

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION FOR INCREASE IN RATES DOCKET NO. 080677-EI
BY FLORIDA POWER & LIGHT COMPANY.

2009 DEPRECIATION AND
DISMANTLEMENT STUDY BY FLORIDA DOCKET NO. 090130-EI
POWER & LIGHT COMPANY.

VOLUME 11
Pages 1254 through 1332

ELECTRONIC VERSIONS OF THIS TRANSCRIPT ARE
A CONVENIENCE COPY ONLY AND ARE NOT
THE OFFICIAL TRANSCRIPT OF THE HEARING.
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Thursday, August 27, 2009

TIME: Commenced at 5:00 p.m.
Concluded at 7:15 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: CLARA C. ROTRUCK
Court Reporter
(850) 222-5491

PARTICIPATING: (As heretofore noted.)

ORIGINAL

DOCUMENT NUMBER - DATE

09076 SEP-1 60

FPSC-COMMISSION CLERK

I N D E X

WITNESS

NAME: PAGE NO.

ROBERT E. BARRETT, JR.

Cross Examination by Ms. Griffiths	1256
Cross Examination by Mr. Moyle	1281

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

P R O C E E D I N G S

1
2 (Transcript follows in sequence from
3 Volume 10.)

4 MR. McGLOTHLIN: SFHHA will go first this
5 time.

6 CHAIRMAN CARTER: That will be fine. You are
7 recognized, SFHHA.

CROSS EXAMINATION

8
9 BY MS. GRIFFITHS

10 Q Good afternoon, Mr. Barrett. Meghan Griffiths
11 on behalf of South Florida Hospitals and Healthcare
12 Association.

13 A Good afternoon.

14 Q How are you?

15 A I am fine, thanks.

16 Q I want to ask you first about the exhibit that
17 was passed out that you just discussed, and it is
18 labeled Exhibit REB-17. Is this the same exhibit that
19 was filed in your direct testimony in this case?

20 A Yes, it is.

21 Q And are there any changes to this exhibit from
22 your direct testimony?

23 A No, there's not.

24 Q Okay. Well, I believe that Mr. Olivera passed
25 the baton to you the other day regarding several issues,

1 and one of those was nailing down exactly how much FPL
2 is asking for in this case, so if you don't mind, I
3 would like to step through that with you and just so we
4 know for certain exactly how much FPL is asking for for
5 the years 2010 and 2011.

6 A Okay. I think that was one of several batons
7 that I got.

8 Q Right, right.

9 A And we have actually prepared a handout --

10 CHAIRMAN CARTER: Chris -- hang on a second.
11 Chris, could you turn up the volume on his mike? I want
12 to make sure that Commissioner Argenziano and the rest
13 of us can hear you. Do you remember the question?

14 THE WITNESS: Yes.

15 CHAIRMAN CARTER: Will you start with the
16 answer, then, please, sir?

17 THE WITNESS: Yes. We have actually prepared
18 a handout that I think would be helpful to help us walk
19 through the reconciliation. I believe it was in
20 reference to Mr. Olivera's testimony on page 32. Just
21 let me know when everybody gets the handout.

22 MS. GRIFFITHS: I will do that.

23 MR. MOYLE: I don't think we have an
24 objection. I just would note it's interesting, an
25 exhibit coming in on our cross, but --

1 MS. GRIFFITHS: I'm going to walk him through
2 my questions, and if we any more questions, I may ask
3 him about it.

4 CHAIRMAN CARTER: Mr. Moyle, it's not in yet.

5 MR. BUTLER: Mr. Chairman?

6 CHAIRMAN CARTER: Yes, sir.

7 MR. BUTLER: Unless another party wants to,
8 we're certainly willing to have this come in as an
9 exhibit. We're not proposing it necessarily for that
10 purpose, it just seemed like there was some confusion
11 when Mr. Olivera was explaining how the different
12 numbers related, seemed like it might be useful to have
13 something people could look at as he was explaining it.

14 CHAIRMAN CARTER: Okay. You may proceed.

15 BY MS. GRIFFITHS:

16 Q All right, Mr. Barrett, I'm going to proceed
17 here.

18 With respect to the 2010 base rate increase,
19 the company's original request was \$1.04 billion,
20 correct?

21 A One zero four three point five.

22 Q Thank you. And as part of your rebuttal
23 testimony in this case, that number has been decreased
24 by \$68 million, is that correct?

25 A No, that is not correct.

1 Q I'm sorry, \$68.4 million?

2 A No, that is not correct. If I can correct a
3 couple of things in that statement, first of all, it was
4 not my rebuttal testimony, it was Kim Ousdahl's rebuttal
5 testimony.

6 Am I not talking loud enough?

7 CHAIRMAN CARTER: I think that if you could
8 just get a little closer.

9 THE WITNESS: Is that better?

10 CHAIRMAN CARTER: We're trying to make sure we
11 get it taped here. You may proceed.

12 THE WITNESS: So, first of all, the adjustment
13 that's reflected here is the adjustment that is the sum
14 total of all of the adjustments reflected on Exhibit
15 KO-16, which was an exhibit to Ms. Ousdahl's rebuttal
16 testimony, and the figure for 2010 was 60,600,000, 60.6,
17 and that's what is reflected on this handout that I just
18 passed out.

19 BY MS. GRIFFITHS:

20 Q And then with respect to the 2010 test year,
21 the \$77.9 million reflected under year 2010 is
22 associated with monies that the company is requesting
23 move to cost recovery clauses, is that correct?

24 A That is correct.

25 Q And the total impact for 2010 would be

1 1,060,000,000, is that correct?

2 A The total impact of moving items from base to
3 clause and then reflecting the adjustments that were
4 submitted in KO-16 would result in an increase of
5 1,060,000,000, yes.

6 Q All right. And with respect to the year 2011,
7 the increase of -- as originally requested was for
8 \$247 million on top of the original \$1.04 billion, is
9 that correct?

10 A That is correct.

11 Q All right. And then underneath that, you're
12 proposing moving zero to clauses because that has
13 already taken place with respect to 2010, is that
14 correct?

15 A Correct, as after that adjustment is made in
16 2010, there is no longer -- there is no adjustment to
17 make in 2011.

18 Q And then the impact of adjustments from KO-16,
19 this year you have -- you're decreasing your requested
20 increase by \$7.9 million, is that correct?

21 A That is correct.

22 Q All right. Now, as I recall from Exhibit
23 KO-16, the revenue requirement decrease that was
24 reflected in the second column of that exhibit was
25 actually \$68 million. Can you explain to me the

1 difference there between those two numbers? And I
2 believe that \$68 million is reflected on your two- year
3 total, the fourth number down.

4 A Yes, I would be happy to. The 68 million
5 really is the impact of all those adjustments in 2011,
6 but once the 60.6 million adjustment is made in 2010,
7 the incremental impact is only 7.9 for 2011.

8 Q All right, understood. So the total increase
9 that the company is asking this Commission to request is
10 \$1.3 billion for the two years, is that correct?

11 A The test year and subsequent year combined
12 would total \$1.3 billion, yes.

13 Q And does that 1.3 billion include what is
14 being proposed in these two clauses?

15 A Yes, it does.

16 Q Thank you, sir. That helps clear it up a bit.

17 Now, you're the Vice-President of Finance for
18 FPL, correct?

19 A Correct.

20 Q And in that capacity, you have overall
21 responsibility for developing the forecasts that
22 supported FPL's requested revenue increase for the 2010
23 and 2011 years, correct?

24 A Correct.

25 Q And FPL originally filed its rate case in

1 April of 2009, is that accurate?

2 A I believe it was March 18, 2009.

3 Q March 18th, then. So is it true that in
4 late -- you began putting together FPL's forecast in
5 2008?

6 A Correct.

7 Q And it is in late -- late 2008 you began
8 finalizing the budgets for the 2010 and 2011 rate years,
9 is that correct?

10 A That is correct.

11 Q All right. So you put together your budget
12 forecast for the 2011 -- the 2011 rate year about two
13 and a half to three years before that year, is that
14 accurate?

