

McKenna Long & Aldridge LLP
Attorneys at Law

ORIGINAL

Atlanta
Denver
Los Angeles
Philadelphia

303 Peachtree Street, NE • Suite 5300 • Atlanta, GA 30308
Tel: 404.527.4000 • Fax: 404.527.4198
www.mckennalong.com

San Diego
San Francisco
Washington, D.C.
Brussels

ALAN R. JENKINS
(404) 527-4642

EMAIL ADDRESS
ajenkins@mckennalong.com

June 27, 2005

VIA HAND DELIVERY

Ms. Blanco Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Blvd., Room 110
Tallahassee, FL 32399-0850

RE: Florida Power & Light Company's Petition for a Rate Increase
Docket Nos. 050045-EI, 050188-EI

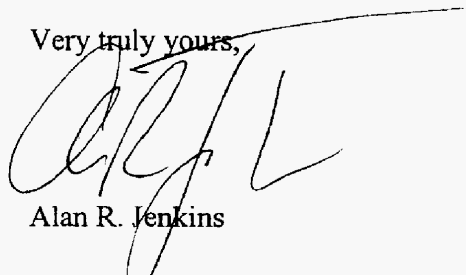
Dear Ms. Bayo:

Enclosed please find an original and 15 copies of the prepared direct testimony of Teresa Civic and Jess Galura, and the prepared direct testimony and exhibits of James T. Selecky on behalf of the Commercial Group in the above-referenced dockets.

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COMMISSION CLERK

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OTH _____

Very truly yours,



Alan R. Jenkins

Qualified Representative of
the Commercial Group

cc: All Parties of Record

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**STATE OF FLORIDA
FLORIDA PUBLIC SERVICE COMMISSION**

**Prepared Direct Testimony of
Teresa Civic and Jess Galura
On behalf of the Commercial Group**

**Docket No. 050045-EI
Docket No. 050188-EI**

June 27, 2005

DOCUMENT NUMBER 04
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FPSC-COMMISSION CLERK

1 **Q. Please state your names and positions.**

2 A. My name is Teresa Civic. I am the Manager of Energy for BJ's Wholesale Club, Inc.
3 ("BJ's"). My name is Jess Galura. I am the Senior Regulatory Analyst for Wal-Mart
4 Stores East, LP ("Wal-Mart"). We are testifying on behalf of the Commercial Group that
5 is composed of BJ's, Lowe's Home Centers, Inc., J.C. Penney Company, Inc. and Wal-
6 Mart.

7 **Q. Have you provided outlines of your background and professional experience?**

8 A. Yes, these are attached as Appendix A hereto.

9 **Q. Are you sponsoring any exhibits with your testimony?**

10 A. No.

11 **Q. Please describe generally your operations in the State of Florida.**

12 A. Together our companies operate approximately 400 retail establishments in Florida,
13 including a number of distribution centers. A substantial number of these facilities
14 receive retail electric service from Florida Power & Light Company ("FPL"). We
15 employ well over 100,000 employees at our Florida operations alone and purchase
16 several billion dollars annually in goods and services from Florida suppliers. In a period
17 in which industrial job creation may be slowing, large commercial facilities such as ours
18 are one of the key drivers of the Florida economy. Indeed, our companies continue to
19 grow and pay billions of dollars in annual salaries and benefits to our Florida employees
20 and taxes into the state of Florida.

21 **Q. Please describe your operations.**

1 A. Our companies operate retail facilities across the country. These facilities receive electric
2 service from hundreds of electric providers under varied rate schedules and are subject to
3 varying degrees of regulation by state public service commissions.

4 **Q. Please describe the purpose of your testimony and summarize your testimony.**

5 A. Our panel is providing testimony limited to whether FPL deserves a 50 basis point ROE
6 performance incentive adder for superior service and the impact FPL's proposed rate
7 increase would have on our facilities and operations. In general, we find FPL's customer
8 service to be adequate and comparable to that of other electric providers that serve our
9 facilities. We have not found that FPL's rates are substantially lower than these other
10 providers nor that FPL's rate schedules are tailored to our facilities better than those of
11 our other electric providers. With respect to how the proposed rate increase would affect
12 our facilities, the potential cost impact would indeed be great.

13 **Q. Do you believe that FPL should receive an extra return on investment as a reward
14 for superior service?**

15 A. No. As mentioned above, our facilities are served by hundreds of electric service
16 providers across the country. In our experience, FPL provides average to good electric
17 service and we generally have a positive relationship with FPL. However, we do not find
18 FPL's service to be superior to that of other comparable electric service providers. For
19 example, with respect to electric bills that we receive from FPL, the Company's rates are
20 substantially higher than many similar electric utilities, particularly those in the
21 Southeast. See CG Exhibit No. __ (JTS-2). We note by way of example that Georgia
22 Power Company recently received a substantial (\$500 million) fuel rate increase.
23 Nevertheless, even after that increase, the fuel rates that FPL charges us are nearly double

1 nearly double those of Georgia Power Company (2.42¢/kWh), which obviously is
2 another significantly sized electric utility in the Southeast. With respect to customer
3 service, we acknowledge that FPL's customer service is good and we appreciate that
4 service. Nevertheless, we cannot say that the customer service of FPL is superior to that
5 of most other electric providers of its size.

