

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 and dismantlement study by Florida Power & Light Company.

DOCKET NO. 090130-EI
ORDER NO. PSC-09-0573-PHO-EI
ISSUED: August 21, 2009

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on August 17, 2009, in Tallahassee, Florida, before Commissioner Katrina J. McMurrin, as Prehearing Officer.

APPEARANCES:

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On behalf of the Florida Industrial Power Users Group (FIPUG)

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On behalf of the Florida Retail Federation (FRF)

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GRIFFITHS, Andrews Kurth LLP, 111 Congress Avenue, Suite 1700, Austin,
Texas 78701.
On behalf of the South Florida Hospital and Healthcare Association (SFHHA)

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On behalf of IBEW System-Council U-4 (SCU-4)

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On behalf of Mr. Richard Unger (UNGER)

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JEAN HARTMAN, ESQUIRE AND ANNA WILLIAMS, ESQUIRE, Florida
Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida
32399-0850
On behalf of the Florida Public Service Commission (STAFF).

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PREHEARING ORDER

I. CASE BACKGROUND

On November 17, 2008, Florida Power & Light Company (FPL) filed a test year letter, as required by Rule 25-6.140, Florida Administrative Code (F.A.C.), notifying this Commission of its intent to file a petition in the spring of 2009 for an increase in rates effective January 1, 2010. Pursuant to the provisions of Chapter 366, Florida Statutes (F.S.), and Rules 25-6.0425 and 25-6.043, F.A.C., FPL filed the petition for an increase in rates on March 18, 2009. On March 20, 2009, Order No. PSC-09-0159-PCO-EI (Order Establishing Procedure) was issued, scheduling the matters for an administrative hearing on August 24 – 28, 31, and September 2 – 4, 2009. Office of Public Counsel (OPC), South Florida Hospital and Healthcare Association (SFHHA), IBEW System Council U-4 (SCU-4), Florida Retail Federation (FRF), Thomas Saporito (Saporito), Florida Industrial Power Users Group (FIPUG), City of South Daytona (CSD), Attorney General's Office (AG), Federal Executive Agencies (FEA), Associated Industries of Florida (AIF), and Florida Association for Fairness in Rate Making (AFFIRM) have each been granted intervention in this docket.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, F.S. This hearing will be governed by said Chapter and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending 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 this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

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, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. 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.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

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 Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

As a result of discussions at the prehearing conference, some witnesses may be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine a particular witness. Parties shall be notified as to whether any such witness shall be excused from the hearing. The testimony of excused witnesses (if any) will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony, as shown in Section IX of this Prehearing Order, shall be identified and admitted into the record. Each witness whose name is followed by a plus sign (+) may be taken out of order. Each witness whose name is followed by an asterisk (*) will present their direct and rebuttal testimony at the same time.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Armando J. Olivera	FPL	5, 8
Rosemary Morley	FPL	3, 7, 82
Philip Q. Hanser	FPL	3, 7
Robert E. Barrett, Jr.	FPL	2, 5, 6, 8, 12, 45, 50, 51, 55, 56, 57, 60, 62, 63, 82, 88, 90, 91, 101, 122, 128, 130, 132, 135, 137
Marlene M. Santos	FPL	17, 47, 89, 90, 91, 95, 96, 98, 136, 139, 144, 145, 147, 166
George K. Hardy	FPL	17, 18, 19
J. A. Stall	FPL	17, 102
Michael G. Spoor	FPL	17, 146, 149, 152, 153, 162
Pamela L. Sonnelitter (adopts testimony of Mr. Keener)	FPL	17

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
Kathleen M. Slattery	FPL	100, 102, 103, 106
Christopher A. Bennett	FPL	17, 129, 133
C. Richard Clarke	FPL	18, 19, 33, 34, 131
Kim Ousdahl	FPL	8, 9, 14, 18, 19, 39, 40, 41, 42, 43, 44, 45, 46, 51, 52, 53, 58, 59, 60, 61, 64, 66, 69, 81, 83, 84, 85, 86, 87, 88, 92, 93, 94, 97, 99, 107, 108, 109, 119, 121, 122, 123, 124, 125, 126, 127, 129, 131, 132, 133, 134, 136, 137, 173, 176
Steven P. Harris	FPL	120
William E. Avera	FPL	70, 71, 80
Armando Pimentel	FPL	59, 64, 66, 67, 68, 70, 71, 73, 80, 81, 120
Joseph A. Ender	FPL	15, 16, 140, 141, 159, 160, 161
Renaë B. Deaton	FPL	3, 7, 11, 13, 90, 91, 139, 142, 143, 148, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 168, 172
John J. Reed	FPL	2, 6, 101, 128
Jacob Pous	OPC	18-19, 21-36, 38-44
Kimberly H. Dismukes	OPC	93, 109-117, 119
+Dr. J. Randall Woolridge (only available August 27-28 and September 3-4)	OPC	66-68, 70-81
Sheree L. Brown	OPC	2, 5-8, 14-16, 50-51, 55-56, 58, 60, 62-64, 66, 81, 89-91, 96-97, 100, 103-105, 107-108, 120, 128, 131-132, 134-137
Daniel J. Lawton	OPC	37
Russell L. Klepper	AFFIRM	

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
Jeffry Pollock	FIPUG	5-7, 18, 21-23, 25, 34, 35, 38, 71, 72, 73, 141, 142, 160, 161, 165, 166, 167
+Stephen J. Baron (Not available September 3)	SFHHA	
+Richard A. Baudino (Not available August 27 or September 3)	SFHHA	
Lane Kollen	SFHHA	
Rhonda L. Hicks	STAFF	
Dale Mailhot (Kathy L. Welch)	STAFF	
<u>Rebuttal</u>		
Armando J. Olivera	FPL	5, 8
Rosemary Morley	FPL	3, 7, 82
Philip Q Hanser	FPL	3, 7
Robert E. Barrett, Jr.	FPL	2, 5, 6, 8, 12, 45, 50, 51, 55, 56, 57, 60, 62, 63, 82, 88, 90, 91, 101, 122, 128, 130, 132, 135, 137
Marlene M. Santos	FPL	17, 47, 89, 90, 91, 95, 96, 98, 136, 139, 144, 145, 147, 166
George K. Hardy	FPL	17, 18, 19
J.A. Stall	FPL	2, 5, 6, 8, 12, 45, 50, 51, 55, 56, 57, 60, 62, 63, 82, 88, 90, 91, 101, 122, 128, 130, 132, 135, 137
Kathleen M. Slattery	FPL	17, 47, 89, 90, 91, 95, 96, 98, 136, 139, 144, 145, 147, 166
+Richard F. Meisheid (not available September 2)	FPL	17, 18, 19
Christopher A. Bennett	FPL	17, 129, 133

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
C. Richard Clarke	FPL	18, 19, 33, 34, 131
Kim Ousdahl	FPL	8, 9, 14, 18, 19, 39, 40, 41, 42, 43, 44, 45, 46, 51, 52, 53, 58, 59, 60, 61, 64, 66, 69, 81, 83, 84, 85, 86, 87, 88, 92, 93, 94, 97, 99, 107, 108, 109, 119, 121, 122, 123, 124, 125, 126, 127, 129, 131, 132, 133, 134, 136, 137, 173, 176
K. Michael Davis	FPL	18, 19, 33, 34, 39, 131
William E. Avera	FPL	70, 71, 80
Armando Pimentel	FPL	59, 64, 66, 67, 68, 70, 71, 73, 80, 81, 120
Joseph A. Ender	FPL	15, 16, 140, 141, 159, 160, 161
Rena B. Deaton	FPL	3, 7, 11, 13, 90, 91, 139, 142, 143, 148, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 168, 172
John J. Reed	FPL	2, 6, 101, 128
Terry Deason	FPL	5, 8, 18, 19, 34, 70, 71, 103, 131

VII. BASIC POSITIONS

FPL: Florida Power & Light Company (“FPL”) provides superior service at below national average rates. FPL’s performance ranks among the very best in the industry in many key categories, including low emissions, conservation, fossil generation availability, and electrical grid reliability. With respect to emission rates, FPL is recognized as a clean-energy company, with one of the lowest emissions profiles among U.S. utilities. FPL also supports greenhouse gas emissions reductions through its industry-leading demand side management programs, which have eliminated the need for the construction and operation of 12 power plants since the inception of these programs in the 1980s. With respect to reliability, FPL’s electricity distribution reliability is 45% better than the national average. FPL is working to continue to meet customer expectations by investing to make its infrastructure stronger, smarter, cleaner, more efficient and less reliant on any single source of fuel. To support these investments, and to retain investor confidence in the

midst of uncertain and volatile capital markets, FPL is seeking an increase in base rates at this time.

While FPL is mindful of the difficult economy, it is also responsible for making investments in electrical infrastructure which are necessary to meet customer expectations for high-quality service. When FPL's base rate request is combined with projected fuel cost reductions and improvements in fuel efficiency, a typical residential bill will actually be lower in January 2010. Substantial portions of these bill savings are attributable to improvements in fuel efficiency, which are a direct result of the investments FPL has made on behalf of its customers.

FPL has delivered superior service at below national average rates for many years, despite cost pressures generally, and despite the significant investments FPL has made in its infrastructure, in conservation and in cleaner generating sources. FPL bills are also 21% lower than the average electric bill in Florida. This means that the typical residential customer is saving approximately \$340 per year, when compared to the Florida average. In fact, FPL's bills are the lowest of all 54 Florida electric utilities. Even with the necessary increases to base rates FPL is requesting, FPL will continue to be a low-cost provider of reliable electric service. And, based on current projections, FPL will continue to compare favorably with other Florida electric utilities.

FPL was last granted a general base rate increase in 1985 and its base rates have been lowered 18% since then. Since 1985, FPL has improved efficiency and performance in all major areas of operations – on an electric system that has experienced an increase in summer peak demand of approximately 98% and an increase in customers of approximately 72%. Essentially, since 1985, FPL has added to its system the equivalent of another large electric utility, constructing the necessary infrastructure and making the corresponding investment. Notwithstanding this massive investment, FPL's base rates today are lower than they were in 1985, despite inflation of almost 100% for the same period. One is hard pressed to think of any other service or commodity that offers such a value.

FPL's base rates were last reviewed by the Commission in 2005. Following the submission of direct and rebuttal testimony, months of discovery, and the review of thousands of pages of information by Commission Staff, the Office of Public Counsel and the other parties, an agreement was reached to hold FPL's base rates flat, providing only for necessary and limited increases to accommodate expenditures associated with the development of planned generation to meet Florida's expanding requirements. Prior to that agreement, FPL actually agreed to lower its retail base rates: the Company implemented a \$350 million base rate decrease in 1999 and another \$250 million decrease in 2002. Additionally, FPL provided refunds of more than \$220 million, resulting in a total of approximately \$6 billion in direct savings to customers through the end of 2008. These base rate reductions were made possible by a combination of historic sales growth and productivity improvements.

The performance of FPL's generating units has been a major contributor to FPL's ability to control its base rates. As a result of the performance and availability of the Company's existing generating units over an extended period of time, FPL has been able to defer the need for new capacity, resulting in significant benefits and cost savings to customers. FPL's highly efficient generating fleet has also provided \$3 billion in fuel savings to FPL's customers since 2002, and is expected to provide \$1 billion in fuel savings per year beginning in 2014. Another key to lower base rates has been the initiative and effort of FPL's management and employees to control the Company's non-fuel operations and maintenance ("O&M") expenses. Since 1985, the Company has succeeded in lowering its non-fuel O&M expenses per kWh by more than 22%, despite the fact that the number of customers served increased by approximately 72%. This success in controlling O&M costs helped make it possible for the Company to lower base rates in 1999 and 2002 and forego a requested increase in 2005. While FPL has achieved and will continue to drive for productivity efficiencies in all aspects of its operations, operational efficiencies alone will not be sufficient to cover the dramatic decline in sales growth coupled with the significant increase in costs the Company is facing over the next several years.

FPL has aggressively responded to the recent economic downturn by revising its capital expenditure plans. The result of those actions has been a reduction in capital expenditures of nearly \$530 million in 2008, with more than \$400 million in additional reductions planned for 2009. This effort will result in a reduction in projected rate base for 2010 of approximately \$930 million and has reduced the associated revenue requirements in 2010 by \$130 million. Despite these efforts, a significant level of spending is and will continue to be necessary in order to meet customers' service requirements.

Storm restoration costs are another part of the cost of providing electric service in hurricane-prone Florida, and insurance for such losses for the transmission and distribution system is not available. Prior to the 2005 base rate settlement, FPL was authorized to fund its reserve for storm and other property-related losses through an annual accrual. Relying on customers to pay for storm restoration costs after the fact through a surcharge would place an additional cost burden on customers when they may already be incurring costs to repair their homes from storm damage, and also can produce greater rate uncertainty for customers. Even state governments could be financially constrained and unable to support the reconstruction of infrastructure or assist state residents. Perhaps most important, in the current volatile and constrained credit markets where access to capital has become more difficult, expensive, and subject to more constraining terms, the ability of financial institutions to meet lending commitments can be compromised, and exclusive reliance on access to such funds is misplaced. Thus, the Company should have the immediate liquidity on hand to ensure it can access resources on a timely basis, promoting timely restoration of electric service. These objectives can be addressed by including in FPL's cost of service an amount reflecting an average annual expected loss due to storm

restoration costs. FPL has commissioned a detailed loss analysis by a catastrophic risk management expert, which provides the basis for its requested annual accrual of \$150 million. Surcharges will still play an important role in handling the restoration costs for large storms that exceed the annual expected loss value and the accumulated balance in the storm fund, but the Company's base rates also should be adjusted to include an expected level of storm restoration costs as a natural element of the cost of electric service in Florida.

Based on FPL's most recent depreciation study – which studies are performed every four years – FPL's depreciation reserve is in a surplus position relative to the current calculation of theoretical reserve requirements. This depreciation reserve surplus results in a direct and substantial benefit to FPL's customers: the required rate increase for 2010 is \$216 million lower than it would be without the surplus. And FPL has achieved this benefit for customers without any increase in rates over the years to recover additional depreciation expense. Consistent with FPL's and this Commission's practice, FPL proposes to amortize the surplus over the remaining lives of the assets to which the surplus relates. Using FPL's remaining-life approach – rather than drastically accelerating amortization of the surplus as proposed by interveners – results in stable rates, avoids the prospect of severe rate shock when the accelerated amortization comes to an end, and is less expensive for customers in the long run.

Finally, FPL's request will give the Company an opportunity – but not a guarantee – to earn a reasonable and adequate return on its investment. A variety of FPL-specific risks must be taken into account in this determination. These company specific risks include, among other things, FPL's particular vulnerability to hurricanes (due to its largely coastal service area), its dependence on natural gas as a fuel source, and its pursuit of the option of new nuclear generation, as well as ownership of existing nuclear generation. Also important in this consideration is the current economic environment – and its effect on investor risk perceptions and expectations, the cost of debt capital, and the qualitative benefits of a strong financial position. It is clear that a strong financial position benefits customers by ensuring that the Company has access to debt and equity markets and that such access is at a reasonable cost with reasonable terms. Indeed, these benefits are evident in FPL's comparatively low customer bills. For customers to continue to realize these benefits it is necessary that the Company be afforded the opportunity to earn a fair return on its investment and maintain a strong capital structure.

For all the reasons discussed above, and as presented in the testimony, exhibits, and minimum filing requirements filed in support of this request, FPL is respectfully requesting an increase in base rates and charges that will produce an increase in total annual base revenues of \$1.044 billion beginning January 2010, and a subsequent year adjustment to produce an increase in total annual base revenues of \$247.4 million beginning January 2011. Absent the requested rate relief in 2010 and 2011, the Company projects that it will earn a return on equity of 4.7% in 2010 and 3.1% in

2011. These rates of return are insufficient to support the needs of the Company and its customers. Additionally, FPL is requesting the continued utilization by this Commission of the successful generation base rate adjustment (“GBRA”) mechanism to account for the addition of large baseload units, such as West County Energy Center 3, as they enter commercial operation. This mechanism enables FPL to align the customer fuel cost savings achieved by the operation of these units with the necessary base rate revenue requirements thereby sending the appropriate price signals and also avoiding the need for expensive and time-consuming base rate cases.

FPL continues to invest in the electric system serving customers to ensure it can continue to deliver affordable, reliable, clean electricity over the long term. FPL is investing \$200 million in 2009 alone to make its system stronger in good weather and bad. FPL is also investing in smart meters and other smart technology that will give customers more control over their bills and improve reliability. These and other investments in cleaner energy sources are strengthening our state’s essential infrastructure and helping to secure Florida’s energy future. To support these investments, and to retain investor confidence in the midst of uncertain and volatile capital markets, FPL is seeking an increase in base rates at this time.

OPC: FPL’s petition—in which FPL seeks authority to increase base rates and miscellaneous service charges by more than \$1 billion annually in January of 2010, another \$250+ million annually in January 2011, and another \$180 million annually at the point in 2011 when its next generating unit comes on line—exemplifies the reasons why it is necessary to restrain a monopoly’s behavior through effective and ongoing regulatory oversight. FPL’s overall request is a conglomeration of extreme positions and excessive demands—all of which FPL pursues at a time when customers are experiencing severe economic hardships. FPL proposes to use its extravagant 59% equity ratio for ratemaking purposes. This is far higher—and would be far more expensive to customers—than the more reasonable common equity ratios of comparable electric utility companies. FPL’s request for a return on equity of 12.50% is detached from any credible consideration of current conditions in capital markets or FPL’s low risk profile. FPL’s proposal to increase depreciation expense at a time when it has over-collected depreciation by more than \$2 billion is inequitable and self-serving in the extreme. FPL wants the Commission to vote now to allow FPL to increase base rates each time a future power plant enters commercial service, without any concurrent regulatory consideration of the ability of FPL’s rates in effect at the time to absorb some or all of the costs without an increase. With this particular request FPL asks the Commission—not to exercise its ratemaking authority—but to abdicate it. Not content with the advantages associated with a fully projected test year, FPL pushes for a second increase in 2011 that would require the Commission to attempt to peer even farther into the future—at a time when the speculation inherent in doing so is exacerbated by the uncertainties accompanying a calamitous economic downturn. This is hardly the standard of accurate and reliable information to which bill-paying customers are entitled. At a time when customers are already paying for past storms and the Commission has shown its readiness to

approve surcharges if and when warranted by future storm damage, FPL's proposal to increase base rates by \$150 million annually to add to its storm reserve is unwarranted and unfair on its face.

When these and other overreaching proposals are tempered by the application of the standards of fairness and reasonableness, it will become clear that FPL's outsized demands mask an overearnings situation. As OPC's evidentiary presentations will demonstrate, the Commission should reduce FPL's base rates by \$355 million.

AFFIRM: AFFIRM's basic position is that a new commercial time of use rate should be developed and implemented under which the rate charged by FPL (i) varies during different time periods and reflects the variance, if any, in the utility's cost of generation and purchasing electricity at the wholesale level; and (ii) enables the electric consumer to manage energy use and cost through advanced metering and communications technology.

AG: Florida Statute mandates that the Public Service Commission establish fair and reasonable rates for all Florida citizens. Hundreds of these citizens testified under oath at the service hearings that they cannot afford a rate increase. Some spoke of having to move out of state to live with family and others spoke of moving to another state where the rates are affordable.

A mother in tears testified that she had gone back to school so that she could provide a better living for her two little boys. When the economy went bad, she had to drop out of school so that she could look for a job but she had been unable to find one. She testified that her parents are on a fixed income and cannot help except to provide her a jar of peanut butter for her boys to eat. She begged this commission not to raise her rates because she cannot afford it. Another lady testified that she had cut back so that she only used her air conditioner when the temperature went over 85 degrees during the day, she put blankets over her windows to try to keep it cooler, she only showered once a week and the rest of the week she sponged off using water she heated in a microwave.

Many seniors testified that they were on fixed incomes and could not afford this increase. Some testified that they were not using air conditioners, and were only taking their medication every other day. Many testified of the sacrifices they were making to try to pay their utility bills

There were also small business owners who testified about the impact such an increase would have on their businesses and customers. These business owners testified that they had absorbed increased costs in other areas but would be unable to absorb the cost of the excessive rates which FPL has requested and they would have to pass these costs onto their customers. They feared that many of their customers would be unable to afford the increase and it would potentially end their businesses,

thus leaving them and their employees out of a job and increasing the current economic problems the state is facing.

In the current economic climate the rates which FPL has requested are unreasonable and unfair and should be denied.

AIF: AIF asserts that the Commission should approve FPL's forward-thinking efforts to invest in electric infrastructure. FPL's proposal will make Florida's infrastructure stronger, more storm resistant, smarter, better controlled, more reliable, more fuel efficient and more environmentally friendly. Moreover, AIF also views FPL's investments as a much-needed Florida economic stimulus package providing direct employment for many Florida residents as well as numerous business opportunities for many Florida businesses, including AIF members.

AIF supports a rate increase for FPL and the investments in Florida it will make possible for several reasons. In addition to the shorter term beneficial economic effects of building new and improved electric infrastructure, these investments will have much longer-term beneficial effects for all of AIF's members and all Floridians. FPL is proposing through its requested base rate increase to make nearly \$16 billion in new capital investments in Florida in order to continue providing such service. Construction and operation of the improved facilities proposed by FPL, as well as FPL's continued provision of reliable, affordable electric service, will provide essential support AIF's members need in order to maintain and expand their own businesses that in turn employ many thousands of Florida residents. AIF notes that FPL's electric rates are lower than those of utilities in most major metropolitan areas in the United States -- a key factor considered by businesses when deciding where to invest and where to employ people -- which will also help economic growth and economic recovery.

Fundamentally, AIF's members require adequate, reasonably priced electricity in order to conduct their business consistently with the needs of their customers and ownership. AIF endorses environmental and economic regulatory policies that create a stable investment climate so that electric utilities such as FPL can build and operate energy generation, transmission and distribution systems to meet Florida's energy needs. To this end, AIF encourages the Florida Public Service Commission to ensure that through the rates granted in this proceeding FPL remains competitive in the current uncertain capital markets and is able to attract the investor dollars needed to support the beneficial investments in Florida described herein.

CSD: The City of South Daytona opposes any attempt by the Florida Public Service Commission to establish rates for Florida Power & Light Company ("FPL") based on a projected test year ending December 31, 2010 or a subsequent test year ending December 31, 2011. Neither test year is authorized under applicable Florida statutes. Case law cited by FPL does not support FPL's request for the Commission to

establish rates using costs and capital investments projected to occur more than two years after hearings in this proceeding are concluded. In fact, cases cited by FPL involved “projected test years” that in one case had already become “historic” by the time evidentiary hearings were concluded and in the other proceeding most, if not all, of the “projected test year” also had become “historic” by the time evidentiary proceedings were concluded and an order issued by the Commission.

The Commission need only consider the recent fate of FPL’s proposed Glades power plant and the fact that it will never be built to know that it is folly to permit FPL to charge rates reflecting speculative investments years into the future. FPL already has been permitted to recover investments and costs associated with new generation plants in the GBRA approved in settlement of FPL’s last rate filing, as well as nuclear plant related costs under the associated nuclear cost recovery mechanism. There is no justification for further deviating from utility ratemaking practice that has been in place for many decades to permit FPL to charge rates to current customers based on additional speculative projections of costs and capital investments.

The City of South Daytona further opposes rates established to provide FPL shareholders with a 12.5% return on equity which, consistent with Commission practice, would permit FPL to earn a return on equity of up to 13.5% without fear of an overearnings investigation. The GBRA and nuclear cost recovery mechanisms previously discussed, together with the fuel adjustment clause, conservation cost recovery clause and environmental cost recovery clause provide so many mechanisms for rate recovery of FPL’s costs and capital investments that a majority of its revenue requirements no longer are even subject to the thorough scrutiny of a traditional rate proceeding such as this one. For instance, the GBRA allows recovery by FPL of costs and capital invested in power plants based upon the speculative projections provided in a needs determination proceeding. These proceedings are by statute conducted under much abbreviated time limitations thus limiting the scrutiny which the Commission or any intervener could undertake of such projections. These revenue recovery mechanisms each expedite utility rate relief (in other words, reduce traditional regulatory lag), provide limited possibility for appropriate scrutiny of the associated rate increases and eliminate utility risk of operation in such manner that it is unreasonable and unjust to establish rates which allow up to a 13.5% return on equity in this proceeding. With all of these rate adjustment mechanisms in place reducing risks, how could a utility be entitled to earn a higher return on equity than years past when such recovery mechanisms were not available?