15 A Well, it was finalized at the end of '08,
16 which would have been about two years before the
17 beginning of '11.

18 Q And during 2008, you had to review your budget
19 assumptions several times during your budget review
20 process because the economic factors kept changing, is
21 that accurate?

22 A Yes. Actually as we read through the budget
23 preparation process, beginning in the early summer of
24 2008, as we were moving through the year, the economic
25 situation continued to deteriorate and we had to

1 continue to revise and revisit those assumptions
2 primarily around customer growth and sales and those
3 sorts of things.

4 Q But it's your position, though, that even
5 though the economic environment was highly uncertain,
6 you believe that the forecasts that you have put forward
7 for 2010 and 2011 were reasonable and reliable for this
8 Commission to rely on, is that accurate?

9 A That is accurate, yes. I believe as we moved
10 through the year, as we got towards the latter part of
11 2008, things began to stabilize a little bit, some of
12 the uncertainty that we saw in early '08 and into the
13 summer of '08 began to settle down a little bit, and I
14 do believe the 2010 -- our forecast of '10 and '11 are
15 reliable.

16 Q But it's true, isn't it, that in less than six
17 months, since this case has been filed and during the
18 process over which this rate case has been vetted by the
19 staff and parties, FPL itself has become aware of more
20 than \$60 million in downward adjustments that it
21 acknowledges should be made to the 2010 test year, is
22 that correct?

23 A As we've reviewed our filing and went through
24 the forecast, there were some adjustments that were
25 appropriate, and I believe the largest one had to do

1 with the impact of the stimulus bill that was passed
2 after our filing was made. So we wanted to reflect
3 that, it was a downward revision in customers' benefit,
4 so we wanted to make sure that was reflected.

5 Q And the company didn't fully understand the
6 ramifications of the stimulus bill when it originally
7 filed its rate case, did it?

8 A We had a sense of where it would be, but we
9 wanted to make sure that we reflected it appropriately,
10 and it was primarily around depreciation. So we wanted
11 to make sure that we had a chance to calculate it
12 correctly so it could be reflected in the forecast
13 correctly.

14 Q And the company still doesn't know, does it,
15 whether it will be the recipient of various grants that
16 it could qualify for under the stimulus bill, does it?

17 A We have applied for some grant money for some
18 incremental investments that we would be pending
19 approval by the federal government for, again,
20 incremental investments that are not part of this
21 filing.

22 Q But you still do not know, do you, whether the
23 company will be the recipient of those grants in 2009 or
24 2010 or 2011, do you?

25 A No.

1 Q All right. And let me back up just a moment
2 and go back to the exhibit that you actually handed out
3 regarding your revenue increase. This exhibit does not
4 include the company's request related to West County
5 Unit 3, does it?

6 A By "exhibit," are you referring to the
7 handout?

8 Q Yes, I'm sorry, I'm referring to the one
9 that's titled *Revenue Increase Requested Including*
10 *KO-16*.

11 A That is correct, it does not include the West
12 County 3.

13 Q Okay, so if we want to get the full impact of
14 what the company is requesting for -- requesting, we
15 should add the West County Unit 3 cost, shouldn't we?

16 A Correct.

17 Q And that's at about a hundred -- the annual
18 revenue requirement is 182 million?

19 A Yes.

20 Q Now, one of the reasons that you gave in your
21 direct testimony for seeking a 2011 rate increase was
22 that it would avoid the time and money associated with
23 another rate case, is that accurate?

24 A Yes.

25 Q All right. But we already know that over the

1 six months that this case has been looked at by the
2 intervenors, the company itself has come off of its 2010
3 test year by about \$60 million, right?

4 A Correct.

5 Q And it's true, isn't it, that you personally
6 did not perform a cost-benefit analysis to demonstrate
7 that the savings from not having a rate case would
8 offset any potential ratepayer benefits that could
9 result, correct?

10 A I know what the cost of this proceeding is, I
11 have not done a cost-benefit, and part of the benefit is
12 the savings of time by the Commission and staff, all
13 interested parties. I have not done any comprehensive
14 analysis of what that time is worth, but the cost we
15 have calculated.

16 Q Okay. And the costs of this rate case, I
17 believe it's actually listed as an issue in the
18 Commission's prehearing order, are estimated at about
19 \$3.6 million, correct?

20 A That is correct.

21 Q All right. And so we can compare that, I
22 suppose, to the \$60 million that the company has already
23 come off of its revenue requirement, can't we?

24 A No, I wouldn't say you could compare those.

25 Q Now, Mr. Barrett, you would agree, wouldn't

1 you, that if the Commission were to deny the 2011 rate
2 increase, the company would have the option of coming in
3 again at a later time to seek a base rate increase,
4 would it not?

5 A We would have that option.

6 Q Okay. And let me switch gears just a little
7 bit. When you were preparing your forecast in this
8 case, you didn't base any of your forecast on anything
9 less than a 12.5 percent ROE, did you?

10 A That is correct.

11 Q I want to turn to discuss some of the drivers
12 of the rate increase that you have identified in your
13 direct testimony, but before I do that, I would like to
14 just talk about some general ratemaking principles
15 before we address your drivers so that we can kind of
16 understand them better, and I want to walk you through
17 that.

18 Mr. Barrett, do you agree that as a general
19 ratemaking principle, regulated utilities such as FPL
20 are allowed to earn a return on both -- a return on and
21 of their invested capital?

22 A Yes.

23 Q And so to make this principle very simple, I
24 want to walk you through a hypothetical just to
25 illustrate it.

1 If a utility had \$100 of invested capital at
2 the time it set rates in a base rate case, it would set
3 rates to recover \$100 over the assumed life of that
4 asset, is that correct, and that being its return of
5 invested capital?

6 A Yes, I believe that would be depreciation.

7 Q Okay, thank you. And in addition, the utility
8 is entitled to its return on the invested capital, so
9 just to make this simple, if the allowed return on the
10 invested capital was ten percent, then rates would be
11 set so that the utility would earn \$10 plus reasonable
12 and necessary operating expenses, including
13 depreciation?

14 A It's a simple hypothetical. If the average
15 investment was \$100, then ten percent of that would be
16 \$10, and then all of the other cost-of-service items
17 that you mentioned, yes.

18 Q So -- and you also agree that just as a
19 general rule, rates are set to depreciate an asset over
20 its assumed useful life, correct?

21 A Yes. As I understand the approach, it is to
22 look at the remaining useful life of the asset and
23 depreciate its remaining value over that period of time.

24 Q Okay. So if the life of the asset that
25 resulted in invested capital of \$100 was ten years, then

1 you set your rates to recover \$11, which in ten years
2 would get you the \$110 that you would be entitled to,
3 right?

4 MR. BUTLER: Mr. Chairman, I need to object.
5 We have three witnesses covering the topic of
6 depreciation. This isn't one of them and --

7 CHAIRMAN CARTER: I think she's asking him a
8 hypothetical and it seems simplistic enough.

9 You may proceed.

10 MS. GRIFFITHS: Thank you, Mr. Chairman.

11 THE WITNESS: Please repeat the question.

12 BY MS. GRIFFITHS:

13 Q Sure. If the life of the asset that we're
14 talking about that resulted in the invested capital of
15 \$100 was ten years, and then you set rates to recover
16 \$11 -- you then would set rates to recover \$11, which in
17 ten years would get you the \$110 that you would be
18 entitled to?

19 A Well, I believe the way that it would work is
20 you'd recover the depreciation in the first year and the
21 return in the first year, so over ten years you're going
22 to have an accumulation of return on undepreciated
23 investment, et cetera.

24 Q So it's true, though, that you set your --
25 your invested capital was originally set at \$100, but as

1 the company depreciates its investment capital, its
2 level of invested capital goes down over time, is that
3 accurate, with depreciation?

4 A Assuming no additional investment in the
5 company, that would be the case.

6 Q And that's what I'm assuming here. I'm just
7 trying to keep it simple.

8 So, now, assume with me that five years have
9 gone by and the company has used straight-line
10 depreciation to depreciate its invested capital. At
11 that point in time -- it's been five years. At that
12 point in time, the utility's invested capital would be
13 \$50, correct?

