fuel mix depends on a number of factors, including current and projected environmental costs and benefits, commodity pricing and supply, and fuel source and transportation reliability. It is understood that such a conclusion may change over time as these factors change and, indeed, that an entire system is not planned and constructed over night; rather, a system is planned and constructed over an extended period of time based on then existing and projected circumstances. In this regard, it is also important to consider the relative geographic and natural resource position of the region in which the utility operates in making such a determination. While no planning process will ever prove to be perfect in hindsight, the collective effect of a series of planning and construction decisions that the Company has made over the years, in conjunction with the oversight and authority of the FPSC, has produced a system that today is producing tremendous value for customers in environmental impacts, price, reliability and overall efficiency. In addition, FPL continues to pursue other resource options such as solar, incremental output from existing nuclear facilities, and new nuclear capacity, subject to the specific economic and other constraints affecting each resource.

(ii) Natural gas comprises a significant portion of the fuel mix of many of Florida's utilities. FPL is able to provide the lowest typical residential bill in the State because of several performance-related factors discussed by multiple witnesses. For example, FPL's decision to modernize and/or replace several of its older, less efficient generating units has provided extraordinary value for customers. Even with low natural gas prices, the improved heat rate (efficiency) performance of its generating fleet provides significant savings to customers. And if gas prices increase, those efficiency improvements will provide even greater value and savings for customers.

Another such factor is FPL's low cost position in non-fuel O&M per kWh. Witness Silagy and Kennedy note that FPL's non-fuel O&M costs are approximately \$1.6 billion lower than the average performance of 28 benchmarked electric utilities.

Regardless of the current level of natural gas prices, the approval of a performance adder is justified for the reasons discussed in Mr. Dewhurst's testimony (pages 47-51).

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 351 Page 2 of 2

(iii) FPL's request to receive an ROE performance adder is discussed in detail in Mr. Dewhurst's testimony. The basis for the adder due to FPL's performance is supported by several FPL witnesses, including Mr. Dewhurst. In his pre-filed direct testimony, he states: "FPL is requesting an addition to its proposed authorized ROE of 25 bps to create an incentive for all utilities regulated by the FPSC to achieve superior customer value and to recognize that FPL provides superior customer value. However, FPL is proposing that the adder only be applicable to the extent that FPL maintains the lowest typical customer bill in the state." (Page 47, lines 11-15). Accordingly, the ROE adder is designed to improve the alignment of incentives for regulated utilities with their delivery of customer value, to the long term benefit of customers.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 352 Page 1 of 1

Q.

With respect to page 14, lines 5 –6 of witness Avera's direct testimony, what are FPL's "unique characteristics" relative to other Florida utilities that have recently received between a 10.00 to 11.00 percent ROE?

A.

Dr. Avera believes that the FPSC's ROE determinations are specific to the evidence presented in each case, with FPL's requested ROE in this proceeding being fully supported in the testimony of witnesses Avera and Dewhurst. Dr. Avera has not performed any analyses or studies to compare the risks faced by FPL with those of other Florida utilities that have recently received between a 10.00 to 11.00 percent ROE, and no such studies were necessary to support his opinions and conclusions. The risks and financial exposures specific to FPL, and the implications for a fair ROE for the Company, were fully articulated in the testimonies of Dr. Avera (pp. 10-11, 21-27, 73-79) and Mr. Dewhurst (pp. 12-40), which document the significant challenges and exposures facing FPL.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 354 Page 1 of 1

Q.

With respect to page 21, lines 18 - 19 of witness Avera's direct testimony, are gas pricing still trending up?

А.

As Dr. Avera recognized at p. 21, lines 1-9, weaker fundamentals have led to lower power prices, driven in part by lower prices for natural gas. As noted there, the investment community continues to recognize the potential for volatility and higher prices for energy commodities, including natural gas.

Florida Power & Light Company Docket No. 120015-Ei Staff's Eleventh Set of Interrogatories Interrogatory No. 356 Page 1 of 1

Q.

With respect to page 26, lines 9 - 13 of witness Avera's direct testimony, please explain how the cost recovery legislative statutes, storm bonds, and storm recovery factors have mitigated this risk?

А.

Provisions to address recovery of storm costs are viewed favorable by the investment community because they help to mitigate uncertainty regarding the Company's exposure to the catastrophic damage of tropical storms, and the rapid and far-reaching response that is required in the aftermath of such events. As Fitch recognized, for example, any unfavorable changes in regulatory policies governing storm cost recovery would have negative implications for FPL's credit standing. Please refer to WEA WP-14, which was included in Dr. Avera's workpapers provided in FPL's response to Staff's First Request for Production of Documents No. 19.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 358 Page 1 of 1

Q.

With respect to page 77, lines 16 - 19 of witness Avera's direct testimony, please state how this scenario is any different from other utilities in the United States?

А.

Dr. Avera's testimony at page 77, lines 16-19 discusses the implications of a mandated shut-down of nuclear generating facilities for FPL and its customers. While other utilities in the U.S. also rely on nuclear power, FPL's situation is distinct from other utilities because of the significant portion of total energy requirements provided by nuclear generation (approximately 20%), and the Company's relative geographic isolation on the Florida peninsula, which limits access to alternative resources. As a result, it is imperative that FPL maintain strong credit and ready access to capital.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 359 Page 1 of 1

Q.

With respect to page 77, lines 22 - 23 and page 78, lines 1 - 3 of witness Avera's direct testimony, please state how this is different from tornadoes in the Midwest, earthquakes in California, or ice storms in the northeast?

А.

While Dr. Avera agrees that other utilities do face risks associated with natural disasters, investors recognize that FPL's exposure to catastrophic storms is unique in terms of the frequency and the magnitude of the accompanying destruction. While earthquakes pose the potential for widespread destruction, severe events are extremely rare. Similarly, ice storms and tornados can cause significant damage, but are generally more limited in geographic scope and frequency. As a result, weather emergencies that can devastate parts of Florida require that FPL have the financial capability fund enormous recovery efforts.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 360 Page 1 of 1

Q.

Please identify the characteristics specific to FPL justifying an additional 100 basis points in ROE relative to the recent Commission decision for Gulf Power Company of 10.25 percent ROE at an equity ratio of approximately 46 percent in Order No. PSC-12-0179-FOF-EI?

A.

FPL has not commented on whether the ROE granted to Gulf Power was or was not appropriate to Gulf's unique position.

FPL's testimony speaks to the appropriate rate for FPL's unique situation and is not predicated upon the ROE granted for Gulf Power. The risks and financial exposures specific to FPL, and the implications for a fair ROE for the Company, were articulated in the testimonies of Dr. Avera and Mr. Dewhurst. Some or all of these risk factors apply to other Florida utilities in varying degrees. FPL has not attempted to quantify the differential impact of such risks with respect to a particular utility.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 363 Page 1 of 1

Q.

With respect to page 86, lines 13 - 15 of witness Avera's direct testimony, the Utility Proxy Group averaged a common equity 45.9 percent versus FPL's higher equity ratio. Please explain in detail whether FPL concurs with the following Moody's Investor Service statement issued April 9, 2010, "In addition, FP&L's recently awarded 10% ROE is consistent with those granted to some utilities in other parts of the country and its 59.1% equity ratio remains one of the highest in the U.S., mitigating the negative effect of the relatively low base rate increase." See FPL's response to Staff's 1st Request for Production of Documents (No. 14), bates stamped page, Staff 000183 FPL RC-12.

А.

Dr. Avera agrees with Moody's that FPL's equity ratio is a key ingredient that helps to mitigate against other risks and challenges confronting FPL, including the risks associated with an unfavorable regulatory order that Value Line considered to be "harsh" and "disappointing" (See FPL's response to Staff's Eleventh Set of Interrogatories No. 343). However, the Company's conservative financial policies did not stop Moody's from downgrading FPL's credit standing in April 2010 in response to the FPSC's actions.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 364 Attachment No. 1 Page 1 of 1

Rate Case History

2012 Rate Cases

									Incin	Increase Authorized		
			N:110	ורי היווידא	Redure on Complete Equi-	sanp 4 round				Reduce on Continent faulty	ontries fronts	
			Increase	Roth Barg	Equal /		Rute Bure	Rate by monent	Return on	Equator	Total Caro Test Year	Rule Buser
State	Company	Date	(SNJ)	1 1			ISM) Date	(\$'d) Rate Based	0 Basel. 1		() F 2014	LCEV1
Anzona	Arizona Public Service Co.	6/1/2011	95.5	8.87	11.00	53.90	5.720.28 5/15/2012	¢¢	8 33	02 01	53 04 43 0040	C 663 00
Colorado	Public Service Co. of CO	11/22/2011	281.0	8.50	10.75	56.00	5.431.22.4/26/2012	1 160		10.01		
Florida	Florida Power Corp.	1/20/2012	150.0	AN	ş	AN	NA 2/22/2012	150.0	ANA ANA	ANA ANA		AN A
Florida	Gulf Power Co.	7/8/2011	101.6	7.05	11 70	38.50	1 734 75 2070010	5.8.5		1 1 1 1		
Hawaii	Hawaii Electric Light Co	12/9/2009	20.9	8 73	10.75	55 11	AR 73 4/2010	100.	40.0	C7'01	2102/21 05:96	1,703.97
Hawaii	Mari Electric Company Ltd	9/30/2009	28.2	8.57 8.57	10.75	19.00		n e	0.51	10.01	55.91 12/2010	465.14
klaho	PacifiCom	1102/2011	1.55			00.00	2102/2/2 06:600	8.4 D	8.15 2	10.00	58.86 12/2010	387.32
llinoite	Amoron Illinoie		1.20	C7-D	10.0L	12.20	/45./0 1/10/2012	34.0	ź	¥	NA 12/2010	M
		1102/91/2	38.0	8.44	11.00	52.87	2,012.81 1/5/2012	M	¥2	ž	NA NA	NA
	COMMONWEARN ECISON CO.	11/8/2011	-58.1	8.11	10.05	45.50	6,601.00 5/29/2012	-168.6	8.16	10.05	46.12 12/2010	6,182,81
	westar Energy Inc.	8/25/2011	90.8	8.68	10.60	51.62	3,399.27 4/18/2012	50.0	AN	NA	NA 03/2011	MA
Micrigan	Consumers Energy Co.	6/10/2011	180.9	6.86	\$0.70	42.07	7,853.60 6/7/2012	118.5	6.70	10.30	42.07.09/2012	7 403 53
MICING BIT	Indiana Michigan Power Cu.	7/1/2011	27.4	7.38	11.15	43.08	684.74 2/15/2012	14.6	6.84	10.20	42.07 12/2012	661.70
Mmnesola	Northern States Power Co MN	11/3/2010	150.6	8.57	10.85	52,56	5,682.84 3/29/2012	72.9	8.32	10.37	52 58 12/2011	5 R51 08
Montana	North Western Corp.	8/25/2008	38.1	٩N	¥	¥	172.88 3/21/2012	39.1	M	NA	NA NA	177.68
North Carofina	Duke Energy Carolines LLC	7/1/2011	525.0	8.51	11.25	53.00	11,125.01 1/27/2012	368.0	8.11	10.50	53.00 12/2010	11 007 00
North Dakota	Northern Stales Power Co. • MN	12/20/2010	20.4	8.74	11.25	52.56	327.43 2/29/2012	15.7	MA	10.40	100/C1 PN	00' JEO' I -
Oregon	Idaho Power Co.	7/29/2011	5.9	8.17	10.50	51.78	121.05 2/23/2012	1.8	7.78	000	10 DU 10/01	105 40
South Carolina	Duke Energy Carolinas LLC	8/5/2011	215.5	8.63	11.50	53.00	4,094.85 1/25/2012	92.8	8.10	10.50	53.00 12/2014	3 063 06
	El Paso Electric Co.	2/1/2012	20.3	8.94	10.60	53.38	1,126.22 5/18/2012	-15.0	¥	AN	NA 09/2011	NA
Virginia	Appelachish Power Co.	3/31/2011	26.9	8.36	12.15	42.69	158.27 1/3/2012	26.1	٩N	11 40	FICCION	NA NA
Virginia	Virginia Electric & Power Co.	6/27/2011	2.8	9.60	13.50	53.25	395.27 3/20/2012	4	8.48	11.40	51 25 03/2013	205 77
Virginia	Virginia Electric & Power Co.	6/27/2011	50.1	8.60	13.50	53.25	1,328.90 3/23/2012	46.8	8.48	11.40	53 25 03/2019	1208.05
	Virginia Electric & Power Co.	6/27/2011	6.4	9.03	12.40	53.25	42.94 3/16/2012	8.4	9.03	12.40	53 25 03/2013	42.04
Virginia	Virginia Electric & Power Co.	5/2/2011	35.3	8.77	11.40	53.25	261.02 2/2/2012	34.1	8.77	11.40	53 25 03/2013	280 92
wasnington	Pacificorp	7/1/2011	13.0	7.74	AA	M	750.50 3/30/2012	4.5	7.74	Z	NA 12/2010	AN A
wasnington	Puget Sound Energy Inc.	6/13/2011	125.4	8.26	10.75	48.00	4,896.73 5/7/2012	63.3	7.80	8,80		4 853.00

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Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 367 Page 1 of 1

Q.

With respect to page 11, lines 1-3 of witness Dewhurst's direct testimony, please state if FPL experienced "reduced access to capital markets" as a result of the return on equity (ROE) authorized in Order No. PSC-10-0153-FOF-EI? For purposes of this response, please identify specific examples of when FPL experienced reduced access to capital markets following the issuance of the above referenced Order.

A.

The moment the Order was announced, FPL immediately became less competitive and attractive to the capital markets. The efforts of the Company then shifted and moved to repair the damage done by the Order by: (i) reaching out to the investment community; and (ii) simultaneously working to reach a settlement with intervenors that would, at least temporarily, stabilize the negative impact and consequences of the Order. Those efforts produced the settlement supported by the FPSC Staff and ultimately approved by the Commission. Only after the settlement gained support, and the negative impact to FPL to the investment community had been stabilized, did FPL enter the capital markets and issue First Mortgage Bonds in December 2010.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 368 Page 1 of 1

Q.

- a. With respect to page 11, lines 16 22 of witness Dewhurst's direct testimony, please state if FPL compared its authorized ROE of 10.0 percent to the returns authorized by regulatory commissions around the country in 2010 and 2011? If no, why not?
- b. If FPL did make this comparison, how did FPL's authorized ROE compare to the returns authorized for other investor-owned utilities (IOUs) during 2010 and 2011?

А.