FIPUG: FPL’s requested revenue requirements are greatly overstated, and in fact, as recommended by other parties to this proceeding, should be reduced and not increased.

Test Year

The Commission should reject FPL's attempt to implement a subsequent year base rate increase in 2011. Such a request is simply FPL's bold attempt to combine two rate cases into one. The request to increase rates in 2011 should not be granted because it is based on projections from 2008 and does not reflect FPL's formal 2011 budget. FPL's request is speculative, inappropriate and unnecessary.

Depreciation

FPL has vastly overstated its depreciation expense, especially given the huge depreciation surplus of \$1.2 billion it currently has. The Commission should require FPL to utilize reasonable life spans for its coal units (at least 55 years) and combined cycle units (at least 35 years) and should require FPL to continue to make the \$125 million depreciation adjustment authorized in its 2005 rate case.

In addition, the Commission should require FPL to charge the remaining costs of the plants that are being retired early to the depreciation reserve, rather than amortizing them as an additional expense. Further, the Commission should order FPL to suspend contributions to the fossil plant dismantling fund until after the next depreciation study.

ROE

FPL's request for an ROE of 12.5% is unreasonable and should be rejected given financial conditions today. Further, FPL's ROE should not be increased for "good" service. As a monopoly provider, it is part of FPL's regulatory compact to provide quality service. It should not be "rewarded" for doing what it is required to do. FPL's ROE should be set no higher than 9.5% as recommended by Public Counsel's witness.

Capital Structure

FPL's request to receive approval of a capital structure which includes an increased equity component due to purchased power agreements or otherwise adjust its capital structure so as to include imputed debt related to purchase power agreements (PPAs) should be rejected. Because the costs of PPAs are a guaranteed pass through in Florida, there is little to no risk to FPL of these agreements and no need to impute debt related to them. The Commission addressed this same issue in the recent TECO rate case and rejected TECO's request for the same kind of adjustment. See Order No. PSC-09-0283-FOF-EI at 35-36.

In addition, FPL's capital structure should be adjusted to reduce the amount of common equity to 50.2% on an adjusted basis, which is comparable to the equity ratios of other comparably-rated electric utilities.

Cost of Service

With respect to FPL's class cost-of-service study, the methodology used to allocate production plant costs should reflect cost-causation. FPL is a strongly summer peaking utility and experiences its tightest margins during the summer months. This suggests that greater emphasis should be placed on summer month demands than is provided in the 12CP & 1/13th AD FPL uses. However, 12CP & 1/13th AD has been routinely used by the Commission and should be retained. If the Commission decides to place greater emphasis on energy usage, it should adopt the Average and Excess method rather than an Average and Peak method because the former recognizes the dual functionality of generating plants (*i.e.*, serving both base and cycling loads) without double-counting peak demand.

In addition, FPL's proposed class revenue allocation should be rejected because it would result in some classes receiving base rate increases that exceed 150% of the system average increase. This violates the Commission's policy regarding the use of cost-of-service study to set rates, subject to appropriate gradualism constraints.

Last, FPL's proposed rate design should be revised to:

- More closely align the demand and energy charges to reflect the corresponding demand and non-fuel energy-related costs;
- Set the HLFT rates to blend at a 70% load factor with the corresponding GSD and GSLD rates;
- Correct the CILC rate design so that the incentive payments are spread to all customer classes (rather than being partially absorbed by the CILC customers); and
- Increase the Rider CDR credit to reflect the higher equipment costs and greater value of providing non-firm service than when the credit was first initiated.

FRF: 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 \$355 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. See 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 the tremendous burden of another \$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, in the public interest. 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 rates less than FPL's current 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.

SFHHA: FPL has requested an unprecedented series of rate increases in this proceeding of more than \$1,550 million. FPL's rates do not reflect the existing cost of service. Effective January 1, 2010, FPL's rates should be reduced by \$336.338 million.

Test Period

The Commission should reject FPL's proposal for all base rate increases after January 1, 2010 given the present economic uncertainty. It is unrealistic to assume that FPL or the Commission can determine at this time the reasonable level of revenues and costs that should be recovered through base rates past that period. Further, there is no evidence that there will be actual savings to ratepayers resulting from avoidance of a separate proceeding sometime in 2010 for rates that would be effective in 2011. Instead, the Company should file for future base rate increases closer to the effective dates of such increases using then current costs and assumptions.

Generation Base Rate Adjustment

The Commission should not approve FPL's proposed GBRA. The GBRA is an exceptional form of ratemaking and should not be used to circumvent the comprehensive review of all revenue and cost components in a base rate proceeding. It provides FPL an almost unfettered ability to automatically impose base rate increases to recover selective increases in certain costs without consideration of increases in revenues and reductions in other costs, such as, increases in accumulated depreciation or retirement of existing plant.

If the Commission does approve the GBRA, it should require that the GBRA revenue requirement methodology be set forth in a formula and in the form of a GBRA tariff. In the formula, the Commission should require cost inputs that are consistent with the SFHHA recommendations to adjust those components for base ratemaking purposes.

O&M Expenses

FPL has proposed an incredible increase in O&M expense for the test year compared to the actual O&M expense for the most recent three historical years. From the bottom up perspective, there are multiple adjustments that should be made to FPL's O&M expense estimates. First, FPL should reduce expenses for productivity improvements given the Company's lower historical rate of growth in payroll costs. Second, FPL's estimated nuclear staffing levels should be reduced to reflect recent attrition and retirements. Third, FPL should credit its O&M expenses for

reimbursements it will receive from its settlement with the DOE concerning the DOE's failure to dispose of spent fuel from FPL's nuclear generating facilities. Fourth, FPL has failed to include the pro rata amount of estimated savings from the installation of the AMI meters. Finally, any customer information service ("CIS") development costs should be capitalized, instead of expensed.

FPL's test year O&M expense should be reduced by \$397.648 million. This will reduce FPL's requested test year O&M expense to the \$1,306.953 million actual 2008 adjusted downward on a net basis to \$1,296.719 million for the following known and measurable changes: 1) the reduction in O&M expense due to the transfer of certain expenses to various clauses for recovery (\$20.880 million), 2) the increase in O&M expense for WCEC 1 and 2 (\$18.918 million), and 3) the reduction due to the DOE refunds (\$9.000 million), and 4) the increase due to all other Company adjustments reflected on MFR Schedule C-2, except for the storm damage expense (\$0.728 million).

Storm Damage Accrual

FPL should not be permitted to reestablish an annual storm damage accrual in base rates, including establishment of a storm damage reserve while it continues to collect a storm damage surcharge for these same purposes. The use of a surcharge approach in conjunction with securitization provides FPL full and timely recovery for prudently incurred storm damage costs, avoids the need to engage in speculation regarding future storm damage costs, and results in substantially lower costs to rate payers.

If base rate recovery is again permitted, then the annual accrual should be \$0 while the Company continues to collect the surcharge. Also, if base rate recovery is again permitted, FPL's reserve surplus target should be set at \$200 million, not at \$650 million as proposed by FPL.

Depreciation

FPL's filed depreciation should be adjusted. First, the new CIS is not scheduled to be completed and operational until June 2012. Depreciation should not commence until the asset is in-service. Second, FPL's depreciation expenses should be reduced for the effects of its capital expenditure reductions. Third, FPL's existing depreciation reserve surplus of \$1.245 billion should be amortized over five years to as closely as possible return the amounts to ratepayers who overpaid for depreciation expense in prior years. Fourth, recovery of the remaining net book value of the Cape Canaveral and Rivera facilities should not be accelerated by amortizing the balance over four years. The Commission should direct FPL to cease depreciation of the Cape Canaveral and Rivera facilities, add the remaining net book value to the costs of the modernization of the facilities, and then depreciate these costs along with the modernization costs over the estimated service lives of the modernized facilities. Fifth, FPL's nuclear uprate costs should be depreciated over the remaining extended license lives of the units, not depreciated over four years, as proposed by FPL. Sixth, FPL's existing meter investment costs should not be depreciated over four years. The

Commission should use the same depreciation or amortization rate for the costs of the existing meters as it adopts for the remaining existing meter investment that will not be replaced by AMI meters. Finally, the Company's investment in combined cycle generating facilities should reflect a minimum of 40 year lives, not FPL's proposed 25 year lives. These facilities have proven over time to have a forty year service life.

Income Tax Expense - Economic Stimulus Bill

FPL should reflect in its revenue requirement a \$20 million subsidy that is available pursuant to the Stimulus Bill for advanced meters and smart grid investment. In addition, there may be other benefits resulting from the stimulus bill that FPL should record as a regulatory liability.

Rate Base

FPL has cut its planned capital expenditures in the test year, and a rate base adjustment is necessary to reflect these cuts. Therefore, FPL's plant investment included in rate base should be reduced to reflect these capital expenditure reductions on an annualized basis, both for the annualized 2009 reductions carried forward into 2010 and for reductions of similar magnitude in 2010 carried forward into 2011.

Capital Structure

FPL's capital structure should be adjusted. First, the company's proposed level of equity is excessive, unreasonable, and would result in unjust and unreasonable rates to ratepayers. It should be reduced to a reasonable level that supports its credit rating and that does not burden its customers with excessive costs. Second, FPL has understated the amount of short term debt that should be included in the capital structure. Based on historical data, substantially more short term debt should have been included. Third, the entire amount of customer deposits, ADIT and ITC related to utility rate base should be included in FPL's capital structure. These amounts are jurisdictional to the FPL retail ratepayers and should not be reduced for "prorata adjustments" to reconcile the Company's capitalization to rate base.

Cost of Capital

The Commission should reject FPL's 12.50% return on equity ("ROE") recommendation. FPL's ROE should be 10.40% This recommendation is based on the low end of the range of results from a Discounted Cash Flow analyses for a comparison group of electric companies. It is also supported by a Capital Asset Pricing Model. In addition, FPL's proposed 2.96% short-term debt rate is overstated and should be adjusted to 0.60%.

Cost Classification

FPL has classified all distribution costs (except meters and services) as demand related, which overstates the cost responsibility of large general rate schedules. That methodology is unreasonable because it ignores a "customer component" of distribution cost based on a minimum system concept. The minimum distribution

system (“MDS”) methodology recognizes that certain distribution costs are incurred due to the presence of a customer on the system, regardless of the demand of such a customer. The methodology classifies these costs as customer related, thereby ensuring that each customer pays for its cost responsibility.

Rate Design

FPL has utilized a 12 CP and 1/13th average demand methodology, which ignores key cost drivers and has the effect of promoting on-peak consumption. The summer month reserve margin requirements are the binding constraint for planning FPL’s system, but FPL is providing its customers with price signals that the cost of providing another kWh in March is the same as in August. Customer class demands during off-peak fall and spring months do not cause FPL to add new generation capacity to the system, yet that is the underlying premise of the Company’s cost allocation methodology. A summer coincident peak methodology is more appropriate for allocating costs because it recognizes the factors that are actually driving capital expenditures.

Gradualism

FPL’s proposal to allocate its requested rate schedule increases such that rate parities among rate schedules are equalized is inappropriate under the circumstances and leads to unreasonable results. Under FPL’s proposal, base rates under certain rate schedules would increase by 50 percent or more. FPL should be required to implement a measure of gradualism because of the significant increase in its revenue requirement and the general economic environment. Rate increases for each rate schedule should be limited such that no rate schedule receives more than 1.5 times the average percentage increase in base rates and no rate schedule receives a rate decrease in base rates. This is consistent with prior Commission decisions in electric utility rate proceedings, including the recent Tampa Electric Company rate case, Docket No. 080317-EI.

UNGER: FP&L’s request for a rate increase is unfair and excessive and should be denied by the Florida Public Service Commission.

STAFF: Staff’s positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff’s final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

2010 PROPOSED TEST PERIOD

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

FPL: Yes. The Florida Supreme Court determined in *Southern Bell Tel & Tel. Co. v. Public Service Comm'n*, 443 So.2d 92, 97 (Fla. 1983) that “[n]othing in the decisions of this Court or any legislative act prohibits the use of a projected test year by the Commission in setting a utility's rates. We agree with the Commission that it may allow the use of a projected test year as an accounting mechanism to minimize regulatory lag. The projected test period established by the Commission is a ratemaking tool which allows the Commission to determine, as accurately as possible, rates which would be just and reasonable to the customer and properly compensatory to the utility.” Consistent with this authority, the Commission’s rule on test year notification specifically contemplates the use of a projected test year, and the Commission has permitted the use of projected test years in numerous base rate proceedings. See Rule 25-6.140, F.A.C.; e.g., Order No. PSC-09-0283-FOF-EI, Docket No. 080317-EI, dated April 30, 2009 (2008 TECO rate case); Order No. PSC-05-0945-S-EI, Docket No. 050078-EI, dated September 28, 2005 (2005 Progress Energy Florida’s rate case); Order No. PSC-05-0902-S-EI, Docket No. 050045-EI, dated September 14, 2005 (2005 FPL rate case); Order No. 13537, Docket No. 830465-EI, dated July 24, 1984 (1983 FPL rate case). (Legal Issue)

OPC: OPC has not contested the authority of the Commission to approve a base rate increase using a 2010 projected test year in this proceeding.

AFFIRM: AFFIRM has no position.

AG: Yes.

AIF: AIF supports FPL positions.

CSD: No. The two Florida Supreme Court decisions cited by FPL do not support FPL’s request that the Commission authorize rates based upon projections of costs and capital investment more than two years after evidentiary hearings are completed and an order is issued in this matter. Both of those decisions addressed “projected” test years where the projections had actually become known, actual costs and investments by the time of the evidentiary hearing or at least as of the issuance of the Commission’s order. That is not the case in this proceeding where FPL’s test years are based upon pure speculation. The Commission has little experience dealing with the “projected test year and subsequent test year”

phenomenon requested by FPL, as demonstrated by the hours it took the parties to even establish a mechanism for addressing such a “test year upon a test year” request. Where the Legislature intends to authorize the Commission to set rates based upon future projections, it has clearly done so, for example in Chapter 367 related to water utility ratemaking. In the 25 years since the Supreme Court decisions cited by FPL were decided, Chapter 366 dealing with electric utility ratemaking has been amended a number of times to permit electric utilities to recover rates, historic and projected, in several rate adjustment mechanisms outside of a full blown rate proceeding. However, Section 366.06(1), which addresses proceedings like this one, only authorizes the Commission to set rates based upon “*actual* legitimate costs.”; “*actually* used and useful...”; kept in a “*current record of the net investment...*”; or “money honestly and prudently *invested...*”; and not including “any goodwill or going concern value or franchise value in excess of *payment made* therefor.” Each of these clauses from section 366.06(1) address historic, not projected, costs. With all of the other attention paid by the Legislature to the ratemaking statutes since the Supreme Court decision in 1983, it was possible to amend this section to allow projected test years if the Legislature had intended to do so. Instead, FPL has obtained permission to institute many rate adjustment mechanisms, constituting more than half of its revenue requirements, but no authorization to establish base rates on projected data two years and longer into the future has been provided to the Commission by the Legislature.

FEA: No position.

FIPUG: No position.

FRF: Yes

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff believes that the issue proposed by Saporito is the same as and can be subsumed in the wording agreed upon by the remaining parties. Staff has no position at this time on Issue 1 at this time.

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

FPL: Yes. The Company is currently operating under the 2005 Stipulation and Settlement Agreement (Rate Settlement) that expires at December 31, 2009. The Company’s petition requests an increase in base rates at the expiration of the Rate

Settlement, effective January 4, 2010. Accordingly, 2010 is the most appropriate year to evaluate the Company's projected revenue requirement to afford the appropriate match between revenues and revenue requirements for 2010. Also, this test year coincides with the commencement in 2010 of new depreciation rates, pursuant to the comprehensive depreciation study the Company has filed in conjunction with this proceeding. (Barrett, Reed)

OPC: While OPC believes that the 2010 projections are less reliable than the 2009 data, OPC will not object to the use of the 2010 Test Year in this proceeding. (Brown)

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF supports FPL positions.

CSD: No.

FEA: No position.

FIPUG: No position.

FRF: Yes.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The 2010 forecast of customers, kWh, and kW by revenue and rate classes are consistent with the sales and customer forecast by revenue class and reflect the particular billing determinants specified in each rate schedule.

OPC: No. FPL's correction to its load forecast for minimum use customers should be adjusted to reflect a 7.42% historical average. In 2010, FPL's revised net energy for load should be 111,299,657 and FPL's revenues should be increased by \$37,162,238. The net reduction in revenue requirements, including reallocation of revenue requirements, is \$36.969 million.

- AFFIRM:** AFFIRM has no position.
- AG:** No. Adjustments need to be made to reflect the historical average.
- AIF:** AIF supports FPL positions.
- CSD:** The City of South Daytona incorporates and adopts the position of the Office of Public Counsel.
- FIPUG:** No. Agree with OPC.
- FEA:** No position.
- FRF:** No. Adjustments to FPL's forecasts are necessary to reflect the most likely conditions for 2010.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.

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?
- FPL:** Yes. Section 366.076(2), Florida Statutes, and Rule 25-6.0425, F.A.C., expressly authorize subsequent year adjustments. Moreover, nothing in the Florida Supreme Court's discussion of the Commission's authority to use projected test years in *Southern Bell Tel & Tel. Co. v. Public Service Comm'n*, 443 So.2d 92 (Fla. 1983) restricts the time period that may be used for the projected test year. The Commission clearly has authority under *Southern Bell* to approve a rate increase to go into effect in 2011, based on a 2011 test year. The authority to grant a subsequent year adjustment was confirmed by the Court in *Floridians United for Safe Energy, Inc. v. Public Service Comm'n*, 475 So. 2d 241 (Fla. 1985). (Legal Issue)
- OPC:** Especially in view of the uncertainties associated with the economic downturn, the predictions offered by FPL are too speculative to form a basis on which to fix rates for 2011. OPC asserts that an attempt by the Commission to do so would amount to an unlawful abuse of discretion.

AFFIRM: AFFIRM has no position at this time on Issue 4.

AG: No. Support OPC's position.

AIF: AIF supports FPL positions.

CSD: No. The two Florida Supreme Court decisions cited by FPL do not support FPL's request that the Commission authorize rates based upon projections of costs and capital investment more than two years after evidentiary hearings are completed and an order is issued in this matter. Both of those decisions addressed "projected" test years where the projections had actually become known, actual costs and investments by the time of the evidentiary hearing or at least as of the issuance of the Commission's order. That is not the case in this proceeding where FPL's test years are based upon pure speculation. The Commission has little experience dealing with the "projected test year and subsequent test year" phenomenon requested by FPL, as demonstrated by the hours it took the parties to even establish a mechanism for addressing such a "test year upon a test year" request. Where the Legislature intends to authorize the Commission to set rates based upon future projections, it has clearly done so, for example in Chapter 367 related to water utility ratemaking. In the 25 years since the Supreme Court decisions cited by FPL were decided, Chapter 366 dealing with electric utility ratemaking has been amended a number of times to permit electric utilities to recover rates, historic and projected, in several rate adjustment mechanisms outside of a full blown rate proceeding. However, section 366.06(1), which addresses proceedings like this one, only authorizes the Commission to set rates based upon "*actual* legitimate costs."; "*actually* used and useful."; kept in a "*current record of the net investment...*"; or "money honestly and prudently *invested...*"; and not including "any goodwill or going concern value or franchise value in excess of *payment made* therefor." Each of these clauses from section 366.06(1) address historic, not projected, costs. With all of the other attention paid by the Legislature to the ratemaking statutes since the Supreme Court decision in 1983, it was possible to amend this section to allow projected test years if the Legislature had so intended to do so. Instead, FPL has obtained permission to institute many rate adjustment mechanisms, constituting more than half of its revenue requirements, but no authorization to establish base rates on projected data two years and longer into the future has been provided to the Commission.

FEA: No position.

FIPUG: No. FPL's projections are too speculative to support a ratemaking finding.

FRF: 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. Please note

that the FRF opposes granting any subsequent year adjustment in this case, and that where the FRF takes specific positions on issues for 2011, it does so only in order to preserve its rights in the event that the Commission does decide to consider granting additional rate increases in 2011.

SFHHA: Supports the position of FRF.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff believes that the issue proposed by Saporito is the same as and can be subsumed in the wording agreed upon by the remaining parties. Staff has no position at this time on Issue 4 at this time.

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

FPL: Yes. As discussed in Issue 4, the Commission has statutory and rule authority to approve subsequent year adjustments. On numerous previous occasions, the Commission has granted subsequent year rate relief. See, e.g., Order No. PSC-09-0283-FOF-EI, Docket No. 080317-EI, dated April 30, 2009 (2008 TECO rate case); Order No. PSC-93-0165-FOF-EI, Docket No. 920324-EI, dated February 2, 1993 (1992 TECO rate case); Order No. PSC-92-1197-FOF-EI, Docket No. 910890-EI, dated October 22, 1992 (1991 Florida Power Corporation rate case); Order No. 13537, Docket No. 830465-EI, dated July 24, 1984 (1983 FPL rate case). A subsequent year adjustment in 2011 is an accepted and recognized method of addressing FPL's increasing costs and earnings deterioration in 2011.

OPC: No. The assumptions used in developing the 2011 revenue requirements reflect an unacceptable level of economic uncertainty. See OPC's position on Issues 4 and 6.

AFFIRM: AFFIRM has no position.

AG: No.

AIF: AIF supports FPL position.

CSD: No.

FEA: No position.

FIPUG: No. This request is an objectionable "pancaking" of two separate and distinct rate cases into one proceeding. Further, FPL's 2011 projections are highly speculative

as they are based on 2008 projections and cannot be prudently relied upon as reasonable projections upon which to base rates in 2011.

FRF: No.

SFHHA: No.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The Company has requested an additional increase in base rates effective January 1, 2011 to avoid the need for a lengthy and costly additional base rate proceeding in 2010 and to mitigate a significant decline in the Company's financial performance. Without the additional rate adjustment, the Company's return on equity is projected to decline from 12.5% in 2010 to 10.7% in 2011. The Company's forecast of 2011 revenue requirements was developed, reviewed and approved using the same rigorous process as was used for the 2010 test year. It is reasonable and reliable for setting rates. (Barrett, Reed)

OPC: No. The 2011 test year incorporates an unacceptable level of uncertainty and should be rejected. FPL's projections and assumptions are based on current economic conditions. If the economy recovers faster or greater than FPL's requested assumptions, allowing a subsequent rate increase using a 2011 test year could easily generate excess earnings at ratepayer expense. FPL would have no obligation to then reduce rates without customer or Commission intervention. OPC witnesses have addressed the revenue impacts for the 2011 test year in the event the Commission decides to entertain the Company's proposal for a subsequent year rate adjustment. (Brown)

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. This request is the inappropriate bundling of two separate and distinct rate cases into one proceeding. Further, FPL's 2011 projections are highly speculative as they are based on 2008 projections and cannot be prudently relied upon as reasonable projections upon which to base rates in 2011. If FPL can demonstrate its need for rate relief in 2011, it may file a rate case with all supporting documentation at the appropriate time.

FRF: 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.

SFHHA: No. The Commission cannot determine at this time what the reasonable revenues and costs will be in 2011. Further, there is no evidence that there will be actual savings to ratepayers resulting from avoidance of a separate proceeding sometime in 2010 for rates that would be effective in 2011.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The 2011 forecast of customers, kWh, and kW by revenue and rate classes are consistent with the sales and customer forecast by revenue class and reflect the particular billing determinants specified in each rate schedule.