14 A Correct.

15 Q Okay. So also assume for me that there's been
16 no more additional invested capital and that no rate
17 case has occurred, so that the company's rates are set
18 at the same level as they were in the last base rate
19 case. If no rate case occurs, then it's true, isn't it,
20 that the company is still recovering a return on the
21 \$100 of invested capital and rate base, is that correct?

22 A In your simple hypothetical, that would be the
23 case, but that's never the case in the real world.

24 Q But it's the case in my hypothetical, correct?

25 A Correct.

1 Q So even though the invested capital had
2 depreciated to \$50 on its books, in my hypothetical, a
3 return is still earned on the \$100?

4 A Correct.

5 Q Okay, let's switch it up a little bit. If we
6 were to assume that the useful life of that \$100 of
7 invested capital was longer than the ten years, we would
8 collect less than the \$11 that we talked about earlier
9 for that asset, right?

10 A Yes.

11 Q And that sort of basically -- the extension of
12 -- that's because of the extension of the service life
13 of the asset? It doesn't change the company's ability
14 to achieve a return on its invested capital, it just
15 sort of extends the timing of that recovery, is that
16 correct?

17 A We're kind of getting way down the path here
18 of hypotheticals, but I'm assuming what you're saying is
19 if the depreciable life was longer than ten years, then
20 you would have a smaller depreciation charge that would
21 be reflected in rates.

22 Q And ratepayers would pay a smaller
23 depreciation charge if that were the case, correct?

24 A Whatever were to be determined the correct
25 depreciation charge would be established new rates, and

1 that's what customers would pay.

2 Q Okay. Now, let's turn to page 23 and 24 of
3 your direct testimony.

4 A I'm there.

5 Q And that's where you list the drivers of the
6 rate case that I believe you also have identified on
7 your Exhibit REB-17. I want to discuss one of those
8 drivers with you, and that's the depreciation changes
9 driver.

10 Now, the company is -- I believe that one of
11 the drivers of this rate case is the need for an
12 additional \$266 million a year associated with
13 depreciation, is that correct?

14 A If I may, the \$266 million -- actually, if I
15 could just kind of set the context for this whole driver
16 analysis, I would appreciate it.

17 The driver analysis essentially takes the
18 billion 044 '11 request and tries to divide it up into
19 those categories of items that are causing the increase
20 in revenue deficiency of a billion 044. So what we did
21 is we looked at some major categories of drivers and
22 tried to quantify and divide up the billion 044 into the
23 appropriate categories.

24 So the depreciation change driver that you're
25 referring to, the 266 million, really is comprised of

1 three components. In our current settlement agreement
2 since '05, we have been recording 125 million a year of
3 depreciation credit. That expires at the end of this
4 settlement agreement at the end of this year, so absent
5 any other change, our depreciation would go up \$125
6 million. That's part of that 266.

7 Now, the fact that we have done that for four
8 years has essentially added to rate base \$125 million a
9 year, or \$500 million, so that carries with it a return
10 requirement. And I go into a discussion of that on the
11 next page, I believe it's \$52 million. So we've got a
12 \$125 million increase due to the lack of a credit, and
13 then the \$52 million, which is rates going up, because
14 we've essentially added back plant to -- taken away
15 depreciation from the rate base. So that's those two
16 components.

17 There's one more component in that 266, which
18 is the effect of new depreciation rates which are the
19 subject of the comprehensive depreciation study, which
20 we have witnesses that are going to testify to that. So
21 it's about \$89 million, which is the effect of the
22 depreciation rates. So those are the three components
23 of that 266 million.

24 Q Thank you for that explanation. You just
25 shortened my cross-examination by quite a bit.

1 A That is my objective.

2 Q All right. I'm going to ask you some
3 questions about the relationship between depreciation
4 expense and FPL's earnings.

5 You would agree with me, wouldn't you, that if
6 the Commission were to lower FPL's depreciation expense
7 and FPL's revenues were correspondingly lowered by an
8 equal amount, the decreased depreciation expense would
9 have no impact on FPL's earnings, is that correct?

10 A If I could rephrase that, the combination of
11 those two together would have no impact on FPL's book
12 earnings; however, there would be a cash impact.

13 Q Okay, thank you.

14 Because we're setting base rates, if it were
15 determined by the Commission that depreciation expense
16 should be lower than it is, then it follows that FPL's
17 revenue requirement associated with that depreciation
18 expense would come down and the reduction would have no
19 impact on FPL's book earnings, correct?

20 A That is correct.

21 Q Okay. But the lowering of depreciation
22 expense would have an impact on the rates that the
23 ratepayers actually have to pay, right?

24 A It would be a reduction of revenue
25 requirements, which would then be a reduction in the

1 rates that would then be established, correct.

2 Q So customers' rates would be lower if the
3 Commission decreased that depreciation expense, but it
4 would have no impact on the company's earnings, correct?

5 A "No impact" is a little bit strong, because it
6 would have an impact on their cash position. And I want
7 to stress that, because cash is very important, and that
8 is cash that we reinvest in the business. But on a book
9 earnings' basis, you're correct, it would have no impact
10 on the book earnings.

11 Q And the company likes that increased
12 depreciation expense because you like to use it as cash
13 flow, is that what you're saying, sir?

14 A I'm not liking it. It is an important part of
15 our operating cash flow, which we reinvest into the
16 business.

17 Q Okay. In addition, if depreciation expense
18 were decreased and the revenue requirement came down
19 accordingly, that would have no impact on FPL's earned
20 return on equity, would it?

21 A If the revenues came down and the depreciation
22 would have come down, it would have no effect on book
23 earnings. It would have the effect of adding to rate
24 base, so it would have a negative effect, I believe, on
25 ROE.

1 Q Let me switch that up a bit, because your
2 depreciation -- your revenues came down along with your
3 depreciation, and you're saying it would have an impact
4 on your earned ROE?

5 A Because you're actually adding plant back to
6 the balance sheet, and the equity that supports that.

7 Q Assume for me that -- I'm changing up the
8 hypothetical just a little bit here, too. Assume for me
9 that the company's revenues remain neutral, and in year
10 one the company's revenues are \$100 and in year two the
11 revenues remain the same. However, the difference
12 between year one and year two is that the service lives
13 of an asset have been changed, and so the company is
14 going to depreciate the asset over a longer period.
15 Now, the extension in service life would reduce the
16 company's depreciation expense, correct?

17 A The extension of a service life would decrease
18 the depreciation expense; however, if I can just ask a
19 clarification, we're in a proceeding here where we're
20 setting depreciation at the same time we're setting
21 rates, so your hypothetical had service lives changing a
22 year later. I'm not following the hypothetical.

23 Q All right. Assume for me that the rates are
24 set in year one.

25 A And the appropriate service life determined in

1 year one by this Commission?

2 Q Yes. And then the company's revenues are
3 \$100, and in year two the revenues are the same. And I
4 guess actually the rates -- the rates are -- the service
5 life of the asset has changed.

6 A I'm not sure what would change that.

7 Q Assume for me that there is a change in the
8 depreciation -- the service life of the asset based on a
9 base rate proceeding. Now, the extension in the service
10 life would reduce the company's depreciation expense,
11 correct?

12 A I'm not following your hypothetical. We're
13 going to set depreciation revenues in the same year, so
14 service lives are not going to change the next year. We
15 do this every four years.

16 Q I understand that. I'm just trying to use a
17 simple hypothetical here. Let me see if I can clear it
18 up for you.

19 Assume you have a base rate case in year one
20 and a base rate case in year two, and I know you set --
21 you change up your depreciation rates every four years,
22 but in year one your revenues are \$100 and in year two
23 your revenues are the same and you have reset your
24 depreciation rate, so that's the only difference and you
25 have made it longer.

1 A I'm sorry, you just said you had a base rate
2 case in year one and another base rate case in year two,
3 so the revenues wouldn't be the same.