- a. Yes, FPL reviewed the authorized ROEs of other investor-owned utilities in the nation, as well as electric utilities in the southeast, and in the State of Florida.
- b. FPL concluded that an authorized ROE of 10% placed FPL among the lowest third in the country, among the very lowest in the southeast, and the absolute lowest in the State of Florida. Witness Dewhurst states on page 44, lines 6-8; that, "In the 2009 rate case, the FPSC approved a midpoint of 10% for FPL, the lowest ROE approved for any Florida electric, telecommunications, or natural gas utility in at least the past 50 years, as shown on Exhibit MD-2." Also, on page 45 lines 8-12, Mr. Dewhurst states the conclusions to these comparisons, "FPL's current allowed ROE of 10% is the lowest of any of the IOU's within Florida. It is also in the bottom third of allowed ROEs nationally." Also see Attachment No. 1 and FPL's response to Staff's Eleventh Set of Interrogatories No. 387.

Rate Case History Part Rata Cases

Florida Power & Light Company Docket No. 120015-E1 Staff's Eleventh Set of Interrogatories Interrogatory No. 368 Attachment No. 1; Page 1 of 2

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NOTA MAL			88	8	9 G	1.63	9.67	6.62	29	90	23		9.6	2 S S	0.95	8 9 9	5 8 8	10.00	90 EF	10.00	82	100	10.00	8 9 8 9	10.00	6 8,8	8.0	10,00	10.05	2 12 12 12 12	10,13	10,13	10.13	10,15		10.19	87 D	67°9	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	10.25		92.01	10.30	10.30	10.20	10.30	10.30	10.35	10.38	10.40	10.40	4.0	10.44	10.50 03.51	19.60	99.01	10.63	10.00 09.01	10.00
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Florida Power & Light Company Docket No. 120015-E1 Staff's Eleventh Set of Interrogatories Interrogatory No. 368 Attachment No. 1; Page 2 of 2

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Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 369 Page 1 of 1

Q.

With respect to page 15, lines 7 - 10 of witness Dewhurst's direct testimony, please describe and list all capital expenditure projects, including the costs, that comprise the capital expenditure programs to which witness Dewhurst refers.

A.

The capital expenditure projects referred to in witness Dewhurst's direct testimony on page 15 lines 7 - 10 and on page 37, lines 7 - 10 are FPL's capital expenditures for 2011 through 2013, excluding Nuclear Fuel. A summary table is provided below; detailed descriptions are provided in Attachment No. 1.

FPL Capital Expendit	ares 2011 - 2013			
(Dollars in Millions)	<u>Actual</u> 2011	Budget 2012	<u>Forecast</u> 2013	<u>Total</u> 2011-2013
Capital Projects	3,331.1	3,455.0	2,257.5	9,043.6

Also, note that significant capital expenditures will continue beyond 2013 for large generation projects approved by the Commission and designed to improve customer value.

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2011 Capital Expenditures Actual \$ Millions

Business Unit / Category	2011 Actual
Power Generation	
Combustion Turbine Outages / Wear Parts	400.0
Equipment Replacements / Major Repairs	402.0
Environmental Clause (ECRC)	128.2
Total Power Generation	87.7
	617.9
Nuclear	
Maintenance and Reliability	272.8
Extended Power Uprate (EPU)	672.2
Total Nuclear	945.0
Transmission	
Planned Maintenance / Equipment Replacement	73.8
Projects	93.1
Storm Secure	7.2
Nuclear Extended Power Uprate Support	4.1
Other	0,1
Total Transmission	178.2
Distribution	
Maintenance, Restoration and Reliability	264.5
Growth	71.7
Storm Secure	96.1
Total Distribution	432.3
Customer Service	
Advanced Metering Infrastructure	188.5
Other	19.8
Total Customer Service	208.2
nformation Management	
SAP One	29.2
Future Enterprise Network Architecture	6.3
Infrastructure Projects	30.1
Other Application Projects	17.4
Total Information Management	83.0
Engineering, Construction & Corp. Svcs. / Project Development	
West County Energy 1 & 2	2.3
West County Energy 3	80.9

Business Unit / Category	2011 Actual
Martin/Manatee Electrostatic Precipitator Project	32.5
Martin Solar Project	7.7
Desoto Solar PV Project	1.5
Turkey Point 6 & 7	22.7
Riviera Modernization	179.6
Cape Modernization	462.6
Port Everglades Modernization	0.7
Real Estate Land Acquisitions & Sales	87.8
Facilities Management Projects	25.1
Other Renewable Projects	0.8
Other	2.8
Total Engineering, Construction & Corp. Svcs. / Project Development	907.0
Location 10	
St. Lucie Participation Credit	(42.2)
Other	(0.9)
Total Location 10	(43.2)
Other - Misc	2.7
Total Capital Projects Excluding Nuclear Fuel	3,331.1

Note: Sub-Totals and Totals may not foot due to rounding.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 369 Attachment No. 1 Tab 2 of 3

2012 Capital Expenditures Budget \$ Millions

Business Unit / Category	Budget
Power Generation	
Combustion Turbine Outages / Wear Parts	215.2
Equipment Replacements / Major Repairs	146.3
Environmental Clause (ECRC)	36.0
Total Power Generation	397.5
	001.0
Nuclear	
Maintenance and Reliability	245.8
Extended Power Uprate (EPU)	863.2
Total Nuclear	1,109.0
Transmission	
Planned Maintenance / Equipment Replacement	68.2
Projects	113.5
Storm Secure	4.5
Nuclear Extended Power Uprate Support	4.5
Total Transmission	7.0 193.8
	195.0
Distribution	
Maintenance, Restoration and Reliability	271.5
Growth	66.2
Storm Secure	97.8
Total Distribution	435.5
Customer Service	
Smart Meter Project	190.8
Other	22.3
Total Customer Service	213.0
	210.0
Information Management	
Infrastructure Projects	42.2
Application Projects	25.0
ECCR Application Projects	2.3
Total Information Management	69.5
Engineering, Construction & Corp. Svcs. / Project Development	
Riviera Modernization	EEN E
	550.5

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ī.

2012 Capital Expenditures Budget \$ Millions

Business Unit / Category	Budget
Cape Modernization	321.5
Port Everglades Modernization	55.4
Martin ESP Project	1.8
Manatee ESP Project	60.8
Turkey Point 6 & 7	32.7
Hendry County New Generation (Proj Dev)	2.2
Hendry County Land Acquisition	35.0
Real Estate Land Acquisitions & Sales	4.0
Facilities Management Projects	8.7
Other	1.5
Total Engineering, Construction & Corp. Svcs. / Project Development	1,074.0
Location 10	
St. Lucie Participation Credit	(45.2)
Other	0.2
Total Location 10	(45.0)
Other - Misc.	7.8
Total Capital Projects Excluding Nuclear Fuel	3,455.0

Note: Sub-Totals and Totals may not foot due to rounding.

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Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 369 Attachment No. 1 Tab 3 of 3

2013 Capital Expenditures Forecast \$ Millions

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Business Unit / Category	Forecast
Power Generation	
Combustion Turbine Outages / Wear Parts	206.5
Equipment Replacements / Major Repairs	164.8
Environmental Clause (ECRC)	8.7
Total Power Generation	380.0
Nuclear	
Maintenance and Reliability	226.8
Extended Power Uprate (EPU)	47.7
Total Nuclear	274.5
Transmission	
Projects	33.4
Planned Maintenance	67.4
Storm Secure	4.7
Infrastructure	77.2
ECRC	0.1
Total Transmission	182.8
Distribution	
Growth	85.0
Maintenance, Restoration and Reliability	238.4
Storm Secure	109.4
Total Distribution	432.7
Customer Service	
Advanced Metering Infrastructure	69.2
Other	26.0
Total Customer Service	95.1
Information Management	
Infrastructure Projects	14.3
Application Projects	57.1
ECCR Application Projects	2.3
Total Information Management	73.8
Engineering, Construction & Corp. Svcs. / Project Development	
Riviera Modernization	466.7

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2013 Capital Expenditures Forecast \$ Millions

Business Unit / Category	Forecast
Cape Modernization Port Everglades Modernization Martin U1 Electrostatic Precipitator - ECRC Martin U2 Electrostatic Precipitator - ECRC Manatee U1 Electrostatic Precipitator - ECRC Turkey Point Units 6&7 Hendry County Land Acquisition Corporate PGA - Master Plan (Building) Corporate Data Center (Building) Other Real Estate Land Acquisitions & Sales	80.6 87.1 37.9 3.0 26.1 29.6 35.0 15.0 30.0
Facilities Management Projects For Engineering, Construction & Corp. Svcs. / Project Development	14.3 11.6 837.0
Location 10 St. Lucie Participation Credit Total Location 10	(21.4) (21.4)
Other - Misc.	3.0
Total Capital Projects Excluding Nuclear Fuel =	2,257.5

Note: Sub-Totals and Totals may not foot due to rounding.

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Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 370 Page 1 of 1

Q.

With respect to page 16, lines 13 - 20 of witness Dewhurst's direct testimony, please describe how FPL's "utilization of nuclear power" compares to other IOUs that operate nuclear power plants in the United States. For purposes of this response, identify the percentage by capacity and by actual energy supply for each IOU that operates nuclear power plants in the U.S.

А.

Please see FPL witness Reed's testimony for the study comparing FPL's nuclear exposure. Witness Reed's results indicate that: "In every year of my analysis, FPL's percentage nuclear generation is ranked first in the Florida Group. This places significant pressure on FPL's cost structure relative to its peers in the region. In comparison to the Straight Electric Group, FPL is in the second quartile each year." (Page 20, lines 9 - 13). Also, please see FPL's response to Staff Ninth Request for Production of Documents No. 65 that has nuclear ownership in the U.S.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 371 Page 1 of 1

Q.

With respect to page 16, lines 13 - 20 of witness Dewhurst's direct testimony, please identify the percentage of nuclear power by capacity and by actual energy supply for each company listed in Exhibit WEA-4 attached to witness Avera's direct testimony. In your response, also provide the percentage of nuclear power by capacity and by actual energy supply for each of the IOUs listed in Exhibit WEA-15 attached to witness Avera's direct testimony.

А.

Please see Attachement No. 1, which provides the percentage of nuclear power by capacity and by actual energy supply for each company listed in Exhibit WEA-4. Higher allowed returns for utilities with nuclear generation are consistent with FPL's position that investors perceive additional risks and complexities associated with nuclear operations. A comparison of nuclear power was not performed on Exhibit WEA-15.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 371 Attachment No. 1 Page 1 of 1

Peer Companies Listed in Exhibit WEA-14

	Company	ROE
1	Alliant Energy	10.40%
2	Consolidated Edison	10.15%
3	Dominion Resources	11.05%
4	Integrys Energy Group	10.25%
5	ITC Holdings Corp.	N/A
6	NextEra Energy, Inc.	
7	OGE Energy Corp.	10.35%
8	PG&E Corp.	11.35%
9	SCANA Corp.	11.00%
10	Sempra Energy	10.70%
11	Southern Company	12.01%
12	Vectren Corp.	10.40%
13	Wisconsin Energy	10.25%
14	Xcel Energy, Inc.	10. 29 %

ROE Average for Companies with Nuclear 11.07% ROE Average for Companies without Nuclear 10.30%

.....

Source: SNL Financial

% Ownership (MW)	% Generation Produced (MW-hrs)	
No Nuclear	No Nuclear	
No Nuclear	No Nuclear	
21%	43%	
No Nuclear	No Nuclear	
No Nuclear	No Nuclear	
13%	24%	
No Nuclear	No Nuclear	
30%	51%	
11%	19%	
12%	24%	
8%	16%	
No Nuclear	No Nuclear	
No Nuclear	No Nuclear	
9%	16%	

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 372 Page 1 of 1

Q.

With respect to page 20, lines 8 - 20 of witness Dewhurst's direct testimony, please identify and list FPL's average draws on the credit lines by month for the calendar years 2009, 2010, and 2011, and the first quarter of 2012.

A.

Please see FPL's response to SFHHA's First Set of Interrogatories No. 3, which provides monthly data on commercial paper issuances (supported by credit lines) beginning January 2007 through March 2012 (first quarter, 2012).

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 373 Page 1 of 1

Q.

With respect to page 21, lines 6 - 12 of witness Dewhurst's direct testimony, please identify the percentage of natural gas that FPL receives from on-shore sources?

А.

FPL currently receives approximately 74% of its natural gas supply from on-shore sources.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 374 Page 1 of 1

Q.

Please state whether the risk to which witness Dewhurst refers, on pages 22 and 23 of his direct testimony, unique to FPL or common to all Florida utilities?

А.

All electric utilities in Florida have an exposure to weather conditions and electrical transmission interconnections. What makes FPL unique is the level and degree to which FPL is exposed to these risks. FPL is exposed to tropical storms and hurricanes along a much longer coast line that wraps from Fort Myers on the Florida's west coast and then up the Atlantic coast to the south of Jacksonville. No other Florida utility has that kind of storm exposure. Similarly, no other Florida utility has as much load that depends on long distance transmission capacity.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 375 Page 1 of 1

Q.

With respect to page 22, lines 4 - 10 of witness Dewhurst's direct testimony, please explain why the Commission denied FPL's petition. See page 5 of Order No. PSC-09-0715-FOF-EI, in Docket No. 090172-EI.

А.

FPL cannot presume to know all of the reasons why the prior Commission rejected the proposal. FPL believed then and continues to believe that approving the proposal and building the pipeline would have been beneficial for its customers. Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 376 Page 1 of 1

Q.

With respect to page 29, lines 18 - 22 of witness Dewhurst's direct testimony, please describe by whom the ROE midpoint of 10% was viewed as inconsistent both with past practice and with good policy.

А.

Equity investors, fixed-income investors and ratings agencies viewed the prior Commission's Order authorizing the 10% ROE as inconsistent with past practice and good policy.

The ROE approved by the prior Commission in the March 2010 Order was the lowest ROE approved for any Florida electric, telecommunications or natural gas utility in at least the past 50 years. This marked inconsistency in the Florida regulatory process and climate certainly was noticed and discussed by the investment community and by the credit ratings agencies. Moody's noted the deterioration of political and regulatory support on the ROE and even commented on the fact that the prior Commission seemed to move easily beyond Staff's recommendations in order to produce a lower result.

"The rate case was plagued by controversy and political intervention, with the Governor vocally opposing the utility's request and interfering with the independence of the regulatory process. The FPSC with two new commissioners over-ruled its staff recommendations in several respects, including return on equity and storm fund accruals." (Moody's Global Credit Research – 12 Apr 2010).

