

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the equity ratio and return on equity of Florida Power & Light Company.

DOCKET NO. 981390-EI  
ORDER NO. PSC-99-0178-PCO-EI  
ISSUED: January 29, 1999

ORDER ESTABLISHING PROCEDURE

This matter has been set for hearing to consider the protests of Order No. PSC-98-1748-FOF-EI, issued December 22, 1998. Order No. PSC-98-1748-FOF-EI, issued as proposed agency action, approved a proposal by Florida Power & Light Company to, among other things, reduce its authorized return on equity, cap the amount of equity in its capital structure, and record certain additional amounts as current expenses.

This Order is issued pursuant to the authority granted by Rule 28-106.211, Florida Administrative Code, which provides that the presiding officer before whom a case is pending may issue any orders necessary to effectuate discovery, prevent delay, and promote the just, speedy, and inexpensive determination of all aspects of the case.

The scope of this proceeding shall be based upon the issues raised by the parties and Commission staff (staff) unless modified by the Commission. To assure the efficient, just, and timely resolution of the protests to Order No. PSC-98-1748-FOF-EI, it is the Prehearing Officer's intention to finalize the issues to be considered by the Commission as quickly as is reasonably possible. The hearing will be conducted according to the provisions of Chapter 120, Florida Statutes, and all administrative rules applicable to this Commission.

Discovery

When discovery requests are served and the respondent intends to object to or ask for clarification of the discovery request, the objection or request for clarification shall be made within ten days of service of the discovery request. This procedure is intended to reduce delay in resolving discovery disputes.

The hearing in this docket is set for April 12 and 13, 1999. Unless authorized by the Prehearing Officer for good cause shown,

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

all discovery shall be completed by April 5, 1999. All interrogatories, requests for admissions, and requests for production of documents shall be numbered sequentially in order to facilitate their identification. The discovery requests will be numbered sequentially within a set and any subsequent discovery requests will continue the sequential numbering system. Pursuant to Rule 28-106.206, Florida Administrative Code, unless subsequently modified by the Prehearing Officer, the following shall apply: interrogatories, including all subparts, shall be limited to 100, and requests for production of documents, including all subparts, shall be limited to 100.

Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, Florida Statutes.

#### Diskette Filings

See Rule 25-22.028(1), Florida Administrative Code, for the requirements of filing on diskette for certain utilities.

#### Prefiled Testimony and Exhibits

Each party shall prefile, in writing, all testimony that it intends to sponsor. Such testimony shall be typed on 8 1/2 inch x 11 inch transcript-quality paper, double spaced, with 25 numbered lines, on consecutively numbered pages, with left margins sufficient to allow for binding (1.25 inches).

Each exhibit intended to support a witness' prefiled testimony shall be attached to that witness' testimony when filed, identified by his or her initials, and consecutively numbered beginning with 1. All other known exhibits shall be marked for identification at the prehearing conference. After an opportunity for opposing

parties to object to introduction of the exhibits and to cross-examine the witness sponsoring them, exhibits may be offered into evidence at the hearing. Exhibits accepted into evidence at the hearing shall be numbered sequentially. The pages of each exhibit shall also be numbered sequentially prior to filing with the Commission.

An original and 15 copies of all testimony and exhibits shall be prefiled with the Director, Division of Records and Reporting, by the close of business, which is 5:00 p.m., on the date due. A copy of all prefiled testimony and exhibits shall be served by mail or hand delivery to all other parties and staff no later than the date filed with the Commission. Failure of a party to timely prefile exhibits and testimony from any witness in accordance with the foregoing requirements may bar admission of such exhibits and testimony.

#### Prehearing Statement

All parties in this docket shall file a prehearing statement. Staff will also file a prehearing statement. The original and 15 copies of each prehearing statement shall be prefiled with the Director of the Division of Records and Reporting by the close of business, which is 5:00 p.m., on the date due. A copy of the prehearing statement shall be served on all other parties and staff no later than the date it is filed with the Commission. Failure of a party to timely file a prehearing statement shall be a waiver of any issue not raised by other parties or by the Commission. In addition, such failure shall preclude the party from presenting testimony in support of its position. Such prehearing statements shall set forth the following information in the sequence listed below.

- (a) The name of all known witnesses that may be called by the party, and the subject matter of their testimony;
- (b) a description of all known exhibits that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each;
- (c) a statement of basic position in the proceeding;

- (d) a statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;
- (e) a statement of each question of law the party considers at issue and the party's position on each such issue;
- (f) a statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;
- (g) a statement of issues that have been stipulated to by the parties;
- (h) a statement of all pending motions or other matters the party seeks action upon; and
- (i) a statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.

#### Status Conference

A status conference will be held in this docket on Tuesday, February 16, 1999, at 2:00 p.m., or upon the conclusion of the Commission's regularly scheduled agenda conference, whichever is later. The conference will be held in Room 148, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida. The purpose of the status conference is to address any pending motions requiring a ruling by the prehearing officer, to finalize the issues to be addressed at the hearing currently set for April 12 and 13, 1999, and for such other matters as are determined by the prehearing officer to be appropriate. This status conference may be canceled by the prehearing officer if it is determined to be unnecessary.