4 MR. BUTLER: Are you saying in the second base
5 rate case you didn't change the base rates?

6 BY MS. GRIFFITHS:

7 Q That's correct. It's just a very simple
8 hypothetical here, it's not a trick question. I'm just
9 trying to talk about how the -- assuming that the
10 revenues remain constant, the company's earnings go up
11 if your depreciation expense goes down with the
12 extension of a service life, assuming that the operating
13 revenues remain the same, is that accurate?

14 A I would just contend with your assertion that
15 service lives change. They change when we do a study
16 and get approval by the Commission through a proceeding.
17 We don't just change service lives.

18 Q I understand that, but just assume -- can you
19 go with me on that hypothetical? If you can just follow
20 that hypothetical, if that were the case, is that the
21 effect on the company's earnings?

22 A You're asking if revenues stay the same and
23 depreciation expense goes down?

24 Q Uh-huh.

25 A Restate your question.

1 Q The revenues stay the same in year one and
2 year two. The difference is that the depreciation
3 expense goes down, the service lives have been extended.
4 Assuming that revenues remain constant, would the
5 company's earnings actually go up, in that hypothetical?

6 A If the depreciation expense were to go down, I
7 would take issue with your assertion that the service
8 lives change, but if depreciation expense went down and
9 revenues stayed the same, mathematically then that
10 income would go up.

11 Q Okay, thank you.

12 Now, I want to switch to another one of your
13 drivers that you've discussed, and that is the storm
14 reserve accrual in which the company is seeking an
15 additional \$150 million for its storm reserve.

16 Now, it's true, isn't it, and I believe we
17 were discussing earlier that if the company -- if the
18 Commission were to deny FPL's request to increase its
19 storm reserve by \$150 million, that decision, like the
20 depreciation decision -- depreciation discussion that we
21 had earlier, would have no impact on the company's
22 earnings, correct?

23 A If the decision were to be to not approve the
24 150 million storm reserve accrual and revenues were
25 lowered -- revenue requests were lowered by 150

1 million, then those would offset and there would be no
2 impact on book earnings, correct.

3 Q That's all I have, Mr. Barrett. Thank you.

4 A Thank you.

5 CHAIRMAN CARTER: Thank you.

6 Mr. McGlothlin?

7 MR. MCGLOTHLIN: FIPUG Will go next.

8 CHAIRMAN CARTER: Mr. Moyle?

9 MR. MOYLE: Thank you, Mr. Chairman.

10 CROSS EXAMINATION

11 BY MR. MOYLE:

12 Q Depreciation reminds me of a legal term called
13 the rule against perpetuities. It's a theoretical thing
14 and you keep talking about it and eventually I think you
15 can say the right words, but it's an elusive concept to
16 understand. I just wanted to follow up briefly before I
17 get into some of the questions about the hypothetical.
18 I think you were getting hung up on the notion that a
19 rate case and depreciation schedules were both being
20 done at the same time, and there's nothing that requires
21 a depreciation schedule -- let me put it this way: Rate
22 cases don't have to be filed at the same time you file
23 depreciation schedules, correct?

24 A That is correct.

25 Q So you could have a situation where you have

1 rates and then you subsequently file a depreciation
2 schedule where there's an adjustment made to the useful
3 life of the asset, kind of consistent with the
4 hypothetical that was being asked you, correct?

5 A Yes, and to kind of follow through the
6 hypothetical, I guess the point was if depreciation were
7 to go down and earnings were to go up, you may or may
8 not have a base rate proceeding coincident with that,
9 but as part of the Commission's surveillance process on
10 a monthly basis, they would be monitoring the earnings
11 situation to determine if that eventuality were to cause
12 us to be in an overearning situation and then have the
13 opportunity to pull us in for a rate case. So they kind
14 of go hand in hand.

15 Q And just, again, from a broad policy level,
16 the notion of depreciation is you get to take it as an
17 expense, correct?

18 A It's a proper expense, yes.

19 Q Right, but it's not like an expense, like
20 you're paying Westinghouse for a generator where you get
21 a product and you have to shell out cash for the
22 generator. Depreciation is just an expense that shows
23 up and then you get to collect the revenue from the
24 ratepayers for that depreciation expense, is that right?

25 A Well, I guess I would phrase it differently.

1 I would say it's a recovery of costs that have been
2 spent prior, so the money has already been spent, and
3 this is a recognition of -- the collection of -- the
4 return of capital, as Ms. Smith talked about earlier.

5 Q And you said the money has already been spent.
6 That's because you're depreciating the asset and you're
7 saying it has been spent because you bought the asset,
8 is that right?

9 A Yes, we paid for the asset. The depreciation
10 reflects the recovery of that investment.

11 Q I got you. And also -- but with respect to
12 how you finance the asset, you could pay cash all up
13 front or you could finance it with some debt, I mean,
14 there are other things you can do with respect to
15 securing title to the asset that's being depreciated,
16 correct?

17 A I'm going to defer the financing questions to
18 Witness Pimentel.

19 Q Okay. Thanks for having a quick conversation
20 about that.

21 The other point that I wanted to explore a
22 little bit that was raised with you in the questions
23 from counsel for the South Florida Hospital group is the
24 storm reserve, and if you're not comfortable conversing
25 on this, then tell me and I'll make sure I talk to

1 whomever is most comfortable.

2 But the president, Mr. Olivera, the other day
3 said there was \$200 million that was already set aside
4 for storm damage. Is that your understanding, give or
5 take some --

6 A Subject to check, I believe I heard him say
7 that.

8 Q I don't want to ask you to disagree with him,
9 so --

10 A He is my boss.

11 Q So we've got 200 million for the storm. Now,
12 you also have a clause, do you not, that would allow you
13 to seek additional recovery in the event that there was
14 a storm and you had to spend money to fix your system,
15 is that -- are you aware of that?

16 A Clarify that. You said we have a clause?

17 Q Yes.

18 A No.

19 Q A storm surcharge?

20 A We don't have a storm clause. Any
21 expenditures that we spent on a storm restoration would
22 need to come before this Commission to seek recovery --

23 Q Okay. It's getting late, I'm sorry, I didn't
24 use the right word. But you do have the ability to come
25 seek relief from this Commission with respect to storm

1 expenses that you would incur?

2 A After the fact, yes.

3 Q And you did that previously with some storms
4 and they largely granted the request that you sought,
5 correct?

6 A I don't recall exactly how much was recovered
7 versus spent, but we had the opportunity to come before
8 this Commission and petition for recovery of all
9 prudently incurred storm restoration dollars.

10 Q And don't you also have available to you
11 2.75 billion in credit facilities currently?

12 A I believe that's the correct number, but if
13 you don't mind, I'm going to defer these kinds of
14 questions to Mr. Pimentel --

15 Q Okay.

16 A -- to discuss how to finance storm recovery.

17 Q Sure. And I'll ask him that, confirm the
18 2.75 billion credit facilities. I refer to it as a line
19 of credit, something I'm more familiar with.

20 But do you know as a matter of policy that --
21 do you all try to work to see that you have credit
22 available on the credit facilities during the storm
23 months?

24 A I'm going to let Mr. Pimentel answer how we
25 prepare for that.

1 Q You don't have information at all on that?

2 A No.

3 Q Now, you're responsible for the O&M budget and
4 the capital expenditure budget in terms of the whole
5 process that's gone through to put together those two
6 budgets, correct?

7 A Correct.

8 Q And also you have responsibility for
9 forecasts, correct?

10 A The financial forecast, yes.

11 MR. MOYLE: And, Mr. Butler, I might ask maybe
12 that it might save us in the long run if we could agree
13 to a factual stipulation that forecasts are more
14 difficult to make at a later point in time as compared
15 to an earlier point in time, but your call.

16 MR. BUTLER: I think you probably ought to ask
17 the witness his opinion on that.

18 BY MR. MOYLE:

19 Q Were you in the room when Ms. Morley testified
20 about forecasts in general terms?

21 A I was in the room for part of it.

22 Q Okay. Have you heard the saying about the
23 only thing that you can be sure about on a forecast is
24 that it will be wrong, ever heard that?

25 A I don't recall if I've heard that exact

1 expression.