In a March 2010 press release, Fitch states that "The adequacy of ROE authorized to regulated utilities by state regulatory commissions is important for fixed-income investors. In cost or service regulation the ROE provides a cushion for bondholders against deviations in operating expenses, electricity sales, and other adverse circumstances, and contributes to the differentiation in ratings." (Fitch press release, March 22, 2010 and in MPD testimony, page 10, lines 14-21).

Fitch makes its clear that ROE is a key criterion in evaluating credit ratings as it provides key support to fixed-income investors.

Standard & Poor's noted the importance with respect to credit support of FPL and therefore ROE when it stated:

"Regulatory risk, the most important risk a utility faces, has been well managed by FP&L but has risen of late as regulators have reacted to weak economic conditions and keener attention to the political arena with at series of decisions for FP&L that fall short of the very sound record of past support for credit quality." (S&P, Research Update: March 11, 2010).

In all of these examples, the rating agencies illustrate the departure from supportive past practices of the regulatory process in Florida and also include in that view the importance of ROE in evaluating that credit support. The examples above indicate that the 10% ROE authorized by the commission at that time was inconsistent with the past process and detrimental to FPL credit ratings.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 377 Page 1 of 2

Q.

With respect to page 30, lines 8 - 11 of witness Dewhurst's direct testimony, please state whether investors have avoided investing in FPL following the issuance of Order No. PSC-10-0153-FOF-EI.? If so, please explain.

А.

Yes, as an immediate result of the Order many investors have avoided investing, or have invested smaller amounts, in FPL.

With respect to equity markets, Value Line noted in its February 26, 2010 write-up that "FPL was hit with a harsh rate order earlier this year....Utilities almost never get everything they request, but it came as a shock when the Florida commission granted FPL a tariff hike of just \$75.4 million this year, based on an ROE in a range of 9%-11% and no increase in 2011."

In response to the rate Order; Value Line cut its 2010 earning estimate by \$0.20, lowered the company's Financial Strength rating and the stock's safety rank by a notch each. Finally, Value Line noted that the stock was down 10% since last November (2009) and that the rate order was the main reason for the decrease. It is apparent that equity investors avoided and/or reduced their investment in FPL due to the prior Commission's order.

In addition, the Order caused the subsequent downgrade of FPL's commercial paper credit rating by Standard & Poor's to A-2 from A-1 (see FPL's response to OPC's Third Set of Interrogatories No. 67). This created a "split-rating" for FPL for this type of credit. FPL's commercial paper dealer/brokers indicated that some money-market investors are, by policy, prohibited from investing in firms with lower, and/or split-credit ratings. In these instances, these firms were required by their investment policies to avoid investments in FPL.

With respect to long-term debt markets, the Company did not enter into the capital markets to issue debt until well after the order was issued (see FPL's response to Staff's First Set of Interrogatories No. 5). There was, however a clear effort to work to settle and stabilize the negative impact of the Order. When the Company did issue long term debt in the form of first mortgage bonds it was in December 2010, well after the order and after the Settlement had been announced and vetted through the investment community. The stabilizing impact of the Settlement, the structure of which enabled the Company to earn 11% through the period of the settlement, is reflected in a comment written by Standard & Poor's in August 2010:

"An August 2010 settlement with the state Attorney General and other crucial intervenors that will freeze base rates through 2012 and begin the recovery of the costs of a large new gas-fired plant coming into service in 2011 should, if accepted, provide a stable base for maintaining financial performance and credit metrics consistent with ratings. The settlement also suggests that regulatory risk has stabilized, too." (S&P, RatingsDirect August, 24, 2010, page 3).

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 377 Page 2 of 2

FPL did not enter into the long term debt markets until after the Company was able to: (i) work-out a settlement with interveners; (ii) gain the support of the FPSC Staff; and (iii) address the issues and concerns of the investment community.

Please see Attachment No. 1.

Florida Power & Light Company Docket No. 120015-Ei Staff's Eleventh Set of interrogatories Interrogatory No. 378 Page 1 of 1

Q.

With respect to page 30, lines 14 - 16 of witness Dewhurst's direct testimony, please identify specific instances when FPL was denied "timely, unfettered and competitive access to capital markets" following the issuance of Order No. PSC-10-0153-FOF-EI.

A.

The issuance of Order No. PSC 10-0153-FOF-EI made FPL immediately less attractive to investors and less competitive in the capital markets. FPL was denied timely, unfettered and competitive access to capital market subsequent to the issuance of the Order. Also, please see FPL's responses to Staff's Eleventh Set of Interrogatories Nos. 367 and 377.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 379 Page 1 of 1

Q.

With respect to page 31, lines 1 - 4 of witness Dewhurst's direct testimony, please define "superior operating performance," and identify to whom or what FPL is superior.

A.

First, for purposes of aligning ROEs with "operating performance," FPL believes that the PSC should look to the totality of a utility's performance; that is, delivering value to its customers. Please see page 47 (lines 20-21): "Chief among these (operating performance measures) are reliability of service, cost or affordability, and customer service quality."

Second, as noted on page 48 (lines 21-23) of Mr. Dewhurst's testimony, FPL witness Reed provides a detailed analysis regarding FPL performance relative to other utilities. Witness Reed, in his testimony, provides key criteria in assessing superior operating performance. As an example of this performance, FPL witness Reed addresses the Company's overall O&M costs. His benchmarking shows that FPL has out-performed similarly-sized companies across an array of financial and operational metrics. Specifically, in terms of O&M expense performance, FPL is the top performer in Florida, and is consistently ranked in the top quartile among comparable companies nationwide. The benefits of FPL's strong performance are indeed substantial. For 2010 alone, if FPL had been just an average performer among the 28 benchmarked electric companies instead of having exceptional performance, FPL's non-fuel O&M costs would have been approximately \$1.6 billion higher than actual costs.

Another example is FPL's fossil fleet generation performance, as addressed by FPL witness Kennedy, which has resulted in significant savings to customers, thereby reducing the potential impact of a base rate increase. The transformation of FPL's fossil fleet over time has resulted in substantial improvements to operating performance by reducing heat rate, CO2 and other air emissions, forced outage rate and total non-fuel O&M costs. As an illustration, compared to FPL's efficiency just 10 years ago and using a conservative annual fuel cost of \$3.5 billion, FPL's industry-leading performance in lowering the Company's heat rate represents customer savings of about 19 percent or approximately \$650 million in 2011. And while these are fuel savings and not base rate savings, they arise from FPL's investments in highly efficient generation, directly benefiting customers and in turn, helping to minimize the impact of a base rate increase on customer bills.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 380 Page 1 of 1

Q.

With respect to page 35, lines 12 - 23 of witness Dewhurst's direct testimony, please explain how the ratings two years ago are relevant to FPL's instant petition for a rate increase.

Α.

The ratings actions from 2010 affect the Company and its customers and are relevant to the request for rate relief in two ways:

First, as a result of the credit downgrades, FPL's financial strength was immediately and negatively impacted due not only to the case result, but the perception of the regulatory process that produced the Order. The Settlement Agreement helped to mitigate the negative results of the Order and the effects of the downgrades. However, the Settlement Agreement expires at the end of 2012. Rate relief in 2013 is required to address the continued increase in costs and fair cost of capital that the Settlement Agreement helped to bridge through 2012.

Second, the downgrade still negatively resonates with FPL's investors, and the credit rating agencies. The investment community and the rating agencies are watching and evaluating the current FPL rate case and the regulatory proceedings associated with this rate case. They remain optimistic that the regulatory climate, a significant factor in their evaluation and ratings of a Company's debt, has stabilized and may be returning to one that encourages investment and high quality service among utilities. Another unreasonable outcome would be a major setback in investors' view of the regulatory environment in Florida.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 381 Page 1 of 1

Q.

With respect to page 36, lines 1 - 6 of witness Dewhurst's direct testimony, please list the commercial paper rate FPL was paying prior to the issuance of Order No. PSC-10-0153-FOF-EI and the commercial paper rate FPL is paying currently. In your response, state whether the downgrade in commercial paper rating has been reflected in FPL's commercial paper rate and access to capital.

A.

In his testimony on page 36, lines 6 - 9; witness Dewhurst stats that' "The downgrade in FPL's commercial paper rating implies greater risk to investors which leads to (1) increased credit spreads and (2) the potential for a reduced access to short-term liquidity."

The impact to FPL's commercial paper rates following the order (Mid-March) are shown in the table below:

-	- ,	
Sept. 2009 Through <u>Feb. 2010</u>	Apr. 2010 Through <u>Sept. 2010</u>	Oct. 2011 Through <u>Mar. 2012</u>
(a)	(b)	(c)
0.186%	0.331%	0.225%
0.168%	0.360%	0.209%
0.142%	0.352%	0.231%
0.152%	0.392%	0.219%
0.163%	0.335%	0.216%
0.188%	0.312%	0.220%
0.167%	0.347%	0.220%

Commercial Paper Rates

Weighted Average Rate by month*

The table above depicts the CP rates for FPL for the six months just prior to the Order (column a), six months immediately after the Order (column b) and the latest six months ended March 2012 (column c). The averages for the periods are 0.167%, 0.347% and 0.220%. This table illustrates that immediately after the Order, CP rates for FPL jumped by 0.18% and that they have not yet fallen to pre-Order levels.

As regards to witness Dewhurst's second point, please refer to FPL's response to Staff's Eleventh Set of Interrogatories No. 377, which states that FPL's CP dealers have indicated that due to the "split-rating" now in effect for FPL after the Order, some CP investors are prohibited from investing in FPL commercial paper.

^{*} For rates, see response to SFHHA First Set of Interrogatories No. 3, attachment.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 382 Page 1 of 1

Q.

With respect to page 37, lines 18 - 22 of witness Dewhurst's direct testimony, please list FPL's earned ROE for each month following the issuance of Order No. PSC-10-0153-FOF-EI.

A.

FPL's earned regulatory ROE for each of the months following the issuance of Order No. PSC-10-0153-FOF-EI as reported in FPL's monthly earnings surveillance report filed with the Commission are as follows:

YEAR	LEDGER_MONTH	REP000480 - RETURN ON COM M ON EQUITY (A V ERAGE)
2010	· · · · · · · · · · · · · · · · · · ·	
	201003	11.00%
	201004	10.77%
	201005	11.28%
	201006	11.43%
	201007	11.68%
	201008	11.79%
	201009	11.34%
	201010	11.16%
	201011	11.00%
	201012	11.00%
2011		
	201101	11.00%
	201102	11.00%
	201103	11.00%
	201104	11.00%
	201105	11.00%
	201106	11.00%
	201107	11.00%
	201108	11.00%
	201109	11.00%
	201110	11.00%
	201111	11.00%
	201112	11.00%
2012		
	201201	11.00%
	201202	11.00%
	201203	11.00%

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Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 383 Page 1 of 1

Q.

With respect to page 38, lines 16 - 22 of witness Dewhurst's direct testimony, please list FPL's EBITDA for each quarter in 2010 and 2011

A.

Earnings before Interest, Taxes (Income Taxes), Depreciation, and Amortization for Florida Power & Light for each quarter in 2010 and 2011 are shown below:

	件 2014 字 2016 年	
1st Quarter	548	622
2nd Quarter	783	694
3rd Quarter	955	917
4th Quarter	588	624
Full Year	2,874	2,857

The amounts were calculated based on our GAAP financials presented in our filings with the Securities & Exchange Commission (SEC).

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 384 Page 1 of 1

Q.

With respect to page 39, lines 8 – 16 of witness Dewhurst's direct testimony, please explain how FPL's cost of raising capital to conduct utility operations is "borne by FPL's shareholders"

Α.

FPL incurred added costs and expenses to ensure and improve the liquidity of the Company. These actions were taken as a direct result of the Order and the subsequent credit downgrade of FPL. As noted on page 39, lines 9-16, witness Dewhurst states:

"FPL took actions to lessen pressure on its short term credit facility and improve its liquidity. First, FPL borrowed \$250 million on its revolving credit facility on March 11, 2010, when Standard & Poor's downgraded FPL's credit ratings. Next FPL added a substantial global credit facility (\$500 million) and issued new first mortgage bonds. These actions were directed at re-establishing reasonable assurance that the Company would have adequate liquidity to support customer electric needs."

The steps outlined above by witness Dewhurst were a direct result of the Order. None of the actions noted above had been planned or anticipated and were not contemplated in any rate case filing. In this way, the burden and costs of the actions taken to assure access to capital markets and provide sufficient liquidity were borne by FPL shareholders.

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 385 Page 1 of 1

Q.

With respect to page 40, lines 8 - 10 of witness Dewhurst's direct testimony, does this statement mean that FPL is "a utility with above average risk?"

A.

Mr. Dewhurst's conclusion at page 40, lines 8-10 that "the authorized ROE should be re-set to a level more consistent with the true opportunity cost of capital for a utility with above average risk" is supported by the balance of his testimony beginning on page 12 through page 40, which documents the significant challenges and exposures facing FPL, and which distinguish the Company from the average utility. These risks and exposures were also reviewed and addressed by Dr. Avera in determining the recommended ROE range for FPL. (*See, e.g.*, witness Avera Testimony page 80, lines 3-7, where he concludes, "In addition, my assessment also reflects the specific risks and exposures faced by FPL, and the need to consider the importance of maintaining FPL's financial flexibility.")

Florida Power & Light Company Docket No. 120015-El Staff's Eleventh Set of Interrogatories Interrogatory No. 386 Page 1 of 1

Q.

- a. With respect to page 41, lines 8 12 of witness Dewhurst's direct testimony, do capital expenditure programs of electric utilities typically exceed their internally generated cash flows or is this unique to FPL?
- b. Does FPL typically fund its capital expenditure programs with funds generated from internal cash flows?

А.

- a. Electric utility expenditure programs may at times exceed the internally generated cash flows. This is not unusual for utilities that have had and/or are (i) expecting growth in demand as may occur with demographic trends increasing population in a utility's service territory, (ii) cost recovery in the aftermath of storms such as hurricanes, or (iii) construction programs to modernize or improve infrastructure so as to improve efficiency and/or reliability of its generation, transmission or distribution systems.
- b. FPL's capital expenditure program is one of the largest in the country (see Attachment No. 1; source Ventyx Generating Unit Capacity Dataset). FPL naturally looks first to internally generated cash flows but must ultimately fund its capital expenditure programs with funds generated from both internal sources of cash and, as noted in the testimony, from the capital investment community. To meet customer needs at the high level FPL believes customers want and deserve, FPL must continue to have strong and consistent access both to internally generated funds and the capital markets. This access to, internal cash flows, short term and long term capital markets ultimately provides superior economic benefits to FPL customers.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 387 Page 1 of 1

Q.