OPC: No. FPL's correction to its load forecast for minimum use customers should be adjusted to reflect a 7.42% historical average. In 2011, FPL's revised net energy for load should be 112,835,431 and FPL's revenues should be increased by \$30,917,361. The net reduction in revenue requirements, including reallocation of revenue requirements, is \$30.727 million. (Brown)

AFFIRM: AFFIRM has no position.

AG: No. Adjustments should be made to reflect the historical average.

AIF: Support position of FPL.

- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** No. Such forecasts are highly speculative and cannot be relied upon to set rates.
- FRF:** 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.
- SFHHA:** No. FPL's forecasts are too speculative at this point.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.

GENERATION BASE RATE ADJUSTMENT

- ISSUE 8:** Should the Commission approve a Generation Base Rate Adjustment (GBRA) mechanism which would authorize FPL to increase base rates for revenue requirements associated with new generating additions approved under the Power Plant Siting Act, at the time they enter commercial service?
- FPL:** Yes. The GBRA is a proven and efficient regulatory ratemaking tool, and aligns the timing of the fuel price reductions with the required base increase thereby sending customers the appropriate price signals. Its use will avoid costly and lengthy rate proceedings to recognize in rates the costs of new generation, the need for which has been reviewed and approved by the Commission in a need proceeding.
- OPC:** No. The requested GBRA mechanism would allow FPL to avoid regulatory oversight of its overall costs of service by providing an automatic base rate increase when new plant is added regardless of the achieved rate of return. Ratepayers would be forced to bear unwarranted increases in base rates if existing earnings are sufficient to absorb some or all of the costs of the addition.
- AFFIRM:** AFFIRM has no position.
- AG:** No. Support OPC's position and regulatory oversight of these issues.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. Capital additions, such as new generating plants, should not be automatically recovered through yet another recovery clause. If FPL believes that the addition of generating plant necessitates a rate change, it may petition the Commission for such a change in a full rate case where the Commission and the parties may examine all of FPL's revenues and expenses, rather than giving FPL guaranteed recovery of new plant in isolation from other factors that affect rates. This issue should not be considered in this rate case, but should be the subject of a generic docket or rulemaking.

FRF: 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.

SFHHA: No. Under the GBRA, FPL effectively would implement base rate increases without the normal scrutiny and resulting cost-control discipline of a comprehensive base rate case. Further, the GBRA would allow FPL to over recover its costs because it fails to consider cost reductions that FPL may achieve in other areas, such as, increases in accumulated depreciation or retirement of existing plant. The GBRA would allow FPL to retain savings from ongoing recoveries of existing plant investment through depreciation, the cost free capital resulting from ongoing accelerated tax depreciation, increases in revenues due to customer and usage growth and capital expenditure and expense cost reductions.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: If the Commission approves FPL's request to extend the Generation Base Rate Adjustment (GBRA) mechanism, the cost of qualifying generator plant additions should be determined in accordance with the process currently in place by virtue

of the Commission's Order No. PSC-05-0902-S-EI approving the 2005 settlement agreement.

OPC: The cost of qualifying assets should be based on the most recently available information at the time that the request is made by FPL to adjust its rates, but should be limited to the bid made and accepted in the determination of need proceeding.

AFFIRM: AFFIRM has no position at this time.

AG: No. The cost of plant additions should not be based on estimated costs which are done years in advance and are speculative at best.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: The appropriate costs of the qualifying generating plant should be determined in a separate proceeding and based on the most current information available.

FRF: 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.

SFHHA: Supports OPC's position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 10: Intentionally Blank.

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

FPL: The GBRA should be designed based on Order No. PSC-05-0902-S-EI approving the Stipulation and Settlement and paragraph 17 of the stipulation and settlement, as described in the direct testimony of FPL witness Deaton. (Deaton)

OPC: First, any base rate increase should be considered only when the addition of the prospective plant revenue requirements to the Company's most recent surveillance report will cause the company to earn less than the floor of its last authorized rate of return on equity. To make its request, the Company should be required to file minimum filing requirements similar to what Rule 25-30.445, FAC, requires for water and wastewater companies in order to file for a limited proceeding rate increase. The docketed proceeding should provide sufficient time for staff to audit the proposed filing/increase and allow for a point of entry for parties to participate if necessary. In its filing, FPL should be required to make a showing similar to the interim statute for requested interim rate increases: revenue requirement calculations should be reflected with adjustments made consistent with its last rate case proceeding and by using the range of its last authorized rate of return on equity in determining the cost of capital. The amount of increase should be limited to that necessary to restore the company to the bottom of its authorized overall fair rate of return. Because the filing would be based on estimates, the rate increase should be held subject to refund pending the filing of actual amounts to protect customers in case the rate increase generated excess earnings.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: 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.

SFHHA: The Commission should require that the GBRA revenue requirement methodology be set forth in a formula and in the form of a GBRA tariff. In the formula, the Commission should require the use of a capital structure, cost of debt and return on equity that is consistent with the SFHHA recommendations to adjust these components for base ratemaking purposes. Depreciation expenses also should be adjusted to reflect a more reasonable service life for new generation facilities than proposed by FPL.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 12: If the Commission approves a GBRA mechanism 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?

FPL: No. The GBRA is designed to appropriately recover the base revenue requirements of a "qualifying generating facility" that is not reflected in base rates when it enters commercial operation. This mechanism allows for proper matching of fuel benefits, which are adjusted automatically through the fuel adjustment clause, with the base revenue requirements incurred to enable those fuel benefits thereby sending proper price signals to customers. The GBRA revenue requirements include the appropriate rate of return as determined by the Commission, thereby ensuring the appropriate level of earnings for the plant. This helps to ensure the appropriate level of earnings for the plant. The Company's overall level of earnings is appropriately reviewed by the Commission through its surveillance process.

OPC: If the Commission approves a GBRA for FPL, any base rate increase should be considered only when the addition of the prospective plant revenue requirements to the Company's most recent surveillance report will cause the company to earn less than the floor of its last authorized rate of return on equity. The amount of the increase should be limited to that necessary to restore the company to the bottom of the range of its authorized overall rate of return. Also, see OPC's Position on Issue 11.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: While FIPUG opposes the establishment of the GBRA, if it is approved, the Commission should limit any recovery to an earnings test. The Commission should examine all of FPL's revenues and expenses and permit recovery of plant addition only if such review establishes that FPL is earning below the low end of its range. Any recovery should be limited to bringing FPL to the low end of the range. This review should be done in a separate proceeding and not conducted in conjunction with the annual fuel adjustment proceeding.

FRF: 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.

SFHHA: Yes. The GBRA is exceptional form of ratemaking and should not be used to circumvent the comprehensive review of all revenue and cost components in a base rate proceeding. An earnings test provides a real-time proxy to capture any other revenue increases and cost reductions in the absence of a comprehensive base rate proceeding. Any earnings in excess of the authorized return on equity, as measured by the Company's earnings reported on its surveillance reports, should be used to reduce the GBRA.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 13: If the Commission approves a GBRA mechanism for FPL, how should FPL be required to implement the GBRA?

FPL: The GBRA should be implemented on the same basis as was utilized in the Turkey Point Unit 5 filing in Docket No. 060001-EI and the WCEC units 1 and 2 filing in Docket No. 080001-EI as described in the direct testimony of FPL witness Deaton.

OPC: See OPC's position on Issue 11.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: FPL should be required to file all necessary information so that the Commission and the parties can make the determinations described in Issue 12 on an annual basis.

FRF: 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.

SFHHA: FPL should be required to include in its tariff a detailed explanation of the procedures by which the costs of new facilities may be included in the GBRA, along with a detailed description of and formula for the revenue requirement computations. The parties should have an opportunity to review the descriptions and proposed computations before such a tariff is approved, particularly given the failure of the Company to propose such a tariff or the detailed computations and the deficiencies in the Company's computations of the West County Energy Center Unit 3 included in the filing.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 14: If the Commission chooses not to approve the continuation of the GBRA mechanism, 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?

FPL: If FPL is denied its request for GBRA, the estimated first year revenue requirements, as shown on the West County Energy Center Unit 3 schedules filed in this proceeding, would need to be reflected in the subsequent year adjustment request for 2011.

OPC: The Commission should add back the adjustments made by FPL to remove WCEC3 from the 2011 revenue requirement Plant in service should be increased by \$465.616 million, depreciation expense should be increased by \$26.815 million (\$19.623 million with J. Pous adjustment), accumulated depreciation should be increased by \$8.250 million (\$6.540 million with J. Pous adjustment), and production O&M expenses should be increased by \$5.229 million.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: 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.

SFHHA: FPL's proposed capital structure, cost of debt and return on equity should be adjusted, consistent with the SFHHA recommendations to adjust these components for base ratemaking purposes. Depreciation expenses also should be adjusted to reflect a more reasonable service life for new generation facilities than proposed by FPL.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

FPL: FPL does not oppose OPC's method of addressing transmission related costs and revenues for long-term firm non-jurisdictional transmission service contracts. As detailed in the Rebuttal Testimony of FPL witness Ender, Exhibit JAE-11, jurisdictional rate base should be reduced by \$261,720,000 and \$286,794,000 for the 2010 Test Year and 2011 Subsequent Year Adjustment, respectively; jurisdictional NOI should be reduced by \$6,867,000 and \$7,161,000 for the 2010

Test Year and 2011 Subsequent Year Adjustment, respectively. As a result, jurisdictional revenue requirements should be reduced by \$22,975,000 for the 2010 Test Year and \$26,615,000 for the 2011 Subsequent Year Adjustment. This adjustment is listed on FPL witness Ousdahl's Exhibit KO-16. FPL believes that this issue can be stipulated.

OPC: No. FPL's method of allocating transmission service revenue requirements results in a significant subsidy being charged to the retail jurisdictional customers. The costs of providing transmission service have increased without a concomitant increase in rates for long-term firm transmission customers. FPL's revenue credit methodology creates a retail deficiency of \$18.5 million in 2010 and \$19.0 million in 2011. The Company's cost of service analyses should be modified as adjusted in Witness Brown's Exhibit SLB-3 and corresponding adjustments should be made to all accounts that are impacted by a change in the cost of service. OPC will accept the changes proposed by FPL.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. Agree with OPC.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

- FPL:** Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the appropriate jurisdictional separation of costs and revenues between the wholesale and retail jurisdictions is that filed by FPL. The separation factors filed by FPL were developed consistent with the Commission-provided instructions of MFR E-1 and with the methodology used in the Company's clause adjustment filings and surveillance reports.
- OPC:** Adjustments should be made to reflect OPC witness Brown's recommended adjustments to correct FPL's Jurisdictional Transmission Allocations and Net Energy Load (NEL) forecast. The Company's cost of service analyses should be modified as adjusted in Witness Brown's Exhibits SLB-3 (Jurisdictional Transmission Allocations) and SLB-9-REVISED and SLB-10-REVISED (NEL forecast). Corresponding adjustments should be made to all accounts that are impacted by a change in the cost of service.
- AFFIRM:** AFFIRM has no position.
- AG:** Adopt OPC's position
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Agree with OPC.
- FRF:** 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.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.

QUALITY OF SERVICE

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

FPL: Yes. FPL has delivered superior reliability and excellent customer service. FPL's fossil fleet continues to be among the industry leaders for reliability, availability, and generating efficiency, while reducing emissions through the use of cleaner, highly efficient combined cycle technology. The operational reliability and performance of FPL's Nuclear Generation has ranged from excellent to average compared to other utilities in the area of quality of service. Distribution reliability, as measured by System Average Interruption Duration Index (SAIDI), has been the best among major Florida investor owned utilities for four out of the last six years and for the last decade has been, on average, 45% better than the Edison Electric Institute (EEI) industry average. Transmission SAIDI has been among the best in the industry, delivering top decile or best in class performance in two of the last four years. FPL's Customer Service performance has been in the top quartile for Care Center, Billing and Payment Processing in national benchmarking studies of operational effectiveness and efficiency and has been awarded the ServiceOne Award, which recognizes utilities that provide exceptional service to their customers, for five years in a row.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: The testimony at the service hearings indicates that service varies in different parts of their territory. The service is very reliable in some areas and customers from other areas testified about problems with continuing service interruptions and ongoing problems with tree-trimming issues.

AIF: AIF supports FPL position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: Agree with Attorney General McCollum.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

DEPRECIATION STUDY

ISSUE 18: INTENTIONALLY BLANK.

ISSUE 19A: What are the appropriate capital recovery schedules?

FPL: The appropriate capital recovery schedules are incorporated in the depreciation study FPL filed on March 17, 2009.

OPC: The appropriate recovery schedules should be revised consistent with the recommendations of OPC witness Jacob Pous, outlined in the following issues. Further, this should be a “fallout issue” that takes into account the Commission’s consideration of, and explicit rulings on, the specific depreciation-related issues that OPC and other parties have raised and addressed through testimony and other participation in this proceeding. **(Former Issues 18, 19)**

AFFIRM: No position.

AG: Support OPC’s position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: FPL has a \$1.2 billion surplus in its depreciation reserve. This large surplus makes it unnecessary to charge ratepayers for capital costs for investments that FPL has chosen to retire early. Thus, FPL’s proposed accelerated depreciation should be rejected.

FRF: Agree with OPC.

SFHHA: See SFHHA’s response to 19-B and 19-C.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19B: Is FPL's calculation of the average remaining life appropriate?

FPL: The appropriate average remaining life are those incorporated in the depreciation study FPL filed on March 17, 2009. (Clarke, Ousdahl, Hardy)

OPC: *Appropriate methodology:* No. FPL's consultant departed from the appropriate methodologies in several respects. First, FPL's consultant relied on a truncated Iowa Survivor curve approach for production assets. While reliance on these curves is appropriate for mass property assets, such reliance for production assets can and has resulted in unrealistic and inappropriate results. Second, FPL also artificially stops assigning future book accruals to vintage additions it believes are fully accrued. This approach defies logic as those vintages are still in service and are used to calculate the amount of depreciation that is to be booked currently and used until that vintage addition is retired. This process also distorts the calculated remaining life. In addition, FPL's analyst incorporated net salvage parameters as part of the remaining life calculation, rather than after the remaining life calculation. This means that a change in net salvage values would affect the remaining life – an illogical and inappropriate relationship. FPL's errors of methodology distort its remaining life calculations and its statement of its depreciation reserve excess. **(Former Issue 26)**

Appropriately calculated the remaining life: Further, FPL incorrectly limits the allocated book reserve to the surviving balance of an individual vintage, adjusted for net salvage. This artificial limitation conflicts with reality (the utility applies the depreciation rate to all property in service, regardless of vintage) and distorts the calculation of remaining life. In addition, FPL's witness recognizes the impact of net salvage parameters within the remaining life calculation rather than after the remaining life calculation. A methodology under which a change in net salvage also changes the calculation of remaining life is illogical and inappropriate. These flaws affect the calculation of depreciation expense and also of the amount of FPL's excess reserve. OPC's witness corrects these flaws in his analysis. **(Former Issue 27A)**

AFFIRM: No position.

AG: Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No. The Company has systematically overstated depreciation rates and expense by understating the life spans of its generating units. FPL's combined cycle plants should have minimum forty year service lives for depreciation purposes.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19C: What are the appropriate depreciation parameters (remaining life, net salvage percentage and reserve percentage) and resulting rates for each production unit (including but not limited to, coal, steam, combined-cycle, etc)?

FPL: The appropriate depreciation parameters and resulting rates for each production units are incorporated in the depreciation study FPL filed on March 17, 2009, subject to the depreciation adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: The appropriate depreciation parameters should be determined using the recommendations of OPC witness Jacob Pous regarding the appropriate life spans, remaining life calculations, the level of interim retirements, net salvage, and depreciation rates as addressed in the sub-categories below:

*Appropriate life spans by category **(Former Issue 25)**:*

Coal-fired production units: No. FPL's proposed 40 year life span for coal-fired units is artificially short. Based on empirical evidence and the treatment afforded such units in other jurisdictions, as well as indications of FPL's expectations, OPC supports a 60-year life span for coal-fired units.

Large steam oil or gas-fired generating facilities: No. Based on empirical evidence and the treatment afforded such units in other jurisdictions, as well as indications of FPL's own expectations, these units should be afforded a life span of 50 years for purposes of the depreciation study.

NOTE: The impact of OPC's adjustments for coal-fired and large steam units is to decrease depreciation expense by \$32 million.

Combined cycle generating facilities: OPC submits that the 25-year life span that FPL uses for combined cycle units is unrealistically short. At a minimum, the Commission should direct FPL to evaluate available information and develop a more appropriate life span in its next depreciation study. OPC is aware that another intervenor's witness has identified 35 years and a second intervenor witness has identified 40 years as the appropriate life span. These values are more appropriate and closer to the view of OPC's witness, as well. If the Commission decides to revise the life span for combined cycle units in this proceeding, it should set the minimum value at 35 years.

Level of interim retirements- production units (Former Issue 27): FPL relied on a truncated actuarial analysis to estimate interim retirements. The method is inappropriate as noted in OPC's position to Issue 26. FPL compounded the error when it applied a life – curve that was not a good fit to the data. The company's approach leads to demonstrably unrealistic results. OPC witness Pous used a standard method even used by FPL's witness for most of his career, and actual Company – specific information to develop interim retirement ratios. This better approach results in a \$54,916,074 reduction in depreciation expense.

Appropriate net salvage: interim retirements estimated to transpire prior to the final termination of a generating station or unit (Former Issue 28): First, FPL's request is over stated due to its approach to the quantification of interim retirements. Next, FPL has proposed excessively negative levels of overall net salvage – the beginning point of the process – which then results in excessively negative interim retirement levels of net salvage. The more appropriate results are those recommended by OPC, which are based on investigation of the specific data within FPL's database. The Commission should make adjustments to 2 steam production accounts, 2 nuclear accounts, and 5 other production accounts, which when combined serve to reduce depreciation expense by \$74 million annually. The individual adjustments are as follows:

- a. Account 311- Structures and Improvements: Adjust FPL's proposed negative 15% interim net salvage to negative 5%.
- b. Account 314 - Turbo Generator Units: Adjust FPL's proposed zero interim net salvage to 10% net salvage.
- c. Account 322 – Reactor Plant Equipment: Adjust FPL's proposed negative 5% net salvage to negative 4%.
- d. Account 324 – Accessory Electric – Equipment: Adjust FPL's proposed negative 20% to negative 2%.

- e. Account 341 – Other Production Structures: Adjust FPL’s proposed negative 25% net salvage to zero net salvage.
- f. Account 342 – Other Production Fuel Holders: Adjust FPL’s proposed negative 5% net salvage to zero net salvage.
- g. Account 343 – Other Production Prime Moves: Adjust FPL’s proposed negative 10% net salvage to zero net salvage.
- h. Account 344 – Other Production Generators: Adjust FPL’s proposed negative 100% net salvage to zero net salvage.
- i. Account 345 – Other Production Accessory Electric Equipment: Adjust FPL’s proposed negative 10% net salvage to zero net salvage.

Appropriate depreciation rates (Former Issue 32): The Commission should adopt the depreciation rates as recommended by OPC witness Jacob Pous. The cumulative effect of his recommendation is to reduce annual depreciation expense from FPL’s requested \$1,065,623,140 to \$824,950,126, or a reduction of \$240,673,014.

AFFIRM: No position.

AG: Support OPC’s position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Based on industry experience and specific real world examples, FPL has significantly understated the life span of its coal units. The 40-year and 41-year life spans FPL has proposed should be rejected and the Commission should use a life span of at least 55 years for FPL’s coal units. Similarly, based on industry experience and specific real world examples, FPL has significantly understated the life span of its combined cycle units. The average 27-year life span FPL has proposed should be rejected and the Commission should use a life span of at least 35 years for FPL’s combined cycle units.

As to appropriate interim retirements and net salvage, FIPUG agrees with OPC.

FRF: Agree with OPC.

SFHHA: FPL should not be permitted to collect depreciation expense for its new Customer Information System until the new System is placed in service. Its depreciation expenses should be reduced for the effects of its capital expenditure reductions. Its existing depreciation reserve surplus of \$1.245 billion should be amortized over five years. Recovery of the remaining net book value of the Cape Canaveral and Rivera facilities should not be accelerated by amortizing the balance over four years. The Commission should direct FPL to cease depreciation of the Cape Canaveral and Rivera facilities, add the remaining net book value to the costs of the modernization of the facilities, and then depreciate these costs along with the modernization costs over the estimated service lives of the modernized facilities. FPL's nuclear uprate costs should be depreciated over the remaining extended license lives of the units, not depreciated over four years as proposed by FPL. FPL's existing meter investment costs also should not be depreciated over four years. The Commission should use the same depreciation or amortization rate for the costs of the existing meters as it adopts for the remaining existing meter investment that will not be replaced by AMI meters. The Company's investment in combined cycle generating facilities should reflect a minimum of 40 year lives, not the proposed 25 year lives.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19D: What are the appropriate depreciation parameters (remaining life, net salvage percentage and reserve percentage) and resulting rates for each transmission, distribution, and general plant account?

FPL: The appropriate depreciation parameters and resulting rates for each transmission, distribution, and general plant account are incorporated in the depreciation study FPL filed on March 17, 2009, subject to the depreciation adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: The appropriate depreciation parameters should be determined using the recommendations of OPC witness Jacob Pous regarding the appropriate life characteristics, remaining life calculations, the level of interim retirements, net salvage, and depreciation rates. The cumulative effect of his recommendations is to reduce annual depreciation expense from FPL's requested \$1,065,623,140 to \$824,950,126, or a reduction of \$240,673,014. These positions are specifically addressed in the sub-categories below:

Appropriate life characteristics and net salvage levels for transmission, distribution, and general plant (Former Issues 30 and 31): FPL proposes inappropriate life characteristics and excessive levels of negative net salvage.

FPL overstates depreciation expense by the cumulative effect of adjustments to 22 different accounts, each of which requires a discrete decision.

a. Account 350.2 – Transmission Easements: Adjust FPL’s proposed 50 year ASL and S4 down curve to 95 S4 life-curve. This results in a \$2,432,236 reduction to depreciation expense.

b. Account 353 – Transmission Station Equipment: Adjust FPL’s 38 R1.5 life-curve combination to a 43 L1 combination. This results in a reduction of \$6,128,005 in depreciation expense. Also, Adjust FPL’s proposed negative 10% net salvage to zero net salvage. The effect of this adjustment is to reduce annual depreciation expense by \$3,731,047.

c. Account 353.1 – Transmission Station Equipment – Step-Up Transformers: Adjust FPL’s proposed 33 R2 life-curve combination to a 44 S0.5 life-curve combination. This results in a reduction of 42,281,178 in annual depreciation expense.

d. Account 354 – Transmission Tower and Fixtures: Adjust FPL’s proposed 45 R5 life-curve combination to a 60 R4 life-curve combination. This will reduce depreciation expense by \$3,192,653. Adjust FPL’s proposed 15% negative net salvage to zero net salvage. The effect of the adjustment is to reduce depreciation expense by \$1,281,044.

e. Account 355 - Transmission Poles & Fixtures: Adjust FPL’s proposed negative 50% net salvage to negative 30% net salvage. The effect of the adjustment is to reduce depreciation expense by \$4,329,923.

f. Account 356 – Transmission Overhead Conductor: Adjust FPL’s proposed 47 R1.5 life-curve combination to 51 SO life-curve. This results in a reduction of \$1,618,285 to depreciation expense. Adjust FPL’s proposed negative 50% net salvage to negative 40% net salvage. The effect of the adjustment is to reduce depreciation expense by \$1,506,549.

g. Account 359 – Transmission Road and Trails: Adjust FPL’s proposed 50 SQ combination to 65 SQ. This reduces depreciation expense by 4699,372.

h. Account 3623 – Distribution Station Equipment: Adjust FPL’s proposed 41 R1.5 combination to 48 SO. This reduces depreciation expense by \$5,860,004.

i. Account 364 – Distribution Poles, Towers, and Fixtures: Adjust FPL’s proposed 37 R2 life-curve combination to a 41 R1.5 combination. This reduces depreciation expense by \$13,188,572. Adjust FPL’s proposed negative 125% net salvage to negative 60% net salvage. The effect of the adjustment is to reduce depreciation expense by \$23,451,436.