2 Q You would agree, would you not, that typically
3 when you're preparing a forecast, all other things being
4 equal, that it's -- a forecast for an event that's
5 closer to the point in time in which you sit is likely
6 to be more reliable than one that's further out in time?

7 A I wouldn't agree to that in all circumstances.
8 I think generally closer in is going to be a little more
9 easy to forecast than further out, but I do believe
10 there are situations where, as Mr. Hanser testified to
11 and I was sitting in the room for his testimony, a
12 weatherman can't necessarily forecast tomorrow, but he
13 may forecast next week fairly accurately. So it depends
14 on what you're trying to forecast and the time period
15 that you're trying to forecast.

16 Q And also you could have a situation where
17 there was a 20-year forecast and somebody got it right
18 at year 20, it may not happen that often, but
19 occasionally it would happen on a long-range forecast
20 like that. Is that the point?

21 A I think the point is it depends on what you're
22 forecasting and the time period that you're trying to
23 forecast. And so I would say that, generally speaking,
24 the further out you go, the harder it is to see today,
25 but it doesn't mean that you can't do a reliable

1 forecast.

2 Q Do you know how far out the Federal Reserve
3 Board forecasts economic conditions?

4 A No, I don't.

5 Q You were asked some questions by counsel for
6 South Florida about the cost of the rate case, and I
7 think you testified that avoiding a rate case would be a
8 good thing for other stakeholders. I can refer you to
9 the page and line if you want, but it might be easier if
10 I could just ask you to identify, who are "other
11 stakeholders"? Are those consumers that you're
12 referencing?

13 A Basically it's all parties of the process.

14 Q Including consumers?

15 A Yes.

16 Q Are you aware that the Office of Public
17 Counsel, which represents all of the citizens in the
18 state of Florida, opposes the GBRA request?

19 A Yes.

20 Q And you're also aware that both the FIPUG, my
21 client and the Retail Federation and the South Florida
22 Hospital Association, they all oppose the GBRA request
23 as well?

24 A I'm aware of that.

25 Q And the Attorney General of Florida also

1 opposes it, correct?

2 A I believe so.

3 Q Does that cause you to reconsider your view
4 that you believe that the consumers would benefit from
5 the GBRA?

6 A It doesn't cause me to reconsider my view. I
7 still believe there is value in the GBRA specifically
8 and is an efficient, effective mechanism for this
9 Commission to use to recognize the full revenue
10 requirements of a large generating addition that has
11 gone through a pretty extensive review, through a need
12 determination process, that goes into service
13 commensurate with the fuel reductions that would come
14 along with a more efficient generation being placed in,
15 and with a true-up provision that protects customers
16 from paying more than natural cost of the plant. So I
17 still believe that it's a good thing for all parties.

18 Q Would you agree it's probably a better thing
19 for Florida Power & Light than the consumers?

20 A No, I believe it's good for all parties.

21 Q And the total request, I appreciate your
22 clarifying that, I did math and we've been saying, I
23 think, 1.3. It's probably more accurate to say the
24 total request that's being made is closer to \$1.5
25 billion. You would agree with that, would you not?

1 A On an annualized basis, with the GBRA being
2 182, yes, it's just about 1.5 billion.

3 Q I had 1.482.

4 A Very good. That's correct.

5 Q Does that sound right?

6 A Yes.

7 Q And if you took 3.6 million, the cost of a
8 rate case expense, and said, well, what is the
9 percentage of that as compared to the 1.5 billion, I
10 mean, that's like less -- or about one-quarter of one
11 percent -- one-half of one percent, is that right?

12 A I don't know.

13 Q That's another one of those math things.

14 Do you have familiarity with the clauses that
15 FPL uses to recover certain costs?

16 A Yes.

17 Q And you would agree that the clauses are
18 typically set forth in a statute like the nuclear cost
19 recovery clause or a Commission rule, correct?

20 A I'm not sure how they're established. I know
21 the nuclear cost recovery rule is established through
22 statute.

23 Q You're not suggesting on behalf of the GBRA
24 that this is a policy that's unique and specific to
25 Florida Power & Light, are you?

1 A I'm testifying for Florida Power & Light
2 today.

3 Q No, I understand, but if there was another
4 utility that was similarly situated, it is good policy,
5 it's good for the goose, it's good for the gander, it
6 should apply to everyone similarly situated, should it
7 not, in your belief?

8 A I would leave others to make their own
9 arguments. I believe it's worked well for us and for
10 customers, for Turkey Point 5, West County 1 and 2, and
11 I have every confidence that it would be a good
12 mechanism, going forward, for these large power plant
13 additions.

14 Q I want to spend a little bit of time -- I
15 asked Mr. Olivera about the budget review process, and I
16 know he's on that budget review committee. You're also
17 on that budget review committee, are you not?

18 A I am.

19 Q And the budget process that you went through
20 for determining I guess the information in this rate
21 case, it was rigorous, correct?

22 A Correct.

23 Q And typically when you go through the budget
24 review process, you have all your business units get
25 together and they put together their plans and then it's

1 subjected to review meetings, they have to, in effect,
2 prove up their case as to why they need the capital, is
3 that fair?

4 A That's part of it. Would you like me to
5 describe the process to you?

6 Q Sure.

7 A Okay. Essentially, early in the summer, I
8 believe it was in mid-June of this year -- excuse me, in
9 2008, the process starts with a bringing together of all
10 of the major business units to discuss their business
11 plans, going forward, the challenges that they're going
12 to be faced with and the fund requests that they believe
13 are necessary to meet the challenges that they will be
14 faced with over the next few years. That all happens
15 kind of in a peer review and challenge session to start
16 the process off.

17 As we move forward beyond there, there are
18 additional review sessions, some of them being
19 collective, some of them being individual sessions with
20 those business units, to begin to refine the process,
21 really dig in and determine where trade-offs may need to
22 be made, ultimately culminating in a final approved
23 budget late in the year.

24 Q And you've heard testimony about the tough
25 economy we're in, we're in a recession, it's the most

1 prolonged recession since World War II, correct?

2 A Correct.

3 Q And it's not projected to recover until
4 sometime in 2011, correct?

5 A Probably late 2010 into 2011. It's what we
6 have kind of termed a lingering recession.

7 Q As part of this budget review process, did
8 your company say, look, we're in tough times, our
9 customer growth is not growing, we're stagnant, let's
10 try to cut back our costs, reduce salaries, reduce the
11 number of employees, were those conversations had?

12 A When we looked at the budget process, we did
13 fully take into account the situation that we were in
14 and the situation that we were forecasting to be in. In
15 fact, in 2008 we reduced our capital expenditures and
16 some of our operating expenditures, we reduced our
17 preliminary views of 2009 and 2010 and beyond in view of
18 the environment that we saw.

19 So yes, we fully appreciate the slowdown in
20 growth and feel that we put forward budgets that
21 appropriately addressed our need to provide safe,
22 reliable electric service for our customers. Keep in
23 mind we have to invest to serve customers no matter what
24 the economy may be, whereas other industries may have
25 the opportunity to close up shop or close outlets or

1 whatever until things improve. We don't have that
2 ability.

3 So keeping all of that kind of in balance, we
4 put forward the budgets that we felt were needed to
5 support the level of economic activity and business
6 activity that would be reflected in 2010 and 2011.

7 Q Did you go to any service area where you heard
8 people complaining about the tough economic times?

9 A I did not.

10 Q And with respect to your budget, I mean,
11 you're aware this is a 2010-2011 test year, right?

12 A Right.

13 Q That's what you're putting forward? You have
14 not reduced your costs with respect to salaries in 2010
15 or 2011, have you?

16 A Salary projections, I think Ms.
17 Slattery would be able to better talk about the
18 compensation program, but I believe the salary
19 assumptions were a two percent increase.

20 Q And similarly, with respect to the number of
21 employees, you're aware a lot of businesses around the
22 state of Florida have been laying people off, making
23 cuts, correct?

24 A Yes.

25 Q And for your projections, you have positions

1 going up in 2010 and 2011, isn't that correct?