6 **Q. Do you have examples of any concerns you have with FPL's service?**

7 A. Yes. For example, FPL sent us discovery requests in this case concerning our use of
8 FPL's real time pricing ("RTP") rate schedule. A number of us were surprised by the
9 request because we were not aware that FPL provides or has provided RTP pricing to its
10 commercial customers. We would expect that service superior to most other electric
11 providers would involve explaining the real time pricing opportunity that may have been
12 available to us. Once again, we are not complaining about FPL's service, but we do not
13 find it superior to that of most other major electric service providers.

14 **Q. Do you have any further examples?**

15 A. Yes. A number of electric providers offer rate schedules that fit our facility load profiles
16 and that enable large commercial customers like our companies to capture benefits from
17 our substantial in-house energy management efforts. We are disappointed that FPL does
18 not offer rate schedules that better fit our facilities load and operating characteristics.
19 In addition, the potential for customers to monitor load profiles, manage building loads
20 and propose both economic and energy efficient load management strategies is limited by
21 our ability to obtain interval data. We are disappointed that, although FPL does offer
22 interval metering options, our practical experience is that FPL's field installation of pulse

1 capable metering has taken over a year and a half and 98% of our metering requests have
2 gone unfulfilled.

3 **Q. Has FPL proposed any new rate schedules in this proceeding that might better fit**
4 **the load profiles of your facilities?**

5 A. Yes. FPL has proposed a high load factor (“HLF”) rate schedule that would benefit
6 customers with very high load factors. We appreciate and support this effort by FPL.
7 However, we believe that the 70% load factor break-even point is too high and should be
8 lowered to better fit the needs of commercial customers. Many of our facilities have
9 what we understand to be some of the highest load factors for large commercial
10 establishments. However, few of our facilities would qualify under the new proposed
11 HLF rate schedule. Accordingly, our consultant, James Selecky is recommending that
12 the HLF load factor “break-even” point be lowered to at least 65 percent.

13 **Q. Are there other initiatives you believe FPL should pursue?**

14 A. We are encouraged by FPL’s development of a residential solar photovoltaic program
15 and support FPL’s efforts to develop wind power in other states. However, we encourage
16 FPL to take advantage of solar opportunities in the state of Florida and to pursue a
17 leadership role in the development of renewable energy, particularly solar power.

18 **Q. You mentioned that you are concerned with the rate increase that FPL has**
19 **proposed. How would the proposed increase affect your operations?**

20 A. As we mentioned above, FPL’s fuel rates are already significantly higher than those of
21 many other electric providers. We understand that FPL is proposing to increase GSD-1
22 rates by 12.9% and GSLD-1 rates by 16.9%. Energy costs are the second highest
23 operating costs at our facilities and such a large increase in rates will greatly impact our

1 operations. For operations such as distribution centers that can locate in other states or
2 service territories, utility costs are a significant factor toward our choosing a non-FPL
3 location. We urge the Commission to take a hard look at the proposed rate increase and
4 act to minimize rate shock to any customer group.

5 **Q. Does this complete your testimony?**

6 A. Yes, it does.

**STATEMENT OF QUALIFICATIONS FOR
JESS P. GALURA**

I am presently the Senior Regulatory Analyst for Wal-Mart Stores, Inc., responsible for managing our involvement in regulatory proceedings around the country and determining the potential impact of these proceedings to our stores. I am an electrical engineer with over thirty years of work experience in the regulatory areas involving cost-of-service and rate design.

Prior to coming to Wal-Mart I was the Manager, Transmissions for Intergen Services, Inc., in charge of negotiating interconnection agreements with transmission service providers.

I was a Director in the Contract Risk Management and the Rates and Tariffs groups of Enron Energy Services, Inc., managing the energy needs of large commercial and industrial customers of EES.

I was the Manager of Rates at Sacramento Municipal Utility District in charge of managing and implementing all aspect of the rate making process for the District.

I was the Supervisor of Regulatory Cost at Pacific Gas and Electric Company in charge of performing cost of service studies and serving as the expert witness in the areas of cost-of-service and rate design at the California Public Utilities Commission and the Federal Energy Regulatory Commission.

I was in various positions involving cost of service and rate design at Southern California Edison Company, Tennessee Valley Authority, Papua New Guinea Electricity Commission, and the Manila Electric Company.

**Statement of Experience
For Teresa Civic**

Experience

I am currently the Manager of Energy for BJ's Wholesale Clubs, Inc, a Fortune 300 company with locations from Florida to Maine. As such, I am responsible for energy efficiency, energy purchasing and overall energy management strategy for the company. I am personally responsible for contracting over competitive energy supplies for both electricity and natural gas in deregulated markets.

I hold a Master's Degree in Environmental Law and have over fifteen years of experience in energy management from both a policy and construction background. Preceding my position at BJ's, I held the position of Public Buildings Program Manager for the Commonwealth of Massachusetts, Division of Energy Resources. As the Public Buildings Program Manager, I was responsible for the design, implementation and management of energy efficiency programs and energy policy for the more than 10,000 public buildings operated by the state and municipalities of the Commonwealth of Massachusetts. As Program Manager, I was a participant in a variety of collaborative processes including incorporation of energy efficiency standards in statewide construction processes, restructuring of the electric and natural gas industries, and the collaborative effort to develop and implement utility financed Demand Side Management programs. In addition, I have developed and implemented various legislation and regulations relating to public buildings.

Prior to my position with the Division of Energy Resources, I worked for the Massachusetts' construction agency, Division of Capital Asset Management, responsible for the implementation of energy efficiency projects in state owned and operated facilities.

Education

1986-1987 Masters in Environmental Law, Vermont Law School, South Royalton, Vermont

1981-1985 B.S. Degree in Biology, Marine Biology minor, State University College at Oswego, Oswego, New York