- j. Account 365 – Distribution overhead Conductors: Adjust FPL’s proposed 40 SO life-curve combination to 43 SO. This reduces depreciation expense by \$5,026,679. Adjust FPL’s proposed negative 100% net salvage to negative 50% net salvage. The effect of the adjustment is to reduce depreciation expense by \$19,714,964.
- k. Account 366.6 –Underground Conduit – Duct System: Adjust FPL’s proposed negative 5% net salvage to zero net salvage. The effect of the adjustment is to reduce depreciation expense by \$1,073,994.
- l. Account 367.6 – Underground Conductors: Adjust FPL’s proposed 38 SO combination to 40 L1. The effect is to reduce depreciation expense by \$2,238,822. Adjust FPL’s proposed negative 5% net salvage to zero net salvage. The effect of the adjustment is to reduce depreciation expense by \$2,225,291.
- m. Account 367.7 – Distribution Underground Conductions and Devices – Direct Buried: Adjust FPL’s proposed 35 R2 combination to a 43 SO.5 combination. This reduces depreciation expense by \$1,613,351.
- n. Account 368 – Distribution Line Transformers: Adjust FPL’s proposed 32 L1.5 to a 34 L1.5 combination. This reduces depreciation expense by \$3,808,140. Adjust FPL’s proposed negative 25% net salvage to negative 20% net salvage. The effect of the adjustment is to reduce depreciation expense by \$3,952,437.
- o. Account 369.1 - Distribution Services – Overhead: Adjust FPL’s proposed negative 125% net salvage to negative 85% net salvage. The effect of the adjustment is to decrease depreciation expense by \$1,968,596.
- p. Account 369.7 – Distribution Services – Underground: Adjust FPL’s proposed 34 R2 life-curve combination to 41 SO.5. This reduces depreciation expenses by \$4,160,079. Adjust FPL’s proposed 10% net salvage to negative 5% net salvage.
- q. Account 370 – Distribution Meters: Adjust FPL’s proposed 36 R2.5 combination to 38 S1.5. This reduces depreciation expense by \$41,504,782. Adjust FPL’s proposed negative 55% net salvage to negative 10% net salvage. The effect of the adjustment is to reduce depreciation expense by \$4,306,357.
- r. Account 370.1 - Distribution Meters – AMI: Adjust FPL’s proposed 55% negative net salvage to negative 10% net salvage. The effect of the adjustment is to reduce depreciation expense by \$711,992.

s. Account 373 - Distribution Street Lighting and Signal Systems: Adjust FPL's proposed 30 RO.5 combination to a 35 LO combination. This reduces depreciation expense by \$751,011.

t. Account 390 – General Plant Structures: Adjust FPL's proposed 50 R1.5 combination to 56 SO. This reduces depreciation expense by \$1,022,803. Adjust FPL's proposed negative 10% net salvage to positive 25% net salvage. The effect of the adjustment is to decrease depreciation expense by \$3,828,186.

u. Account 392.01 – General Plant Aircraft – Fixed Wing: Adjust FPL's proposed 7 SQ life-curve combination to 9 R5. This reduces depreciation expense by \$372,741.

v. Account 392.02 – General Plant Aircraft – Rotary Wing: Adjust FPL's proposed 7 SQ life-curve combination to a 9 R5 life-curve combination. This reduces annual depreciation expense by \$178,226.

AFFIRM: No position.

AG: Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19E: 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 the resulting imbalances?

FPL: Based on the application of depreciation rates and principles previously approved by the Commission, FPL's theoretical reserve imbalances are those identified in the depreciation study filed in March of 2009, which total \$1.245 billion.

OPC: FPL currently has a depreciation reserve excess of \$2.7 billion. This amount is based on acceptance of OPC witness Jacob Pous' adjustments to FPL's depreciation study. It does not take into account OPC's and Mr. Pous' position that the life spans that FPL assigns to combined cycle units are too short; modifying those values to more realistic life spans in this proceeding would increase the size of FPL's depreciation reserve excess. **(Former Issue 33)**

AFFIRM: No position.

AG: Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: FPL's depreciation reserve excess is \$2.7 billion.

FRF: Agree with OPC.

SFHHA: FPL currently has a depreciation reserve imbalance of at least \$1.245 billion.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19F: What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 19E?

FPL: The theoretical reserve surplus should be addressed through the Commission's long established policy of using the remaining life depreciation methodology. Under that methodology, the theoretical reserve surplus is reducing revenue requirements by \$216 million per year. Any further reductions from accelerating amortization of the theoretical reserve surplus would come at the cost of larger, long-term increases in costs to be borne by customers.

OPC:

Corrective reserve measures with respect to the theoretical reserve imbalances - (Former Issue 34): FPL's enormous depreciation reserve excess means it has over-collected depreciation expense from current customers in a way that constitutes a massive intergenerational inequity. A priority of these consolidated proceedings should be to rectify this cumulative inequity to the extent consistent with the dual objectives of achieving fairness to current customers while maintaining FPL's financial integrity. FPL's proposal to return the excess over a remaining plant life of about 22 years is woefully inadequate to address the inequity involved. OPC estimates that there will be a 50% turnover in residential customers during that period. Moreover, FPL easily can afford to do much more. FPL should be required to amortize \$1.25 billion of its reserve excess back to customers over a period of four years. Limiting the amount of the overall \$2.7 billion excess to be amortized to \$1.25 billion will leave a thick "cushion" of reserve excess that will protect FPL at the same time the Commission requires FPL to begin to restore a measure of more equitable treatment to the customers who have overpaid. Limiting the amount to be amortized to \$1.25 billion will protect FPL's financial integrity. OPC's review of FPL's financial integrity takes into account both the amortization of \$1.25 billion of depreciation reserve excess and the adoption of all of OPC's other recommendations in the consolidated proceedings, including the recommendation to reduce base rates by \$364 million. Based on OPC's review, FPL will continue to show the very strong financial parameters typical of an "A" rated utility. OPC's recommended four year amortization period coincides with the timing of FPL's next depreciation study, and is the same amortization period FPL relied on for its special amortization requests. At that time, based on further evaluation the Commission can fine tune its corrective action.

Considerations and criteria when evaluating time frame for amortization of the depreciation reserve imbalances (Former Issue 36): The Commission should consider the extent to which it can reverse the pattern of overcollection of depreciation expense while maintaining FPL's strong financial integrity. It should also consider the timing of FPL's next depreciation study. The period of four years, when coupled with identifying \$1.25 billion as the amount to be amortized, satisfies these criteria. See also OPC (34).

Impact of proposal with respect to the treatment of the depreciation reserve imbalances on FPL's financial integrity (Former Issue 37): If the Commission adopts all of OPC's recommendations in these consolidated dockets, including the recommendation to amortize \$1.25 billion of FPL's reserve excess over four years and OPC's overall recommendation to reduce base rates by \$364 million annually, FPL would continue to exhibit strong financial integrity. In his testimony and exhibits, OPC witness Daniel J. Lawton demonstrates that FPL would continue to display the financial parameters and indicators typical of an "A" rated electric utility.

AFFIRM: No position.

AG: Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: The very large depreciation surplus (\$1.2 billion) demonstrates that action must be taken to restore generational equity. To accomplish this, the Commission should require FPL to continue to book the \$125 million depreciation expense, should require FPL to cease contributions to the fossil dismantlement fund and use a portion of the depreciation surplus to offset the \$314 million of accelerated capital recovery. Such treatment would have no impact on FPL's financial integrity.

FRF: Agree with OPC.

SFHHA: The depreciation reserve surplus should be amortized to ratepayers as a reduction of depreciation expense over no more than 5 years.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19G: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

FPL: The implementation date should be January 1, 2010.

OPC: January 1, 2010.

AFFIRM: No position.

AG: Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: January 1, 2010.

FRF: Agree with OPC.

SFHHA: January 1, 2010.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 19- 39: INTENTIONALLY BLANK.

FOSSIL DISMANTLEMENT COST STUDY

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

FPL: Yes. The current-approved annual dismantlement accrual is \$15,321,113. It should be increased to \$21,567,577 based on FPL's 2009 dismantlement filing.

OPC: Yes. FPL's quantification represents a worst case scenario for terminal net salvage. FPL's request fails to recognize any potential of full or partial sale of the site or facilities. FPL's request also fails to recognize the possibility of reuse of a site, which has already occurred. In addition, FPL's reliance on the "reverse construction" approach fails to recognize less costly means of demolition that have already been employed elsewhere. At a minimum, the Commission should direct FPL to propose a more realistic approach and cost level to terminal net salvage in its next depreciation study. If the Commission is inclined to change the terminal net salvage level in this proceeding, it should use 40% of FPL's request. The 40% level represents the approximate level actually obtained for generation demolition in comparison to similar "reverse construction" cost estimate.

AFFIRM: AFFIRM has no position.

AG: . No. Support OPC's position.

AIF: AIF has no position at this time.

- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Agree with OPC.
- FRF:** Agree with OPC.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- ISSUE 41:** What, if any, corrective reserve measures should be approved?
- FPL:** The reserve reallocations requested by Florida Power & Light Company in its fossil dismantlement study (see Exhibit KO-8, pages 3 and 4 of 423) should be approved.
- OPC:** See Issue 40.
- AFFIRM:** AFFIRM has no position.
- AG:** Support OPC's position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Agree with OPC.
- FRF:** Agree with OPC.
- SFHHA:** No position.
- SCU-4:** No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The appropriate annual provision for dismantlement is \$21,567,577 based on FPL's 2009 dismantlement filing.

OPC: See Issue 40.

AFFIRM: AFFIRM has no position.

AG: Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

FPL: Yes. FPL's history of dismantling power plants includes partial dismantlement associated with re-powerings. However, as the Commission noted in Order No. 24741: "While the timing of ultimate removal certainly could remain a question, there will undoubtedly come a time this action will become necessary and site restoration will likewise be required."

OPC: See Issue 40.

- AFFIRM:** No position.
- AG:** No. Support OPC's position.
- AIF:** AIF supports FPL position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Agree with OPC.
- FRF:** No.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- ISSUE 44:** In future dismantlement studies filed with the Commission, should FPL consider alternative demolition approaches?
- FPL:** FPL consistently considers the appropriateness of alternative demolition approaches in its studies.
- OPC:** Yes.
- AFFIRM:** No position.
- AG:** Yes
- AIF:** No position.
- CSD:** The City of South Daytona incorporates and adopts the positions of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Yes.

FRF: Agree with OPC.
SFHHA: No position.
SCU-4: No position.
UNGER: Agrees with OPC.
STAFF: Staff has no position at this time.

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: INTENTIONALLY BLANK.

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

FPL: No. Both over-recoveries and under-recoveries should be removed from rate base, because they both pay or earn a return through the appropriate cost recovery clause mechanism.

OPC: Consistent with Commission practice, clause overrecoveries are included (as a reduction) and underrecoveries are excluded from working capital. Overrecoveries represent funds the Company owes to customers that if excluded from working capital, customers would be providing the interest that the Company returned to them in the clause. In the clause, underrecoveries are collected from customers at the commercial paper rate. If clause underrecoveries are included in base rates, the company would receive a double return on the underrecovery.

AFFIRM: AFFIRM has no position.

AG: Support OPC's position.

AIF: AIF supports FPL position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.¹

FRF: Agree with OPC. Please note that the FRF opposes granting any subsequent year adjustment in this case, and that where the FRF takes specific positions on issues for 2011, it does so only in order to preserve its rights in the event that the Commission does decide to consider granting additional rate increases in 2011.

SFHHA: Adopt OPC's position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 47: Are the costs associated with Advanced Metering Infrastructure (AMI) meters appropriately included in rate base?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: Yes. FPL has been focused on AMI solutions for several years, and has a deployment plan in place to install "Smart Meters" for over four million residential and small/medium business customers. The costs associated with AMI are based on this deployment plan and have been properly included in rate base for 2010 and 2011.

OPC: No position.

AFFIRM: AFFIRM has no position

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

¹ Per the discussion at the Prehearing Conference, FIPUG will not continue to reiterate its objection to the 2011 test year, noting that such objection is to be presumed for all issues related to the 2011 test year. FIPUG preserves its objections to the 2011 test year in Issues 5-7.

FRF: Agree with OPC.

SFHHA: No. The Company has failed to reflect grants available from the U.S. Department of Energy as a reduction in the AMI meter costs.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested levels of Plant in Service are appropriate. (Barrett, Ousdahl)

OPC: First, plant adjustments are appropriate to reflect the appropriate jurisdictional factors as addressed in Issue 16. Second, plant should be reduced by the projected \$20 million grant available to FPL to reduce the costs of advanced meters and other smart grid investments. Third, 2010 plant should be reduced by \$784 million to reflect FPL's actual capital expenditure reductions in 2009 annualized forward into 2010. As reflected on SLB-26 Revision 2, jurisdictional plant for each year is as follows:
A. 2010: \$27,914,655,000
B. 2011: \$29,667,845,000

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: A.: No. The appropriate level of Plant in Service for the 2010 test year is \$27,914,655,000.

B.: 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 \$29,667,845,000.

SFHHA: No. FPL has cut its planned capital expenditures in 2009 and a rate base adjustment is necessary to reflect these cuts. Therefore, FPL's plant investment included in rate base should be reduced to reflect these capital expenditure reductions on an annualized basis, both for the annualized 2009 reductions carried forward into 2010 and for reductions of similar magnitude in 2010 carried forward into 2011. This results in a \$784 million reduction to rate base for the 2010 test year and an additional \$523 million reduction to rate base in the 2011 subsequent projected test year, assuming the annualized 2009 and 2010 reductions carried forward into 2011 and reductions of similar magnitude in 2011. The net result of SFHHA recommendation is that plant in service for the test year should be \$27,504,000,000.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position on Issue 50 at this time.

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

FPL: Yes, the accumulated depreciation reserves for the projected and subsequent projected test years, 2010 and 2011, are appropriate, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: Corresponding adjustments are appropriate as a result of the recommended adjustments in Issues 18-39 (depreciation) and Issue 50 (plant). As reflected on SLB-26 Revised, jurisdictional accumulated depreciation for each year is as follows:

- A. 2010: \$12,175,597,000
- B. 2011: \$12,321,306,000

AFFIRM: AFFIRM has no position.

AG: Support OPC's position.

- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** See recommended adjustments under Issue 19.
- FRF:** A. No. The appropriate amount of jurisdictional accumulated depreciation for 2010 is \$12,175,597,000.
B. No. The appropriate amount of jurisdictional accumulated depreciation for 2010 is \$12,321,306,000.
- SFHHA:** No. FPL's rate base should be reduced by the net effects of SFHHA recommendations to adjust depreciation expense.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- ISSUE 52:** Is FPL's proposed adjustment to CWIP for the Florida EnergySecure Line (gas pipeline) appropriate?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?
- FPL:** Yes. On January 1, 2010 the pipeline should be transferred from the deferred debit account to CWIP and AFUDC will be recorded thereafter.
- OPC:** No position.
- AFFIRM:** AFFIRM has no position.
- AG:** No position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.

FIPUG: Agree with OPC.

FRF: A. No position.
B. The Commission should not grant a subsequent year adjustment for 2011.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested levels of CWIP are appropriate.

OPC: No. As reflected on SLB-26 Revised, adjustments are necessary to reflect the appropriate jurisdictional factors as addressed in Issue 16. The appropriate jurisdictional amounts are as follows:
A. 2010: \$692,754,000
B. 2011: \$750,081,000

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: A. No. The appropriate amount of CWIP for 2010 is \$692,754,000.
B. No. If applicable, the appropriate amount of CWIP for 2011 would be \$750,081,000.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested levels of Property Held for Future Use are appropriate.

OPC: No. As reflected on SLB-26 Revised, adjustments are necessary to reflect the appropriate jurisdictional factors as addressed in Issue 16. The appropriate jurisdictional amounts are as follows:
A. 2010: \$70,432,000
B. 2011: \$67,725,000

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: A. Agree with OPC.
B. For the reasons set out in Issues 5-7, the Commission should not consider 2011.

FRF: A. No. The appropriate jurisdictional amount of PHFFU for 2010 is \$70,432,000.
B. No. If applicable, the appropriate jurisdictional amount of PHFFU for 2011 would be \$67,725,000.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. FPL's proposed accruals are appropriate for the 2010 and 2011 projected test years. Amounts are in accordance with the Commission order No. PSC-02-055-PAA-EI and consistent with prior Commission findings. The proposed adjustment as set forth in witness Ousdahl's direct testimony pages 27 and 28 should be approved.

OPC: No. FPL's current accrual for end-of-life materials and supplies and last core nuclear fuel should be suspended and no increase should be allowed. FPL's decommissioning funds are over-funded to the extent that excess funds should be available to reimburse FPL for its end-of-life materials and supplies and last core nuclear fuel. In addition, the nuclear amortization should be discontinued and the December 31, 2009 balance transferred to the end-of-life materials and supplies and last core reserves. The revenue impact is \$4.9 million in 2010, Exhibit SLB-23, and \$4.3 million in 2011 Exhibit SLB-23.

AFFIRM: AFFIRM has no position.

AG: No position at this time

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. Agree with OPC.

FRF: No. Agree with OPC that FPL's current accrual for end-of-life materials and supplies and last core nuclear fuel should be suspended and no increase should be allowed, that the nuclear amortization should be discontinued and the December

31, 2009 balance transferred to the end-of-life materials and supplies and last core reserves, and that the revenue impacts are as shown by Witness Sheree Brown.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: Yes. The nuclear fuel assets should be included in rate base like any other investment providing utility service to customers.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: No position.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested levels of Nuclear Fuel are appropriate.

OPC: No. As reflected on SLB-26 Revision 2, adjustments are necessary to reflect the appropriate jurisdictional factors as addressed in Issue 16. The appropriate jurisdictional amounts are as follows:
A. 2010: \$374,772,000
B. 2011: \$408,163,000

AFFIRM: AFFIRM has no position.

AG: No position at this time.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF:
A. No. The appropriate amount of Nuclear Fuel for 2010 is \$374,772,000.
B. No. If applicable, the appropriate amount of Nuclear Fuel for 2011 would be \$408,163,000.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. In Order No. PSC-09-0013-PAA-EI, Docket No. 070432-EI, issued on January 5, 2009, the Commission granted FPL recovery of these costs and

provided for amortization of \$34.1 million of these costs over a five-year period beginning on January 1, 2010.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested levels of Working Capital are appropriate. (Barrett)

OPC: No. As reflected on SLB-26 Revision 2, adjustments are necessary to reflect the appropriate jurisdictional factors as addressed in Issue 16 and further adjustments may be necessary pending the resolution of other working capital issues. The appropriate jurisdictional amounts for working capital are as follows: (Brown)
A. 2010: \$167,502,000
B. 2011: \$306,905,000

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: A. No. The appropriate amount of working capital for 2010 is \$167,502,000.
B. No. If applicable, the appropriate amount of working capital for 2011 would be \$306,905,000.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 63: Is FPL's requested rate base appropriate?
A. For the 2010 projected test year in the amount of \$17,063,586,000?
B. If applicable, for the 2011 subsequent projected test year in the amount of \$17,880,402,000?

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested rate base amounts are appropriate.

OPC: No. As reflected on SLB-26 Revision 2, adjustments are necessary to reflect the appropriate jurisdictional factors as addressed in Issue 16 and further adjustments are necessary pending the resolution of other rate base issues. The appropriate jurisdictional amounts for rate base are as follows:
A: 2010: \$17,044,518,000
B: 2011: \$18,879,413,000

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position

AIF: AIF asserts that FPL's requested rate base is appropriate and should be approved.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. The adjustments recommended by Intervenors should be made.

FRF:

- A. No. The appropriate rate jurisdictional rate base amount for 2010 is \$17,044,518,000.
- B. No. The appropriate rate jurisdictional rate base amount for 2011 is \$18,879,413,000.

SFHHA: No.

- A. FPL's rate base for the 2010 projected test year should be reduced by \$552 million based on SFHHA recommendations.
- B. FPL's rate base for the 2011 subsequent projected test year should be reduced by an additional \$523 million based on SFHHA recommendations.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The appropriate amount of accumulated deferred income taxes to be included in the capital structure on a total Company basis is \$3,351,931,000 and on a jurisdictionally adjusted basis is \$2,723,327,000 for the 2010 projected test year. For the projected 2011 subsequent test year, the total Company basis is \$3,417,608,000 and the jurisdictionally adjusted basis is \$2,655,102,000. These amounts are subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16 for the 2010 and 2011 test and subsequent years.

OPC: Corresponding adjustments are appropriate to reflect plant, depreciation and other adjustments that impact the amount of deferred taxes expense during the test year,

including the proper jurisdictional allocations. Based on OPC witness Brown's Exhibit SLB-26-Revision 2, deferred taxes should be as follows:

A. 2010: \$3,445,529,000 after an adjustment of \$93,598,000.

B. 2011: \$3,737,349,000 after an adjustment of \$319,741,000.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position

AIF: AIF supports FPL position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC as to the levels of accumulated deferred taxes. Please note that the FRF opposes granting any subsequent year adjustment in this case, and that where the FRF takes specific positions on issues for 2011, it does so only in order to preserve its rights in the event that the Commission does decide to consider granting additional rate increases in 2011..

SFHHA: ADIT is jurisdictional to the FPL retail ratepayers and should not be reduced for "prorata adjustments" to reconcile the Company's capitalization to rate base. FPL should include \$3,313.373 million of accumulated deferred income taxes in its jurisdictional capital structure for the 2010 projected test year.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: The appropriate amount for the unamortized investment tax credits to be included in the capital structure on a total Company basis is \$63,939,000 and on a jurisdictionally adjusted basis is \$56,983,000 for the 2010 projected test year. For the 2011 subsequent projected test year, the total Company basis is \$191,748,000 and the jurisdictionally adjusted basis is \$161,290,000. The appropriate cost rate

to be used for unamortized investment tax credits is 9.74% for 2010 and 9.77% for 2011. These amounts and the cost rates are subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16 for the 2010 and 2011 test and subsequent years.

OPC: The appropriate cost rate should reflect the weighted average cost rate of investor sources of capital (long and short-term debt, equity). Corresponding adjustments are appropriate to reflect the proper jurisdictional allocation factors. Based on OPC witness Brown's Exhibit SLB-26-Revision 2, unamortized investment tax credits should be as follows:

- A. 2010: \$63,939,000 at 7.41%.
- B. 2011: \$191,748,000 at 7.40%.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position

AIF: Support position of FPL.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: ITCs are jurisdictional to the FPL retail ratepayers and should not be reduced for "prorata adjustments" to reconcile the Company's capitalization to rate base. The appropriate amount of the unamortized investment tax credits to include in the capital structure is \$63.212 million, and the appropriate cost rate for that amount is 9.05%.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 67: What is the appropriate cost rate for short-term debt?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: The appropriate cost rate for short-term debt for the 2010 test year is 2.96% and for the 2011 subsequent projected test year is 4.61%, which includes both interest charges related to commercial paper borrowings based on the 30 day forward LIBOR curve as of November 30, 2008 and fixed costs related to maintaining back-up credit facilities to support FPL's commercial paper program.

OPC: The appropriate cost of short-term debt is as follows:
A. 2010: 2.27%.
B. 2011: 2.27%.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: A. Agree with OPC: 2.27%.
B. Agree with OPC: 2.27%.

SFHHA: The appropriate cost rate for short term debt is 0.60%.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 68: What is the appropriate cost rate for long-term debt?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: The appropriate cost rate for long-term debt is 5.55% for 2010 and 5.81% for 2011. It is calculated by taking the weighted average cost rate of the Company's existing debt and projected debt offerings in 2009, 2010 and 2011. The projected debt issuances for 2009, 2010 and 2011 utilized projected rates derived from the Blue Chip Financial Forecasts.

