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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Increase In Rates By Florida Power & Light Company	))	DOCKET NO. 080677-EI
In Re: 2009 Depreciation Study by Florida Power & Light Company	)))	DOCKET NO. 090130-EI FILED: AUGUST 6, 2009

PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION

The Florida Retail Federation, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-09-0159-PCO-EI, issued on March 20, 2009, as modified by Order No. PSC-09-0521-PCO-EI, issued July 27, 2009, hereby submits the Federation's Prehearing Statement.

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On behalf of the Florida Retail Federation

1. WITNESSES:

The Florida Retail Federation is not sponsoring any witnesses in this proceeding.

2. EXHIBITS:

The Florida Retail Federation is not sponsoring any exhibits through the testimony of its own witnesses in this proceeding. The Federation has not yet identified exhibits

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that it intends to use in cross-examination, but the Federation reserves its rights to introduce exhibits through cross-examination.

3. STATEMENT OF BASIC POSITION

The core question to be addressed by the Commission in this proceeding is whether Florida Power & Light Company ("FPL") needs any additional revenues in order to provide safe, adequate, reliable service, to recover its legitimate costs of providing such service, and to have an opportunity to earn a fair and reasonable return on its legitimate investment in assets used and useful in providing such service. The evidence shows that the answer to this question is unequivocally "No."

FPL's requested rate increase of $1.044 Billion per year in additional base rate revenues for 2010, and FPL's requested subsequent year rate increase of an additional $247 Million per year for 2011, are excessive and unnecessary to allow FPL to provide adequate, reliable service, to recover its legitimate costs, and to have an opportunity to earn a reasonable return on its prudent investment. Granting the proposed increases would result in rates that are unfair, unjust, unreasonable, and contrary to the public interest. In fact, the evidence shows that the Commission should reduce FPL's rates by $364 Million per year in 2010, and that the Commission should not grant any subsequent year increase in FPL's base rates in 2011 (and that the Commission should deny FPL's request for permanent implementation of a Generation Base Rate Adjustment). The following are major, specific factors that demonstrate that FPL does not need rate increases to provide adequate service and to recover its costs.

FPL's requested rate of return on common equity, an after-tax return of 12.5%, is unfair, unreasonable, and excessive in that it is not representative of current capital market conditions, and far greater than is justified by the minimal risks that the Company faces. An after-tax ROE of 9.5% is fair and reasonable, and probably generous to FPL in light of FPL's low risk profile.

FPL has a depreciation reserve excess of $2.7 Billion, and the Commission must require FPL to amortize at least $1.25 Billion of that amount over the next 4 years. Moreover, FPL has misstated its depreciation expenses, and the Commission must adjust FPL's authorized revenue requirements, and its rates, accordingly.

FPL's request for an annual storm reserve accrual of $150 million is likewise unfair, unjust, and unreasonable, and also unnecessary. Moreover, it is contrary to the Commission's specific holdings in FPL's last storm cost recovery charge proceedings in 2006, where the Commission explicitly recognized that the risk associated with higher or lower storm reserves falls entirely on FPL's customers and accordingly rejected exactly the same request that FPL is now inappropriately attempting to resurrect in this docket. <u>See</u> PSC Order No. 06-0464-FOF-EI at page 25.

FPL's request for a GBRA is unfair, unjust, and unreasonable because it would provide for automatic increases in base rates regardless of current conditions - including the utility's achieved rate of return and other factors affecting the overall reasonableness of the utility's rates - at such time that new power plants are brought into service.

Similarly, FPL's request for a subsequent year adjustment in January 2011 is inappropriate and the Commission should reject it because FPL's projections and assumptions for 2011 are too speculative to amount to competent substantial evidence sufficient to impose such the tremendous burden of <u>another</u> $247 million per year increase on FPL's customers without any further hearing to determine whether such increase would be necessary in order to ensure that FPL has sufficient revenues to provide safe, adequate, and reliable service.

The Commission's fundamental statutory mandate is to regulate public utilities, including FPL, <u>in the public interest</u>. Given the evidence showing that FPL will be able to provide adequate service, to recover its legitimate costs, and to earn a reasonable return on its investment with even lower rates, it would be contrary to the public interest to grant any increases at all. Especially in these difficult economic times, the public interest of millions of Floridians demands this result: the Commission has the evidence and the authority to protect the public interest by reducing FPL's rates as shown by competent substantial evidence, and the Commission must act accordingly.

4. <u>STATEMENT OF FACTUAL ISSUES AND POSITIONS</u>

<u>2010 PROPOSED TEST PERIOD</u>

ISSUE 1: Does the Commission have the legal authority to approve a base rate increase using a 2010 projected test year?

Whether the FPSC has jurisdiction under Florida law at Sections 366.06(1) and 367.08(2) to consider FPL's petition for a rate increase based on FPL's projected 2010 test-year period of the 12 -months starting January 1, 2010 and ending December 31, 2010 supported by future speculative projections of costs and investments used and useful in the public service? (Saporito's proposed issue)

FRF Position: Yes.

ISSUE 2: Is FPL's projected test period of the 12 months ending December 31, 2010, appropriate?

FRF Position: Yes.

ISSUE 3: Are FPL's forecasts of customers, kWh, and kW by rate classes for the 2010 projected test year appropriate?

FRF Position: No. Adjustments to FPL's forecasts are necessary to reflect the most likely conditions for 2010.

2011 PROPOSED SUBSEQUENT YEAR TEST PERIOD

ISSUE 4: Does the Commission have the legal authority to approve a subsequent year base rate adjustment using a 2011 projected test year?