With respect to page 43, lines 9 - 14 of witness Dewhurst's direct testimony, please identify "the other utilities in Florida and in southeastern states" the witness is referring to in his testimony. For purposes of this response, please identify each IOU, its currently authorized ROE, and the date the ROE was established.

A.

The response to the comparison to "other utilities in Florida," can be found in witness Dewhurst statements noted on page 44, lines 9 - 14 on page 44, lines 6 - 8: "In the 2009 rate case, the FPSC approved a midpoint ROE of 10% for FPL, the lowest ROE approved for any Florida electric, telecommunications, or natural gas utility in at least the past 50 years, as shown on Exhibit MD-2." Exhibit MD-2 provides details of Florida Electric, Gas and Telephone Utilities by company, Docket Number, Order Number, Date of Order, allowable Return on Equity and Range, beginning from 1960.

Also, please see FPL's response and attachments to Staff's Eleventh Set of Interrogatories No. 368, and also please see the schedule (below) depicting southeastern states authorized ROEs for electric companies for 2010, 2011 and through March 2012.

			ROE
State	Company	Date	Authorized
Virginia	Appalachian Power	1/3/2012	11.40%
Virginia	Virginia Electric & Power	3/16/2012	12.40%
Florida	Gulf Power Company	2/27/2012	10.25%
Florida	Florida Power & Light	3/17/2010	10.00%
Florida	Progress Energy	3/5/2010	10.50%
Alabama	Alabama Power	3/5/1990	13.75%
Mississippi	Mississippi Power	12/3/2001	12.88%
Georgia	Georgia Power	12/29/2010	11.15%
South Carolina	Duke	1/25/2012	10.50%
South Carolina	S.C. Electric & Gas	9/30/2011	11.00%
North Carolina	Virginia Electric & Power	12/13/2010	10.70%
North Carolina	Duke	1/27/2012	10.50%
Average (Includin	g FPL)		11.25%
Average (Excludii	ng FPL)		11.37%

Recent Authorized ROE for the Southeast region of the U.S.

Florida Power & Light Company Docket No. 120015-EI Staff's Eleventh Set of Interrogatories Interrogatory No. 388 Page 1 of 1

Q.

With respect to page 46, lines 7 - 8 of witness Dewhurst's direct testimony, please define "penalized" and explain how FPL has been "penalized" or placed in a serious disadvantage."

A.

Mr. Dewhurst is referring to the perception in the investment community that the prior Commission's decision was punitive. The term "serious disadvantage" does not appear on page 46 of his testimony. The punitive perception is based on the fact that FPL is recognized as: (i) providing superior customer value; (ii) having the lowest typical bill in the State; but (iii) was "penalized" when the FPSC authorized the lowest ROE in the State in modern memory. Instead of being rewarded for its strong customer focus and superior value, as well as the lowest typical bill in the State, FPL was inexplicably punished by the Order. FPL was able to somewhat mitigate the impact of this decision through a settlement agreement that enabled the Company to earn 11% through the term of the agreement. With the expiration of that agreement and no further bridge to address the rising cost structure that FPL faces, the requested increase in base rates is necessary, along with an adjustment to its authorized rate of return, so as to avoid disadvantaging FPL.

State of Florida

County of Palm Beach

I hereby certify that on this <u>19th</u> day of <u>_____</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared _______, who is personally known to me, and she acknowledged before me that she sponsored the answer to Interrogatory No. 366 from

Staff's Eleventh Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 19th day of June, 2012.

Mogan Saba Notary Public, State of Florida



Sponsor: Nucholas Vlisides

State of Florida

County of Palm Beach

I hereby certify that on this $\frac{5^{h}}{5^{h}}$ day of \underline{Ju} , 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Nicholas Vlisides, who is personally known to me, and he acknowledged before me that he sponsored the answer(s) to Interrogatory No. 364, 371 and 379 from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 5^{th} day of 10^{c} , 2012.

Magan (Sabato Notary Public, State of Florida



'i Quall

Kim Ousdahl

State of Florida

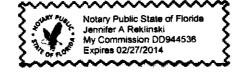
County of Palm Beach)

)

I hereby certify that on this $\frac{30}{20}$ day of $\boxed{1000}$, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 382-383 from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3^{rd} day of Juy, 2012.

Notary Public, State of Florida



Andrew Dillman

State of Florida

County of Palm Beach

)

)

I hereby certify that on this 3th day of (files, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Andrew Dillman</u>, who is personally known to me, and he acknowledged before me that he sponsored the answers to <u>Interrogatory Nos. 373 and</u> 389, from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this <u>Brd</u> day of <u>July</u>, 2012. <u>Manual Mucha</u> <u>Weise</u> Notary Pupic, State of Florida

MARITZA MIRANDA-WISE MY COMMISSION # DD 870956 EXPIRES: May 30, 2013

William E. Avera

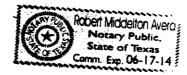
State of Texas

County of Travis

I hereby certify that on this $\int day$ of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>William E. Avera</u>, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 338-350, 352-359, and 361-363 from Staff's Eleventh Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3 day of July, 2012.

btary Public, State of Texas



<u>AFFIDAVIT</u>

Sponsor: Jahoh A. Shal

State of Florida

County of Palm Beach

I hereby certify that on this 5^{h} day of 4^{h} , 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Nicholas Vlisides, who is personally known to me, and he acknowledged before me that he sponsored the answer(s) to Interrogatory No. 351, 360, 365, 367, 368, 369, 370, 372, 374, 375, 376, 377, 378, 380, 381, 384, 385, 386, 387, and 388 from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 5^{th} day of 100^{-100} , 2012.

Notary Public, State of Florida



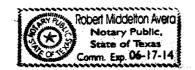
William E. Avera

State of Texas

County of Travis

I hereby certify that on this $3 day of \frac{1}{2} \sqrt{2}$, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared William E. Avera, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). 1-4 from Hendricks' First Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\underline{\int}$ day of $\underline{\int} \mu l_{\underline{\prime}}$, 2012. otary Public, State of Texas



<u>AFFIDAVIT</u>

Iglesias

State of Florida) County of Dade)

I hereby certify that on this ______ day of ______, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared ______ Daisy Iglesias _____, who is personally known to me, and she acknowledged before me that she co-sponsored the answer to Interrogatory No. 389, from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this the day of 2012. Notary Public.

Notary Stamp:

NOTARY PUBLIC-STATE OF FLORIDA Iwanda S. Jenkins Commission # DD827829 Expires: NOV. 19, 2012 BONDED THRU ATLANTIC BONDING CO, INC.

India

State of Florida

County of Palm Beach

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I hereby certify that on this <u>(iiiday</u> of <u>(iiiday</u> 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Andrew Dillman</u>, who is personally known to me, and he acknowledged before me that he sponsored the answer to <u>Interrogatory Nos. 373 and</u> co-sponsored the answer to <u>Interrogatory No. 389</u>, from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this day of ______ 2012. T Mound Munch Wise Notary Public, State of Florida

MARITZA MIRANDA-WISE AY COMMISSION # DD 870958 ES: May 30, 2013

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State of Florida)

County of Palm Beach

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I hereby certify that on this (for the day of July, 2012), before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Roxane Kennedy, who is personally known to me, and he/she acknowledged before me that he/she co-sponsored the answer(s) to Interrogatory No(s). 389 from Staff's 11th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\underline{6^{++}}$ day of $\underline{-July}$, 2012.

Notary Public, State of Florida



FPL's Responses to Staff's Twelfth Set of Interrogatories (Nos. 390-411)

49

Florida Power & Light Company Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 390 Page 1 of 1

Q.

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394.

Please provide the actual dollar amounts associated with the Substation Pollutant Discharge Prevention (SPDP) Program recovered through the ECRC each year since the program was approved by the Commission.

А.

The actual retail jurisdictional amounts associated with the Substation Pollutant Discharge Prevention Program recovered through the Environmental Cost Recovery Clause since inception are shown below:

Jurisdictional		
Year	Total	
1997	\$ 1,447,271	
1998	8,978,794	
1999	3,600,903	
2000	2,746,338	
2001	699,184	
2002	784,278	
2003	1,119,641	
2004	1,295,792	
2005	570,200	
2006	265,894	
2007	531,925	
2008	816,591	
2009	2,213,868	
2010	1,689,418	
2011	3,066,084	
	\$ 29,826,180	
	·····	

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Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 391 Page 1 of 1

Q.

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394.

Please provide the average annual amounts associated with the SPDP program recovered through the ECRC in the past years.

А.

The average annual retail jurisdictional amount associated with the SPDP program recovered through the ECRC, based on the historical annual amounts from 1997 through 2011 provided in FPL's response to Staff's Twelfth Set of Interrogatories No. 390, is \$1,988,412. The minimum amount was \$265,894 and the maximum was \$3,066,084.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 392 Page 1 of 1

Q.

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394. Please specify the environmental rule or regulation that requires the SPDP program.

A.

The Substation Pollutant Discharge Program is necessary in order to prevent and address pollution discharging subject to Fla. Stat. Chapters 376 and 403.

Florida Power & Light Company Docket No. 120015-El Staff's Tweifth Set of Interrogatories Interrogatory No. 393 Page 1 of 1

Q.

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394. Please specify if there is any change to the rule or regulation discussed in question 392 above or, in your response, if there is any new environmental rule or regulation that FPL needs to comply with by implementing additional activities in the SPDP since the SPDP program was established.

A.

Regulatory changes have occurred incorporating revised soil and groundwater cleanup target levels (Chapter 62-777 Florida Administrative Code), as per Florida Statutes Chapter 376. The changes set more restrictive (cleaner) target levels for addressing contamination issues than previously required by the Florida Department of Environmental Protection.

Florida Power & Light Company Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 394 Page 1 of 1

Q.

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394.

In the Company's response to Staff's Second Set of Interrogatories FPL indicated that "[i]f the Commission chooses not to approve this Company adjustment, the base rate request as filed would have to be increased to capture these costs as base revocable." Please provide detailed information regarding the base rate increase to capture the relevant costs assuming that the Company adjustment not being approved.

A.

If the Commission does not approve FPL's request to capture all costs associated with this project as Environmental Costs Recovery Clause (ECRC) recoverable, the Company adjustment reflected in MFR C-3 as a reduction of Test Year's O&M expenses for \$560,000 would be reversed and the revenue requirement associated with it would be added to the Company's Test Year request.

The revenue requirements associated with this Company adjustment is \$561,333.

	· · · · · · · · · · · · · · · · · · ·	
1	Operating Expense Change	\$560,000
2	Less Income Tax	(216,020)
3	NOI Change	343,980
4	NOI Multiplier	1.631877
5	Revenue Requirement Change	\$561,333

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 395 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state when the ESPs at PPE were placed in-service.

А.

The Electrostatic Precipitators (ESP's) at Port Everglades were placed in-service as follows: Unit 1 on 11/23/05; Unit 2 on 04/28/05; Unit 3 on 05/31/07; and Unit 4 on 01/22/07.

ł.

Florida Power & Light Company Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 396 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404. Please state what are the capital investments associated with the ESPs at PPE.

A.

See FPL's response to Staff's Twelfth Set of Interrogatories No. 397.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 397 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404. Please state what are the dollar amounts, as well as the percentage of the total investment, that have been recovered through the ECRC.

A.

\$16,529,011 or 20% of the original capital expenditure associated with the ESPs has been recovered through ECRC:

Balance as of 03/	31/2012	· · · · · · · · · · · ·
Plant in Service	\$	81,901,169
Less: Accumulated Depreciation		(16,529,011)
Net Book Value	\$	65,372,158

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 398 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state what are the dollar amounts, as well as the percentage of the total investment, of the "unamortized portion of the ESPs" referred in FPL's response to Staff's Second Set of Interrogatories, No. 8c.

А.

As of March 31, 2012, the total net book value of the investment associated with the ESP's at Port Everglades was \$65,372,158 or 80% of the capital expenditure.

Plant in Service	\$	81,901,169
Less: Accumulated Depreciation	÷	(16,529,011)
Net Book Value	\$	65,372,158

Florida Power & Light Company Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 399 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state what is the current depreciation/amortization rate of the ESPs at PPE, and by which Commission Order was such rate approved.

A.

The Electrostatic Precipitators (ESP's) at Port Everglades were included in the overall plant-in-service and reserve balances used in establishing the rates currently approved at the generating unit and plant account level for the Port Everglades plant. The depreciation rates FPL utilizes to depreciate the ESP's at Port Everglades were approved in Commission Order No. PSC-10-0153-FOF-EI (FPSC Docket Nos. 080677-EI and 090130-EI), issued March 17, 2010. See Attachment No. 1 for a copy of page 42 of that Order. Note, there are no ESP-related assets included in Port Everglades Common or plant account 314 at any of the Port Everglades units.

ORDER NO. PSC-10-0153-FOF-EI DOCKET NOS. 080677-EI, 090130-EI PAGE 42

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Accelute Number and Descaphent		elsterSnbage		55-50-554600-50) (2016-57-50) (05-57-5
			and the second attraction of the second	
	(yrs.)	(%)	(%)	(%)
PT EVERGLADES PLANT				
Pt Everglades Common				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
Pt Everglades Unit 1		<u>. </u>		
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
Pt Everglades Unit 2				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
Pt Everglades Unit 3				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
		-		
Pt Everglades Unit 4				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1

Table 3: Production Depreciation Components and Resulting Rates

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Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 400 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Referring to FPL's response to Staff's Second Set of Interrogatories, No. 8c, please explain in detail the phrase "upon retirement of the plant." What does the "plant" refer to? When will be the retirement of the "plant?"

А.

In FPL's response to Staff's Second Set of Interrogatories No. 8, the "plant" refers to the existing fossil steam units 1 through 4 at the Port Everglades site. As affirmed by the Commission in Order No. PSC-12-0187-FOF-EI, the Company was granted approval for the modernization of this site. As a result, units 1 through 4 at Port Everglades will be retired during January 2013.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 401 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Referring to page 14, lines 4 - 7, of witness Ousdahl's testimony, please specify which capital recovery schedule in the ECRC will the ESPs at PPE be recovered.

А.

To complete recovery through the Environmental Cost Recovery Clause (ECRC), FPL will include capital recovery amounts in its 2013 ECRC Projection Filing based on the projected capital recovery schedule amounts (see Attachment No. 1) which utilizes an amortization period of four years to recover the costs associated with the unamortized portion of this investment.