#### Prehearing Conference

Pursuant to Rule 28-106.209, Florida Administrative Code, a prehearing conference will be held in this docket on March 29, 1999, at the Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida. Any party who fails to attend the prehearing



conference, unless excused by the Prehearing Officer, will have waived all issues and positions listed in that party's prehearing statement.

Prehearing Procedure: Waiver of Issues

Any issue not raised by a party prior to the status conference shall be waived by that party, except for good cause shown. A party seeking to raise a new issue after that time shall demonstrate that: it was unable to identify the issue because of the complexity of the matter; discovery or other prehearing procedures were not adequate to fully develop the issue; due diligence was exercised to obtain facts touching on the issue; information obtained subsequent to the issuance of the prehearing order was not previously available to enable the party to identify the issue; and introduction of the issue could not be to the prejudice or surprise of any party. Specific reference shall be made to the information received, and how it enabled the party to identify the issue.

Unless a matter is not at issue for that party, each party shall diligently endeavor in good faith to take a position on each issue prior to issuance of the prehearing order. When a party is unable to take a position on an issue, it shall bring that fact to the attention of the Prehearing Officer. If the Prehearing Officer finds that the party has acted diligently and in good faith to take a position, and further finds that the party's failure to take a position will not prejudice other parties or confuse the proceeding, the party may maintain "no position at this time" prior to hearing and thereafter identify its position in a post-hearing statement of issues. In the absence of such a finding by the Prehearing Officer, the party shall have waived the entire issue. When an issue and position have been properly identified, any party may adopt that issue and position in its post-hearing statement.

Issues

Attached to this order as Appendix "A" is a list of the issues which have been identified in this proceeding. Prefiled testimony and prehearing statements shall address the issues set forth in Appendix "A".

Document Identification

To facilitate the management of documents in this docket, exhibits will be numbered at the Prehearing Conference. Each exhibit submitted shall have the following in the upper right-hand corner: the docket number, the witness's name, the word "Exhibit" followed by a blank line for the exhibit number and the title of the exhibit.

An example of the typical exhibit identification format is as follows:

Docket No. 12345-TL  
J. Doe Exhibit No. \_\_\_\_\_  
Cost Studies for Minutes of Use by Time of Day

Controlling Dates .

The following dates have been established to govern the Key activities of this case.

- |  |                     |
|--|---------------------|
| 1) Status Conference (if necessary)  | February 16, 1999   |
| 2) Utility's direct testimony and exhibits   | February 26, 1999   |
| 3) Intervenors' direct testimony and rebuttal to utility's direct testimony and exhibits                 | March 12, 1999      |
| 4) Staff's direct testimony and exhibits, if any   | March 19, 1999      |
| 5) Prehearing Statements   | March 19, 1999      |
| 6) Utility's rebuttal testimony (all) and Intervenors' rebuttal to Staff testimony (if any) and exhibits | March 26, 1999      |
| 7) Prehearing Conference   | March 29, 1999      |
| 8) Hearing   | April 12 - 13, 1999 |
| 9) Briefs  | May 3, 1999         |

Use of Confidential Information At Hearing

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding. Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute. Failure of any party to comply with the seven-day requirement described above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.

When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material. Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so. At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting's confidential files.

Post-Hearing Procedure

Each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a

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party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 50 pages, and shall be filed at the same time.

Based upon the foregoing, it is

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that the provisions of this Order shall govern this proceeding unless modified by the Commission.

By ORDER of Commissioner J. Terry Deason as Prehearing Officer, this 29th day of January, 1999.

  
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J. TERRY DEASON  
Commissioner and Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.



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Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

LIST OF ISSUES

- ISSUE 1: Should FPL be authorized to amortize regulatory assets, or their equivalent, established pursuant to future Commission orders and directed to become subject to the amortization plan?
- ISSUE 2: Should FPL be authorized to amortize the portion of unused nuclear fuel remaining in nuclear plants upon decommissioning, which may be properly attributable to customers prior to the end of 1999 and which, together with the amount, will be determined in the annual fuel docket?
- ISSUE 3: Should FPL be required to amortize \$140 million per year through December 31, 2000, as a fixed amount in addition to the expense recorded under the current plan which is determined by taking 100% of the difference between FPL's forecasted 1996 Most Likely Revenue equal to \$3,224.1 million and Low Band Revenue equal to \$3,140.9 million and at least 50% of the base rate revenues produced by retail sales above FPL's Most Likely sales forecast for 1996, as filed in Docket No. 950359-EI?
- ISSUE 4: In the event that there are no longer items to be amortized under the plan prior to December 31, 2000, should FPL be required to record amounts based on the formula in the plan in a regulatory liability account subject to the Commission's final determination for the use of those funds?
- ISSUE 5: What is the appropriate return on equity for all regulatory purposes?
- ISSUE 6: What is the appropriate equity ratio for earnings surveillance purposes?
- ISSUE 7: What is the appropriate use of the accumulated balance of nuclear amortization (\$90 million) as of December 31, 1998?
- ISSUE 8: Should FPL be required to use the most cost effective financing available to fund its Capital Expansion Program?

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APPENDIX A

ISSUE 9: Should the Plan be modified and extended through December 31, 2000, as set forth in Order No. PSC-98-1748-FOF-E1?

ISSUE 10: Should this docket be closed?