Whether the FPSC has jurisdiction under Florida law at Sections 366.06(1) and 367.08(2) to consider FPL's petition for a rate increase based on FPL's projected 2011 test-year period of the 12-months starting January 1, 2011 and ending December 31, 2011 supported by future speculative projections of costs and investments used and useful in the public service? (Saporito's proposed issue)

FRF Position: The FRF agrees with OPC that, as matters of fact, FPL's projections and assumptions are too speculative to amount to competent substantial evidence sufficient to impose such a tremendous burden on FPL's customers.

ISSUE 5: Should the Commission approve in this docket FPL's request to adjust base rates in January 2011?

FRF Position: No.

ISSUE 6: Is FPL's projected subsequent year test period of the 12 months beginning January 1, 2011 and ending December 31, 2011, appropriate?

FRF Position: No. The FRF agrees with OPC that, as matters of fact, FPL's projections and assumptions for 2011 are too speculative and uncertain to constitute competent substantial evidence sufficient to impose such a tremendous burden on FPL's customers.

ISSUE 7: Are FPL's forecasts of customers, kWh, and kW by rate classes for the 2011 projected test year appropriate?

FRF Position: No. FPL's forecasts of, and assumptions regarding, 2011 customers and sales factors are too speculative to represent competent substantial evidence that can support such a tremendous burden on FPL's customers, and accordingly, those forecasts are not appropriate.

GENERATION BASE RATE ADJUSTMENT

ISSUE 8: Should the Commission approve a Generation Base Rate Adjustment (GBRA) which would authorize FPL to increase base rates for revenue requirements associated with new generating addition approved under the Power Plant Siting Act, at the time they enter commercial service?

FRF Position: No. The Commission should not approve a GBRA for FPL because it would provide for automatic increases in base rates regardless of current conditions - including the utility's achieved rate of return relative to then-current capital market conditions, and other factors affecting the overall reasonableness of the utility's rates - at such time that new power plants are brought into service.

ISSUE 9: If the Commission approves a GBRA for FPL, how should the cost of qualifying generating plant additions be determined?

FRF Position: Agree with OPC that the cost of qualifying plant additions should be based on the most current available data, not on the basis of costs submitted in need determination proceedings years in advance.

~~**ISSUE 10:** Should FPL use a 40 year life for the West County Energy Center 3 as opposed to a 25 year life, when calculating depreciation expenses in its GBRA? *(My notes reflect that this was included. Is this correct)*~~

ISSUE 10: Intentionally left blank.

ISSUE 11: If the Commission approves a GBRA for FPL, how should the GBRA be designed?

FRF Position: Any increase pursuant to a GBRA would first have to be tested to determine whether, absent the GBRA adjustment, FPL would earn below its authorized rate of return on equity. The Commission should open a docket and provide a point of entry for substantially affected parties, i.e., FPL's customers, to test the reasonableness of FPL's claimed costs and any rate changes that might result.

ISSUE 12: If the Commission approves a GBRA for FPL, should the maximum amount of the base rate adjustment associated with a qualifying generating facility be limited by a consideration of the impact of the new generating facility on FPL's earned rate of return ("earnings test")? If so, what are the appropriate financial parameters of the test, and how should the earnings test be applied?

FRF Position: Agree with OPC that any base rate increases pursuant to a GBRA should only be considered when the company has made a prima facie showing that, absent rate increases, the company will earn less than the floor of its authorized rate of return on equity.

ISSUE 13: If the Commission determines it appropriate to adopt the use of a GBRA mechanism, how should FPL be required to implement the GBRA?

FRF Position: Any increase pursuant to a GBRA would first have to be tested to determine whether, absent the GBRA adjustment, FPL would earn below its authorized rate of return on equity. The Commission should open a docket and provide a point of entry for substantially affected parties, i.e., FPL's customers, to test the reasonableness of FPL's claimed costs and any rate changes that might result.

ISSUE 14: If the Commission chooses not to approve the continuation of the GBRA mechanisms, but approves the use of the subsequent year adjustment, what is the appropriate adjustment to FPL's rate request to incorporate the revenue requirements reflected in the West County Unit 3 MFR Schedules?

FRF Position: If the Commission does not approve the continuation of the GBRA, but does approve a subsequent year adjustment for FPL in this case, which the FRF strongly opposes for the reasons set forth above, then the revenue requirement impact of West County Unit 3 should be added into the 2011 adjusted test year.

JURISDICTIONAL SEPARATION

ISSUE 15: Does FPL's methodology of including its transmission-related investment, costs, and revenues of its non-jurisdictional customers when calculating retail revenue requirements properly and fairly identify the retail customers appropriate revenue responsibility for transmission investment? If no, then what adjustments are necessary?

FRF Position: No. The FRF agrees with OPC that FPL's jurisdictional separation methodology would force FPL's retail customers to cross-subsidize wholesale customers, and that FPL's jurisdictional cost study should be modified as recommended by Witness Sheree L. Brown.

ISSUE 16: What is the appropriate jurisdictional separation of costs and revenues between the wholesale and retail jurisdictions?

FRF Position: The appropriate jurisdictional separation of costs and revenues are as recommended by Witness Sheree L. Brown. Corresponding adjustments should be made to all accounts that are impacted by Witness Brown's recommended changes in the jurisdictional cost study.

QUALITY OF SERVICE

ISSUE 17: Is the quality and reliability of electric service provided by FPL adequate?

FRF Position: No position.

DEPRECIATION STUDY

ISSUE 18: Should the current-approved depreciation rates, capital recovery schedules, and amortization schedules be revised?