OPC: The appropriate cost of long-term debt is as follows:
A. 2010: 5.14%.
B. 2011: 5.14%.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC: 5.14%.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 69: Have rate base and capital structure been reconciled appropriately?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 rate base and capital structure have been reconciled appropriately.

OPC: No. Specific Adjustments should be made to customer deposits, ADIT and ITC based on corresponding rate base adjustments. No further prorata adjustments to these accounts should be made to reconcile the Company's capital structure to rate base.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF supports FPL positions.

- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Agree with OPC.
- FRF:** A. No position.
B. The Commission should not grant a subsequent year adjustment for 2011.
- SFHHA:** No. Customer deposits, ADIT and ITC should not be reduced for prorata adjustments to reconcile the Company's capitalization to rate base. FPL should include Customer Deposits of \$626.383 million at a cost of 5.98%, ADIT of \$3,313.373 million at a cost of 0%, and ITC at a cost of 9.05%.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- ISSUE 70:** Has FPL appropriately described the actual 59.6% 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?
- FPL:** The issue, as worded, mischaracterizes the Company's actual capital structure. FPL does not have an actual equity ratio of 59%. Before any Commission Adjustments, FPL's actual equity ratio per books is approximately 55.6% based on a 13 month average as shown on Exhibit AP-12. FPL's regulatory capital structure, which accounts for Commission required specific adjustments, is approximately 59% (investor sources only). In assessing the appropriate capital structure for FPL, it is essential to recognize the debt-equivalence of purchased power obligations, consistent with financial market expectations and impacts. This results in an adjusted equity ratio of 55.8%. FPL is not asking to impute or project equity that is not actually invested in the Company.
- OPC:** No. Typically, when other electric utilities attempt to invoke the "S&P methodology" to adjust the capital structure to reflect S&P's treatment of power purchase contracts, they seek to add an increment of equity that they don't have on their books. FPL's actual equity ratio is so high that it seeks to make its actual 59% equity ratio appear lower than it really is. FPL argues that imputing \$949 million of additional debt associated with power purchase contracts would yield an "adjusted equity ratio" of 55.8%. The argument is misleading, in that FPL proposes to use 59% for ratemaking purposes. The adjustment is unwarranted in

any event. The Commission assures FPL of recovery of PPA costs through a cost recovery clause, so there is no risk that warrants FPL's argument. Besides, not every rating agency regards PPAs as risky: Moody's views them as potentially positive.

AFFIRM: AFFIRM has no position.

AG: No. Adopt OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. The Commission should reject FPL's request to impute \$949.3 million of debt related to purchase power contracts. Such contracts are a direct pass through to ratepayers and represent no risk to FPL. In the recent TECO rate case, the Commission rejected a similar request for a PPA adjustment.

FRF: No. Agree with OPC.

SFHHA: No. See response to Issue 69.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: FPL's capital structure should remain at approximately 55.8% equity (as a percentage of investor sources of funds on an adjusted basis). Maintaining FPL's capital structure will indicate to the capital markets the Commission's continued commitment to support the financial integrity of the company and provide the financial flexibility and resilience needed to absorb unexpected financial shocks, such as a substantial hurricane or a credit liquidity crisis as was experienced during the fourth quarter of 2008, as well as to support FPL's estimated \$16 billion in capital investment and construction requirements over the next five years.

OPC: FPL proposes to use its actual 59% equity ratio. This is far too high, in view of the responsibility of an electric utility to minimize revenue requirements borne by customers by employing a reasonable amount of debt leverage in its capital structure. FPL's proposal is far higher than typical electric utilities, who maintain equity ratios in the mid- to high-40s. It is also higher than the level that FPL projects to carry in the near future. OPC witness Dr. Woolridge recommends the Commission use 54%, but cautions that this figure is higher than FPL's risk profile would warrant, meaning that the Commission should adjust the allowed return on equity downward to reflect the relatively low financial risk associated with a 54% equity ratio.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: The appropriate common equity ratio for FPL is 50.2% on an unadjusted basis. FPL's requested equity ratio of 59.6% is unreasonably high and is over 900 basis points higher than comparably rated utilities. Further, the Commission should reject FPL's request to impute \$949.3 million of debt related to purchase power contracts. Such contracts are a direct pass through to ratepayers and represent no risk to FPL. In the recent TECO rate case, the Commission rejected a similar request for a PPA adjustment.

FRF: Agree with OPC.

SFHHA: FPL should be using a 41.07% equity ratio for ratemaking purposes in this proceeding after consideration of other non-investor supplied cost-free or lower cost sources of capital.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the proposed capital structure as presented on MFR D-1A for both the 2010 test year and the 2011 subsequent projected test year is appropriate. This existing capital structure has served customers well by helping support high quality service at low rates, while enabling FPL to successfully weather financial challenges such as the impact of major hurricanes and of the recent credit crisis. Maintaining this capital structure will indicate to the capital markets the Commission's continued commitment to support the financial integrity of the Company and provide the ability to attract capital required for FPL to meet its customers' electric service needs.

OPC: A. The appropriate capital structure for FPL in this proceeding for 2010 is 43.64% common equity; 33.51% Long Term Debt; 3.00% Customer Deposits; 3.02% Short Term Debt; 16.52% Deferred Income Taxes; 0.31% Investment Tax Credits.

B. The appropriate capital structure for FPL in this proceeding for 2011 is 42.68% common equity; 34.25% Long Term Debt; 2.93% Customer Deposits; 2.60% Short Term Debt; 16.69% Deferred Income Taxes; 0.86% Investment Tax Credits.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF supports FPL position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: See Issues 71-72.

FRF: Agree with OPC.

SFHHA: The appropriate capital structure for FPL in this proceeding is 41.07% common equity; 32.38% Long Term Debt; 3.62% Customer Deposits; 3.44% Short Term Debt; 19.13% Deferred Income Taxes; 0.36% Investment Tax Credits. Customer

Deposits, Deferred Income Taxes and Investment Tax Credits are jurisdictional to the FPL retail ratepayers and should not be reduced for “prorata adjustments” to reconcile the Company’s capitalization to rate base.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 80: What return on common equity should the Commission authorize in this case?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: The Commission should authorize 12.5% as the return on common equity for both 2010 and 2011. Granting FPL’s requested return on equity will appropriately take into account overall utility industry risks, as well as FPL’s company-specific risk factors, such as (i) the need to invest \$16 billion to provide service over the next five years; (ii) the Company’s operation of nuclear plants and development of new nuclear plants; (iii) high exposure to natural gas price volatility and related hedging requirements; and (iv) FPL’s uniquely high level of hurricane risk exposure both in terms of geographical distribution of assets and likelihood of hurricane strikes. Granting FPL’s requested return on common equity is critical to maintaining FPL’s financial strength and flexibility, and will help FPL attract the large amounts of capital that are needed to serve its customers on reasonable terms.

OPC: FPL’s request grossly overstates the return on equity currently required to attract equity capital on reasonable terms. Taking into consideration the myriad of factors that influence the cost of capital, including but not limited to the proper application of a discounted cash flow analysis, a reasonable premium above current risk-free rates required by equity investors, and FPL’s low (relative to other electric utilities) risk—as exemplified by its high equity ratio and the fact that it receives 61% of its revenues through cost recovery clauses operating outside base rates, a fair and reasonable return on equity for FPL is 9.5%.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC’s position

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: FPL's request for an ROE of 12.5% is unreasonable and should be rejected given financial conditions today. Further, FPL's ROE should not be increased for "good" service. As a monopoly provider, it is part of FPL's regulatory compact to provide quality service. It should not be "rewarded" for doing what it is required to do. FPL's ROE should be set no higher than 9.5% as recommended by Public Counsel's witness.

FRF:
A. 9.5%.
B. The Commission should not grant a subsequent year adjustment for 2011. If granted, the appropriate ROE is 9.5%.

SFHHA: The Commission should authorize a 10.4% return on equity in this case.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the weighted average cost of capital is 8.00% for 2010 and 8.18% for 2011. The associated components, amounts and cost rates are reflected in FPL's MFR D-1a for the 2010 and 2011.

OPC: The appropriate weighted average cost of capital for each respective test year is as follows:

<u>Cost of Capital Per OPC</u>	<u>Company</u>				<u>Cost Rate</u>	<u>Overall Rate of Return</u>
	<u>Total per Books</u>	<u>Specific Adjustments</u>	<u>Pro Rata Balance</u>	<u>Ratio</u>		
2010						
Long Term Debt	\$6,991,554	\$0	\$6,991,554	33.51%	5.14%	1.72%
Customer Deposits	\$626,383	\$0	\$626,383	3.00%	5.98%	0.18%
Common Equity	\$9,103,999	\$0	\$9,103,999	43.64%	9.50%	4.15%
Short Term Debt	\$629,647	\$0	\$629,647	3.02%	2.27%	0.07%
Deferred Inc Tax	\$3,351,931	\$93,598	\$3,445,529	16.52%	0.00%	0.00%
ITC	<u>\$63,939</u>	<u>\$0</u>	<u>\$63,939</u>	<u>0.31%</u>	7.41%	<u>0.02%</u>
Total	<u>\$20,767,453</u>	<u>\$93,598</u>	<u>\$20,861,051</u>	<u>100.00%</u>		<u>6.14%</u>

2011	Company Total	Specific Adjustments	Pro Rata Balance	Ratio	Cost Rate	Overall Rate of Return
<u>Capital Structure Per OPC</u>	<u>per Books</u>					
Long Term Debt	\$7,670,689		\$7,670,689	34.25%	5.14%	1.76%
Customer Deposits	\$656,855		\$656,855	2.93%	5.98%	0.18%
Common Equity	\$9,559,882		\$9,559,882	42.68%	9.50%	4.05%
Short Term Debt	\$582,762		\$582,762	2.60%	2.27%	0.06%
Deferred Inc Tax	\$3,417,608		\$3,417,608	16.69%	0.00%	0.00%
ITC	\$191,748	\$0	\$191,748	0.86%	7.40%	0.06%
Total	<u>\$22,079,544</u>	<u>\$0</u>	<u>\$22,399,285</u>	<u>100.00%</u>		<u>6.11%</u>

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: Long Term debt should consist of 32.38% of FPL's capital structure at a cost of 5.55%, resulting in a weighted average cost of 1.80%. Customer deposits should consist of 3.62% of FPL's capital structure at a cost of 5.98%, resulting in a weighted average cost of 0.22%. Short term debt should consist of 3.44% of FPL's capital structure at a cost of 0.60%, resulting in a weighted average cost of 0.02%. Deferred Income Taxes should consist of 19.13% of FPL's capital structure at a cost of 0%, resulting in a weighted average cost of 0%. Investment tax credits should consist of 0.36% of FPL's capital structure at a cost of 9.05%, resulting in a weighted average cost of 0.043%. Common Equity should consist of 41.07% of FPL's capital structure at a cost of 10.40%, resulting in a weighted average cost of 4.27%.

	Jurisdictional			
<u>Capital Structure</u>	<u>Adjusted Capital</u>	<u>Capital Ratio</u>	<u>Cost Rate</u>	<u>Weighted Avg Cost</u>
Long Term Debt	\$5,607.724	32.38%	5.55%	1.80%
Customer Deposits	\$626.383	3.62%	5.98%	0.22%
Short Term Debt	\$595.631	3.44%	0.60%	0.02%
Deferred Income Tax	\$3,313.373	19.13%	0.00%	0.00%
Investment Tax Credits	\$63.212	0.36%	9.05%	0.04%
<u>Common Equity</u>	<u>\$7,112.837</u>	<u>41.07%</u>	<u>10.40%</u>	<u>4.27%</u>
<u>Total Capital</u>	<u>\$17,319.161</u>	<u>100.00%</u>		<u>6.34%</u>

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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 and customer growth for use in forecasting?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: The appropriate inflation, customer growth for use in forecasting for the 2010 projected test year and the 2011 subsequent projected test year are those provided in MFR F-8. These factors shown in MFR F-8 were appropriately developed and represent reasonable expectations regarding inflation, customer growth and other trend factors.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC. Please note that the FRF opposes granting any subsequent year adjustment in this case, and that where the FRF takes specific positions on issues for 2011, it does so only in order to preserve its rights in the event that the Commission does decide to consider granting additional rate increases in 2011.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Capacity charges associated with St. Johns River Power Park (SJRPP) and certain capacity related revenues that are currently in base rates should be removed for year 2010 and 2011 from base rates and included in the capacity clause in order to be consistent with the recovery mechanism for other capacity arrangements and to comply with the Commission's decision in Order No. 25773, Docket No. 910794-EQ.

OPC: No. The net capacity charges should continue to be recovered in base rates and should not be moved to the CCRC.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF has no position.

CSD: No.

FEA: No position.

FIPUG: No. Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. FPL has made the appropriate test years adjustments to remove fuel revenues and expenses recoverable through the Fuel Adjustment Clause, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: No.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: Yes. FPL has made the appropriate test years adjustments to remove conservation revenues and expenses recoverable through the Conservation Cost Recovery Clause, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: No.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: Yes. FPL has made the appropriate test years adjustments to remove capacity revenues and expenses recoverable through the Capacity Cost Recovery Clause, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: No.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. FPL has made the appropriate test years adjustments to remove environmental revenues and expenses recoverable through the Environmental Cost Recovery Clause, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: No.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The proposed Company adjustment to the 2010 projected test year and the 2011 subsequent projected test year for C/I Demand Reduction Rider Incentive Credits and Offsets is appropriate. These revenues were inadvertently not included in the per books forecast of operating revenues and should be included as a Company adjustment.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position at this time pending discovery by Staff.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 89: Is an adjustment appropriate to FPL's Late Payment Fee Revenues if the minimum Late Payment Charge is approved in Issue?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: Yes. FPL has identified that Late Payment Fee revenues should be increased by \$751,895 in 2010 and \$775,931 in 2011. This adjustment is identified in FPL witness Ousdahl's Exhibit KO-16. No other adjustment is appropriate.

OPC: Yes. Late payment revenue should be increased to eliminate FPL's 30% behavior modification adjustment and 2% write-off; to average 2007/2008 late payments on percentage to total bills for behavior modifications; and reduce revenues for customers not subject to the minimum fee to reflect lower anticipated revenues for 2010. Other revenues per year should be increased by:
A. 2010: \$25,024,251, total \$117,701,025.
B. 2011: \$26,034,753, total \$119,771,078.

FPL treated the proposed increases in Miscellaneous Service Fees as an offset to the revenue deficiency. (Brown)

AFFIRM: AFFIRM has no position.

AG: Such charges should not be allowed, as discussed in the response to Issue 145; otherwise adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 90: Are any adjustments necessary to FPL's Revenue Forecast?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: All necessary adjustments to FPL's revenue forecast are listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: Yes. Revenues should be increased by \$46,500,182 in 2010 and \$40,351,388 in 2011. See Issues 3 and 7.

AFFIRM: AFFIRM has no position.

AG: Yes. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF:
A. Yes. Agree with OPC that FPL's 2010 revenues should be increased by \$46,500,182.
B. Yes. Agree with OPC that FPL's 2011 revenues should be increased by \$40,351,388.

SFHHA: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

SCU-4: No position.

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

FPL: Yes, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, FPL's projected levels of Total Operating Revenues are appropriate for the a) 2010 projected test year and b) the 2011 subsequent projected test year.

OPC: No. Revenues should be increased by \$46,500,182 in 2010 and \$40,351,388 in 2011. See positions 3 and 7.

AFFIRM: AFFIRM has no position.

AG: No. Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: A. No. Agree with OPC.
B. No. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 92: Has FPL made the appropriate adjustments to remove charitable contributions?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: Yes. FPL has reflected the amounts applicable to charitable contributions below the line for the projected test year 2010 and for the subsequent test year 2011. Therefore, no adjustment to remove charitable contributions from net operating income is required.

OPC: No position .

AFFIRM: AFFIRM has no position.

AG: No position.

- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Agree with OPC.
- FRF:** Agree with OPC.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- 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?
B. If applicable, for the 2011 subsequent projected test year?
- FPL:** No, FPL Historical Museum expenses are properly classified as operating expenses above the line.
- OPC:** OPC: Yes. Test year expenses should be reduced by \$45,470 in 2010 and \$46,764 in 2011 for contributions FPL made to the Historical Museum consistent with Commission practice.
- AFFIRM:** AFFIRM has no position.
- AG:** Yes. Support OPC's position
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Yes. Agree with OPC.

FRF: A. Yes. Agree with OPC.
B. Yes. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 94: Should an adjustment be made for FPL's Aviation cost for the test year?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: No. FPL properly forecasted the FPL portion of aviation expenses for the projected and subsequent projected test years.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

A. For the 2010 projected test year?

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

FPL: Yes, FPL has included the appropriate cost savings associated with AMI in 2010 and 2011. The savings for AMI only occur as the meters are deployed, and after all components and supporting processes are fully developed, tested and implemented. The testimony of intervenors suggesting savings be in direct proportion to the number deployed by year is unrealistic.

OPC: A. No, FPL has not included the appropriate amount of estimated savings from the installation of the AMI meters.

B. No, FPL has not included the appropriate amount of estimated savings from the installation of the AMI meters.

AFFIRM: AFFIRM has no position.

AG: Support OPC's position

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No, FPL has failed to include the pro rata amount of estimated savings from the installation of the AMI meters.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

A. For the 2010 projected test year?

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

FPL: Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the appropriate level of Bad Debt Expense is:
A. 2010: \$32,511,098
B. 2011: \$24,592,308

OPC: FPL overstated the revenue projections used in its regression analysis for calculating its bad debt factors by using higher revenues than those reflected in its load forecast modeling and test year projections. Second, while FPL included increased costs for enhanced revenue collection and assistance programs, it did not impute the benefits of these programs to reflect a sufficient level of write-off savings. To determine the correct balance, first use FPL's updated net write-off forecast from December 1, 2008. The 2010 and 2011 test year net write-offs should then be reduced by the impacts of additional automatic bill payments and the incremental avoided write-offs (Exhibit SLB-5). After calculating the bad debt expense from the December 1, 2008 model, as adjusted, the net write-off percentage should be applied to test year revenues. Per Revised Exhibit SLB-6, the appropriate amount of bad debt expense for each year is as follows:

A. 2010: Bad debt factor: 0.00183; bad debt expense: \$19,751,466; gross decrease to bad debt expense without transfer to clauses: 2,608,091.

B. 2011: Bad debt factor: 0.00146; bad debt expense: \$15,193,637; gross decrease to bad debt expense without transfer to clauses: \$2,203,439 giving total bad debt with transfer to clauses of \$5,688,649.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The Company adjustment proposed removes estimated bad debt expense related to clause revenues from base rates and includes the clause related bad debt expense with the clause revenues giving rise to the bad debt exposure itself. Beginning in 2010, FPL's bad debt expense associated with clause revenue would be recovered through the clauses. The Company adjustment is subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No, bad debt expense should continue to be recovered through base rates.

A. 2010: Bad debt factor: 0.00193; bad debt expense: \$19,751,466; gross decrease to bad debt expense without transfer to clauses: \$2,203,439, giving total bad debt with transfer to clauses of \$7,228,561.

B. 2011: Bad debt factor: 0.00150; bad debt expense: \$15,565,771; gross decrease to bad debt expense without transfer to clauses: \$2,166,351, giving total bad debt with transfer to clauses of \$5,688,649.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: No. FPL's payroll budget is a reasonable projection of what is required for the Company to most efficiently deliver on its commitments to customer service and reliability. FPL's staffing-level forecasts are management's reasonable estimates of what is required to do the work based on optimal staffing levels. Every effort is made to fill the forecast positions, but a number of factors have made it increasingly difficult for the Company to fill all open positions. Among these are the massive fluctuations in the South Florida housing market, limited availability of a technical and engineering related labor force, workforce demographics including growing numbers reaching retirement eligibility, and the fiscal constraints the Company has placed on the competitiveness of its pay and benefits package. All of these factors have historically resulted in the hiring process lagging slightly behind expectations. But this does not mean that the Company does not incur the costs corresponding to the budgeted headcount in ensuring that the budgeted work is completed. FPL's historical experience is that vacancies have resulted in actual gross payroll (including overtime) exceeding the budget projections. This, not headcount, is the appropriate measure of FPL's true costs.

OPC: Jurisdictional payroll expenses should be reduced by \$12.507 million in 2010 and \$13.068 million in 2011 to recognize the historical average of unfilled positions. Jurisdictional payroll expenses should be increased by \$3.262 million in 2010 and \$3.414 million in 2011 to recognize additional overtime requirements as a result of the unfilled positions.

AFFIRM: AFFIRM has no position.

AG: Support OPC.

AIF: Support position of FPL.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: No. FPL's forecasted productivity, as measured by payroll per customer, included in the 2010 test year and the 2011 subsequent year is reasonable and reflects lower rates of growth than the historic periods of 2006 through 2008. Moreover, total cost performance, rather than performance on only one component of costs, is more important to customer bills. FPL has demonstrated superior cost performance over a sustained period of time with total non-fuel O&M per customer levels that were best-in-class among 27 peer companies over the period 1998-2007 and costs levels about half of that peer group average. FPL's corporate commitment to superior operating efficiency has put the Company in the enviable position of being a low cost provider. FPL cannot reasonably be expected to achieve substantial additional operating cost savings beyond those which it has already achieved through its demonstrated commitment to managing costs. In order to ensure that customers continue to receive the level of service that FPL has historically provided, O&M expenses must be allowed to reflect a level commensurate with the operational improvements necessary to continue to provide exemplary service to customers.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: Support position of FPL.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes.

FRF: Agree with OPC.

SFHHA: Yes. FPL has managed its O&M expenses in the past so that annual increases have been less than the rate of inflation. Such productivity gains are produced through capital investments that are already reflected in FPL's rate base. Therefore, FPL's customers should receive the benefit of any such capital investments. The Commission should reduce FPL's O&M expense by at least \$36.519 million and the revenue requirement by \$36.641 million to properly account for productivity improvements. The recognition of productivity improvements will have the effect of reducing FPL's proposed payroll expense amount by \$30.917 million. As a result, there also will be reductions of \$1.995 million in the related payroll tax expense and \$3.607 million in the related fringe benefits expense

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The requested head count increase represents the number of employees needed to support the level of effort necessary to ensure safe and reliable operations of our nuclear plants. Due to the specialized nature of requirements for nuclear experience, it is imperative that an experienced nuclear operator train its employees. It can take as long as 8-9 years to develop an operator candidate into a senior reactor operator. Additionally, other positions can take 1-3 years to train. FPL will need to hire to forecasted amounts to ensure adequate staffing to prudently plan for attrition and retirements, both of which are inevitable in managing a large workforce.

OPC: No. Nuclear production O&M expenses should be reduced by \$21.852 million (payroll, taxes and benefits) to eliminate the Company's request for increased nuclear staffing attrition and training requirements. (Agree with SFHHA witness Kollen's testimony.)

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position

AIF: Support position of FPL.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. Agree with OPC.

FRF: No. Agree with OPC.

SFHHA: No. The company has already increased its nuclear staffing levels in recent years to address attrition and retirements. Since, September, 2008 FPL has actually been reducing its nuclear production staffing. The Commission should reduce FPL's nuclear production O&M expense by \$21.852 million to eliminate FPL's request for increased staffing.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 103: Should an adjustment be made to FPL's requested level of Salaries and Employee Benefits?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: No. There should be no adjustment to salaries and benefits for either year. The projected level of total compensation and benefits expense for both the 2010 Test and 2011 Subsequent Years is appropriate and reasonable. The reasonableness is demonstrated in a number of ways, including comparison of FPL's salaries to the relevant comparative market, comparison of growth of the total costs to principal inflation indices, comparison of FPL's salary cost and productivity measures to those of similar utilities, and comparison of relative value of benefits programs to other utility and general industry companies. Compensation to employees is a necessary cost of providing safe, efficient and reliable service to customers. As such, 100% of reasonable compensation costs should be included for ratemaking purposes. FPL's overall incentive compensation program aligns shareholder and customer interests.