Interview (a) (b) (c) (Line No.		Florida CAPITAL F FOR PORT EVERGLA	Florida Power & Light Company CAPITAL RECOVERY SCHEDULE - ECRC FOR PORT EVERGLADES ELECTROSTATIC PRECIPITATORS ONLY	1pany E - ECRC ECIPITATORS ONLY		Docket No Staff's Two Interrogat Attachmer Page I of I	Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 401 Attachment No. 1 Page 1 of 1
Currial recovery ACCOURTS Curries of more accounts 200,030,031 3,993,931,79 4 4 1 Por Fereigndes Unit 1 233,709,93 49,392,13 2,993,91,79 4 4 1 313 Fructures & Improvements 10,404,603,13 3,993,91,79 5,933,143 6,644,631,36 2,493,31,36 4 1 313 Fructures & Improvements 13,500,500,73 3,500,500,75 2,200,514,497 4 1 1 2			(1) Original Cost	(2) Book Reserve		(4) Total Unrecovered Cost		
Port Perglader Unit 1 296,709.33 69,398.23 2 249,311.70 4 313 Storessory flectic equipment 2,00,043.15 3,949,981.79 5 4,933.38 2 4,933.38 2 4,933.38 2 4,933.38 2 <td< th=""><th></th><th>APITAL RECOVERY ACCOUNTS</th><th></th><th></th><th>1</th><th></th><th>1</th><th></th></td<>		APITAL RECOVERY ACCOUNTS			1		1	
313 Structures & Improvements 28,338,23 9,338,23 9,338,23 2,43,11,70 4 313 Content fragment 10,404,603.15 3,939,11,3 2,43,11,35 4 1 313 Content fragment 10,404,603.15 3,939,11,3 2,644,10 2,222,114,9 4 1 Port Everglodes Unit 1 Foroi 13,510,584.33 2,644,10 2,055,50 4,305,213,99 4 1 Port Everglodes Unit 2 Foroi 13,510,594.33 2,055,50 2,335,113,99 2,222,114,97 4 1 Port Everglodes Unit 2 Foroi 13,540,543.35 2,055,50 2,06,75,43 2,235,113,9 4 1 313 Structures & Improvements 11,979,735,29 4,386,057,43 5,359,174,27 1,1083,313,60 4 1 2 313 Structures & Improvements 11,540,336,63 5,359,174,27 5,359,174,27 1,1083,313,60 4 1 2 313 Structures & Improvements 11,610,313,64 2,374,433,857 5,339,174,27 1,1083,313,60 4 1 2 313 Structures & Improvements 131,600,313,84 2,374,431,877 2,324,431,87 2,344,633,633 2,344,633,	14	Port Everglades Unit 1						
312 bolier Plant Equipment 10,446,603.15 3,943,81.79 5,454,621.36 4 1,4 315 Accessory feature (appment 1,500,234.85 2,763,334.85 2,732,234.497 4 1,4 315 Accessory feature (appment 1,351,035.493 4,303,418.80 - 2,206,775,43 4 2 Port Fereglades Unit 1 Floui 1,351,035.20 4,303,418.80 - 2,06,775,43 4 2 Port Fereglades Unit 2 Floui 1,37,932,32 4,303,418.80 - 2,306,775,43 4 2 313 Structures & improvements 11,979,735.20 4,305,600 - 3,395,57.49 4 1 315 Accessory featric (appment 3,94,386.50 - 3,395,57.43 4 1 315 Accessory featric (appment 1,9,97,437.87 - 3,395,57.43 4 1 315 Accessory featric (appment 1,9,44,487.87 5,339,174,27 - 1,1,003,315.60 2 2 Port Everydades Unit 2 Totol 16,442,487.87 5,339,174,27 - 1,1,003,315.60 4 1 313 Structures & improvements 13,1,3448.85 - 13,946,57.43 - 2,346,513.60 2 2 313 Structures & improvements 13,1,403,418 - 1,403,413.41	5	311 Structures & Improvements	298,709.93	49,398.23		249.311.70	4	57 G2
315 Accessory Electric Equipment 2,000,248.45 2,000,348.85 2,80,33.88 2,222,214.97 4 76 Miscellameous Equipment 13,510,394.43 3,03,38.83 2,00,775.43 2,30,575.43 2,30,575.43 2 76 Miscellameous Equipment 13,510,394.33 2,30,38.83 - 2,30,575.43 4,30,38.84 2 715 Miscellameous Equipment 11,979,735.23 4,30,38.84 2,055.50 - 163,125.94 4 1 313 Nucurus & Improvements 11,979,735.23 4,30,38.16 - 3,396.527.45 4 1 2 315 Microsony Electric Equipment 3,94,88.16 5,359,174.27 - 11,033,313.60 4 1 2 315 Microsony Electric Equipment 15,43,47.57 5,359,174.27 - 11,033,313.60 4 2 2 315 Accessony Electric Equipment 15,442,47.57 5,359,174.27 - 11,033,313.60 4 2	9	312 Boiler Plant Equipment	10,404,603.15	3,949,981.79		6,454,621.36	• •	1.613.655.34
316 Miscellaneous Equipment 30/03.3.0 2.6,404.90 - 280,627.40 4 Port Freergides Unit 1 Total 13,510,554.23 4,303.818.80 - 9,206,775,43 4 Port Freergides Unit 2 13,510,554.23 4,305,095.07 - 16,31,28,94 4 Ret Freergides Unit 2 13,510,554.13 4,305,095.07 - 7,155,271.93 4 315 Neutures & Improvements 11,979,735.29 4,86,098.16 - 7,155,771.94 4 315 Neutures & Improvements 11,979,735.29 4,86,098.16 - 7,155,571.95 4 315 Neutures & Improvements 11,979,735.29 5,359,174.27 - 11,083,3160 4 315 Neutures & Improvements 15,442,487.87 5,359,174.27 - 11,083,3160 4 315 Neutures & Improvements 13,150,533.65 3,014,498.56 - 13,99,4405.78 4 315 Neutures & Improvements 23,766,814.96 3,722,413.18 - 13,99,4405.78 4 316 Neutures & Improvements 23,766,814.96 3,732,413.18 - 13,99,4405.78 4 316 Neutures & Improvements 23,766,814.96 3,732,413.18 - 13,99,4405.78 4 316 Net Evergiddes Unit 3 Total 23,766,814.96	7	315 Accessory Electric Equipment	2,500,248.85	278,033.88		2,222,214.97	4	555.553.74
Port Everglades Unit 1 Total 13,510,594.33 4,303,818.80 - 9,206,775,43 - 2 Port Everglades Unit 2 134,084.01 2,095.507 - 163,128.94 4 17 313 Structures & Improvements 11,9735.29 4,865.08.10 - 7,135,527.19 4 4 1 313 Actession fact (apiment 11,9735.29 4,865.08.10 - 7,135,527.19 4 4 1	80	316 Miscellaneous Equipment	307,032.30	26,404.90		280,627.40	4	70.156.85
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315 Accessory Electric Equipment 6,729,950.05 698,038.47 - 6,031,011.58 4 316 Miscellaneous Equipment 551,535.30 45,271.86 - 506,263.44 4 Port Everglades Unit 4 Total 28,241,262.43 4,551,755.01 - 23,589,497.42 4 TOTAL CAPITAL RECOVERY ACCOUNTS 81,907,177.26 - 63,853,932.23 1 1	27	312 Boiler Plant Equipment	20,646,501.29	3,879,581.01	,	16,766,920.28	4	4.191.730.07
316 Miscellaneous Equipment 551,535.30 45,271.86 - 506,263.44 4 Port Everglades Unit 4 Total 28,241,262.43 4,551,755.01 - 23,589,497.42 4 TOTAL CAPITAL RECOVERY ACCOUNTS 81,907,177.26 - 63,853,992.23 1	28	315 Accessory Electric Equipment	6,729,950.05	698,038.47		6.031.911.58	4	1 507 977 90
Port Everglades Unit 4 Total 28,241,262.43 4,651,765.01 - 23,589,497.42 TOTAL CAPITAL RECOVERY ACCOUNTS 81,901,169.49 18,047,177.26 - 63,853,992.23	ୟ	316 Miscellaneous Equipment	551,535.30	45,271.86		506.263.44	4	176 565 86
TOTAL CAPITAL RECOVERY ACCOUNTS 81,901,169.49 18,047,177.26 - 63,853,992.23	30	Port Everglades Unit 4 Total	28, 241, 262.43	4,651,765.01	,	23,589,497.42	,	5.897.374.36
TOTAL CAPITAL RECOVERY ACCOUNTS 81, 901, 169, 49 18, 047, 177, 26 63, 63, 63, 653, 992, 23						ĺ		
		JTAL CAPITAL RECOVERY ACCOUNTS	81,901,169.49	18,047,177.26		63,853,992.23		15,963,498.06

Note: The book reserve shown above is as of the end of January 2013.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 402 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state in what depreciation rates/amortization rate(s) the ESPs will be recovered.

A.

As of the time of this response, FPL has not made a formal request to change from the current depreciation rates to a capital recovery schedule (four year amortization) for the Electrostatic Precipitator (ESP) assets within ECRC Clause Project 25. However, as described in FPL's response to Staff's Twelfth Set of Interrogatories No. 401, FPL plans to request a four year capital recovery schedule for the ESPs unrecovered investment in its 2013 ECRC Projection filing. Until that request is made and approved, depreciation will continue to be calculated using the current approved depreciation rates provided in FPL's response to Staff's Twelfth Set of Interrogatories No. 399.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 403 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state whether the Commission has approved such rate(s).

A.

As of the time of this response, no new rates or capital recovery schedule have been requested or approved specifically for the ESP assets at the Port Everglades plant. See FPL's response to Staff's Twelfth Set of Interrogatories Nos. 401 and 402 for additional information.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 404 Page 1 of 1

Q.

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state the total amounts which will be recovered and the time frame in which the ESPs will be recovered.

А.

As of January 31, 2013, the unrecovered balance associated with the ESPs in PPE is projected to be \$63,853,992, which FPL will request to amortize over a four year amortization period beginning in January 2013. Please see FPL's response provided in Staff's Twelfth Set of Interrogatories No. 401 for a breakdown of the estimated unrecovered balance as of January 31, 2013.

Florida Power & Light Company Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 405 Page 1 of 1

Q.

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408.

According to FPL's response to Staff's Second Set of Interrogatories, No. 9, the amount of \$78,728,806 (jurisdictional) net plant associated with the 800 MW ESPs project will be recovered through the ECRC beginning in 2013. Please specify when the ESPs project will be placed in-service.

А.

The Provisional Acceptance Dates of the ESP projects are as follows:

Manatee Unit 2	07/26/2012
Manatee Unit 1	08/12/2013
Martin Unit 1	05/21/2014
Martin Unit 2	02/22/2015

The Provisional Acceptance Dates listed above are the same as projected accounting in-service dates. The Provisional Acceptance Dates are different from the in-service dates shown on MFR F-8 because those dates reflect the expected dates by which Final Acceptance will be granted to the Contractor by FPL and the Contractor has completed all work under the Supply and Erect Agreement. At that time, Mechanical Completion is achieved and the equipment is installed free of defects and is operating, at a minimum, at the Minimum Performance Levels. Between the Provisional Acceptance date and the Final Acceptance date all punch list items are completed and all other cleanup and other Contractor related obligations are met.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 406 Page 1 of 1

Q.

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408. Please state the estimate of the total net plant of the project.

А.

FPL currently estimates the Manatee and Martin 800 MW ESP projects total in-service cost to be \$302.8 MM.

Florida Power & Light Company Docket No. 120015-Ei Staff's Twelfth Set of Interrogatories Interrogatory No. 407 Page 1 of 1

Q.

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408.

Please state the rate that FPL will use to depreciate the project.

А.

As of the date of this response, the 800MW Electrostatic Precipitators (ESP's) at the Manatee and Martin plants have not been placed in service. It is anticipated that they will be depreciated using the approved depreciation rates for the overall site/unit/account that are in effect at the time they are placed in service. The depreciation rates FPL currently utilizes to depreciate the Manatee and Martin steam production facilities were approved in Commission Order No. PSC-10-0153-FOF-EI (FPSC Docket Nos. 080677-EI and 090130-EI), issued March 17, 2010. See Attachment No. 1 for a copy of pages 40 and 41 of that Order.

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ORDER NO. PSC-10-0153-FOF-EI DOCKET NOS. 080677-EI, 090130-EI PAGE 40

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invertige Numbergard Descriptions	CIRCLEPTER KANDOOL	a she i sa	Elsosi-to-	ur DKevley 11 August
	(yrs.)	(%)	(%)	(%)
MANATEE PLANT				
Manatee Common				
311.0 Structures & Improvements	17	(1.00)	64.47	2.1
312.0 Boiler Plant Equipment	16.1	(2.00)	60.95	2.6
314.0 Turbogenerator Units	15.7	0.00	58.68	2.6
315.0 Accessory Electric Equip.	16.7	(5.00)	65.15	2.4
316.0 Misc. Power Plant Equip.	16.4	(1.00)	61.56	2.4
Manatee Unit 1				
311.0 Structures & Improvements	17	(1.00)	64.47	2.1
312.0 Boiler Plant Equipment	16.1	(2.00)	60.95	2.6
314.0 Turbogenerator Units	15.7	0.00	58.68	2.6
315.0 Accessory Electric Equip.	16.7	(5.00)	65.15	2.4
316.0 Misc, Power Plant Equip.	16.4	(1.00)	61.56	2.4
Manatee Unit 2				
311.0 Structures & Improvements	17	(1.00)	64.47	2.1
312.0 Boiler Plant Equipment	16.1	(2.00)	60.95	2.6
314.0 Turbogenerator Units	15.7	0.00	58.68	2.6
315.0 Accessory Electric Equip.	16.7	(5.00)	65.15	2,4
316.0 Misc. Power Plant Equip.	16.4	(1.00)	61.56	2.4

Table 3: Production Depreciation Components and Resulting Rates

ORDER NO. PSC-10-0153-FOF-EI DOCKET NOS. 080677-EI, 090130-EI PAGE 41

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			NEXT PREM	
	fragments and a standard and a standard and a standard and a standard a standard and a standard and a standard a standard and a			
Account Namber and Descharters			s. mang ng k	Side and the second
				a legado do an ora
	(yrs.)	(%)	(%)	(%)
MARTIN PLANT	0			(/0)
Martin Common				
311.0 Structures & Improvements	21	(1.00)	55,87	2.1
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
314.0 Turbogenerator Units	18.8	0.00	50.53	2.6
315.0 Accessory Electric Equip.	20	(5.00)	57.27	2.4
316.0 Misc. Power Plant Equip.	19.9	0.00	52.62	2.4
Martin Pipeline				
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
Martin Unit 1				
311.0 Structures & Improvements	21	(1.00)	55.87	2.1
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
314.0 Turbogenerator Units	18.8	0.00	50.53	2.6
315.0 Accessory Electric Equip.	20	(5.00)	57.27	2.4
316.0 Misc. Power Plant Equip.	19.9	0.00	52.62	2.4
Martin Unit 2				
311.0 Structures & Improvements	21	(1.00)	55.87	2.1
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
314.0 Turbogenerator Units	18.8	0.00	50.53	2.6
315.0 Accessory Electric Equip.	20	(5.00)	57.27	2.4
316.0 Misc. Power Plant Equip.	19.9	0.00	52.62	2.4

Table 3: Production Depreciation Components and Resulting Rates

Florida Power & Light Company Docket No. 120015-EI Staff's Twelfth Set of Interrogatories Interrogatory No. 408 Page 1 of 1

Q.