FRF Position: Yes, the depreciation rates, capital recovery schedules, and amortization schedules to be used for setting rates in this docket are those recommended by Witness Jacob Pous.

ISSUE 19: What are the appropriate depreciation rates, capital recovery schedules, and amortization schedules?

FRF Position: Agree with OPC that this issue is effectively a fallout issue, with the final decisions taking into account the Commission's explicit rulings on the specific depreciation-related issues raised by the Citizens and other parties and addressed by testimony and evidence in this case. Accordingly, the FRF also agrees with OPC that this issue should be the last issue in the Depreciation Study section of the Prehearing Order.

ISSUE 20: INTENTIONALLY BLANK

ISSUE 21: Is FPL's proposed accelerated capital recovery appropriate? FIPUG

FRF Position: No.

ISSUE 22: What life spans should be used for FPL's coal plants? FIPUG

FRF Position: Agree with OPC that the appropriate depreciation life for FPL's coal plants is 60 years.

ISSUE 23: What life spans should be used for FPL's combined *cycle plants? FIPUG*

<u>FRF Position</u>: For purposes of setting rates in this docket, the depreciation life span for combined cycle plants should be 35 years, and the Commission should order FPL to thoroughly evaluate the life of combined cycle plants and to reflect that evaluation in its next depreciation study.

<u>ISSUE 24</u>: What are the appropriate depreciation rates? City SD

<u>FRF Position</u>: See the FRF's position statements on Issues 18 and 19 above.

<u>ISSUE 25</u>: Has FPL applied appropriate life spans to categories of production plant when developing its proposed depreciation rates? (Note: To date, the parties have identified the following categories of production plant as sub issues.)

Coal-fired production units
Large steam oil or gas-fired generating facilities
Combined cycle generating facilities OPC

<u>FRF Position</u>: No. Agree with OPC on the recommended depreciation life spans for coal plants and large oil/gas steam production facilities.

<u>ISSUE 26</u>: Has FPL applied the appropriate methodology to calculate the remaining life of production units? OPC

<u>FRF Position</u>: No.

<u>ISSUE 27</u>: Has FPL appropriately quantified the level of interim retirements associated with production units? If not, what is the appropriate level, and what is the related impact on depreciation expense for generating facilities? OPC

<u>FRF Position</u>: No.

ISSUE 28: *Has FPL incorporated the appropriate level of net salvage associated with the interim retirements that are estimated to transpire prior to the final termination of a generating station or unit? If not, what is the appropriate level? OPC*

FRF Position: No. Agree with OPC as to the appropriate level of net salvage associated with interim retirements.

ISSUE 29: *Has FPL quantified the appropriate level of terminal net salvage in its request for dismantlement costs? If not, what is the appropriate level? OPC*

FRF Position: No.

ISSUE 30: *Has FPL applied appropriate life characteristics (curve and life) to each mass property account (transmission, distribution, and general plant) when developing its proposed depreciation rates? (Note: To date, the parties have identified the following accounts as sub issues.)*

a. 350.2 Transmission Easements
b. 353 Transmission Substation Equipment
c. 353.1 Transmission Substation Equipment Step-Up Transformers
d. 354 Transmission Towers & Fixtures
e. 356 Transmission Overhead Conductor
f. 359 Transmission Roads and Trails
g. 362 Distribution Substation Equipment
h. 364 Distribution Poles, Towers & Fixtures OPC

FRF Position: No. Agree with OPC.

ISSUE 31: *Has FPL applied appropriate net salvage levels to each mass property (transmission, distribution, and general plant) account when developing its proposed depreciation rates? (Note: To date, the parties have identified the following accounts as sub issues.)*

a. 353 Transmission Station Equipment
b. 354 Transmission Tower & Fixtures
c. 355 Transmission Poles & Fixtures
d. 356 Transmission Overhead Conductors
e. 364 Distribution Poles, Towers & Fixtures
f. 365 Overhead Conductors & Devices
g. 366.6 Underground Conduit - Duct System
h. 367.6 Underground Conductor - Duct System
i. 368 Distribution Line Transformers
j. 369.1 Distribution Services - Overhead
k. 369.7 Distribution Services - Underground
l. 370 Distribution Meters
m. 370.1 Distribution Meters - AMI
n. 390 General Structures & Improvements OPC

FRF Position: No. Agree with OPC.

ISSUE 32: What are the appropriate depreciation rates for FPL, and what amount of annual depreciation expense should the Commission include in Docket 080677-EI for ratemaking purposes? OPC

FRF Position: Agree with OPC that the Commission should set FPL's rates (with regard to depreciation issues) based on the recommendations of Witness Jacob Pous, resulting in a reduction of $240,673,014 in FPL's allowable depreciation expense.

ISSUE 33: Based on the application of the depreciation parameters that the Commission has deemed appropriate to FPL's data, *and a comparison of the theoretical reserves to the book reserves,* what are FPL's *theoretical* reserve imbalances?

FRF Position: Agree with OPC that FPL's reserve imbalance is a depreciation reserve excess of $2.7 Billion.

ISSUE 34: What, if any, corrective reserve measures should be taken with respect to the theoretical reserve imbalances identified in the prior issue?

FRF Position: At a minimum, $1.25 Billion of FPL's depreciation reserve excess should be amortized over four years in order to attempt to provide some measure of equity to those customers who have been overpaying for depreciation on FPL's assets, and thereby creating this tremendous reserve excess.

ISSUE 35: What steps should the Commission take to restore generational equity? FIPUG

FRF Position: See position on Issue 34 above.