OPC: See Issues 100-102, 104 and 105.

AFFIRM: AFFIRM has no position.

AG: See response to Issues 100-102, 104 and 105.

AIF: Support position of FPL.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: Yes. The Commission should reflect a productivity adjustment and eliminate the Company's proposed increase in nuclear staffing levels.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 106: Should an adjustment be made to Pension Expense?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: No. The pension amounts were estimated from an actuarial calculation for the 2010 and 2011 FPL Group plan costs and related obligations using consistent methodologies and reasonable, supportable assumptions.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: Support position of FPL.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

STAFF: Staff has no position at this time.

UNGER: Agrees 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?

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

FPL: No. The original policy was purchased in a non-base rate setting year, and the purchase was never included in FPL's Environmental Cost Recovery Clause (ECRC). The commutation of this AEGIS policy does not represent an accounting gain and should not be treated as anything other than a change in a period cost.

OPC: Yes. Test year expenses should be reduced by \$8.686 million in both 2010 and 2011, reflecting a 5-year amortization of the environmental insurance refund. The unamortized balance should be treated as a regulatory liability and included as an offset to rate base in the amount of \$39.086 million in 2010 and \$30.400 million in 2011.

AFFIRM: AFFIRM has no position.

AG: Yes. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes. Agree with OPC.

FRF: A. Yes. Agree with OPC.
B. Yes. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Adjustments to the 2010 and 2011 test years are set forth on FPL witness Ousdahl's Exhibit KO-16.

OPC: No. The \$9 million settlement payment from DOE in 2009 should be used to reduce actual fuel costs in the 2009 Fuel Cost Recovery Clause true-up.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: No. Agree with OPC.

SFHHA: Yes. FPL will recover money from the DOE for DOE's failure to dispose of spent fuel from FPL's nuclear generating facilities. The DOE settlement results in FPL receiving ongoing reimbursements. The Commission should reduce FPL's revenue requirement by \$9.030 million to reflect that recovery.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The only appropriate adjustment is to correct affiliate payroll loadings. That adjustment is listed on FPL's witness Ousdahl's Exhibit KO-16.

OPC: Yes. As addressed in Issue 18, the total operating income impact of affiliate adjustments is \$13,844,866 (total company) for 2010 and \$17,992,038 (total company) for 2011. The specific adjustments are discussed below:

*Allocation factor for FPL Group's executive costs (**Former Issue 110**):* To address the problems associated with the size-based nature of the allocation factor and the significant benefits the non-regulated affiliates derive from being associated with FPL and FPL Group, the Commission should distribute shared executive costs of FPL Group between FPL and the non-regulated affiliates with 50% assigned to each. The services provided by the FPL Group executives are generally more strategic in nature and benefit the regulated and non-regulated groups as a whole. The proportion of revenue or property, plant and equipment does not reflect the substantial benefits the non-regulated affiliates receive from these executives. This results in a reduction to test year expenses of \$7,935,976 in 2010 and \$7,906,276 in 2011.

*Affiliate Management Fee Cost Driver allocation factors (**Former Issue 111**):* The megawatts used to allocate the Power Generation Fee should be updated consistent with the Company's disclosures in its 2008 annual report and testimony filed in this proceeding. Cost drivers for which the Company projected no growth should be updated using the average growth in recent years. Test year expenses should be reduced by \$2,284,350 in 2010 and \$5,069,195 in 2011.

*Affiliate Management Fee Massachusetts Formula allocation factors (**Former Issue 112**):* The Company did not provide adequate support for its projections of the Massachusetts Formula components for 2010 and 2011. Ms. Dismukes performed an analysis of the growth of each component from 2008 to 2010. This was then compared to the Company's 2011 projections. In instances where the Company's 2011 projections lacked sufficient support and were not years where the growth appeared abnormal, the average growth from 2008 to 2010 was used. Using this approach, a reduction to 2011 test year expenses of \$1,393,000 should be made.

*Costs charged to FPL by FiberNet (**Former Issue 113**):* The Commission should reduce the return on investment used in the determination of charges to FPL from FPL FiberNet to the return allowed for FPL. There is no need for FPL FiberNet to earn a return in excess of the return allowed for FPL. Using the rate of return recommended by Dr. Woolridge, test year expenses should be reduced by \$1,182,224 in 2010 and 2011.

*Benefit of FPLES margins on gas sales as a result of the sale of FPL's gas contracts to FPLES (**Former Issue 114**):* FPL failed to demonstrate the reasonableness of moving the gas margin revenues to its non-regulated affiliate and whether the gas contracts were sold at the higher of cost or market. Therefore,

FPL's 2010 and 2011 test year revenues should each be increased as reflected on Exhibit KHD-13 to reflect these margins as belonging to FPL.

*Recognize compensation for the services that FPL provides to FLPES for billing on FPL's electric bills (**Former Issue 115**):* If FPL is billing on its electric bills for services that FPLES provides to FPL's residential, commercial, and governmental customers, FPLES should compensate FPL for the use of its personnel, billing systems, collection system, postage, paper and any other costs associated with billing the customer. The amount of the adjustment is pending further development of the record.

*Compensation for the services that FPL provides to FLPES to the extent that FPL service representatives provide referrals or perform similar functions for FPLES (**Former Issue 116**):* To the extent that FPL service representatives provide referrals or perform similar functions for FPLES, FPL should be compensated for this invaluable service. The amount of the adjustment is pending further development of the record.

*Increase power monitoring revenue for services provided by FPL to allow customers to monitor their power and voltage conditions (**Former Issue 117**):* Test year revenues should be increased by \$236,336 for 2010 and \$267,885 for 2011 to reflect the amount of power monitoring revenue projected by the Company.

- AFFIRM:** AFFIRM has no position.
- AG:** Yes. Support OPC's Position
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Yes. Agree with OPC.
- FRF:** A. Yes. Agree with OPC.
B. Yes. Agree with OPC.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: No. Gains and losses arising from transactions with non-regulated affiliates are handled as required by the FERC Uniform system of Accounts and Commission rules. FPL has properly accounted for the types of transactions, and, therefore, no adjustment is needed. (Ousdahl, Santos)

OPC: Yes. Consistent with Commission practice, the gain on sales of utility assets should be passed onto customers and amortized over five years. This increases test year revenue by \$1,090,753 for 2010 and 2011.

AFFIRM: AFFIRM has no position.

AG: Yes. Support OPC's position

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes. Agree with OPC.

FRF: Yes. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff believes that this issue proposed by OPC is subsumed in Issue 109 and should not be included in the Prehearing Order.

ISSUE 118: Issue 118 is intentionally blank.

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?

FPL: FPL does not believe that an order is necessary; however, FPL will commit to notify the Commission when the transfer of FPL-NED assets, which is currently in process, has been finalized.

OPC: Yes. The Commission should ensure that at the time of the transfer of FPL-NED assets to a separate company under FPL Group Capital the assets are transferred at the higher of cost or market as required by its affiliate transaction rules. The Commission should also order an independent appraisal as required by Rule 25-6.1351(d).

AFFIRM: AFFIRM has no position.

AG: Yes. Support OPC's position

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes.

FRF: Yes. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

FPL: No. FPL's requested annual storm damage accrual and target reserve level are needed to address the expected annual storm losses for FPL's extensive and hurricane-prone service territory, key policy considerations underlying storm cost recovery framework and the Commission's policy of determining a reserve balance sufficient to protect against most years' storm restoration costs, but not the most extreme years. Such a level reduces dependence on relief mechanisms such as special assessments, providing more stability in customer bills.

OPC: Yes. The accrual should be eliminated for both test years. Current customers are already paying for past storms and should not be doubly burdened by unknown future storms. To charge current customers for both historical and projected storms would actually cause an inequity to current ratepayers.

AFFIRM: No position.

AG: Yes. Support OPC's position.

AIF: AIF supports FPL position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes. Agree with OPC.

FRF: 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.

SFHHA: Yes. FPL should not be permitted to reestablish an annual storm damage accrual in base rates, including establishment of a storm damage reserve while it continues to collect a storm damage surcharge for these same purposes. The Commission already has determined that the surcharge approach coupled with securitization is a more cost effective means of providing the Company recovery of storm damage costs compared to base rate recovery. The Commission should not revert to the higher cost base rate approach that was in effect prior to the adoption of the securitization statute. If base rate recovery is again permitted, then the annual accrual should be \$0 while the Company continues to collect the surcharge. Also, if that base rate recovery is again permitted, FPL's reserve surplus target should be set at \$200 million, not at \$650 million as proposed by FPL.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The annual dismantlement accrual should be increased from \$15,321,113 to \$21,567,577 based on the 2009 Dismantlement Study.

OPC: FPL's quantification represents a worst case scenario for terminal net salvage. FPL's request fails to recognize any potential of full or partial sale of the site or facilities. FPL's request also fails to recognize the possibility of reuse of a site, which has already occurred. In addition, FPL's reliance on the "reverse construction" approach fails to recognize less costly means of demolition that have already been employed elsewhere. At a minimum, the Commission should direct FPL to propose a more realistic approach and cost level to terminal net salvage in its next depreciation study. If the Commission is inclined to change the terminal net salvage level in this proceeding, it should use 40% of FPL's request. The 40% level represents the approximate level actually obtained for generation demolition in comparison to similar "reverse construction" cost estimates. (Former Issue 29).

AFFIRM: AFFIRM has no position.

AG: Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Contributions to the fossil dismantlement accrual should cease until the next dismantlement study is filed.

FRF: Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 122: What is the appropriate amount and amortization period of Rate Case Expense?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: FPL's estimated rate case expense is \$3,657,000. A three-year amortization period of the estimated expense is appropriate.

OPC: A five-year amortization period is appropriate, the time period since FPL's last rate case.

AFFIRM: AFFIRM has no position.

AG: Support OPC position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: The rate case expense amortization period should be 5 years.

FRF: Agree with FIPUG.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 124: Should FPL's request to move payroll loading associated with the Energy Conservation Cost Recovery Clause (ECCR) payroll currently recovered in base rates to the ECCR be approved?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: Yes. These payroll loadings are associated with payroll dollars recovered through the ECCR clause. In Docket No. 850002-PU, it was determined that these costs were included in base rates. These costs should be moved to the ECCR clause in order to properly recover the fully loaded ECCR payroll costs in the clause.

OPC: No. These costs are appropriately recovered in base rates and should not be transferred to the ECRC.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** No. This would allow FPL to reflect changes in payroll loading (an indirect cost) in the clause. Clause recovery should be limited to recovery of direct costs.
- FRF:** No. Agree with OPC.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- 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?
B. If applicable, for the 2011 subsequent projected test year?
- FPL:** Yes. The payroll loadings on incremental security costs that are currently included in base rates should be recovered through the Capacity Cost Recovery Clause. This treatment is used by FPL for similar payroll loading costs recovered through other cost recovery clauses.
- OPC:** No. These costs are appropriately recovered in base rates and should not be transferred to the CCRC.
- AFFIRM:** AFFIRM has no position.
- AG:** No. Support OPC's position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.

FIPUG: No. This would allow FPL to reflect changes in payroll loading (an indirect cost) in the clause. Clause recovery should be limited to recovery of direct costs.

FRF: No. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Incremental hedging costs are currently being recovered through the Fuel Cost Recovery Clause (FCRC). Order No. PSC-02-1484-FOF-EI in Docket No 011605-EI, stated that incremental hedging costs were recoverable as part of the fuel clause until the early part of 2006 or the establishment of new base rates in the Company's next base rate case. FPL clause recovery of these costs was extended through December 31, 2009 pursuant to Order No PSC-05-1252-FOF-EI issued on December 23, 2005. FPL is therefore proposing that these costs be recovered through base rates as a result of this proceeding, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No. The Commission should deny FPL's request and continue to review the prudence and reasonableness of FPL's hedging costs during the annual Fuel Clause proceeding.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No, hedging costs should be reviewed on an annual basis.

FRF: No. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 requested levels of O&M Expense are appropriate. FPL filed a full set of MFRs for 2010 and 2011 that were the result of a rigorous budgeting and forecasting process, including close scrutiny in the review and approval of O&M expense levels. FPL's O&M has ranked in the top quartile among comparable companies and first among regional utilities over the past 10 years. For 2007 alone, if FPL had been merely an average performer among the 28 straight electric companies utilized by FPL witness Reed, its non-fuel O&M costs charged to customers would have been between \$700 million and \$1.3 billion higher than its actual costs.

OPC: No. The appropriate amount of O&M Expenses for each respective test year should be as follows:
A. 2010: \$1,508,754,000
B. 2011: \$1,594,688,000

AFFIRM: AFFIRM has no position.

AG: No. Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: No.

SFHHA: No. FPL's test year O&M expense should be reduced by \$397.648 million. This will reduce FPL's requested test year O&M expense to the \$1,306.953 million actual 2008 adjusted downward on a net basis to \$1,296.719 million for the following known and measurable changes: 1) the reduction in O&M expense due to the transfer of certain expenses to various clauses for recovery (\$20.880 million), 2) the increase in O&M expense for WCEC 1 and 2 (\$18.918 million), and 3) the reduction due to the DOE refunds (\$9.000 million), and 4) the increase due to all other Company adjustments reflected on MFR Schedule C-2, except for the storm damage expense (\$0.728 million).

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: No. FPL agrees that depreciation of this system should commence upon the implementation date. FPL identified a problem in the projection of plant in service and depreciation expense regarding its new Customer Information System, CIS III. As a result, depreciation expense is overstated by \$0.5 million in 2010 and \$4.9 million in 2011. Also, rate base is understated due to the accumulated depreciation in 2010 by \$0.2 million and in 2011 by \$2.3 million. These adjustments and their revenue requirement impacts are presented on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No.

FRF: A. Yes. Agree with OPC. 2010: \$513,606,000
B. Yes. Agree with OPC. 2011: \$570,447,000

SFHHA: No. The new CIS is not scheduled to be completed and operational until June 2012. Depreciation should not commence until the asset is in-service. This has a revenue requirement effect of \$0.506 million.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: No adjustments are needed to FPL's projected depreciation expenses related to capital expenditure reductions, with the exception of the depreciation items listed on FPL witness Ousdahl's Exhibit KO-16. Capital expenditure reductions in 2009 relative to the 2009 forecast filed in this proceeding relate to clause recoverable projects and do not affect the projected plant in service balances that comprise retail rate base.

OPC: Yes, consistent with the corresponding reductions to projected plant.

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes.

FRF: Yes.

SFHHA: Yes. The reduction in its capital expenditures necessarily will result in less depreciation expense. Therefore, depreciation expense should be reduced by \$26.883 million, which will reduce FPL's revenue requirement by \$26.719 million.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 131: Should any adjustment be made to Depreciation Expense?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: No adjustments are necessary to depreciation expense as filed except for items impacting depreciation that are listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No. The appropriate amount of depreciation expense for each respective test year should be as follows:
A. 2010: \$513,606,000
B. 2011: \$570,447,000

AFFIRM: AFFIRM has no position.

AG: No. Adopt OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: See Issues 19A-19F.

FRF: Yes. Agree with OPC.

SFHHA: Yes. FPL should not be permitted to collect depreciation expense for its new Customer Information System until it is completed and operational in 2012. Its depreciation expenses should be reduced for the effects of its capital expenditure reductions. Its existing depreciation reserve surplus of \$1.245 billion should be amortized over five years. Recovery of the remaining net book value of the Cape Canaveral and Rivera facilities should not be accelerated by amortizing the balance over four years. The Commission should direct FPL to cease depreciation of the Cape Canaveral and Rivera facilities, add the remaining net book value to the costs of the modernization of the facilities, and then depreciate the costs along with the modernization costs over the estimated service lives of the modernized facilities. FPL's nuclear uprate costs should be depreciated over the remaining extended license lives of the units, not depreciated over four years as proposed by

FPL. FPL's existing meter investment costs also should not be depreciated over four years. The Commission should use the same depreciation or amortization rate for the costs of the existing meters as it adopts for the remaining existing meter investment that will not be replaced by AMI meters.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: No. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 projections of Taxes Other Than Income Taxes are appropriate.

OPC: Yes. The appropriate amount of Taxes Other Than Income Taxes for the respective test years is as follows:
A. 2010: \$350,217,000
B. 2011: \$392,887,000

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: Yes. Payroll taxes should be reduced according to the SFHHA recommendations to reduce labor expense for productivity improvements and to eliminate the Company's proposed increase in labor expense for the addition of 270 nuclear positions.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. FPL has reviewed the "The American Recovery and Reinvestment Act" and has determined that it would make an adjustment for the amount of bonus depreciation that it will be able to deduct for 2009. This additional bonus depreciation will affect the amount of accumulated deferred income taxes to be included as cost free capital in the capital structure. The adjustments are listed on FPL witness Ousdahl's Exhibit KO-16 for 2010 and 2011. No adjustment is necessary for the incremental costs related to Smart Grid Investment Grant Program because any grants obtained will offset the incremental cost of the new projects. The Department of Energy (DOE) funds will only cover the incremental expenditures over and above those currently included in the test year or subsequent year. Also any incremental cost to convert some bucket trucks or company owned passenger vehicles to plug in electrical vehicles will be provided for by DOE funds with no incremental costs being included in the 2010 test year or 2011 subsequent test year.

OPC: Yes. The adjustment proposed by FPL witness Ousdahl should be incorporated into the 2010 and 2011 revenue requirements.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: Yes. Agree with OPC.

SFHHA: Yes. A \$20 million subsidy is available pursuant to the act for advanced meters and smart grid investment, which should be reflected in FPL's revenue requirement. In addition, there may be other benefits resulting from the stimulus bill that FPL should record as a regulatory liability. At a minimum, the Commission should reflect a \$20 million grant available to FPL to reduce the costs of advanced meters and other smart grid investment.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 134: Should an adjustment be made to Income Tax expense?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

FPL: No. The projected income tax expense included in the forecast of \$376,295,000 (system) and \$371,621,000 (jurisdictional) for the 2010 projected test year and \$306,087,000 (system) and \$301,108,000 (jurisdictional) for the 2011 subsequent test year are appropriate, subject to any adjustments listed on FPL witness Ousdahl's Exhibit KO-16 for the 2010 and 2011 period which may affect income tax expense.

OPC: Yes. Adjustments are appropriate to income taxes as a result of OPC's recommended adjustments to rate base, capital structure and operating income. The appropriate amounts for income taxes per year are as follows:
A: 2010: \$545,476,000
B: 2011: \$476,151,000

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Yes. Agree with OPC as to amounts.

SFHHA: Yes. Income tax expense should be adjusted for the effects of all other SFHHA recommendations.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 135: Is FPL's projected Net Operating Income appropriate?
A. For the 2010 projected test year in the amount of \$725,883,000?
B. If applicable, for the 2011 subsequent projected test year in the amount of \$662,776,000?

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 projections of Net Operating Income are appropriate.

OPC: No. The appropriate net operating income is as follows:
A. 2010: \$1,202,417,000
B. 2011: \$1,138,864,000

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC.

SFHHA: No. The Company's proposed Operating Income is understated by the net effect of the revenue and operating expense issues identified by SFHHA, including the effects on income tax expense due to the rate base and capitalization issues identified by SFHHA.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

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

FPL: The appropriate projected 2010 and 2011 revenue expansion are 1.63342 and 1.63256 respectively. The elements and rates are shown on MFR C-44 for each year, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: The appropriate operating income multiplier for each test year is as follows:

<u>OPC Recommended</u>	<u>2010</u>	<u>2011</u>
Revenue Requirement	100.0000%	100.0000%
Regulatory Assessment Rate	0.0720%	0.0720%
Bad Debt Rate	0.1930%	0.150%
Additional Late Payments	-0.0866%	-0.0866%
Net before Income Taxes	99.82158%	99.8649%
State Income Taxes	5.4902%	5.49257%
Federal Income Taxes	33.0160%	33.03032%
Revenue Requirement	61.3154%	61.3420%
Net Operating Income Multiplier	1.630911	1.63020

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: Agree with OPC. Please note that the FRF opposes granting any subsequent year adjustment in this case, and that where the FRF takes specific positions on issues for 2011, it does so only in order to preserve its rights in the event that the Commission does decide to consider granting additional rate increases in 2011.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 FPL's requested annual operating revenue increases are appropriate.

OPC: No. Not only is no revenue increase warranted, base rate revenues should be decreased as follows:

<u>OPC Recommended</u>	<u>2010</u>	<u>2011</u>
Revenue Reduction at Proposed Return	(\$1,298,043)	(\$1,281,546)
Less Increase in Miscellaneous Service Fees	<u>\$25,024</u>	<u>\$26,035</u>
Revenue Reduction for Sales Revenues	<u>(\$1,323,067)</u>	<u>(\$1,307,581)</u>

AFFIRM: AFFIRM has no position.

AG: Adopt OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: No. Agree with OPC that FPL's base rates should be decreased to produce the operating revenues supported by OPC's witnesses.

SFHHA: No. Rather than increasing FPL's annual operating revenues, the Commission should reduce those revenues by \$354.862 million.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 138: INTENTIONALLY BLANK.

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?

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

FPL: Yes, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, FPL has correctly calculated the 2010 and 2011 revenues at current rates. These revenue calculations are detailed in MFRs E-13b, E-13c, and E-13d and summarized in E-13a as sponsored by FPL witnesses Deaton and Santos (MFR E-13b) for the test and subsequent years. FPL's projection of revenues at existing rates assumes GBRA increases for Turkey Point Unit 5 and West County Units 1 and 2.

OPC: No. See OPC's position on Issues 3 and 7.

AFFIRM: AFFIRM has no position.

AG: No. Support OPC's position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No.

FRF: A. No. Agree with OPC.
B. The Commission should not grant a subsequent year adjustment for 2011. If the Commission does grant a subsequent year adjustment for 2011, it should make the revenue adjustments supported by OPC's witnesses.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

FPL: No. The appropriate methodology to allocate distribution plant costs to rate classes is that filed by FPL in this proceeding. The Commission has consistently rejected the use of a minimum distribution cost methodology (utilizing either a “zero intercept” or a “minimum size” approach) for investor-owned utilities and a compelling case for ignoring that precedent has not been made. The minimum distribution cost (MDS) methodology is inconsistent with FPL’s distribution system planning and how costs are incurred on FPL’s system. Furthermore, use of this inappropriate methodology would drastically increase the amount of distribution plant allocated to residential and very small commercial customers. Larger customers, such as those in the GSLD-1 rate class, would benefit through a reduced allocation of costs.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: There is a customer-related component of certain distribution plant costs, as cited in the NARUC *Electric Utility Cost Allocation Manual*, which should be recognized in setting rates.

FRF: No position.

SFHHA: Yes. Each of the two approaches is designed to measure a “zero load cost” associated with serving customers. For instance, the conceptual basis for the zero-intercept method is that it reflects a classification of the distribution facilities that would be required to simply interconnect a customer to the system, irrespective of the kW load of the customer. Certain distribution costs are incurred due to the presence of a customer on the system, regardless of the less of demand of such a customer. The minimum distribution system (“MDS”) methodology recognizes this cost responsibility in the classification and allocation of distribution facilities and expenses to rate classes. the responsibility of customers and should be classified as customer related. A demand related classification of distribution costs overstates the cost responsibility of large general rate schedules. This is a particular problem currently on the FPL system, given the substantial number of vacant residential dwellings. FPL installed distribution equipment and incurred distribution costs to connect these dwellings to its system. Since these dwellings have limited or “0” kW demands, the costs for these facilities are shifted to other customer classes using FPL’s “demand only” allocation method.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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?