2 A In certain areas we do have that, in other
3 areas employment is going down. And I believe Mr.
4 Olivera yesterday, or I'm not sure which day it was now,
5 testified that we have taken a lot of action to reduce
6 contractors, to try to realign our workforce such that
7 we didn't have to -- as we were cutting back to meet the
8 needs of the business, a lot of those reductions were
9 coming from contract staff as opposed to a full-time
10 employee.

11 Q But his reference to contractors, they're not
12 employees of your company, right?

13 A That's correct.

14 Q They're independent contractors, and by virtue
15 of the fact that they're independent, you don't control
16 them. I want to focus on FPL employees.

17 A The reason I brought up the contractors, sir,
18 if I may, is because they do valuable work for our
19 customers as well. So as we saw the work requirements
20 being cut back, that's an area that we logically look to
21 cut back.

22 Q And I don't take exception with the quality of
23 work being done by your outside contractors. The point
24 I want to focus on is as we talk about these tough
25 economic times, and you're asking for a \$1.5 billion

1 rate case in 2010 and 2011, I want to understand what
2 your company has done internally to tighten the belt, if
3 anything, and the question I'm trying to have answered
4 is, have you projected a decrease in employees of
5 Florida Power & Light in either 2010 or 2011?

6 A In some areas, yes; in some areas, no.

7 Q How about overall corporate numbers, is it a
8 positive number going up or is it a negative number
9 going down, if you know?

10 A I don't know the exact numbers.

11 Q Let me see if I can refresh you on that point.

12 CHAIRMAN CARTER: Do you need a minute, Mr.
13 Moyle?

14 MR. MOYLE: No, this is actually a staff
15 document that I'll let -- I presume staff was going to
16 introduce the documents that they handed out previously,
17 is that right?

18 MS. WILLIAMS: Yes, we are.

19 MR. MOYLE: I'll just defer to them.

20 CHAIRMAN CARTER: Okay, that will be fine.
21 Let's let everybody get a copy.

22 You may proceed.

23 BY MR. MOYLE:

24 Q Sir, I'm handing you a document that staff had
25 indicated they're going to introduce, so I will forego

1 having it marked, but it's entitled interrogatory number
2 130, OPC's second set of interrogatories, page 1 of 1,
3 and it asks you about an employee head count.

4 Now, you have seen this document before, have
5 you not?

6 A Yes, I have.

7 Q And you prepared an answer to it, correct?

8 A I believe I did, yes.

9 Q And there's two categories here. One is FTEs,
10 full-time equivalents, on page 1 of 1, and the other is
11 head counts. An FTE is a position, but it may not be
12 filled, is that correct?

13 A It's essentially, when you look at the hours
14 worked, it's the number of people it would represent,
15 adds up to one person, if you will.

16 Q And then a head count is when you actually go
17 through and, as it suggests, you see how many people are
18 working for you?

19 A Yes, those are the number of people.

20 Q Okay. Isn't it true that either way that you
21 count this, for the years 2008 to 2009, that your
22 numbers went up more than 250?

23 A Hold on one second, if you will.

24 From 2008 to 2011, yes, and the bulk of that I
25 believe is in the nuclear business unit.

1 Q I understand. We heard testimony yesterday
2 you all have not decided whether to build a nuclear
3 power plant yet, correct?

4 A This doesn't have anything to do with building
5 a nuclear power plant, this is running the nuclear
6 business.

7 Q Okay, I'm sorry, the existing assets?

8 A Yes.

9 Q Okay. So you would agree with me that the
10 this chart -- these charts reflect that the number of
11 employees at FPL continues to grow every year,
12 notwithstanding the dire economic times that we're in,
13 correct?

14 A Yes.

15 MR. MOYLE: Mr. Chairman, this is the exhibit
16 I provided yesterday. I think it's marked as 386. I
17 don't believe it's been introduced.

18 CHAIRMAN CARTER: Let me look in my notes. I
19 think we had a note on that one, Mr. Moyle.

20 MR. MOYLE: Yes, I think Mr. Olivera suggested
21 I talk to Mr. Barrett about it.

22 CHAIRMAN CARTER: You're right, and it's
23 Proposed Versus Approved Capital Expenditures Budget,
24 that was the title. You're correct, you may proceed.

25 For the record, Commissioners, that's Exhibit

1 No. 386.

2 BY MR. MOYLE:

3 Q Mr. Barrett, you prepared this document that's
4 before you as FIPUG Exhibit No. 386, did you not?

5 A I did, as a late-filed exhibit to my
6 testimony.

7 Q And we have talked and your testimony talks
8 about the rigorous budget process, and I just wanted to
9 confirm that with respect to the first year of the test
10 year, 2010, that your total decrease out of close to
11 \$4 billion is 91 million, is that right?

12 A That would be the total increase, but if I
13 could explain some of the components there.

14 Really, the way I look at this forecast is in
15 the context I think we're talking about the slower
16 growth environment, et cetera.

17 The first things there, the power generation
18 nuclear transmission distribution and customer service,
19 those are what we call our operating units and those are
20 kind of the base needs of the business, as opposed to
21 new construction projects, for instance.

22 The preliminary view of the 2010 proposed
23 budget for those items was 2.3 or 2.4 billion dollars.
24 The approved budget was about 2.0 or 2.1 billion
25 dollars, a reduction of almost \$300 million, to reflect

1 the lower growth that we saw as we moved through the
2 process for 2010.

3 Q I'm sorry, I didn't follow you with those
4 numbers. Where are you getting these numbers?

5 A I apologize. The power generation, nuclear
6 transmission, distribution and customer service --

7 Q Yes, sir.

8 A -- there are some of those items, the
9 operating units within our business, the initial view of
10 those units decreased by 12 percent in the final
11 approved budget. Some of those five numbers was 2365
12 for the 2010 proposed. The 2010 approved was 2078. So
13 we took about -- almost \$300 million out of the initial
14 view of 2010 as we were evaluating the growth situation,
15 so -- and the largest dollars obviously coming out of
16 transmission distribution, as our customer growth has
17 basically slowed down considerably.

18 So when I look at these numbers, that's what I
19 focus on as far as how we reflected the economic
20 environment.

21 If I may, 2011 --

22 Q Let me -- if I could, let's talk about 2010,
23 then we will talk about 2011.

24 MR. BUTLER: I think it's appropriate to allow
25 the witness to continue his explanation of the exhibit

1 that Mr. Moyle asked him to explain.

2 MR. MOYLE: There's going to be a number of
3 follow-up questions when we have the discussion about
4 the exhibit. It's broken out into two years. It's just
5 going to make it easier if we do it year by year.

6 CHAIRMAN CARTER: Let's see where we go.

7 You may proceed.

8 BY MR. MOYLE:

9 Q Let's just focus on 2010 for purposes of this
10 discussion. And the question that I had pending is to
11 acknowledge, if you would, that from the total numbers,
12 the 2010 going in budget, the proposed budget, as
13 compared to the 2010 coming out budget, that the net
14 decrease was \$91 million, is that accurate?

15 A That is accurate in total.

16 Q And I guess you can do the math, I did the
17 math, and it was about a little over two and a half
18 percent. Would you agree with that?

19 A 2.7. Again, just to reiterate, the operating
20 units which reflected the base needs of the business
21 were about a 12 percent decrease.

22 Q And the consumers and the clauses that you're
23 asking for additional treatment, we believe, of
24 clause-like materials with the GBRA, the GBRA would act
25 like -- it would take something out of rate base and

1 recover it through another mechanism. And I guess if
2 you look, it looks like the clauses went up pretty
3 considerably in this 2010 section, isn't that right?

4 A And that pretty well reflects the energy
5 secure pipeline that is pending before this Commission.
6 That was inserted into this budget after the proposed
7 column. So most of that increase that you see there
8 reflects the building of the energy secure pipeline.

9 Q Let's talk about 2011. In 2010, your net
10 reduction is 91. Am I correct, then, that for 2011,
11 that the net increase is 88?

12 A The total increase is a net of 88, and most of
13 that is coming from the pipeline project as well as
14 some nuclear expenditures.