ISSUE 36: What considerations and criteria should the Commission take into account when evaluating the time frame over which it should require FPL to amortize the depreciation reserve imbalances that it determines in this proceeding? OPC

FRF Position: Agree with OPC that the Commission should consider the issue of generational equity, which dictates that at least $1.25 Billion of FPL's depreciation reserve excess should amortized over 4 years; the impact of additional amortization on FPL's financial integrity; and the timing of FPL's next depreciation study. Amortizing at least $1.25 Billion over the next 4 years appropriately addresses these considerations, and it is probable that additional amortization of FPL's huge depreciation reserve excess will also appropriately address them.

ISSUE 37: What would be the impact, if any, of the parties' respective proposals with respect to the treatment of the depreciation reserve imbalances on FPL's financial integrity? OPC

FRF Position: Agree with OPC that, if the Commission adopts all of OPC's recommendations in the consolidate rate case and depreciation dockets, including amortization of FPL's depreciation reserve excess and reducing FPL's rates by $364 Million per year, FPL will continue to enjoy the financial parameters and indicators typical of a utility with a bond rating of "A."

ISSUE 38: What is the appropriate disposition of FPL's depreciation reserve imbalances? OPC

FRF Position: FPL's depreciation reserve excess should be amortized over four years in order to attempt to provide reasonable, albeit inadequate, equity to those customers who have been overpaying for FPL's assets, and thereby creating this tremendous reserve excess. (Agree that this issue can be eliminated in light of Issue 34.)

ISSUE 39: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

FRF Position: Agree with OPC that the proper implementation date is January 1, 2010.

FOSSIL DISMANTLEMENT COST STUDY

ISSUE 40: Should the current-approved annual dismantlement provision be revised?

FRF Position: Agree with OPC.

ISSUE 41: What, if any, corrective reserve measures should be approved?

FRF Position: Agree with OPC.

ISSUE 42: What is the appropriate annual provision for dismantlement?

FRF Position: Agree with OPC.

ISSUE 43: Does FPL employ reasonable depreciation parameters and costs when it assumes that it must restore all generation sites to "greenfield" status upon their retirement?

FRF Position: Agree with OPC.

ISSUE 44: In future dismantlement studies filed with the Commission, should FPL consider alternative demolition approaches? *May be stipulated.*

FRF Position: Agree with OPC.

RATE BASE

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 45: Has the Company removed all non-utility activities from rate base? (remove issue? OPC to let parties know)

FRF Position: Agree with OPC. (The FRF does not object to this issue being dropped.)

ISSUE 46: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of working capital allowance for FPL?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 47: Are the costs associated with Advanced Metering Infrastructure (AMI) meters appropriately included in rate base?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

*ISSUE 48: Is FPL's proposed base rate adjustment formula regarding the application of the Commission's Nuclear Cost Recovery Rule appropriate? (My notes reflect this issue and issue 59 were the same and moved to Other Issues section) *City SD*

FRF Position: Agree with OPC.

ISSUE 49: Should FPL's estimated plant in service be reduced to reflect the actual capital expenditures implemented in 2009 on an annualized basis carried forward into the projected test Year(s) and for reductions of a similar magnitude?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? SFHHA

FRF Position: Agree with OPC.

ISSUE 50: Are FPL's requested levels of Plant in Service appropriate?

A. For the 2010 projected test year in the amount of $28,288,080,000?

FRF Position: No. The appropriate level of Plant in Service for the 2010 test year is $27,918,324,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $29,599,965,000?

FRF Position: No. Noting that the FRF believes that a subsequent year adjustment for 2011 is inappropriate, if the Commission decides to consider such in this docket, the appropriate level of Plant in Service for the 2011 test year is $29,671,709,000.

Whether FPL's petition for a rate increase is prudent and necessary to make investments used and useful in the public service? (Saporito's version of issue)

FRF Position: No position at this time. This issue may be subsumed under other issues, e.g., Issue 50 above, in that it represents one aspect of the ultimate issue in this case, namely whether FPL needs any rate relief at all in order to provide safe, adequate, reliable service, which would include making investments necessary to provide such service. The FRF will take a position on this issue at, or immediately following, the Prehearing Conference.

ISSUE 51: Are FPL's requested levels of accumulated depreciation appropriate?

A. For the 2010 projected test year in the amount of $12,590,521,000?

FRF Position: No. The appropriate amount of jurisdictional accumulated depreciation for 2010 is $12,177,112,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $13,306,984,000?

FRF Position: No. The appropriate amount of jurisdictional accumulated depreciation for 2010 is $12,318,092,000.

ISSUE 52: Is FPL's proposed adjustment to CWIP for the Florida EnergySecure Line (gas pipeline) appropriate?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 53: Has FPL removed any Environmental Cost Recovery Clause (ECRC) capital cost recovery items from the ECRC and placed them into rate base?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 54: Should FPL be permitted to record in rate base the incremental difference between Allowance for Funds Used During Construction (AFUDC) permitted by Section 366.93, F.S. for nuclear construction and FPL's most currently approved AFUDC for recovery when the nuclear plants enter commercial operation? *This issue will be* *decided in a different docket.*

FRF Position: No. Agree that this issue is appropriate for decision in a different docket.

ISSUE 55: Are FPL's requested levels of Construction Work in Progress (CWIP) appropriate?

A. For the 2010 projected test year in the amount of $707,530,000?

FRF Position: No. The appropriate amount of CWIP for 2010 is $692,887,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $772,484,000?

FRF Position: No. If applicable, the appropriate amount of CWIP for 2011 would be $750,265,000.

ISSUE 56: Are FPL's requested levels of Property Held for Future Use appropriate?