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408.

Please state whether the Commission has previously approved the depreciation rates.

А.

See FPL's response to Staff's Twelfth Set of Interrogatories No. 407.

Florida Power & Light Company Docket No. 120015-Ei Staff's Twelfth Set of Interrogatories Interrogatory No. 409 Page 1 of 1

Q.

For the purposes of the following questions, please refer to FPL's response to Staff's Second Set of Interrogatories, No. 38. In FPL's response, it is stated that "FPL intends that the amortization of the \$191 million in 2013 will be the final step of the depreciation reserve surplus contemplated in the 2010 Rate Order and 2010 Rate Settlement."

Please clarify what the word "intends" means in this response.

А.

FPL used the word "intends" in its response to Staff's Second Set of Interrogatories No. 38 in recognition that FPL's proposed treatment for the depreciation reserve surplus amortization must be approved by the Commission. FPL proposes to amortize \$191 million in its 2013 actual financial results, regardless of whether the reserve surplus balance remaining at the beginning of 2013 is more or less than that figure. In this proposal, FPL will carry the reserve surplus balance at the end of 2013 (positive or negative) forward into determining depreciation rates in a future depreciation study, rather than amortizing a different amount than \$191 million in 2013 actuals. Thus, FPL's intent is for the \$191 million amortization in 2013 to be the final step of implementing the 2010 Rate Order and 2010 Rate Settlement with respect to the depreciation reserve surplus. Additionally, under FPL's proposal no surplus amortization would be recorded after the end of 2013.

Florida Power & Light Company Docket No. 120015-E! Staff's Twelfth Set of Interrogatories Interrogatory No. 410 Page 1 of 1

Q.

For the purposes of the following questions, please refer to FPL's response to Staff's Second Set of Interrogatories, No. 38. In FPL's response, it is stated that "FPL intends that the amortization of the \$191 million in 2013 will be the final step of the depreciation reserve surplus contemplated in the 2010 Rate Order and 2010 Rate Settlement."

By way of clarification, is it FPL's position that 100% of the \$894 million in depreciation surplus will be flowed-back to FPL's consumers by January 1, 2014?

А.

Refer to FPL's response to Staff's Twelfth Set of Interrogatories No. 409.

Florida Power & Light Company Docket No. 120015-El Staff's Twelfth Set of Interrogatories Interrogatory No. 411 Page 1 of 1

Q.

For the purposes of the following questions, please refer to FPL's response to Staff's Second Set of Interrogatories, No. 38. In FPL's response, it is stated that "FPL intends that the amortization of the \$191 million in 2013 will be the final step of the depreciation reserve surplus contemplated in the 2010 Rate Order and 2010 Rate Settlement."

According to Commission Order PSC-11-0089-S-EI, 2010 Rate Order and 2010 Rate Settlement, FPL was directed to amortize \$894 million of depreciation surplus over a four-year period beginning in 2010. Would FPL be in violation of the aforementioned Commission order if 100% of the \$894 million has not been amortized by January 1, 2014?

А.

If approved by the Commission, FPL's proposal for handling the amortization of reserve surplus in 2013 will reasonably and appropriately implement the 2010 Rate Order and 2010 Rate Settlement. It is not possible to set an amortization level for 2013 during this proceeding that will definitively result in the exact total of \$894 million being amortized over the period from 2010 through 2013 because we won't know the actual amount amortized in 2012 (and hence how much remains to be amortized in 2013) until after the proceeding has concluded. Therefore, FPL's proposal is a reasonable way to fix a definite level of 2013 amortization for rate setting purposes while assuring that any positive or negative balance at the end of 2013 is properly reflected in future depreciation.

d T. Bromley

State of Florida

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County of Broward

I hereby certify that on this 25th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. 412 from the Florida Public Service Commission Staff's Twelfth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 25th day of June, 2012.

Notary Stamp:



120015 Hearing Exhibits - 01039

Matt Belger

State of Florida

County of Palm Beach

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I hereby certify that on this \underline{Qh} day of \underline{July} , 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Matt Belger, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s), 405 & 406 from Staff's 12th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\underline{q_{\mu}}$ day of $\underline{y_{\mu}}$, 2012.

ublic. State of Fl



State of Florida

County of **Palm Beach**)

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I hereby certify that on this <u>9</u>thday of <u>July</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Robert E. Barrett, Jr.</u>, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). <u>409</u>, <u>410, and 411</u> from <u>Staff's 12th</u> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\underline{\mathcal{H}}^{\mathsf{H}}$ day of $\underline{\mathcal{J}}_{\mathsf{H}}$, 2012.

State of Florida



Roger/Messer

State of Florida

County of Palm Beach

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 32 day of 520, 2012.



State of Florida

County of Palm Beach)

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I hereby certify that on this 62th day of Juff, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 390-391, 394-404, and 407-408 from Staff's 12th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\underline{12^{th}}$ day of \underline{July} , 2012.

otary Public, State of Florida



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FPL's Responses to Staff's Thirteenth Set of Interrogatories (Nos. 413-418) Florida Power & Light Company Docket No. 120015-El Staff's Thirteenth Set of Interrogatories Interrogatory No. 413 Page 1 of 1

Q.

Refer to MFR Schedule F-7, Attachment 2 of 13, pages 15 and 16, and Order No. PSC-09-0855-FOF-EG, which affirmed the DSM goals established in Order No. PSC-09-0855-FOF-EG. Per the orders, the 2012 increase in the GWh DSM goal over 2011 is 23.0 GWh for residential and 42.1 GWh for Commercial/Industrial, or a combined total increase of 65.1 GWh, but the total 2012 "out of model adjustment for incremental DSM" increase per MFR Schedule F-7 is 135.4 GWh (sum of 2012 monthly incremental DSM quantities). Please explain in detail why the sum of 2012 DSM adjustments per F-7 (135.5 GWh) is not the same as the Commission-ordered 2012 DSM energy goals less 2011 goals (65.1 GWhs) which was established in Commission Order No. PSC-11-0346-PAA-EG.

A.

The sum of the DSM adjustment (135.4 GWH) per MFR F-7 is not based on the DSM goals for 2012 less the 2011 DSM goals, but is based on the cumulative projected amount of DSM for the period July 2011 to December 2012 less the cumulative amount of DSM estimated to have occurred prior to July 2011. The adjustment was made to reflect the cumulative projected amount of DSM for the period July 2011 through December 2012 because this amount of DSM is not embedded in the historical period used to develop the sales forecast. The historical period used to forecast energy sales terminated in June 2011. Thus, an adjustment needed to be made to reflect the projected amount of DSM occurring after June 2011, based on FPL's approved DSM plan at that time.

FPL notes that Order No. PSC-11-0346-PAA-EG did not establish DSM goals for FPL as stated in the last sentence of the question; rather it approved a DSM Plan for FPL by ordering the continuation of existing DSM programs. FPL's DSM projections are consistent with Order No. PSC-11-0346-PAA-EG, which will likely result in less DSM savings than the goals established by Order No. PSC-09-0855-FOF-EG. Florida Power & Light Company Docket No. 120015-El Staff's Thirteenth Set of Interrogatories Interrogatory No. 414 Page 1 of 1

Q.

Refer to MFR Schedule F-7, Attachment 2 of 13, pages 15 and 16, and Order No. PSC-09-0855-FOF-EG, which affirmed the DSM goals established in Order No. PSC-09-0855-FOF-EG. Per the orders, the 2013 increase in the GWh DSM goal over 2012 is 17.9 GWh for residential and 11.2 GWh for Commercial/Industrial, or a combined total of 29.1 GWh., but the total 2013 "out of model adjustment for incremental DSM" increase over 2012 per MFR Schedule F-7 is 286.9 GWh (sum of 2013 incremental monthly DSM quantities relative to 2012). Please explain in detail why the 2013 incremental DSM adjustment per MFR Schedule F-7 (286.9 GWh) is not the same as the Commission-ordered 2013 DSM energy goals less 2012 DSM energy goals (29.1 GWhs) which was established in Commission Order No. PSC-11-0346-PAA-EG.

А.

The sum of the DSM adjustment (286.9 GWH) per MFR F-7 is not based on the DSM goals for 2013 less the 2012 DSM goals, but is based on the cumulative projected amount of DSM for the period July 2011 to December 2013 less the cumulative amount of DSM estimated to have occurred prior to July 2011. The adjustment was made to reflect the cumulative projected amount of DSM for the period July 2011 through December 2013 because this amount of DSM is not embedded in the historical period used to develop the sales forecast. The historical period used to forecast energy sales terminated in June 2011. Thus, an adjustment needed to be made to reflect the projected amount of DSM occurring after June 2011, based on FPL's approved DSM plan at that time.

FPL notes that Order No. PSC-11-0346-PAA-EG did not establish DSM goals for FPL as stated in the last sentence of the question; rather it approved a DSM Plan for FPL by ordering the continuation of existing DSM programs. FPL's DSM projections are consistent with Order No. PSC-11-0346-PAA-EG, which will likely result in less DSM savings than the goals established by Order No. PSC-09-0855-FOF-EG. Florida Power & Light Company Docket No. 120015-El Staff's Thirteenth Set of Interrogatories Interrogatory No. 415 Page 1 of 1

Q.

Please Refer to witness Morley's testimony, Page 11, Lines 10-19. How has FPL's time period (number of years) used to determine normal weather changed during the past 15 years? In your response, please state the reason for each change.

Α.

Until 2008, FPL determined normal weather based on a rolling average of actual weather data since 1948. In 2008, FPL changed its method of determining normal weather in order to reflect a more contemporary time period while still maintaining a multi-decade approach which would provide a sufficient number of years to smooth out any weather anomalies. In 2008, FPL began using a twenty year horizon to determine normal weather for forecasting energy sales and a 27 year horizon was used for forecasting peak demands. Since 2009, a twenty year horizon for determining normal weather has been used for both energy sales and peak demands. The twenty year horizon was selected in order to maintain consistency between the energy sales and peak demand forecasts and in order to reflect a standardized time period which has been reviewed and accepted in Florida. The twenty year horizon has been used by the Commission in assessing weather forecasts in other rate proceedings in recent years, including the most recent rate cases involving Gulf Power and TECO.

Florida Power & Light Company Docket No. 120015-El Staff's Thirteenth Set of Interrogatories Interrogatory No. 416 Page 1 of 1

Q.

Please explain how FPL determined that a 20 year period should be used for determining normal weather in this proceeding.

A.

FPL determined that a 20 year period should be used for determining normal weather in this proceeding because a 20 year period for determining normal weather is consistent with 1) the 20 year time period used to determine normal weather in FPL's long-term peak demand forecast, 2) the 20 year time period used to determine normal weather in every forecast of energy sales filed and reviewed by the Commission since 2008, including the 2010 FPL rate case, 3) the 20 year time period reviewed and approved by the Commission in the most recent rate proceedings of Gulf and TECO and 4) with the multi-decade approach for determining normal weather used by virtually every electric utility in Florida.

A 20 year period for determining normal weather conditions strikes the appropriate balance between reflecting a contemporary time period while still maintaining a multi-decade approach which would provide a sufficient number of years to smooth out any weather anomalies. A 20 year period likewise captures recent weather trends without the instability inherent in using a shorter time period to define normal weather. Florida Power & Light Company Docket No. 120015-El Staff's Thirteenth Set of Interrogatories Interrogatory No. 417 Page 1 of 1

Q.

How do FPL's econometric forecast models of Total Customers and Residential Customers account for the rebound in household formation (expected increase) and average household size (expected decrease) after the recent economic downturn of 2008-2009?

A.

FPL's econometric models of Total Customers and Residential Customers account for the rebound in household formation (expected increase) and average household size (expected decrease) after the recent economic downturn of 2008-2009 by incorporating a sufficiently long time period in each model's calibration period and by including recent data reflecting the rebound in the household formation. FPL's econometric models of Total Customers and Residential Customers are based on historical data from 1990 through mid-2011. As such, most of the data underlying both models reflects a higher rate of household formation and a smaller household size than was the case in the recent economic downturn.

Florida Power & Light Company Docket No. 120015-El Staff's Thirteenth Set of Interrogatories Interrogatory No. 418 Page 1 of 1

Q.

Refer to witness Morley's testimony, Page 20, starting at line 16 and continuing through Page 21, line 6. Did FPL consider including "average household size" or "household formation" as independent variables in FPL's forecast models of residential customers or total customers? Why or why not?

A.

FPL did not consider using either "average household size" or "household formation" as independent variables in our residential or total customer forecast models. The model specifications for both residential and total customers provided excellent model statistics and did not indicate any mis-specification or missing variables in the models. The residential and total customer models had Mean Absolute Percent Errors of 0.07% and 0.06% respectively. Year-to-date through June 2012, the actual forecast errors for the residential and total customer forecasts are 0.12% and 0.00% respectively. This represents an excellent level of forecasting accuracy, and substantiates the models and variables used to forecast residential and total customers. Therefore "average household size" and "household formation" were not considered for inclusion in the models.

As discussed in FPL's response to Staff's Thirteenth Set of Interrogatories No. 417, FPL's econometric models of Total Customers and Residential Customers account for the rebound in household formation (expected increase) and average household size (expected decrease) after the recent economic downturn of 2008-2009 by incorporating a sufficiently long time period in each model's calibration period and by including recent data reflecting the rebound in the household formation. FPL's econometric models of Total Customers and Residential Customers are based on historical data from 1990 through mid-2011. As such, most of the data underlying both models reflects a higher rate of household formation and a smaller household size than was the case in the recent economic downturn.