15 Again, if I could focus on -- now that we're
16 on 2011, the first five lines there, the operating units
17 that I referred to in 2010, power generation, nuclear,
18 transmission, distribution and customer service, those
19 budgets from the initial going in view, to use your
20 words, were reduced 12 percent in the final approved
21 budgets to reflect, again, our view of the lower growth
22 environment, and again, most of that reduction coming
23 from transmission and distribution, which is where we've
24 seen the customer growth really take a hit.

25 Q Okay. And sometimes I jump right to the

1 bottom line and I was just going to have a quick
2 conversation on the bottom line, but as I look at this
3 from a bottom line standpoint for the two years -- the
4 two years that you all are seeking recovery, for the two
5 test years, 2010 and 2011, with respect to reductions in
6 capital expenditures, out of a number that's in excess
7 of \$3 billion, the total reduction is 3 million, is that
8 fair?

9 A I wouldn't say that's fair, no. I would say
10 that the total reduction in the capital for the base
11 needs of the business is about \$500 million and close to
12 \$600 million for those operating units, and some of
13 those increases that you're seeing, most notably the
14 pipeline, are providing other benefits to customers that
15 will come through the fuel clause, et cetera, and so I
16 think it's apples and oranges, really. So essentially
17 we're seeing about a 12 percent reduction, almost \$600
18 million, in the operating needs of the business because
19 of the slower growth, and we're reflecting that in this
20 filing.

21 Q Okay. And this is your document, capital
22 expenditure reductions, is that right?

23 A Yes.

24 Q And the way I got my math is I took the -- the
25 net reduction was 91 million in 2010 and then the

1 increase was 88, the difference was negative three, but
2 I understand, I think, what you're saying, that you cut
3 more up top and added more back in the bottom, but let
4 me move on to another area, if I could, and this was
5 something staff brought up yesterday about aviation.

6 Are you familiar with the aviation expense of
7 the company?

8 A Not in any detail. We have a witness, Mr.
9 Bennett, who will be testifying to aviation.

10 Q Would you be more comfortable if I asked Mr.
11 Bennett those questions?

12 A Certainly.

13 Q How about with respect to watercraft, would
14 Mr. Bennett be the better person to ask about the
15 watercraft?

16 A I believe Mr. Stall testified to the
17 watercraft.

18 Q There was one below-the-line expense. Do you
19 know what that below-the-line expense related to?

20 A I do not.

21 Q Does FPL own a yacht?

22 A No.

23 Q You don't know, or --

24 A I do not believe we do.

25 MR. MOYLE: Mr. Chairman, I'm going to go on

1 to another line, if you want to take a break or keep
2 going, whatever. I've probably got another 20 minutes.

3 CHAIRMAN CARTER: Let's roll.

4 BY MR. MOYLE:

5 Q Let me refer you to page 20, line 8.

6 A Of what?

7 Q Of your direct testimony.

8 A Okay.

9 Q And specifically, and just so the record is
10 clear, I will read the line. It says, "The company
11 believes that due to its strong balance sheet, FPL will
12 continue to have access to the capital markets for
13 financing its construction needs."

14 As we sit here today, do you have that belief?

15 A Yes. And it goes on to say that, "However,
16 the cost of capital is likely to be higher due to the
17 ongoing economic situation." Beyond that, I would refer
18 you to Mr. Pimentel.

19 Q Okay. I guess what I want to explore is that
20 when you made that statement in your prefiled testimony
21 back in March, you didn't have any assumptions with
22 respect to the outcome of the rate case, did you?

23 A I'm sorry, I don't understand.

24 Q You weren't assuming an ROE when you made that
25 statement, you weren't assuming a particular ROE would

1 be awarded or a depreciation expense would be allowed or
2 disallowed, were you?

3 A When I made this statement, I believed that
4 the constructive regulatory situation that Mr. Olivera
5 talked about and the outcome of the case would resolve
6 itself and that we would continue to have access to
7 capital markets.

8 Q But you didn't make any specific assumptions
9 related to the outcome of the case, you didn't -- am I
10 right in that?

11 A I assumed no significant change to the
12 situation.

13 Q You talked about the cost of capital might be
14 higher due to Florida's ongoing economic situation. I
15 mean, if that were the case, FPL would still be able to
16 access the capital markets, would it not?

17 A As this specifically talks about, the ongoing
18 economic situation, and we assume it continues, and the
19 weakened financial markets at national levels would have
20 an effect on the cost of capital. Beyond that, I would
21 rather defer to Mr. Pimentel.

22 Q Would you also agree that if -- maybe I will
23 save this for Mr. Pimentel. You don't have much
24 information about return on equity or impacts on
25 borrowing costs with respect to various ratings?

1 A No.

2 Q Okay. Now, there was a question that I wanted
3 to ask yesterday of Mr. Stall, and I want to ask you as
4 the VP for finance if you have information related to
5 moneys that are accrued for nuclear decommissioning.

6 MR. MOYLE: If I could just pass out a
7 document, Mr. Chair?

8 MR. BUTLER: I would object. I don't think
9 this is a subject of Mr. Barrett's testimony, and
10 frankly, it's not identified as an issue in the case.

11 CHAIRMAN CARTER: Mr. Moyle, to the objection?

12 MR. MOYLE: He states that, on page 5, line
13 11, "I am the FPL's Vice-President of Finance. I have
14 overall responsibility for a number of things, including
15 the operation, the maintenance budget and the capital
16 expenditure budget." So I thought it was fair to ask
17 him whether he has any information about this. If he
18 doesn't, I guess he can just tell me, but --

19 MR. BUTLER: That doesn't come within a
20 country mile of decommissioning.

21 CHAIRMAN CARTER: Ms. Helton? Do you need to
22 take a minute?

23 MR. MOYLE: Mr. Chairman, I'll make a proffer
24 as to where I want to go with this.

25 CHAIRMAN CARTER: Hang on a second, Mr. Moyle.

1 Let's take a stretch break. I'm looking at us coming
2 back at 6:20, recess to 6:20.

3 (Brief recess.)

4 CHAIRMAN CARTER: We're back on the record.
5 Commissioner Argenziano, can you hear us?

6 COMMISSIONER ARGENZIANO: Yes, I can.

7 CHAIRMAN CARTER: I gave some thought to --
8 during the break, while people were taking a break, I
9 gave some thought to our schedule, and I think that what
10 we could probably do, if we needed, we could probably go
11 for next Saturday, because I think we will have a better
12 feel by Wednesday on the progress that we're making. So
13 if needed, we could probably go for next Saturday. That
14 will give staff as well as the parties an opportunity to
15 prepare and see if -- next week by Wednesday we will
16 have a good feeling for where we are on this. I think
17 we can work on that.

18 COMMISSIONER ARGENZIANO: That sounds great,
19 Mr. Chair. I appreciate it.

20 CHAIRMAN CARTER: I wanted to try to give you
21 guys as much time as possible on that for planning
22 purposes and all, but I think we're making pretty good
23 progress with the seven o'clock, it seems to work.

24 By the way, DMS gave us air conditioning,
25 right? We're trying to make sure that we accommodate

1 you guys in comfort here, but I think certainly by next
2 Wednesday we'll have a good feel for how much progress
3 we're making and we'll have next Saturday in our
4 pockets. All right?

5 MR. WRIGHT: That's Labor Day weekend, Mr.
6 Chairman.

7 COMMISSIONER ARGENZIANO: Yes, sir, sounds
8 great.

9 CHAIRMAN CARTER: Okay. Mr. Moyle, I think
10 you were up.

11 MR. BUTLER: Mr. Chairman?

12 CHAIRMAN CARTER: Mr. Butler, yes, sir.

13 MR. BUTLER: I just wanted to note that I have
14 passed out an errata sheet that serves the sole purpose
15 of providing the credentials for Ms. Sonnelitter. She's
16 the one who adopts the testimony of Mr. Keener, and I
17 just wanted to be sure the parties all had this. It's
18 nothing substantive, it simply substitutes her
19 credentials for those of Mr. Keener.

20 CHAIRMAN CARTER: Do all parties have this?
21 Any problem with her credentials from any of the
22 parties? I noticed you filed it with the Clerk's
23 Office.