FPL: The appropriate Cost of Service Methodology to be used to allocate base rate costs to rate classes is that filed by FPL in this proceeding. This Cost of Service Methodology was the method approved by the Commission in FPL’s last fully litigated rate case with one exception. The previously approved methodology incorporated special treatment for the St. Lucie No. 2 nuclear generating unit which should no longer apply. FPL’s Cost of Service studies in this proceeding are limited to base rate costs. All costs recovered through cost recovery clauses have been removed as Commission Adjustments, and therefore excluded.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: The Commission should retain and continue to use the 12CP-1/13th average demand method.

FRF: No position.

SFHHA: FPL's 12 CP and 1/13th average demand methodology is inappropriate because the summer month reserve margin requirements are the binding constraint for planning FPL's system. Customer class demands during off-peak fall and spring months do not cause FPL to add new generation capacity to the system, yet that is the underlying premise of the Company's cost allocation methodology. A summer coincident peak methodology is more appropriate for allocating costs.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The increase should be allocated as shown in MFR E-8. The proposed revenue increase allocation moves all rate classes closer to parity to the greatest extent practicable. Limiting the increases to any rate class to no more than 150% of the system average should be rejected in this case, as it would allow subsidizations between the rate classes to perpetuate and would unfairly burden rate classes which are above parity.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF supports FPL position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: The Commission should continue to apply the principle of gradualism which prevents any class from receiving an overly large increase. FPL's proposal would result in CILC, General Service Large Demand-1 and General Service Large Demand-2 receiving increase in excess of the system average increase (at the rates FPL proposes) in conflict with past Commission precedent and decisions.

FRF: 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.

SFHHA: FPL should be required to implement a measure of gradualism because of the significant increase in its revenue requirement and the general economic environment. FPL should be required to limit increases to rates such that no rate schedule receives more than 1.5 times the average percentage increase in base rates and no rate schedule receives a rate decrease in base rates. This is consistent with prior Commission decisions in electric utility rate proceedings, including the recent Tampa Electric Company rate case, Docket No. 080317-EI.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. The appropriate service charges are those shown in MFR E-14, Attachment 1 and listed below

Initial Connection New Premise	\$100.00
Field Collection	\$19.00
Reconnection Charge	\$48.00
Connect/Disconnect Existing Premise	\$21.00
Returned Payment	A Returned Payment Charge as allowed by Florida Statute 68.065 shall apply for each check or draft dishonored by the bank upon which it is drawn.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No. This just increases the burden on customers who are already struggling to pay their bills timely. These rates should be reduced.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. FPL has seen a steady increase in the number of customers making late payments. From 2006 to 2008 this number increased by an average of 150,000 customers. Other industries use late payment charges greater than \$10 to encourage customers to pay on time, and other Florida utilities use a fee similar to what FPL is proposing. FPL believes the \$10 minimum charge will provide the appropriate incentives to improve payment behavior. The proposal to increase the minimum late payment charge to \$10 is appropriate and designed to provide an incentive for customers to improve payment behavior.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No. Customers are struggling to pay their bills and adding more to their burden is counterproductive.

- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** No position.
- FRF:** No. (Tentative)
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- 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)
- FPL:** Yes, FPL's proposed termination factors as determined in Attachment 3 of MFR E-14 and presented in the tariff sheets provided in Attachment 1 of MFR E-14 appropriately reflects FPL's cost.
- OPC:** No position.
- AFFIRM:** AFFIRM has no position.
- AG:** No position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** No. position.
-

FRF: No position.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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)

FPL: Yes, FPL's proposed Present Value Revenue Requirement multiplier as determined in Attachment 3 of MFR E-14 and presented in the tariff sheets provided in Attachment 1 of MFR E-14 appropriately reflects FPL's cost.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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)

FPL: Yes. Removing this option for new customers clarifies maintenance responsibilities and eliminates potential customer dissatisfaction, since customers choosing this option often believe that FPL is responsible for all maintenance instead of just re-lamping.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. position.

FRF: No position.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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)

FPL: Yes, FPL's monthly kW credit as determined in Attachment 2 of MFR E-14 and presented in the tariff sheets provided in Attachment 1 of MFR E-14 appropriately reflects FPL's cost.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: No position.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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)

FPL: Yes, FPL's proposed monthly fixed charge carrying rates provided in MFR E-14, Attachment 1 of FPL's filing appropriately reflect FPL's cost.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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)

FPL: Yes, FPL's proposed monthly rental factor provided in MFR E-14, Attachment 1 of FPL's filing appropriately reflects FPL's cost.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: (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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

- STAFF:** Staff has no position at this time.
- 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)
- FPL:** Yes, FPL's proposed monthly rental factor provided in MFR E-14, Attachment 1 of FPL's filing appropriately reflects FPL's cost.
- OPC:** No position.
- AFFIRM:** AFFIRM has no position.
- AG:** No position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Class 2 stipulation (FIPUG takes no position on the stipulation but does not object to it).
- FRF:** No position.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Yes.
- ISSUE 159:** What are the appropriate customer charges?
- FPL:** The appropriate customer charges are those shown in MFR A-3. These charges are subject to revision to reflect the impact, if any, of adjustments listed on FPL witness Ousdahl's Exhibit KO-16.
- OPC:** No position.
- AFFIRM:** AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 160: What are the appropriate demand charges?

FPL: The appropriate demand charges are those shown in MFR A-3. These charges are subject to revision to reflect the impact, if any, of adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: FPL's demand-related costs should be recovered through the demand charge and energy-related base rate costs should be collected through the energy charge.

However, FPL's proposed General Service Demand rate designs do not follow this practice. FPL has underpriced the demand charge and overpriced the energy charge. Demand charges should be increased to recover the target revenues assigned to the CILC class.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 161: What are the appropriate energy charges?

FPL: The appropriate energy charges are those shown in MFR A-3. These charges are subject to revision to reflect the impact, if any, of adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: FPL's demand-related costs should be recovered through the demand charge and energy-related base rate costs should be collected through the energy charge. However, FPL's proposed General Service Demand rate designs do not follow this practice. FPL has underpriced the demand charge and overpriced the energy charge and the non-fuel energy costs exceed FPL's unit costs. FPL's proposed energy charges for the GSLD-1 and GSLD-2 rate classes exceed their costs by 87% and 111% respectively. Thus, energy costs should be decreased to reflect unit costs.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 162: What are the appropriate lighting rate charges?

FPL: The appropriate lighting rate schedule charges are those presented in the tariff sheets provided in MFR E-14, Attachment 1 of FPL's filing. These charges are subject to revision to reflect the impact, if any, of adjustments listed on FPL witness Ousdahl's Exhibit KO-16.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The appropriate level and design of the charges under the Standby and Supplemental Services (SST-1) rate schedule are discussed in RBD-7 of FPL witness Deaton's direct testimony. Additionally, the tariff sheets incorporating the appropriate level and design of the charges under SST-1 rate schedule are contained in MFR E-14, Attachment 1.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: The appropriate level and design of the charges under the Interruptible Standby and Supplemental Services (ISST-1) rate schedule are discussed in RBD-7 of FPL witness Deaton's direct testimony. Additionally, the tariff sheets incorporating the appropriate level and design of the charges under ISST-1 rate schedule are contained in MFR E-14, Attachment 1.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes, FPL's design of the HLFT rates, as discussed in RBD-7 of witness Deaton's direct testimony, is appropriate. The rates as designed are consistent with the methodology approved by the Commission in Docket No. 050045-EI.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. First, FPL's proposed HFLT rates exhibit the same problems with the energy and demand charge described in Issues 160 and 161 which must be corrected. In addition, HLFT rates were designed for higher load factor customers. Second, the average load factors for HLFT customers are about 80% compared to only 64% for GSLDT customers. However, FPL's proposed rates would make HLFT more expensive than GSLDT unless the customer can achieve load factors above 84% for HLFT-2 and over 100% for HLFT-3. This requirement is impractical, and it would result in customers migrating back to Rate GSLDT-2. The HLFT rates should be designed for customers with load factors above 70%. Blending the rates at a 70% load factor reflects the HLFT class' characteristics, and would be consistent with encouraging customers to improve load factor.

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

SFHHA: No. The Company's proposed revenue increases to rate Schedule HLFT for 2010 and 2011 are unreasonable, due to: 1) the use of the Company's 12 CP and 1/13th average demand cost of service methodology to determine the increase, 2) the failure of the Company to use a summer CP cost allocation methodology with a minimum distribution system classification method and 3) the failure of FPL to incorporate gradualism into its recommended rate schedule increases through the use of a 1.5 times average increase limitation to the increase applied to each rate schedule. As proposed by FPL, the HLFT-2 rate would be increased by 58.1%

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes, FPL's design of the CILC rate, as discussed in RBD-7 of witness Deaton's direct testimony, is appropriate. The rate as designed is consistent with the methodology approved by the Commission in Docket No. 891045-EI.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No. FPL has assumed an incorrect level of CILC incentive payments in the rate design. FPL calculated the CILC base revenue requirements as the difference between the allocated firm cost of service (which assumed CILC customers receive firm service) and an assumed level of incentive payments. But the incentives embedded in FPL's rate design are much higher than those used to calculate the class' revenue requirements. This created a shortfall which FPL attempts to recover by increasing the non-fuel energy charge. This is why the non-fuel CILC energy charges are higher than unit costs.

To correct this problem, FPL should restate the incentive payments to reflect the amounts embedded in the CILC rate design. The revised incentive payments should then be allocated to all customer classes (in the same manner as FPL allocated the estimated payments) in determining class revenue requirements.

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

SFHHA: No. The Company's proposed revenue increases to rate Schedule CILC for 2010 and 2011 are unreasonable, due to: 1) the use of the Company's 12 CP and 1/13th average demand cost of service methodology to determine the increase, 2) the failure of the Company to use a summer CP cost allocation methodology with a minimum distribution system classification method and 3) the failure of FPL to incorporate gradualism into its recommended rate schedule increases through the use of a 1.5 times average increase limitation to the increase applied to each rate schedule. As proposed by FPL, the CILC-1D rate would be increased by 58.8%.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 167: Is FPL's CDR credit appropriate?

FPL: Yes, it is appropriate. The CDR credits are properly determined in Demand Side Management (DSM) Goals and DSM Plan proceedings. FPL's CDR credit was reviewed and approved by the FPSC in the 2004 DSM Goals and DSM Plan proceedings, Docket No. 040029-EG. It was subsequently changed as part of the 2005 Rate Case proceeding to remove embedded Gross Receipts Tax in Docket No. 050045-EI. The CDR credit is under review by the FPSC in the current DSM Goals and DSM Plan proceedings, Docket No. 080407-EG.

- OPC:** No position.
- AFFIRM:** AFFIRM believes that this issue would more appropriately be addressed in the Conservation Cost Recovery Clause docket.
- AG:** No position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** The CDR credit should be set at least \$5.50/KW to reflect the cost of FPL's next avoided unit.
- FRF:** No position.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff believes that this issue would more appropriately be addressed in the Conservation Cost Recovery Clause docket.
- ISSUE 168:** What is the appropriate method of designing time of use rates for FPL?
- FPL:** The appropriate method for designing time-of-use rates for FPL is as discussed in Exhibit RBD-7 to FPL witness Deaton's direct testimony. This method is consistent with Commission Order No. PSC-92-1197-FOF-EI in Docket No. 910890-EI.
- OPC:** No position.
- AFFIRM:** The appropriate method of designing time of use rates is one that produces rates that (1) vary during different time periods and (2) reflect the variance, if any, in the utility's cost of generation and purchasing electricity at the wholesale level. Moreover, the design and implantation of the rate should enable the electric consumer to manage energy use and cost through advanced metering and communications technology.

- AG:** No position.
- AIF:** AIF has no position.
- CSD:** The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.
- FEA:** No position.
- FIPUG:** Time of use rates should be designed so as to reflect actual usage costs. They should enable customers to manage their energy needs.
- FRF:** No position.
- SFHHA:** No position.
- SCU-4:** No position.
- UNGER:** Agrees with OPC.
- STAFF:** Staff has no position at this time.
- ISSUE 169:** INTENTIONALLY BLANK.
- ISSUE 170:** Should FPL evaluate the merits of a prepayment option in lieu of monthly billing for those customers who can benefit from such an alternative? If so, how?
- FPL:** FPL does not object to conducting an evaluation of the merits of a prepayment option for government and/or business customers. Such a review should consider potential benefits to participating customers and should also address recovery of costs associated with such an offering to ensure it does not in any way provide a cost burden, risk or be unjustly discriminatory for non participating customers. FPL would conduct this study during the fourth quarter of 2009 and the first quarter of 2010 (following completion of the base rate case) and submit a feasibility review to the Commission during the second quarter of 2010.
- OPC:** Yes, FPL should be required to provide a study evaluating the merits of a prepayment option in lieu of monthly billing for those who can benefit from such an alternative within three months of the close of the docket and report back to the Commission. The study should identify the parameters used by FPL to conduct its evaluation. Interested persons should have a right to address the study and any recommendations from the study in a separate, subsequent proceeding and agenda conference as a PAA matter.
- AFFIRM:** AFFIRM has no position.

AG: Yes. Support OPC's position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Yes.

FRF: No position.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

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

FPL: Yes. As with any other asset providing service to utility customers, the nuclear uprate additions are entitled to recovery from customers. If any prudently incurred nuclear plant investment and operating costs are determined to be ineligible for cost recovery through the NCRC, those costs should be recoverable through base rates.

OPC: No. These issues should not be addressed in this docket.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF supports FPL positions.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: Agree with OPC.

FRF: No. Agree with OPC.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

ISSUE 174: INTENTIONALLY BLANK.

ISSUE 177: Should this docket be closed?

FPL: No position on this issue is necessary.

OPC: No position.

AFFIRM: AFFIRM has no position.

AG: No position.

AIF: AIF has no position.

CSD: The City of South Daytona incorporates and adopts the position(s) of the Office of Public Counsel.

FEA: No position.

FIPUG: No position.

FRF: 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.

SFHHA: No position.

SCU-4: No position.

UNGER: Agrees with OPC.

STAFF: Staff has no position at this time.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
	<u>Direct</u>		
Armando J. Olivera	FPL	AJO-1	Biographical Information for Armando J. Olivera
Armando J. Olivera	FPL	AJO-2	FPL Typical Residential 1,000 kWh Bill for January 2009, January 2010 and January 2011
Rosemary Morley	FPL	RM-1	Cumulative Customer Growth Since 1985
Rosemary Morley	FPL	RM-2	Cumulative Increase in NEL Since 1985
Rosemary Morley	FPL	RM-3	NSA's, Customer Growth, and the Change in Inactive Meters
Rosemary Morley	FPL	RM-4	Population Forecasts from the University of Florida
Rosemary Morley	FPL	RM-5	Increase in the Average Annual Number of Customers
Rosemary Morley	FPL	RM-6	Annual NSA's
Rosemary Morley	FPL	RM-7	Increase in Minimal Usage Customers
Rosemary Morley	FPL	RM-8	Forecasting Variance
Rosemary Morley	FPL	RM-9	Annual Energy Use per Customer

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Rosemary Morley	FPL	RM-10	NEL Forecast and Actuals
Rosemary Morley	FPL	RM-11	Billed Sales, Customers and Use by Class
Philip Q. Hanser	FPL	PQH-1	Statement of Qualifications
Philip Q. Hanser	FPL	PQH-2	FPL's Monthly NEL and Total Customer Model Descriptions
Robert E. Barrett, Jr.	FPL	REB-1	Listing of MFRs and Schedules Sponsored in Whole or in Part by Robert E. Barrett, Jr.
Robert E. Barrett, Jr.	FPL	REB-2	Planning Process Guidelines
Robert E. Barrett, Jr.	FPL	REB-3	MFR F-5 Forecasting Flowcharts and Models
Robert E. Barrett, Jr.	FPL	REB-4	MFR F-8 Major Forecast Assumptions
Robert E. Barrett, Jr.	FPL	REB-5	Budget and Actual Net Income 2004 through 2008
Robert E. Barrett, Jr.	FPL	REB-6	Size and Diversity of Florida Economy
Robert E. Barrett, Jr.	FPL	REB-7	Non-Agricultural Florida Employment
Robert E. Barrett, Jr.	FPL	REB-8	Florida Population Growth
Robert E. Barrett, Jr.	FPL	REB-9	Florida Housing Starts
Robert E. Barrett, Jr.	FPL	REB-10	Real Disposable Income per Household
Robert E. Barrett, Jr.	FPL	REB-11	Florida Personal Bankruptcies
Robert E. Barrett, Jr.	FPL	REB-12	Foreclosure Rates
Robert E. Barrett, Jr.	FPL	REB-13	Consumer Price Index

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Robert E. Barrett, Jr.	FPL	REB-14	FPL New Service Accounts
Robert E. Barrett, Jr.	FPL	REB-15	FPL Total Customer Growth
Robert E. Barrett, Jr.	FPL	REB-16	Capital Expenditure Reductions
Robert E. Barrett, Jr.	FPL	REB-17	Drivers of the Increase in Revenue Requirements for 2010
Robert E. Barrett, Jr.	FPL	REB-18	FPL Capital Expenditures 1985 through 2008
Robert E. Barrett, Jr.	FPL	REB-19	Base Revenue Decline 2006 to 2010
Robert E. Barrett, Jr.	FPL	REB-20	Drivers of the Increase in Revenue Requirements for 2011
Marlene M. Santos	FPL	MMS-1	Care Center Satisfaction Research
Marlene M. Santos	FPL	MMS-2	Billing and Payment Options
Marlene M. Santos	FPL	MMS-3	FERC Customer Service O&M
George K. Hardy	FPL	GKH-1	Changes in FPL Fossil Generating Capability
George K. Hardy	FPL	GKH-2	FPL Fossil Net Heat Rate Comparison
George K. Hardy	FPL	GKH-3	FPL Fossil 5-Year Cumulative Percent Reduction in Emission Rates
George K. Hardy	FPL	GKH-4	FPL Fossil 5-Year Cumulative CO ₂ Greenhouse Gas Avoided
George K. Hardy	FPL	GKH-5	FPL Fossil Availability Comparison
George K. Hardy	FPL	GKH-6	FPL Fossil Forced Outage Rate Comparison

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
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J. A. Stall	FPL	JAS-4	NRC Inspection Findings for St. Lucie and Turkey Point for 2008
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J. A. Stall	FPL	JAS-6	Capacity Factors for FPL Nuclear
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J. A. Stall	FPL	JAS-9	Cumulative Capital Investment 2006-2011
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<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
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<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Kathleen M. Slattery	FPL	KS-6	Relative Value Comparison - 2008 Total Benefit Program
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Kathleen M. Slattery	FPL	KS-8	Average Medical Cost Per Employee 2003-2010
Kathleen M. Slattery	FPL	KS-9	Relative Value Comparison - 2008 Pension & 401(k) Employee Savings Plan
Christopher A. Bennett	FPL	CAB-1	Operating Company CO ₂ Emissions Rates
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C. Richard Clarke	FPL	CRC-1	Depreciation Study
C. Richard Clarke	FPL	CRC-2	List of Public Utility Commissions where I have testified and issues that I addressed
Kim Ousdahl	FPL	KO-1	Minimum Filing Requirements (MFR's) & Schedules Sponsored and Co- sponsored by Kim Ousdahl
Kim Ousdahl	FPL	KO-2	MFR A-1 for the 2010 Test Year
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<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Kim Ousdahl	FPL	KO-6	Base Rate Recovery Formula for Nuclear Uprates
Kim Ousdahl	FPL	KO-7	Depreciation Expense Reconciliation from Forecast to Proposed Amount
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William E. Avera	FPL	WEA-2	Yield Spreads – Corporate Bonds v. Treasuries
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<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
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William E. Avera	FPL	WEA-9	DCF Model – Non-Utility Proxy Group
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Armando Pimentel	FPL	AP-2	Capital Investment and Generation Capacity Additions
Armando Pimentel	FPL	AP-3	Market Capitalization
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John J. Reed	FPL	JJR-2	Testimony List
John J. Reed	FPL	JJR-3	Situational Assessment Rankings
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John J. Reed	FPL	JJR-11	Average Weekly Earnings - Electric Utility Employees

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
John J. Reed	FPL	JJR-12	Utility Construction Costs
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Jacob Pous	OPC	JP-1	Recommended Depreciation Adjustment Summary
Jacob Pous	OPC	JP-2	Summary of Excess Reserves
Jacob Pous	OPC	JP-3	Calculation Error on Remaining Life
Jacob Pous	OPC	JP-4	Interim Retirement Ratios and Impact on Remaining Lives
Jacob Pous	OPC	JP-5	Adjustments to FPL's Life Analyses
Jacob Pous	OPC	JP-6	Recommended 43 L1 Life-Curve Combinations
Jacob Pous	OPC	JP-7	Proposed Net Salvage Values For Mass Property
Jacob Pous	OPC	JP-8	Composite Discovery Exhibit
Jacob Pous	OPC	JP-9	Iowa Survivor Curves Detail
Kimberly H. Dismukes	OPC	KHD-1	Kimberly H. Dismukes Qualifications
Kimberly H. Dismukes	OPC	KHD-2	FPL Group, Inc. Organizational Chart
Kimberly H. Dismukes	OPC	KHD-3	Florida Power & Light Company - FPL Affiliate Growth
Kimberly H. Dismukes	OPC	KHD-4	Florida Power & Light Company - Direct Charges to Affiliates
Kimberly H. Dismukes	OPC	KHD-5	Florida Power & Light Company - FPL Massachusetts Formula
Kimberly H. Dismukes	OPC	KHD-6	FPL Group, Inc. Shared Executives

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Kimberly H. Dismukes	OPC	KHD-7	FPL Group, Inc. Earnings Summary by Segment
Kimberly H. Dismukes	OPC	KHD-8	FPL Group, Inc. 2008 Annual Report
Kimberly H. Dismukes	OPC	KHD-9	Florida Power & Light Company – OPC Recommended Affiliate Management Fee Cost Drivers
Kimberly H. Dismukes	OPC	KHD-10	Florida Power & Light Company – OPC Recommended Massachusetts Formula
Kimberly H. Dismukes	OPC	KHD-11	Florida Power & Light Company – OPC Recommended Affiliate Management Fee Adjustments
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Kimberly H. Dismukes	OPC	KHD-13	Florida Power & Light Company – FPLES Margin on Gas Sales Adjustment
Kimberly H. Dismukes	OPC	KHD-14	Florida Power & Light Company - Gain On Sale Adjustment
Kimberly H. Dismukes	OPC	KHD-15	Florida Power & Light Company – Miscellaneous Revenue Adjustment
Kimberly H. Dismukes	OPC	KHD-16	Florida Power & Light Company – Summary of Affiliate Adjustments
Dr. J. Randall Woolridge	OPC	Appendix A	Resume of Dr. J. Randall Woolridge
Dr. J. Randall Woolridge	OPC	JRW-1	Recommended Rate of Return

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Dr. J. Randall Woolridge	OPC	JRW-2	Interest Rates
Dr. J. Randall Woolridge	OPC	JRW-3	The Credit Crisis and Capital Cost Rates
Dr. J. Randall Woolridge	OPC	JRW-4	Summary Financial and Risk Statistics for Proxy Group
Dr. J. Randall Woolridge	OPC	JRW-5	Capital Structure Ratios and Debt Cost Rate
Dr. J. Randall Woolridge	OPC	JRW-6	The Relationship Between Estimated ROE And Market-To-Book Ratios
Dr. J. Randall Woolridge	OPC	JRW-7	Public Utility Capital Cost Indicators
Dr. J. Randall Woolridge	OPC	JRW-8	Industry Average Betas
Dr. J. Randall Woolridge	OPC	JRW-9	Three-Stage DCF Model
Dr. J. Randall Woolridge	OPC	JRW-10	DCF Study
Dr. J. Randall Woolridge	OPC	JRW-11	CAPM Study
Dr. J. Randall Woolridge	OPC	JRW-12	Summary of FPL's Equity Cost Rate Approaches and Results
Dr. J. Randall Woolridge	OPC	JRW-13	Summary Financial and Risk Statistics for Dr. Avera's Proxy Group
Dr. J. Randall Woolridge	OPC	JRW-14	Analysis of EPS Growth Rate Forecasts
Dr. J. Randall Woolridge	OPC	JRW-15	GDP and S&P 500 Growth Rates
Sheree L. Brown	OPC	SLB-1	Resume of Sheree L. Brown
Sheree L. Brown	OPC	SLB-2	Cost of Service Analyses
Sheree L. Brown	OPC	SLB-3	Transmission Allocation Adjustment