Rosemary Morley

State of Florida

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County of Palm Beach)

I hereby certify that on this 25° day of 44° , 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Rosemary Morley</u>, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. <u>413, 414, 415, 416, 417, and 418</u> from Staff's Thirteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 25^{th} day of $\int \mu \gamma$, 2012.



<u>AFFIDAVIT</u>

State of Florida

County of Broward)

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I hereby certify that on this 11th day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 419-422 from the Florida Public Service Commission Staff's Thirteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 11th day of July, 2012.

Notary Stamp:



120015 Hearing Exhibits - 01052

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FPL's Responses to Staff's Fourteenth Set of Interrogatories (Nos. 423-434) Florida Power & Light Company Docket No. 120015-EI Staff's Fourteenth Set of Interrogatories Interrogatory No. 423 Page 1 of 1

Q.

Refer to FPL's Response to Staff's Third Set of Interrogatories No. 53. Please explain in detail how the smart meter reading cost bucket allocated to RS-1 and GS-1 impacts these two classes when compared to the weighted meter cost allocating method used in the last rate case.

А.

Due to the roll-out of smart meters, the meter reading costs allocation method was modified to be based on the use of two discrete buckets, namely, a "smart" meter reading cost bucket and a "non-smart" meter reading cost bucket. Both the "smart" and "non-smart" meter reading cost buckets were allocated to the respective rate classes in each bucket based on the number of meters. This new methodology which directly assigns "smart" meter reading expenses to "smart" meter s and "non-smart" meter reading expenses to "non-smart" meters is an improvement over the weighted material and supplies (M&S) cost methodology used by FPL in its last rate case.

Attachment No. 1 indicates that the RS-1 rate class projected meter reading expenses are \$6.3 million lower than if FPL would have used the weighted cost methodology used in the last rate case. Since practically 100% of the RS-1 meters are projected to be "smart" meters in 2013, it is reasonable to expect that the meter reading expense should be significantly lower for the RS-1 rate class. On the other hand, the GS-1 rate class projected meter reading expenses are \$5.5 million higher than if FPL would have used the weighted cost methodology used in the last rate case. Note that 135,619 GS-1 meters (or 33% of the GS-1 meters) are projected to be "non-smart" meters in 2013.

Staff's Fourteenth Set of Interrogatories Interrogatory No. 423; Attachment No. 1; Page 1 of 1 Florida Power & Light Company Docket No. 120015-E1

FPL330 - METER READING EXPENSES - PROPOSED VS. PRIOR METHODOLOGY For the Projected 2013 Test Year

2013 Meter Reading Forecast (Bucket). Non-Smart Meters \$12,232,718 Smart Meters \$20,957,644

	Number	Proposed Me Number of Meters	riupuseu merilouurugy paseu ori discrete cost buckets Meters Allocated Costs	Allocated Costs	Costs		Number of	Methodology M&S Meter	Prior Metrodology based on weighted M&S meter cost er of M&S Meter Weighted M&S Allocated	ed M&S meter c Allocated	cost	Proposed Minus Prior
	Non-Smart	<u>Smart</u>	Non-Smart	Smart	Total	প্র	<u>Customers</u>	Cost	Meter Cost	Costs	ঙ্গ	Vanance
CILC-1D	536	ł	29,403	ı	29,403	0.089%	331	3,119	1.032 376	94.111	0.284%	(64,708)
CILC-1G	110	•	6,026	•	6,026	0.018%	<u>1</u>	3,139	326,485	29,762	0.090%	(23.736)
CILC-1T	32		1,739	ı	1,739	0.005%	18	15,168	273,029	24,889	0.075%	(23.151)
GS(T)-1	135,619	277,715	7,446.499	1,311,960	8,758,459	26.389%	414,409	87	36,047,358	3,286,075	9.901%	5.472.384
GSCU-1	1,869	2,472	102,641	11,676	114,317	0.344%	4,429	55	244,208	22 262	0.067%	92.055
GSD(T)-1	80,352	24,443	4,411,922	115,472	4,527,394	13.641%	105,129	365	38,402,820	3,500,799	10.548%	1.026,595
GSLD(T)-1	3,440	275	188,869	1,299	190,168	0.573%	3,273	1,146	3,751,089	341 949	1.030%	(151,781)
GSLD(T)-2	411	ı	22.553	,	22,553	0.068%	151	1,832	276,857	25,238	0.076%	(2.685)
GSLD(T)-3	1	•	586	,	586	0.002%	7	4,505	31.532	2,874	%600.0	(2.289)
MET	49	ı	2,668	,	2,668	0.008%	26	3,429	89,143	8,126	0.024%	(5,459)
ol-1	,	ı	ŀ	,	•	0.000%		•	ł		0.000%	-
0S-2	174	1 0	9,554	47	9,601	0.029%	186	1,245	231,230	21,079	0.064%	(11,478)
RS(T)-1	163	4,131,393	8,922	19,517,190	19,526,113	58.831%	4.081,541	69	283,307,073	25,826,260	77.813%	(6,300,147)
SL-1	,	•	ł	,	•	0.000%		•	·	•	0.000%	•
SL-2	,	•		,		%000.0		•		J	0.000%	
SST-1D	9	1	339	'	339	0.001%	4	4,345	17,381	1,584	0.005%	(1.246)
SST-11	18	ı	266	ĩ	266	0.003%	13	4,516	58,705	5,352	0.016%	(4,354)
Total	222,787	4,436,307	12,232,718	20,957,644	33,190,363	100.000%	4,609,621		364,089,285	33,190,363 100,000%	100.000%	0

Florida Power & Light Company Docket No. 120015-EI Staff's Fourteenth Set of Interrogatories Interrogatory No. 424 Page 1 of 1

Q.

Please explain in detail how the roll out of smart meters impacts the costs included in the residential customer charge (meters, meter reading, etc.)

А.

FPL did not prepare a forecast of costs assuming smart meters were not deployed. Therefore, while the costs and savings of the smart meter program do have an impact on the residential customer charge, FPL is not able to provide detail of the cost impact on the residential charge of the deployment of smart meters as compared to costs had the meters not been deployed. Attachment No. 1 provides an overview of the impact FPL's smart meter program has on the residential customer charge.

Florida Power & Light Company Docket No. 120015-E1 Staff's Fourteenth Set of Interrogatories Interrogatory No. 424 Attachment No. 1 Page 1 of 1

Smart Meter Deployment - 2013 Residential Customer Charge Impact

Customer Charge Cost Classifications ⁽¹⁾ Impacted by Smart Meter Deployment	Description of Costs	Impact on Residential Customer Charge
Distribution - Meters	Includes costs of smart meters and related infrastructure. These costs have the biggest impact on the residential customer charge.	Increases customer charge.
Distribution - Service	Includes cost of Distribution related activities. Savings driven by smart meter deployment associated with connect and disconnect activities are included.	Decreases customer charge.
Customer - Meter Reading	Includes costs associated with smart meter operations such as network operations, support, and communciations.	Increases customer charge.
	Includes costs associated with manual meter reading activities. Savings driven by smart meter deployment are included.	Decreases customer charge.
Customer - Collections, Service and Sales	Includes costs associated with credit and collections, customer care, and other customer service activities. Credit and collections and customer care savings driven by smart meter deployment are included.	Decreases customer charge.
Customer - Field Collection - Late Payment Charge ⁽²⁾	Includes service charge revenues for Field Collections and Late Payment charges. Revenue for both service charges is lower due to smart meter deployment. ⁽³⁾	Increases customer charge.
Customer - Reconnection Charge ⁽²⁾	Includes service charge revenue for Reconnect for Non- Payment charge. Revenue is higher due to smart meter deployment. ⁽³⁾	Decreases customer charge.
Customer - Current Diversion Charges ⁽²⁾	Includes service charge revenue for Current Diversion charge. Revenue is higher due to smart meter deployment. ⁽³⁾	Decreases customer charge.

⁽¹⁾ As report in MFR E-6B, Cost of Service Study – Unit Costs, Proposed Rates.

⁽²⁾ Revenue collected through service charges reduce the revenue requirements needed to be recovered through the customer charge.

(3) See work papers for MFR E-7, Development of Service Charges provided in OPC's 2nd Production of Document Request No. 12 for details on calculations.

Florida Power & Light Company Docket No. 120015-El Staff's Fourteenth Set of Interrogatories Interrogatory No. 425 Page 1 of 1

Q.

For questions 425-427 refer to the proposed new RTR-1 rate discussed in Witness Deaton's testimony:

Please explain how the fuel on-peak adder and off-peak credit shown in the RTR-1 bill calculation on RBD-7, page 2 of 2, were calculated.

Α.

The fuel on- and off-peak charges and credits shown in RBD-7, page 2 of 2 were calculated by the taking the difference in the estimated 2013 average RS-1 fuel factor and the estimated 2013 RST-1 summer on- and off-peak fuel factor. Only summer fuel charges were used in the example. These estimates are for illustrative purposes only. See calculation below:

	RST-1	RS-1	RTR-1
	Factor	Average	Factor
	¢/kWh	<u>¢/kWh</u>	<u>¢/kWh</u>
,	[A]	[B]	[A] - [B]
On-Peak Summer	4.380	3.050	1.330
Off-Peak Summer	2.367	3.050	-0.683

RTR Fuel Factor Derivation

Florida Power & Light Company Docket No. 120015-El Staff's Fourteenth Set of Interrogatories Interrogatory No. 426 Page 1 of 1

Q.

Does MFR No. E-14, Attachment 1 of 4, need to include a revised tariff sheet No. 8.030 to show the proposed RTR fuel charge/credit?

A.

No, the proposed RTR-1 tariff sheet shown in MFR No. E-14, Attachment 1 of 4, includes a reference to the RTR fuel charge/credit that will be reflected on tariff sheet 8.030 in the 2013 projections filing that will be filed on August 31, 2012.

Florida Power & Light Company Docket No. 120015-El Staff's Fourteenth Set of Interrogatories Interrogatory No. 427 Page 1 of 1

Q.

If the RTR-1 rate is approved, how long will it take to make the billing system changes?

А.

Once approval of the RTR-1 rate is obtained, it will take approximately seven months to make the necessary changes to FPL's billing system to implement the RTR-1 rate.

Florida Power & Light Company Docket No. 120015-EI Staff's Fourteenth Set of Interrogatories Interrogatory No. 428 Page 1 of 1

Q.

Refer to FPL's response to Staff's Third Set of Interrogatories, No. 42. Please explain in detail how the proposed change to the calculations of the on-peak and off-peak charges for time-of-use rates will impact current time-of-use customers.

A,

While we do not know the impact to each customer, to the extent that for existing customers that are already benefiting from the differential in the on-peak and off-peak rate, they should benefit to a greater extent as we have increased the differential.

See below for the change in on-peak and off-peak differential. It is impossible to predict how customers will be impacted for rates where the differential is decreasing, or for rates where there is no differential currently. Additionally, customers will have a greater incentive to shift usage off-peak.

	Cur	rent Rat		Proposed	Rates		
Rate Schedule	On-	Off-	Difference		Off-	Difference	Change in
	Peak	Peak	(on peak -	Peak	Peak	(on peak -	Differential
			off peak)			off peak)	
CILC-IG	1.175	1.175	-	3.479	0.710	2,769	2.769
CILC-1D	0.646	0.646	-	2.719	0.700	2.019	2.019
CILC-1T	0.599	0.599	-	2.337	0.680	1.657	1.657
GST-1	8,662	2.834	5.828	12.684	0.715	11,969	6.141
GSDT-1	3.121	0.654	2.467	3.394	0.710	2.684	0.217
HLFT-1	1.198	0.654	0.544	1.481	0.710	0.771	0.227
SDTR-1A (Seasonal)	5.627	0.971	4.656	6.250	0.999	5.251	0.595
SDTR-1B (Seasonal)	5.627	0.971	4.656	6.250	0.999	5,251	0.595
SDTR-IB (Non-Seasonal)	3.126	0,971	2.155	3.230	0.999	2,231	0,076
GSLDT-1	2.047	0.426	1.621	1.717	0.704	1.013	(0.608)
CST-1	2.047	0.426	1.621	1.717	0.704	1.013	(0,608)
HLFT-2	0.546	0.546	-	0.631	0.631	•	-
SDTR-2A (Seasonal)	3.633	0.641	2.992	4.057	0.669	3.388	0,396
SDTR-2B (Seasonal)	3.633	0.641	2.992	4.057	0.669	3,388	0,396
SDTR-2B (Non-Seasonal)	1.884	0.641	1.243	2.086	0,669	1.417	0.174
GSLDT-2	1.512	0.620	0.892	2.602	0.697	1,905	1.013
CST-2	1.512	0.620	0.892	2.602	0.697	1.905	1.013
HLFT-3	0.513	0.513	-	1.128	0.697	0.431	0.431
SDTR-3A (Seasonal)	2.965	0.598	2.367	4.592	0.800	3.792	1.425
SDTR-3B (Seasonal)	2.965	0,598	2.367	4.592	0.800	3.792	1.425
SDTR-3B (Non-Seasonal)	1.734	0.598	1.136	2.541	0.800	1.741	0.605
GSLDT-3	0.739	0,604	0.135	2.155	0.682	1.473	1,338
CST-3	0.739	0.604	0.135	2.155	0.682	1.473	1.338
RST-1	7.930	2.650	5.280	13.695	0.712	12.983	7.703
RTR-1	NA	NA	NA	9.043	(3.940)	12.983	NA
SST-1(D1) - (D3)	0.624	0.624	-	0.714	0.714	-	-
SST-1(T1)	0.648	0,648	346	0.733	0.733	-	
ISST-1(D)	0.643	0.643	-	0.714	0.714	-	- ,
ISST-1(T)	0.597	0,597	-	0.733	0.733	-	÷

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Q.

Refer to MFR F-7, Attachments I and 11. Please state what was FPL's actual monthly "Total Customers" and "Street and Highway Customers" from October 2011 through April 2012.

А.

Please see table below for actual monthly total customers and street and highway customers for the October 2011 through April 2012 time period.

Month/Year	Street & Highway	Total
Oct-11	3,393	4,546,841
Nov-11	3,409	4,549,257
Dec-11	3,417	4,554,107
Jan-12	3,403	4,560,015
Feb-12	3,401	4,565,707
Mar-12	3,403	4,573,930
Apr-12	3,407	4,577,038

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Q.