A. For the 2010 projected test year in the amount of $74,502,000?

FRF Position: No. The appropriate jurisdictional amount of PHFFU for 2010 is $70,461,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $71,452,000?

FRF Position: No. If applicable, the appropriate jurisdictional amount of PHFFU for 2011 would be $67,750,000.

ISSUE 57: Should any adjustments be made to FPL's fuel inventories? *(may be removed pending staff review of discovery)*

FRF Position: Agree with OPC.

ISSUE 58: Is FPL's proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate?

A. For the 2010 projected test year?

FRF Position: No.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: No.

ISSUE 59: Should nuclear fuel be capitalized and included in rate base due to the dissolution of FPL Fuels, Inc.?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 60: Are FPL's requested levels of Nuclear Fuel appropriate:

A. For the 2010 projected test year in the amount of $374,733,000?

FRF Position: No. The appropriate amount of Nuclear Fuel for 2010 is $374,801,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $408,125,000?

FRF Position: No. If applicable, the appropriate amount of Nuclear Fuel for 2011 would be $408,196,000.

ISSUE 61: Should the unamortized balance of the FPL Glades Power Park (FGPP) be included in rate base?

FRF Position: Agree with OPC.

ISSUE 62: Are FPL's requested levels of Working Capital appropriate?

A. For the 2010 projected test year in the amount of $209,262,000?

FRF Position: No. The appropriate amount of working capital for 2010 is $167,602,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $335,360,000?

FRF Position: No. If applicable, the appropriate amount of working capital for 2011 would be $307,014,000.

ISSUE 63: Is FPL's requested rate base appropriate?

A. For the 2010 projected test year in the amount of $17,063,586,000?

FRF Position: No. The appropriate rate jurisdictional rate base amount for 2010 is $17,046,963,000.

B. If applicable, for the 2011 subsequent projected test year in the amount of $17,880,402,000?

FRF Position: No. The appropriate rate jurisdictional rate base amount for 2011 is $18,886,842,000.

COST OF CAPITAL

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 64: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 65: Should FPL be required to use the entire amount of customer deposits and ADIT related to utility rate base in its capital structure? SFHHA

FRF Position: Agree with OPC.

ISSUE 66: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 67: What is the appropriate cost rate for short-term debt?

A. For the 2010 projected test year?

FRF Position: Agree with OPC: 2.27%.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC: 2.27%.

ISSUE 68: What is the appropriate cost rate for long-term debt?

A. For the 2010 projected test year?

FRF Position: Agree with OPC: 5.14%.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC: 5.14%.

ISSUE 69: Have rate base and capital structure been reconciled appropriately?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 70: Has FPL appropriately described the actual 59% equity ratio that it proposes to use for ratemaking purposes as an "adjusted 55.8% equity ratio" on the basis of imputed debt associated with FPL's purchased power contracts?

FRF Position: Agree with OPC.

ISSUE 71: What is the appropriate equity ratio that should be used for FPL for ratemaking purposes in this case?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 72: Do FPL's power purchase contracts justify or warrant any changes to FPL's capital structure in the form of imputed debt or equity for ratemaking purposes?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? *(FIPUG and FRF)*

FRF Position: Agree with OPC.

ISSUE 73: What is the appropriate capital structure for FPL for the purpose of setting rates in this docket?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 74: Has the fuel adjustment clause decreased FPL's cost of equity and, if so, by how many basis points? City of SD

FRF Position: Agree with OPC.

ISSUE 75: Has the nuclear cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points? City of SD

FRF Position: Agree with OPC.

ISSUE 76: Has the conservation cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points? City of SD

FRF Position: Agree with OPC.

ISSUE 77: Has the environmental cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points? City of SD

FRF Position: Agree with OPC.

ISSUE 78: Has the Generation Base Rate Adjustment reduced FPL's cost of equity and, if so, by how many basis points? City of SD

FRF Position: Agree with OPC.

ISSUE 79: Is it appropriate to adjust the equity cost rate for flotation costs? OPC

FRF Position: Agree with OPC.

ISSUE 80: What return on common equity should the Commission authorize in this case?

A. For the 2010 projected test year?

FRF Position: 9.5%.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: 9.5%.

ISSUE 81: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

NET OPERATING INCOME

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 82: What are the appropriate inflation, customer growth, *and other trend factors* for use in forecasting?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 83: Should FPL's proposal to transfer capacity charges and capacity-related revenue associated with the St. John's River Power Park from base rates to the Capacity Cost Recovery Clause be approved?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 84: Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 85: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 86: Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 87: Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 88: Should an adjustment be made to operating revenue to reflect the incorrect forecasting of FPL's C/I Demand Reduction Rider Incentive Credits and Offsets?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 89: Is an adjustment appropriate to FPL's Late Payment Fee Revenues if the minimum Late Payment Charge is approved in Issue 145 ~~(79 right now)~~?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 90: Are any adjustments necessary to FPL's Revenue Forecast?

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC that FPL's 2010 revenues should be increased by $46,500,182.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. Agree with OPC that FPL's 2011 revenues should be increased by $40,351,388.

ISSUE 91: Are FPL's projected levels of Total Operating Revenues appropriate?

A. For the 2010 projected test year in the amount of $4,114,727,000?

FRF Position: No. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year in the amount of $4,175,024,000?

FRF Position: No. Agree with OPC.

ISSUE 92: Has FPL made the appropriate adjustments to remove charitable contributions?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? *(Staff may remove this issue after discovery is reviewed)*

FRF Position: Agree with OPC.

ISSUE 93: Should an adjustment be made to remove FPL's contributions recorded above the line for the historical museum?