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
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Sheree L. Brown	OPC	SLB-5	Uncollectible Accounts Adjustment
Sheree L. Brown	OPC	SLB-6 (Revised)	Uncollectible Accounts Expense
Sheree L. Brown	OPC	SLB-7	Late Payment Revenue Adjustment
Sheree L. Brown	OPC	SLB-8	Late Payments-Revenue Expansion Factor
Sheree L. Brown	OPC	SLB-9	Load Forecast Analysis
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Sheree L. Brown	OPC	SLB-14	Labor Cost Adjustment-Full-Time Equivalents
Sheree L. Brown	OPC	SLB-15	Executive Incentives
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Sheree L. Brown	OPC	SLB-17	Total Incentive Compensation
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Sheree L. Brown	OPC	SLB-19	Regulatory Decisions on Executive Compensation
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Sheree L. Brown	OPC	SLB-22	Environmental Insurance Refund
Sheree L. Brown	OPC	SLB-23	End-Of-Life Nuclear Materials and Supplies and Last Core Nuclear Fuel
Sheree L. Brown	OPC	SLB-24	Depreciation and Reserve Adjustment
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Daniel J. Lawton	OPC	DJL-1	Resume Of Daniel J. Lawton
Daniel J. Lawton	OPC	DJL-2	Commission Recovery Adjustments
Daniel J. Lawton	OPC	DJL-3	Excess Reserve / Function
Daniel J. Lawton	OPC	DJL-4	Cash Flow Impacts
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Russell L. Klepper	AFFIRM	RLK-1	Resume of Russell L. Klepper
Russell L. Klepper	AFFIRM	RLK-2	Typical Florida Daily Electric Load Shapes (excerpt from, February 2009 Annual Report on Activities Pursuant to the Florida Energy Efficiency and Conservation Act (FEECA))
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Jeffry Pollock	FIPUG	JP-1	Estimated Impact of Revised Life Spans on Depreciation Expense
Jeffry Pollock	FIPUG	JP-2	Quality Measures – Utility Operating Companies

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Jeffry Pollock	FIPUG	JP-3	Impact of Capital Structure Adjustment
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Jeffry Pollock	FIPUG	JP-5	Analysis of Monthly Peak Demands as a Percentage of the Annual System Peak
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Jeffry Pollock	FIPUG	JP-8	Derivation of Production Plant Allocation Factors, Average & Excess Demand Allocation Method
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Jeffry Pollock	FIPUG	JP-11	Summary of Class Cost of Service Results
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Stephen J. Baron	SFHHA	SJB-2	FPL's Ten-Year Power Plant Site Plan
Stephen J. Baron	SFHHA	SJB-3	National Association of Regulatory Utility Commissioners: Electric Utility Cost Allocation Manual
Stephen J. Baron	SFHHA	SJB-4	FPL's Response to SFHHA's Interrogatory No. 137

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Stephen J. Baron	SFHHA	SJB-5	Selected Rate Case Application of Distribution Minimum System: Classification of Non-lighting Distribution Plant
Stephen J. Baron	SFHHA	SJB-6	FPL Response to Staff's Interrogatory No. 19
Stephen J. Baron	SFHHA	SJB-7	Cost of Service; Single CP Production and Distribution Minimum System
Stephen J. Baron	SFHHA	SJB-8	FPL Response to SFHHA's Interrogatory No. 19
Stephen J. Baron	SFHHA	SJB-9	Gradualism – Increases to Equal Rate of Return with “1.5 Times” Limitation
Stephen J. Baron	SFHHA	SJB-10	Gradualism – FPL Proposed Rate Schedule Increases with “1.5 Times” Limitation
Richard A. Baudino	SFHHA	RAB-1	Resume of Richard A. Baudino
Richard A. Baudino	SFHHA	RAB-2	Historical Bond Yields Average Public Utility Bond VS 20 Year Treasury Bond
Richard A. Baudino	SFHHA	RAB-3	FPL Investor Presentations and Other Documents Concerning Its Financial Position
Richard A. Baudino	SFHHA	RAB-4	Comparison Group – Dividend Yields
Richard A. Baudino	SFHHA	RAB-5	Comparison Group – DCF Analysis
Richard A. Baudino	SFHHA	RAB-6	Capital Asset Pricing Model Analysis: Supporting Data for CAPM Analyses

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Lane Kollen	SFHHA	LK-2	FPL Response to SFHHA’S Interrogatory No. 112
Lane Kollen	SFHHA	LK-3	Settlement Documents in Docket Nos. 050045-EI, <i>et al</i>
Lane Kollen	SFHHA	LK-4	FPL’s 10-Q for the Quarter Ending March 31, 2009
Lane Kollen	SFHHA	LK-5	FPL’s April 28, 2009 Press Release – Announcing Solid First Quarter Earnings
Lane Kollen	SFHHA	LK-6	CONFIDENTIAL – FPL’s March 2009 Monthly Operating Performance Report
Lane Kollen	SFHHA	LK-7	CONFIDENTIAL – FPL Group’s October 17, 2008 Board of Director’s Meeting Presentation
Lane Kollen	SFHHA	LK-8	CONFIDENTIAL – FPL Group’s December 12, 2008 Board of Director’s Meeting Presentation

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Lane Kollen	SFHHA	LK-10	FPL Response to SFHHA's Interrogatory No. 297
Lane Kollen	SFHHA	LK-11	SFHHA's Adjustments to Reflect Productivity Gains
Lane Kollen	SFHHA	LK-12	FPL Response to SFHHA's Interrogatory No. 240
Lane Kollen	SFHHA	LK-13	FPL Response to SFHHA's Interrogatory No. 291
Lane Kollen	SFHHA	LK-14	SFHHA's Adjustments to Eliminate Nuclear Staff Increases
Lane Kollen	SFHHA	LK-15	FPL Response to SFHHA's Interrogatory No. 237
Lane Kollen	SFHHA	LK-16	FPL Response to SFHHA's Interrogatory No. 120
Lane Kollen	SFHHA	LK-17	FPL Response to SFHHA's Interrogatory No. 289
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Lane Kollen	SFHHA	LK-25	SFHHA's Adjustments to Reflect FPL's Capital Expenditure Reductions
Lane Kollen	SFHHA	LK-26	Depreciation Study – Comparison of Theoretical Reserve and Book Reserve Based on Plant in Service as of Dec. 31, 2009
Lane Kollen	SFHHA	LK-27	SFHHA Amortization of Depreciation Reserve Surplus
Lane Kollen	SFHHA	LK-28	SFHHA's Adjustments to FPL's Proposed Capital Costs Recovery Over Four Years
Lane Kollen	SFHHA	LK-29	FPL's 2008 FERC Form No. 1
Lane Kollen	SFHHA	LK-30	Depreciation Study – Putnam Combined Cycle Plant
Lane Kollen	SFHHA	LK-31	PacifiCorp – 2008 Integrated Resource Plan
Lane Kollen	SFHHA	LK-32	SFHHA's Adjustments to FPL's Proposed Service Lives For Combined Cycle Gas Turbine Units
Lane Kollen	SFHHA	LK-33	April 20, 2009 Article Concerning Florida's SmartMeter Project
Lane Kollen	SFHHA	LK-34	SFHHA Adjustment to Reflect Effects of Economic Stimulus Bill
Lane Kollen	SFHHA	LK-35	FPL Response to SFHHA's Interrogatory No. 279
Lane Kollen	SFHHA	LK-36	FPL's Cost of Capital

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Lane Kollen	SFHHA	LK-37	FPL Response to SFHHA's Interrogatory No. 278
Lane Kollen	SFHHA	LK-38	FPL Response to SFHHA's Interrogatory No. 280
Rhonda L. Hicks	STAFF	RH-1	Florida PSC Complaints by Close Type
Dale Mailhot (Kathy L. Welch)	STAFF	KLW-1	History of Testimony of Kathy Welch
Dale Mailhot (Kathy L. Welch)	STAFF	KLW-2	Audit Report
<u>Rebuttal</u>			
Armando J. Olivera	FPL	AJO-3	FPL Superior Performance and Value
Rosemary Morley	FPL	RM-12	Summary of Forecasting Variance to Date
Rosemary Morley	FPL	RM-13	Summary of Adjustments to the Forecast
Rosemary Morley	FPL	RM-14	Calculation of the Adjustment for Minimum Use Customers
Rosemary Morley	FPL	RM-15	Monthly Forecast Variance
Robert E. Barrett, Jr.	FPL	REB-21	FPL 2009 O&M Budget Performance
Robert E. Barrett, Jr.	FPL	REB-22	FPL 2009 Capital Budget Performance
Robert E. Barrett, Jr.	FPL	REB-23	FPL 2008-2010 Non-Fuel O&M Expense Analysis
Robert E. Barrett, Jr.	FPL	REB-24	MFR Audit Responses to Issues 4 and 6
Marlene M. Santos	FPL	MMS-4	Complaints for Florida Investor Owned Utilities

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
George K. Hardy	FPL	GKH-10	FPL Combined Cycle Asset Life Comparison
George K. Hardy	FPL	GKH-11	FPL Oil & Gas-Fired Steam Asset Life Comparison
George K. Hardy	FPL	GKH-12	FPL Coal-Fired Steam Asset Life Comparison
Kathleen M. Slattery	FPL	KS-10	Endnotes to Rebuttal Testimony of Kathleen Slattery
C. Richard Clarke	FPL	CRC-3	Life Spans of Retired US Coal Generating Units, 10 MW or Greater
C. Richard Clarke	FPL	CRC-4	Life Spans of Retired US Oil and Gas Steam Generating Units, 10 MW or Greater
C. Richard Clarke	FPL	CRC-5	Commission Orders From State of Nevada
C. Richard Clarke	FPL	CRC-6	Statistical Analysis, Bulletin 125
C. Richard Clarke	FPL	CRC-7	California Standard Practice U-4
C. Richard Clarke	FPL	CRC-8	NARUC, Developing an Observed Life Table
C. Richard Clarke	FPL	CRC-9	Response to OPC First Set of Interrogatories No. 55
Kim Ousdahl	FPL	KO-11	FPSC Summary of Orders on Capital Structure
Kim Ousdahl	FPL	KO-12	Capital Structure Adjustments
Kim Ousdahl	FPL	KO-13	RS Means/NUS Productivity Factor Comparison

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Kim Ousdahl	FPL	KO-14	Affiliate Management Fee (AMF) Specific Cost Drivers
Kim Ousdahl	FPL	KO-15	Power Generation Division (PGD) MW Capacity
Kim Ousdahl	FPL	KO-16	Identified Adjustments
K. Michael Davis	FPL	KMD-1	Effect of Theoretical Reserve Surplus on 2010 Revenue Requirements
K. Michael Davis	FPL	KMD-2	Revenue Requirement Impact of Proposed Amortization
K. Michael Davis	FPL	KMD-3	Comparison of Book Depreciation Reserve and Theoretical Reserve for Nuclear Uprates
K. Michael Davis	FPL	KMD-4	Stranded Investment Recovered from Customers in Other States
William E. Avera	FPL	WEA-18	Rebuttal to Technical Arguments
Armando Pimentel	FPL	AP-8	Unique FPL Risks
Armando Pimentel	FPL	AP-9	FPL / Tampa Electric Risk Comparison
Armando Pimentel	FPL	AP-10	FPL Test Year Capitalization
Armando Pimentel	FPL	AP-11	Historical and Projected Capital Structure
Armando Pimentel	FPL	AP-12	Projected Book Capital Structure
Armando Pimentel	FPL	AP-13	Impact of 2010 Commission Specific Adjustments

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Armando Pimentel	FPL	AP-14	Impact of Witness Baudino's Proposed Equity Adjustment
Armando Pimentel	FPL	AP-15	Imputed Debt Calculation
Armando Pimentel	FPL	AP-16	Short-Term Debt Costs – 30-Day LIBOR Curve
Armando Pimentel	FPL	AP-17	Long-Term Debt Cost
Joseph A. Ender	FPL	JAE-7	Allocation of 2010 and 2011 Production Plant Using Summer Coincident Peak Methodology
Joseph A. Ender	FPL	JAE-8	Impact of Summer Coincident Peak Methodology on Rate Class Revenue Requirements
Joseph A. Ender	FPL	JAE-9	Impact of Summer Coincident Peak and MDS Methodologies on Rate Class Revenue Requirements
Joseph A. Ender	FPL	JAE-10	Factors Contributing to Changes in Rate Class Parities from 2007 to 2010
Joseph A. Ender	FPL	JAE-11	Impact of Jurisdictional Transmission Adjustment on Projected 2010 and 2011 Retail Revenue Requirements
Renae B. Deaton	FPL	RBD-9	Impacts of Imposing Rate Increase Limitations
Renae B. Deaton	FPL	RBD-10	FPL's Bill Lowest in Florida
John J. Reed	FPL	JJR-13	Average Customer Savings

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
Terry Deason	FPL	TD-1 Biographical Information for Terry Deason

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

The following issues have been agreed to by all parties:

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?

PARTIES: The parties agree that this issue will be decided in a different docket.

The following issues have been agreed to by some parties. All other parties took no position.

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?

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

POSITION: No. the atrium has been retired and the adjustment is no longer necessary.

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?

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

PARTIES: Yes. The adjustment is no longer necessary as FPL leases the property and has included the lease revenue in operating revenues.

For the following issues, staff agrees with the FPL's position, and all other parties took no position. Accordingly, there are no factual issues in dispute.

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

POSITION: No. FPL has not removed any ECRC capital cost recovery items from the ECRC and placed them in base rates.

ISSUE 57: Should any adjustments be made to FPL's fuel inventories?

POSITION: No. Subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-16, the 2010 and 2011 projections of FPL's fuel inventories are appropriate.

ISSUE 98: Should an adjustment be made to advertising expenses?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

POSITION: No. An adjustment is not necessary as advertising expenses included in 2010 and 2011 are utility related and informational, educational or related to consumer safety

ISSUE 99: Has FPL made the appropriate adjustments to remove lobbying expenses?
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

POSITION: FPL has reflected the amounts applicable to lobbying expenses below the line for the projected test year 2010 and for the subsequent test year 2011. Therefore, no adjustment to remove lobbying expenses from net operating income is required.

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

POSITION: Yes. The appropriate adjustment to account for the increase in unbilled revenue is that shown in MFR E-12.

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

POSITION: Yes. The appropriate Temporary/Construction Service Charges, as shown in MFR E-14, Attachment 1, are: (1) for Overhead: \$255; and (2) for Underground: \$142.

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

POSITION: Yes. FPL has properly calculated the proposed charges for providing BERS audits pursuant to Florida Administrative Code Rule 25-17.003 (4) (a).

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

POSITION: Yes. The appropriate charge, as shown in MFR-E-14, Attachments 1 and 3, is \$279.98.

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

POSITION: Yes. As outlined in the current WIES tariff FPL is authorized to petition the Commission to close the WIES rate schedule if the kWh under the rate schedule have not reached 360,000 kWh by June 2004. For the twelve month period ending June 2009, kWh sales under the WIES have only reached 20,640 kWh.

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)

POSITION: Yes. Removing this option will avoid collection issues that often occur when the original customer requesting the payment option (e.g., a developer) transfers payment responsibility to another party (e.g., a homeowner's association).

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

POSITION: Yes, the proposed minimum charge for non-metered service under the GS rate appropriately reflects the difference between the GS customer charge and the metering costs for serving GS-1 customers.

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

POSITION: The effective date for FPL's revised rates and charges for electric service should be for meter readings on and after the first cycle day of January, which is currently scheduled to be January 4, 2010 for the test year and January 4, 2011 for the subsequent year. The effective date for FPL's revised service charges should be January 1, 2010.

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?

POSITION: Yes.

XI. PENDING MOTIONS

- 1) FPL's Motion for Temporary Protective Order of Certain Information included in FPL's Responses to OPC's 10th Request for PODs (Nos. 251, 252, and 258) filed July 17, 2009;
- 2) FPL's Motion for Temporary Protective Order of Certain Confidential Information in response to SFHHA's 10th Set of Interrogatories (No. 296) filed June 29, 2009;
- 3) FPL's Revised Motion for Temporary Protective Order of Certain Information included in Responses to OPC's 9th Request for PODs (Nos. 231-234, 244, 246; Attorney General's 2nd set of interrogatories (Nos. 38, 41-42, 48-49, 63-65, 68; SCU-4's 1st set of interrogatories (Nos. 7, 12, 16); Staff's 1st Request for PODs (No. 3); and Staff's 3rd Set of Interrogatories (No. 16) filed June 26, 2009 (Original filed June 26, 2009);
- 4) FPL's Motion for Temporary Protective Order of Certain Confidential Information in Response to OPC's 8th Request for PODs (No. 225) filed June 9, 2009;
- 5) FPL's Motion for Temporary Protective Order of Certain Confidential Information included in Supplemental Response to OPC's 1st Request for PODs (No. 1) and Supplemental Responses to OPC's 2nd Request for PODs (Nos. 42, 92, and 98) filed May 19, 2009;
- 6) FPL's Motion for Temporary Protective Order Of Certain Confidential Information Included in Response to OPC's 4th set of Interrogatories (No. 252) and Response to SFHHA's 1st Request for PODs (No. 12) filed May 15, 2009;
- 7) FPL's Motion for Temporary Protective Order of Certain Confidential Information in Responses to OPCs' 1st set of interrogatories (Nos. 33-corrected), in connection with 2009 depreciation and dismantlement study filed May 8, 2009;
- 8) The City of South Daytona's Motion to Compel Responses to its First Set of Interrogatories (Nos. 1-11, 16 and 17) and its First Request for Production of Documents (Nos. 1-6, and 8) from Florida Power & Light Company filed July 2, 2009.

XII. PENDING CONFIDENTIALITY MATTERS

- 1) FPL's Request for Confidential Classification of information contained in the testimony and exhibits of OPC Witness Dismukes, filed August 6, 2009; and

- 2) FPL's Request for Confidential Classification of information contained in the testimony and exhibits of SFHHA Witness Kollen, filed August 6, 2009.
- 3) FPL's Request for Confidential Classification of information relating to Staff's First POD No. 3 filed August 4, 2009;
- 4) FPL's Request for Confidential Classification of information provided pursuant to Audit No. 09-110-4-1 filed July 30, 2009;
- 5) FPL's Revised Request for Confidential Classification of Staff's 3rd Set of Interrogatories (No. 16), 4th Set of Interrogatories (No. 32), and 8th Set of Interrogatories (No. 97), and Request for Determination by full Commission filed July 27, 2009 (Original request filed July 21, 2009);
- 6) FPL's Request for Confidential Classification of response to SFHHA's 10th Request for Production of Documents (No. 102), filed July 21, 2009.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position, set off with asterisks, shall be included in that statement. The summary shall consist of 75 words for most positions, except that each party shall be permitted to use 150 words for 10 of its position statements. Furthermore, for Issues 19A-G regarding depreciation and Issue 109 regarding affiliate transactions, each party is permitted 75 words per issue that was subsumed in Issues 19A-G and 109. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than the word limit listed above, it must be reduced to the limits listed above. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., 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 150 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed 30 minutes for Petitioner and AIF. The Intervenor is granted 75 minutes total, to be divided as they deem appropriate.

In their Prehearing Statements, the parties proposed issues for which there was not agreement for inclusion in the Prehearing Order. The parties filed memoranda in support of inclusion of their issues. Upon consideration of the memoranda and further discussion by the parties at the prehearing conference, many of the proposed issues could be addressed in other

issues, and other proposed issues were deemed inappropriate for inclusion in this case. Accordingly, the following proposed issues were removed from Section VIII of this Order:

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

RULING: *Subsumed in Issue 19A.*

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

RULING: *Subsumed in Issue 19C.*

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

RULING: *Subsumed in Issue 19C.*

ISSUE 24: *What are the appropriate depreciation rates? City of SD*

RULING: *Subsumed in Issues 19C and 19D.*

ISSUE 25: *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) OPC*
Coal-fired production units
Large steam oil or gas-fired generating facilities
Combined cycle generating facilities

RULING: *Subsumed in Issue 19C.*

ISSUE 26: *Has FPL applied the appropriate methodology to calculate the remaining life of production units? OPC*

RULING: *Subsumed in Issue 19B.*

ISSUE 27: *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*

RULING: *Subsumed in Issue 19C.*

ISSUE 27A: *Has FPL appropriately calculated the remaining life of its plant? OPC*

RULING: *Subsumed in Issue 19B.*

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*

RULING: *Subsumed in Issue 19C.*

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*

RULING: *Subsumed in Issue 19C.*

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) OPC*

- 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*
- i. 365 *Distribution Overhead Conductors*
- j. 367.6 *Underground Conductors*
- k. 367.7 *Distribution Underground Conductions and Devices-Direct Buried*
- l. 368 *Distribution Line Transformers*
- m. 369.7 *Distribution Services-Underground*
- n. 370 *Distribution Meters*
- o. 373 *Distribution Street Lighting and Signal Systems*
- p. 390 *General Plant Structures*
- q. 392.01 *General Plant Aircraft-Fixed Wing*
- r. 392.-2 *General Plant Aircraft-Rotary Wing*

RULING: *Subsumed in Issue 30D.*

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) OPC*

- 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*

RULING: *Subsumed in Issue 19D.*

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*

RULING: *Subsumed in Issues 19C, 19D, and 131.*

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

RULING: *Subsumed in Issue 19F.*

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*

RULING: *Subsumed in Issue 19F.*

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*

RULING: *Subsumed in Issue 19F.*

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

RULING: *Subsumed in Issue 19F.*

ISSUE 48: *Is FPL's proposed base rate adjustment formula regarding the application of the Commission's Nuclear Cost Recovery Rule appropriate? City of SD*

RULING: *Subsumed in Issue 173.*

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

RULING: *Subsumed in Issue 50.*

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

RULING: *Subsumed in Issue 69.*

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

RULING: *Subsumed in Issues 70 and 71.*

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

RULING: *Subsumed in Issue 80.*

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*

RULING: *Subsumed in Issue 80.*

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*

RULING: *Subsumed in Issue 80.*

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*

RULING: *Subsumed in Issue 80.*

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*

RULING: *Subsumed in Issue 80.*

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

RULING: *Subsumed in Issue 80.*

ISSUE 104: *Should an adjustment be made to FPL's level of executive compensation?*
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year? OPC

RULING: *Subsumed in Issue 103.*

ISSUE 105: *Should an adjustment be made to FPL's level of non-executive compensation?*
A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year? OPC

RULING: *Subsumed in Issue 103.*

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

RULING: *Subsumed in Issue 109.*

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

RULING: *Subsumed in Issue 109.*

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

RULING: *Subsumed in Issue 109.*

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

RULING: *Subsumed in Issue 109.*

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*

RULING: *Subsumed in Issue 109.*

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*

RULING: *Subsumed in Issue 109.*

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*

RULING: *Subsumed in Issue 109.*

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*

RULING: *Subsumed in Issue 109.*

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

RULING: *This issue references legal standards established by the legislature in Chapter 366, F.S. and permeates the issues in the docket.*


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)*

RULING: *This issue is inappropriate for inclusion in this case. The Commission's decision on the DSM Goals Docket will not be made until after the record for this docket has been closed.*

It is therefore,

ORDERED by Commissioner Katrina J. McMurrian, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Katrina J. McMurrian, as Prehearing Officer, this 21st
day of August, 2009.


KATRINA J. MCMURRIAN
Commissioner and Prehearing Officer

(SEAL)

LCB

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.

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; or (2) 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 Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, 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.