Refer to FPL's response to Staff 7th Set of Interrogatories, No. 273 and Staff's 10th Set of Interrogatories, No. 335 and MFR F-7. FPL's residential customer forecast, unadjusted for reconciliation to the Total Customer Forecast, has been closer to the actual number of residential customers for the last four recorded months (December 2011 through March 2012) than FPL's residential customers." Please state whether FPL maintain that, despite these results, the adjusted residential customer forecast is likely to be more accurate in determining actual customers in 2013 than the unadjusted residential customer forecast? If so, why?

А.

While the forecast of the residential customers without the out of model adjustment for the reconciliation to Total Customers would have more accurately predicted the number of residential customers between December 2011 and April 2012, any benefit from a more accurate forecast of residential customers during this short time frame would be more than offset by a less accurate forecast of total customers. The adjustment of the residential customer forecast to reconcile to the total customer forecast has resulted in improved forecast accuracy based on the forecasting variance of total customers. FPL's filed forecast, which includes an "out of model adjustment for the reconciliation to Total Customers" in its forecast of residential customers, has underforecast 2012 year-to-date total customers by 0.00%, or only 130 customers based on actuals through June. By contrast, the 2012 year-to-date forecast of total customers based on the sum of the individual revenue class models with no out of model adjustment for the reconciliation to Total Customers, has overforecast total customers by .13% or 6.126 customers. Moreover, the 2012 forecasting variance of total customers based on the sum of the individual revenue class models with no out of model adjustment for the reconciliation to Total Customers has become progressively larger in recent months. In June 2012 the forecast of total customers based on the sum of the individual revenue class models with no out of model adjustment for the reconciliation to Total Customers has overforecast customers by .20% or 9,225 customers, more than three times the forecasting variance of FPL's filed forecast which does use the out of model adjustment for the reconciliation of Total Customers.

Florida Power & Light Company Docket No. 120015-EI Staff's Fourteenth Set of Interrogatories Interrogatory No. 431 Page 1 of 2

Q.

Refer to FPL's response to Staff's 7th Set of Interrogatories, No. 273. For forecast years 2008 through 2011, what has been the forecast accuracy, up to three years out, of FPL's Residential Customer Forecasts (based on econometric models), with and without "out of model adjustments for reconciliation to Total Customers"?

A.

For the forecast years 2008 through 2011, both the residential customer and total customer forecasts have resulted in improved accuracy after the "out of model adjustments for reconciliation to Total Customers" is made to the residential customer forecast. The table below shows the forecast errors of both the unadjusted residential customer forecast and the adjusted residential customer forecast. In all but one out of twelve periods, the residential customer forecast with the "out of model adjustments for reconciliation to Total Customers" is more accurate.

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Official Residential Customer Forecast Including Out of Model Adjustment

Forecast Year

	Actual	2008	2009	2010	2011	2012
2008	3,992,257	4,038,555				
2009	3,984,490	4,101,036	3,994,173	3,985,108		
2010	4,004,366	4,170,352	4,010,837	3,987,834		
2011	4,026,760	4,246,852	4,056,428	4,015,281	4,033,183	4,026,984

Official Residential Customer Forecast Including Out of Model Adjustment (Percent Variance)

Forecast Year

	2008	2009	2010	2011	2012
2008	-1.146%				
2009	-2.842%	-0.242%	-0.015%		
2010	-3.980%	-0.161%	0.415%		
2011	-5.182%	-0.731%	0.286%	-0.159%	-0.006%

Residential Customer Output of Econometric Model Without Applying the Out of Model Adjustment

			F	orecast Yea	r	
	Actual	2008	2009	2010	2011	2012
2008	3,992,257	4,041,352				
2009	3,984,490	4,104,708	3,999,663	3,983,658		
2010	4,004,366	4,175,867	4,024,859	3,987,281		
2011	4,026,760	4,254,279	4,076,724	4,013,005	4,030,303	4,028,576

Residential Customer Output of Econometric Model Without Applying the Out of Model Adjustment

(Percent Variance) Forecast Year

		r	orecastree	11	
	2008	2009	2010	2011	2012
2008	-1.215%				
2009	-2.929%	-0.379%	0.021%		
2010	-4.107%	-0.509%	0.428%		
2011	-5.348%	-1.226%	0.343%	-0.088%	-0.045%

Florida Power & Light Company Docket No. 120015-EI Staff's Fourteenth Set of Interrogatories Interrogatory No. 432 Page 1 of 2

Q.

Refer to FPL's response to Staff's 7th Set of Interrogatories, No. 273. If FPL's Residential Customer Forecast did not contain an "out of model adjustment for reconciliation to Total Customers", what would be the impact to FPL's 2013 forecasts of KWH and KW by rate class and revenue class? In your response, please explain the process used to derive your answer.

A.

As demonstrated in FPL's responses to Staff's Fourteenth Set of Interrogatories Nos. 430 and 431, the impact of removing the "out of model adjustment" would be a less accurate forecast of total retail kWh and kW by rate class and revenue class. However, in response to this interrogatory please see the table below which was developed to illustrate this point for purposes of responding to the question posed in this interrogatory. In order to derive the kWh impact, the model output from the residential customer forecast, with no adjustment for reconciliation to total customers, was multiplied by the output of the residential use-per-customer model to derive the residential sales (kWh) forecast. The total customer forecast was derived by summing the individual revenue class forecasts including the unadjusted residential customer forecast described previously. To derive Net Energy for Load (NEL), the output from the NEL-per-customer model was multiplied by this total customer forecast. The KW summer and winter peak forecasts were derived by multiplying the output of the summer and winter peak-per-customer models by the total number of customers as described in the NEL calculation.

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	Official Forecast	Interrogatory No. 432	Difference
Total Customers			
2012	4,579,174	4,586,130	6,956
2013	4,625,149	4,635,833	10,683
NEL (MWH)			
2012	111,020,889	111,187,327	166,438
2013	112,200,524	112,456,843	256,319
Retail Delivered S	Sales (MWH)		
2012	• •	101,912,824	155,969
2013		103,555,628	240,964
			,
Residential Custo	mers		
2012	4,048,790	4,055,746	6,956
2013	4,084,980	4,095,664	10,683
Residential Sales	(MWH)		
2012	• •	52,548,343	90,936
2013	• •	53,197,138	141,132
Summer Peak (M	-		
2012	,+=+	21,656	32
2013	21,931	21,981	50
Winter Peak (MW	/)		
2012	20,889	20,920	31
2013		21,149	48

The impact to the residential revenue class would only affect the residential rate class.

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Q.

Refer to FPL's response to Staff's 7th Set of Interrogatories, No. 273. If FPL's Residential Customer Forecast did not contain an "out of model adjustment for reconciliation to Total Customers", what would be the impact to FPL's estimated revenues from sales of electricity by rate class at present rates for the projected 2012 and 2013 test years? In your response, please explain the process used to derive your answer.

А.

As demonstrated in FPL's responses to Staff's Fourteenth Set of Interrogatories Nos. 430 and 431, the impact of removing the "out of model adjustment" would be a less accurate forecast of FPL's estimated revenues from the sales of electricity by rate class at present rates for the projected 2012 prior year and the 2013 test year.

The impact to the residential rate class would be reflected in the RS-1 rate schedule revenue. Attachment No. 1 shows the impact of removing the "out of model adjustment" to the RS-1 forecast revenue for the 2012 prior year (a \$4,268,422 increase) and the 2013 test year (a \$6,824,695 increase).

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	2013						
Line	т	ype of	Presen	t Reve	nue Cal	cul	ation
No.	С	harges	Units	Char	ge/Unit		\$ Revenue
1	RATE SC	HEDULE RS-1	- 44				
3 4	Non-Fue	el Energy					
5	First 1,0	00 kWh	35,409,639,810	\$ 0.	03907	\$	1,383,454,627
6	All addi	tional kWh	17,608,833,160	\$ 0.	04907	\$	864,065,443
7	Total k	Wh	53,018,472,970			\$	2,247,520,071
8	Impact	of additional	kWh from Int. 432				0.27%
9	Ψ,	evenue at pr er bills due	esent rates due to I	nt. 43	2	\$	6,068,304
10	to Int. 4	32	128,202	\$	5.90	\$	756,391
11							
12	Total re	venue due to	Int. 432			\$	6,824,695

20)12					
Line	Type of	Present	t Re	venue Calc	ula	tion
No.	Charges	Units	Ch	arge/Unit		\$ Revenue
1	RATE SCHEDULE RS-1	- 44				
3						
4	Non-Fuel Energy					
5	First 1,000 kWh	34,994,094,083	\$	0.03905	\$ 1	,366,519,374
6	All additional kWh	17,423,853,241	\$	0.04905	\$	854,640,001
7	Total Energy	52,417,947,324			\$ 2	,221,159,375
8	Impact of additional	kWh from Int. 432	2			0.17%
9	Energy revenue at pre	esent rates due to l	Int.	432	\$	3,775,971
	Customer bills due					
10	to Int. 432	83,466	\$	5.90	\$	492,451
11						
12	Total revenue due to	Int. 432			\$	4,268,422

Includes 0.169 e/kWh in 2012 and 0.171 e/kWh in 2013 for West County 3 capacity clause factor classified as base revenue.

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Q.

Please refer to FPL's supplemental response to OPC's Third Set of Interrogatories, No. 84. This response provides the actual reserve surplus amortization amounts for January, February, and March 2012. Please state the actual reserve surplus amortization amounts for April, May, and June 2012. To the extent known by FPL, please explain the reasons for any variance between forecasted and actual surplus amortization amounts, by month, for January through June, 2012.

A.

The surplus depreciation reserve amortization in any given month is calculated based on a rolling 12 month period and is not the result solely of month-to-month changes. The differences in the rolling 12 month total of net operating income and 13 month average rate base balances drive the month-to-month changes in the reserve surplus amortization versus forecast.

The difference between the actual and forecasted reserve surplus amortization amounts for the 12 month period ending June 2012 is approximately \$13 million, with actual lower than forecast. This is a small variance – only about 2.5% of the total projected surplus amortization for 2012 of \$526 million. See below for the monthly actual reserve surplus versus the forecasted reserves surplus amortization amounts for the respective period per the 2012 Prior Year forecast. From month to month, variances in revenues and expenses occur due to a multitude of reasons including, but not limited to, weather, usage, timing, etc. It is not practical to explain surplus variances using a month to month change perspective; rather a rolling 12 month perspective must be utilized. The 2012 Prior Year forecast contains a partially forecasted period in 2011 so that differences in explaining the reserve surplus recorded as of June 2012. Generally, the \$13 million lower actual reserve surplus amortization as of the first half of 2012 can be attributed to small differences in the timing of base O&M expenses.

	GENERAL LEDGER MONTHLY SURPLUS AMORT	RATE CASE FORECAST MONTHLY SURPUIS AMORT	DIFFERENCE
11-Jul	14,938,605.00	14,938,605.00	0.00
11-Aug	(37,933,377.00)	(37,933,377.00)	0.00
11-Sep	69,808,540.08	69,808,540.08	0,00
11-Oct	(22,463.751.00)	(22,463,751.00)	0.00
11.Nov	(35,827,262,00)	(35,827,262.00)	0 00
11-J∈c	(44 943 362.00)	(32,146,386,00)	12,796,976.00
12-Jan	(89.436.266.00)	(66 717,621 00)	(22.718/645.00)
12-Feb	(25 848 063 00)	(28, 161, 726,00)	2,313,663.00
12-Var	(49,332,642.00)	(73,487,246.00)	24,154,604.00
12-Apr	(19,168,797.00)	(34,517,945.00)	15,349,148,00
12-May	(78,062,178.00)	(80,732,629.00)	2,670,451.00
12-Jun	(67,553,547.00)	(71,842,885.00)	4,289,338.00
Total	(385,822,099.92)	(399,083,682.92)	13,261,583.00

Note: Forecast surplus amounts include actual booked surplus amounts for July 2011 through November 2011.

Robert & Barrett, Jr.

State of Florida

County of **Palm Beach**)

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I hereby certify that on this \underline{b}^{th} day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Robert E. Barrett, Jr.</u>, who is personally known to me, and he/she acknowledged before me that he/she co-sponsored the answer(s) to Interrogatory No(s). <u>434</u> from <u>Staff's Fourteenth</u> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\frac{b^{++}}{b^{++}}$ day of August, 2012.

Hunnighter et elec-

Notary Public State of Florida Jennifer A Reklinski My Commission DD944536 Expires 02/27/2014

<u>AFFIDAVIT</u>

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State of Florida

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County of Palm Beach)

I hereby certify that on this *H* day of *AuguSt*, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she co-sponsored the answer to Interrogatory No. 434 from Staff's 14th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3^{ro} day of August, 2012.

Anni XII Dulla

Notary Stamp:



120015 Hearing Exhibits - 01072

Yoseph A. Ender

State of Florida

County of Palm Beach

I hereby certify that on this <u>C</u>Th day of <u>Aucus</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Joseph A. Ender</u>, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No.<u>423</u> from <u>Staff's Fourteenth</u> Set of Interrogatories to Florida Power & Light Company in

Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this b^{th} day of <u>August</u>, 2012.

Magan A



Voude Joseph A. Ender

State of Florida

County of Palm Beach

I hereby certify that on this $\int_{0}^{14} day$ of $\int_{0}^{14} \cos 5$, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Joseph A. Ender</u>, who is personally known to me, and he acknowledged before me that he co-sponsored the answer to Interrogatory No. <u>424</u> from <u>Staff's Fourteenth</u> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal

knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 10^{th} day of August, 2012.

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Renae B. Deaton

State of Florida

County of Palm Beach

I hereby certify that on this $\frac{1}{2}m$ day of August 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared ______, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 425, 426, 428, and 433 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this <u>bith</u> day of <u>August</u>, 2012.

Maan / Sal



State of Florida

County of Miami-Dade

I hereby certify that on this 7 day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Jacqueline Cabrera, who is personally known to me, and she acknowledged before me that she provided the answer to interrogatory number 427 and co-sponsored the answer to interrogatory number 424 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 2^{μ} day of August, 2012.

Notary Jublic, State of Florida



Rosemary Morley

State of Florida

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County of Palm Beach)

I hereby certify that on this $\underline{\mathcal{T}}$ day of <u>August</u>, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared <u>Rosemary Morley</u>, who is personally known to me, and she acknowledged before me that she sponsored the answer to Interrogatory Nos. <u>429</u>, <u>430</u>, <u>431</u>, <u>and 432</u> from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this $\frac{\Delta i}{\Delta}$ day of <u>August</u>, 2012.