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. Agree with OPC.

ISSUE 94: Should an adjustment be made for FPL's Aviation cost for the test year?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? *(Staff may remove this issue after discovery is reviewed)*

FRF Position: Agree with OPC.

ISSUE 95: Are the cost savings associated with AMI meters appropriately included in net operating income?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 96: What is the appropriate level of Bad Debt Expense?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 97: Should an adjustment be made to remove the portion of Bad Debt Expense associated with clause revenue that is currently being recovered in base rates and include them as recoverable expenses in the respective recovery clauses?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 98: Should an adjustment be made to advertising expenses?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? *(Staff may remove this issue after discovery is reviewed)*

FRF Position: Agree with OPC.

ISSUE 99: Has FPL made the appropriate adjustments to remove lobbying expenses?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? *(Staff may remove this issue after discovery is reviewed)*

FRF Position: Agree with OPC.

ISSUE 100: Are any adjustments necessary to FPL's payroll to reflect the historical average level of unfilled positions and jurisdictional overtime?

FRF Position: Agree with OPC.

ISSUE 101: Should FPL reduce expenses for productivity improvements given the Company's lower historical rate of growth in payroll costs?

FRF Position: Agree with OPC.

ISSUE 102: Is it appropriate for FPL to increase its forecasted Operating and Maintenance Expenses due to estimated needs for nuclear production staffing?

FRF Position: No. Agree with OPC.

ISSUE 103: Should an adjustment be made to FPL's requested level of Salaries and Employee Benefits?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 104: *Should an adjustment be made to FPL's level of executive compensation?*

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC that FPL's jurisdictional salaries for 2010 should be reduced by $27.509 Million.

B. If applicable, for the 2011 subsequent projected test year? (OPC)

FRF Position: Yes. Agree with OPC that FPL's jurisdictional salaries for 2011 should be reduced by $29.4 Million.

ISSUE 105: *Should an adjustment be made to FPL's level of non-executive compensation?*

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? (OPC)

FRF Position: Yes. Agree with OPC.

ISSUE 106: Should an adjustment be made to Pension Expense?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year? *(Staff may remove this issue after discovery is reviewed)*

FRF Position: Agree with OPC.

ISSUE 107: Is a test year adjustment necessary to reflect FPL's receipt of an environmental insurance refund in 2008?

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. Agree with OPC.

ISSUE 108: Is a test year adjustment appropriate to reflect the expected settlement received from the Department of Energy?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 109: Should adjustments be made for the net operating income effects of transactions with affiliated companies for FPL?

FRF Position: Yes. Agree with OPC.

ISSUE 110: Is an adjustment appropriate to the allocation factor for FPL Group's executive costs? OPC

FRF Position: Yes. Agree with OPC.

ISSUE 111: Are any adjustments necessary to FPL's Affiliate Management Fee Cost Driver allocation factors? OPC

FRF Position: Yes. Agree with OPC.

ISSUE 112: Are any adjustments necessary to FPL's Affiliate Management Fee Massachusetts Formula allocation factors? OPC

FRF Position: Yes. Agree with OPC.

ISSUE 113: Are any adjustments necessary to the costs charged to FPL by FiberNet? OPC

FRF Position: Yes. Agree with OPC.

ISSUE 114: Should an adjustment be made to allow ratepayers to receive the benefit of FPLES margins on gas sales as a result of the sale of FPL's gas contracts to FPLES? OPC

FRF Position: Yes. Agree with OPC.

ISSUE 115: Is an adjustment appropriate to recognize compensation for the services that FPL provides to FLPES for billing on FPL's electric bills? OPC

FRF Position: Yes. Agree with OPC.

ISSUE 116: *Is an adjustment appropriate to recognize compensation for the services that FPL provides to FLPES to the extent that FPL service representatives provide referrals or perform similar functions for FPLES? OPC*

FRF Position: Yes. Agree with OPC.

ISSUE 116a: ***Is an adjustment necessary to reflect the gains on sale of utility assets sold to FPL's non-regulated affiliates?***

FRF Position: Yes. Agree with OPC.

ISSUE 117: *Is an adjustment appropriate to increase power monitoring revenue for services provided by FPL to allow customers to monitor their power and voltage conditions? OPC*

FRF Position: Yes. Agree with OPC.

ISSUE 118: *What is the total operating income impact of affiliate adjustments, if any, that is necessary for the 2010 test year? OPC*

FRF Position: Agree with OPC.

ISSUE 119: Should the Commission order notification requirements to report the future transfer of the FPL-NED assets from FPL to a separate company under FPL Group Capital?

FRF Position: Yes.

ISSUE 120: Should an adjustment be made to FPL's requested storm damage reserve, annual accrual of $150 million, and target level of $650 million?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. The Commission should deny, in its entirety, FPL's request for an additional $150 Million per year storm reserve accrual for both test years.

ISSUE 121: What adjustment, if any, should be made to the fossil dismantlement accrual?

FRF Position: Agree with OPC.

ISSUE 122: What is the appropriate amount and amortization period of Rate Case Expense?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 123: Should an adjustment continue to be made to Administrative and General Expenses to eliminate "Atrium Expenses" per Order No. 10306, Docket No. 810002-EU?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 124: Should FPL's request to move payroll loading associated with the Economic Cost Recovery Clause (ECRC) payroll currently recovered in base rates to the ECRC be approved?

A. For the 2010 projected test year?

FRF Position: No. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: No. Agree with OPC.

ISSUE 125: Should an adjustment be made to remove payroll loadings on incremental security costs that are currently included in base rates and include them in the Capacity Cost Recovery Clause?

A. For the 2010 projected test year?

FRF Position: No. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: No. Agree with OPC.

ISSUE 126: Should an adjustment be made to move the incremental hedging costs that are currently being recovered through the Fuel Cost Recovery Clause to base rates?

A. For the 2010 projected test year?

FRF Position: No. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: No. Agree with OPC.

ISSUE 127: Should the Commission adjustment in FPL's 1985 base rate case, Docket No. 830465-EI, for imputed revenues associated with orange groves be reversed?

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. Agree with OPC.

ISSUE 128: Is FPL's requested level of O&M Expense appropriate?

A. For the 2010 projected test year in the amount of $1,694,367,000?

FRF Position: No.

B. If applicable, for the 2011 subsequent projected test year in the amount of $1,781,961,000?

FRF Position: No.

ISSUE 129: Should FPL be permitted to collect depreciation expense for its new Customer Information System prior to its implementation date?

FRF Position: Agree with OPC.

ISSUE 130: Should FPL's depreciation expenses be reduced for the effects of its capital expenditure reductions?

FRF Position: Yes.

ISSUE 131: Should any adjustment be made to Depreciation Expense?

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. Agree with OPC.

ISSUE 132: Should an adjustment be made to Taxes Other Than Income Taxes for the 2010 and 2011 projected test years?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 133: Should an adjustment be made to reflect any test year revenue requirement impacts of "The American Recovery and Reinvestment Act" signed into law by the President on February 17, 2009?

A. For the 2010 projected test year?

FRF Position: Yes. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Yes. Agree with OPC.

ISSUE 134: Should an adjustment be made to Income Tax expense?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 135: Is FPL's projected Net Operating Income appropriate?

A. For the 2010 projected test year in the amount of $725,883,000?

FRF Position: No. Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year in the amount of $662,776,000?

FRF Position: No. Agree with OPC.

REVENUE REQUIREMENTS

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 136: What are the appropriate revenue expansion factors and the appropriate net operating income multipliers, including the appropriate elements and rates, for FPL?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 137: Is FPL's requested annual operating revenue increase appropriate?

A. For the 2010 projected test year in the amount of $1,043,535,000?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year in the amount of $247,367,000?

FRF Position: Agree with OPC.

ISSUE 138: *Whether FPL's rates should be decreased by $1.3 billion dollars? Saporito*

FRF Position: Agree with OPC.

COST OF SERVICE AND RATE DESIGN ISSUES

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 139: Has FPL correctly calculated revenues at current rates for the 2010 and 2011 projected test year?

A. For the 2010 projected test year?

FRF Position: No.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: No.

ISSUE 140: Should FPL use a minimum distribution cost methodology (utilizing either a "zero intercept" or a "minimum size" approach) to allocate distribution plant costs to rate classes?

FRF Position: No position.

ISSUE 141: What is the appropriate Cost of Service Methodology to be used to allocate base rate and cost recovery costs to the rate classes?

FRF Position: No position.

ISSUE 142: How should the change in revenue requirement be allocated among the customer classes?

FRF Position: Any change in base rate revenue requirements should be allocated among the customer classes on the basis of an equal percentage decrease (or increase) to all base rates.

ISSUE 143: Has FPL properly adjusted revenues to account for unbilled revenues?

FRF Position: Agree with OPC.

ISSUE 144: Are FPL's proposed service charges for initial connect, field collection, reconnect for non-payment, existing connect, and returned payment charges appropriate?

FRF Position: No. FPL's proposed charges are too high and should be reduced commensurately with the overall reduction in FPL's rates indicated by the evidence in this case.

ISSUE 145: Is FPL's proposal to increase the minimum late payment charge to $10 appropriate?

FRF Position: No. (Tentative)

ISSUE 146: Are FPL's proposed Temporary Service Charges appropriate? (4.030)

FRF Position: No position.

ISSUE 147: Is FPL's proposed increase in the charges to obtain a Building Efficiency Rating System (BERS) rating appropriate? (4.041)

FRF Position: No position.

ISSUE 148: Are FPL's proposed termination factors to be applied to the total installed cost of facilities when customers terminate their Premium Lighting or Recreational Lighting agreement prior to the expiration of the contract term appropriate? (8.722 and 8.745)

FRF Position: No position.

ISSUE 149: Are FPL's proposed charges under the Street Lighting Vandalism Option notification appropriate? (8.717)

FRF Position: No position.

ISSUE 150: Is FPL's proposed Present Value Revenue Requirement multiplier to be applied to the installed cost of premium lighting facilities under rate Schedule Premium Lighting (PL-1) and the installed cost of recreational lighting facilities under the rate Schedule Recreational

Lighting (RL-1) to determine the lump sum advance payment amount for such facilities appropriate? (8.720 and 8.743)

FRF Position: No. The Present Value Revenue Requirement multiplier should be adjusted to reflect the Commission's decisions regarding cost of capital and depreciation rates in this proceeding.

ISSUE 151: Is FPL's proposal to close the Wireless Internet Rate (WIES) schedule to new customers appropriate?

FRF Position: No position.

ISSUE 152: Should FPL's proposal to close the relamping option on the Street Lighting (SL-1) and Outdoor Lighting (OL-1) tariffs for new street light installations be approved? (8.716 and 8.725)

FRF Position: No position.

ISSUE 153: Should FPL's proposal to remove the 10 year and 20 year payment options from the PL-1 and RL-1 tariff be approved? (8.720 and 8.743)

FRF Position: No position.

ISSUE 154: Is FPL's proposed monthly kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider appropriate? (8.820)

FRF Position: No position.

ISSUE 155: Is FPL's proposed monthly fixed charge carrying rate to be applied to the installed cost of customer-requested distribution equipment for which there are no tariffed charges appropriate? (10.010)

FRF Position: No. The monthly fixed charge carrying charge rate multiplier should be adjusted to reflect the Commission's decisions regarding cost of capital and depreciation rates in this proceeding.

ISSUE 156: Is FPL's proposed Monthly Rental Factor to be applied to the in-place value of customer-rented distribution substations to determine the monthly rental fee for such facilities appropriate? (10.015)

FRF Position: (Tentative) No. To the extent that the Monthly Rental Factor includes component factors for cost of capital and depreciation, this Factor should be adjusted to reflect the Commission's decisions regarding cost of capital and depreciation rates in this proceeding.

ISSUE 157: Are FPL's proposed termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee appropriate? (10.015)

FRF Position: No position.

ISSUE 158: Is FPL's proposed minimum charge for non-metered service under the GS rate appropriate?

FRF Position: No position.

ISSUE 159: What are the appropriate customer charges?

FRF Position: The appropriate customer charges are those resulting from applying the percentage decrease (or increase) in FPL's authorized revenue requirements to the existing customer charges.

<u>ISSUE 160</u>: What are the appropriate demand charges?

<u>FRF Position</u>: The appropriate demand charges are those resulting from applying the percentage decrease (or increase) in FPL's authorized revenue requirements to the existing demand charges.

<u>ISSUE 161</u>: What are the appropriate energy charges?

<u>FRF Position</u>: The appropriate energy charges are those resulting from applying the percentage decrease (or increase) in FPL's authorized revenue requirements to the existing energy charges.

<u>ISSUE 162</u>: What are the appropriate lighting rate charges?

<u>FRF Position</u>: The appropriate lighting charges are those resulting from applying the percentage decrease (or increase) in FPL's authorized revenue requirements to the existing lighting charges.

<u>ISSUE 163</u>: What is the appropriate level and design of the charges under the Standby and Supplemental Services (SST-1) rate schedule?

<u>FRF Position</u>: The appropriate charges under Rate Schedule SST-1 are those resulting from applying the percentage decrease (or increase) in FPL's authorized revenue requirements to the existing SST-1 charges.

<u>ISSUE 164</u>: What is the appropriate level and design of charges under the Interruptible Standby and Supplemental Services (ISST-1) rate schedule?

<u>FRF Position</u>: The appropriate charges under Rate Schedule ISST-1 are those resulting from applying the percentage decrease (or increase) in FPL's authorized revenue requirements to the existing ISST-1 charges.

ISSUE 165: Is FPL's design of the HLFT rates appropriate?

FRF Position: No. FPL's proposed design of the HLFT rates is not appropriate.

ISSUE 166: Is FPL's design of the CILC rate appropriate?

FRF Position: No. FPL's proposed design of the CILC rate is not appropriate.

ISSUE 167: *What should the CDR credit be set at? FIPUG*

FRF Position: No position at this time.

ISSUE 168: What is the appropriate method of designing time of use rates for FPL? (AFFIRM Issue)

FRF Position: No position at this time.

ISSUE 169: *Has FPL carried its burden of proof as to the legality and appropriateness of the proposed commercial time of use rates? AFFIRM*

FRF Position: No position at this time.

ISSUE 170: *Should FPL be directed to develop a prepayment option in lieu of monthly billing for those customers who can benefit from such an alternative? (OPC Issue)*

FRF Position: No position.

ISSUE 171: *What is a fair and reasonable rate for the customers of Florida Power and Light Company? AGO*

FRF Position: Fair, just, and reasonable base rates for FPL and its customers are the rates that will result from reducing FPL's base rates by $364 million per year, with the reduction implemented through an equal percentage decrease to all base rates.

ISSUE 172: What is the appropriate effective date for FPL's revised rates and charges?

FRF Position: Agree with OPC.

OTHER ISSUES

ISSUE 173: Should an adjustment be made in base rates to include FPL's nuclear uprates being placed into service during the projected test years if any portion of prudently incurred NCRC recovery is denied?

A. For the 2010 projected test year?

FRF Position: Agree with OPC.

B. If applicable, for the 2011 subsequent projected test year?

FRF Position: Agree with OPC.

ISSUE 174: *Should FPL be required to reduce base rates on January 1, 2014, to recognize the change in the separation factor resulting from the increased wholesale load served under the Lee County Contract? (Staff)*

FRF Position: Agree with OPC.

ISSUE 175: *Should an adjustment be made to FPL's revenue forecast as a result of the PSC's decision in the DSM Goals Docket, Docket No. 080407-EG? If so, what adjustment should be made? (FPL)*

FRF Position: Agree with OPC.

ISSUE 176: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

FRF Position: Yes.

ISSUE 177: Should this docket be closed?

FRF Position: Yes, after the entry of a final order reducing FPL's base rate charges to reflect the reduction in FPL's revenue requirements of $364 million per year, as established by the testimony of the Citizens' witnesses, this docket should be closed.

5. STIPULATED ISSUES:

None.

6. PENDING MOTIONS:

None other than motions for confidential protective orders.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

The FRF has no pending requests or claims for confidentiality.

8. OBJECTIONS TO QUALLIFICATION OF WITNESSESAS AN EXPERT:

The FRF does not expect to challenge the qualifications of any witness to testify, although the FRF reserves all rights to question witnesses as their qualifications as related to the credibility and weight to be accorded their testimony.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Respectfully submitted this 6th day of August, 2009.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following, by electronic and U.S. Mail, on this 6th day of August, 2009.

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