24 Okay. Mr. Moyle, you may proceed.

25 MR. MOYLE: Thank you.

1 BY MR. MOYLE:

2 Q Mr. Barrett, you're an officer of the company,
3 correct?

4 A I am, yes.

5 Q Are you familiar with the company's
6 financials, as Vice-President of Finance?

7 A Yes.

8 Q The company has accrued money for
9 decommissioning of its nuclear plants, correct?

10 MR. BUTLER: I'm going to object to this.
11 This is the line of questions that Mr. Moyle was
12 beginning to pursue when we took our break, and Mr.
13 Barrett doesn't testify to it. He handed out an
14 interrogatory that Mr. Barrett doesn't sponsor as an
15 admission in the case, and decommissioning expense, I
16 think this is irrelevant and inappropriate line of
17 questions for Mr. Barrett.

18 CHAIRMAN CARTER: Mr. Moyle, to the objection?

19 MR. MOYLE: Well, he just testified that he is
20 the Vice-President of Finance, he's familiar with the
21 financial statements of the company. The fact that this
22 interrogatory was not sponsored by him is, I would
23 argue, irrelevant. It's already in evidence, it's an
24 admitted fact, so I think I'm able to ask him questions
25 about it, and if he doesn't know anything about it, he

1 can tell me he doesn't know anything about it, as
2 Vice-President of Finance, he doesn't know anything
3 about 600 million that's been accrued --

4 CHAIRMAN CARTER: Let's go to Ms. Helton.
5 This sounds like Groundhog Day. This is where we
6 stopped before the break, wasn't it?

7 MR. MOYLE: Yes.

8 CHAIRMAN CARTER: Let's hear from Ms. Helton.
9 She was going to think about it, that's where we were.

10 MS. HELTON: It's all my fault, Mr. Chairman.

11 CHAIRMAN CARTER: Ms. Helton, were you able to
12 confer with your attorneys there?

13 MS. HELTON: Yes, sir, and what I learned was
14 it's my understanding that, as Mr. Butler said,
15 decommissioning is not an issue in this case, and I also
16 heard Mr. Butler say that the witness hasn't testified
17 to decommissioning in his prefiled direct testimony, so
18 it seems to me that this would be outside the scope of
19 his cross-examination.

20 CHAIRMAN CARTER: Let me think about it.

21 In the context of a global question as in --

22 MS. HELTON: Mr. Chairman, if you want to hear
23 about it, it's within your discretion to do so.

24 CHAIRMAN CARTER: I understand.

25 You asked him basically a general question as

1 Vice-President for Finance, as a corporate officer.

2 MR. MOYLE: Yes, sir.

3 CHAIRMAN CARTER: If he doesn't know, he can
4 say, "I don't know about it, it's not within my area,"
5 so I'm going to overrule it.

6 You may proceed.

7 BY MR. MOYLE:

8 Q Do you have any information about moneys
9 that accompany -- I mean, you're aware that operation
10 and -- O&M is an issue in this case, correct?

11 A Yes.

12 Q And operations and maintenance includes
13 operation and maintenance related to your nuclear
14 facilities, correct?

15 A It does. However, decommissioning funds,
16 we're not accruing any funds to our decommissioning
17 funds and so they're not part of the O&M in this case.

18 Q Well, thank you for that. So I guess you do
19 know something about it.

20 What I really wanted to ask wasn't about
21 whether you're accruing those funds or not, but we had a
22 discussion yesterday about a dispute with the federal
23 government, there is a lawsuit and they're not doing
24 their job. What I wanted to know is this interrogatory
25 is -- it shows that, the way I read it, that there is an

1 over-accrual of nearly \$600 million related to all of
2 the nuclear plants. You would agree with that, would
3 you not?

4 A I would agree that according to this
5 interrogatory response, the FPL's decommissioning funds
6 exceed the NRC minimum amount. That's the response on
7 this interrogatory.

8 Q Okay. And the NRC, generally speaking,
9 they're a pretty conservative organization, correct?

10 A In what sense?

11 Q In that they regulate nuclear power plants and
12 they don't play it too close to the edge, do they?

13 MR. BUTLER: I'm going to object again,
14 Mr. Chairman. Mr. Stall was here yesterday and Mr.
15 Stall is familiar with the NRC, this witness is not.
16 There is nothing to suggest that his being
17 Vice-President of Finance brings him into the purview of
18 the area of questions that Mr. Moyle is pursuing.

19 CHAIRMAN CARTER: Mr. Moyle, to the objection?

20 MR. MOYLE: I can skip the part about the NRC.

21 CHAIRMAN CARTER: Yes, let's skip that part.

22 BY MR. MOYLE:

23 Q Mr. Barrett, with respect to this 600
24 million, the interrogatory answer says that it exceeds
25 the NRC minimum amount. Has FPL explored any efforts to

1 credit back ratepayers for the 600 million that appears
2 to exceed the NRC minimum amount?

3 A It's my understanding that the amounts in our
4 decommissioning funds are governed by, some of them by
5 IRS rules and some by NRC rules, and they are not funds
6 available to the company for use for anything other than
7 decommissioning. That's really the extent of what I
8 know about it.

9 Q What is the basis of that information? How do
10 you know that?

11 A Just having worked in the industry for a
12 while, I just know that decommissioning funds are under
13 the purview of the NRC and certain of them under the
14 purview of the IRS.

15 Q Are you aware that -- has the company
16 previously been able to earn a return on nuclear
17 decommissioning funds?

18 A I believe the funds earn a return and it is
19 going into the decommissioning fund itself; again, not
20 funds available to the company.

21 Q Do you know at any point in time where -- was
22 the company able to earn a return and the moneys earned
23 on the nuclear decommissioning funds were able to go
24 into the company's balance sheet?

25 A It's my understanding that it has never been

1 the practice or the possibility for the earnings of the
2 funds to do anything other than to stay in the fund for
3 the eventual decommissioning of the nuclear plants.

4 Q Thank you.

5 Page 30, line 12.

6 A I'm there.

7 Q You have responsibility for the FPL's pension
8 assets?

9 A I do not.

10 Q Nevertheless, you've testified that the
11 pension plan assumes a return of 7.75 percent, correct?

12 A Those are the plan assumptions, yes.

13 Q And do you know, is that kind of a return
14 they're trying to get, a 7.75 percent return on assets
15 that they invest, equity that they invest?

16 A I would defer that to Mr. Pimentel.

17 Q Do you know or do you have any information, or
18 maybe you're not the right witness, but with respect to
19 funds that FPL spends to conduct rehabilitation of
20 sites, there is an issue in this case related to
21 greenfield remediation. Do you have any information
22 about that?

23 A I do not.

24 Q Okay. The final couple of points I wanted to
25 bring up, and Commissioner Edgar asked a couple of

1 questions yesterday, there are some people, as you
2 probably are aware, that are suggesting that FPL should
3 not get any rate increase at this point in time. You're
4 aware of that, correct?

5 A Yes.

6 Q And are you aware that that includes the
7 Governor of the state?

8 A I had heard he made some statement like that.

9 Q If the Commission -- if this Commission
10 decided that FPL should not get a rate increase, have
11 you all looked at any contingency plans, a Plan B, if
12 you will?

13 A Not at this stage, no. We believe that our
14 request is appropriate and the forecasts that it's based
15 upon are reliable, and we have full expectation that the
16 full amount that we have put forward is a reasonable
17 request, and so no, we have made no contingency plans.

18 Q And if the request was not granted, I guess
19 you said -- you're saying that if the GBRA is not
20 granted, you're probably going to be in next year
21 anyway, isn't that correct?

22 A I don't believe I said that. I believe that
23 the revenue requirements associated with the West County
24 3 Unit would definitely need to be recovered, and so in
25 all likelihood we would be back in for a rate case.

1 Q Okay. And I guess in terms of exploring that,
2 if this Commission did not grant a rate increase, it
3 would give you the opportunity, would it not, to go and
4 look at your planned expenditures and maybe
5 re-prioritize some things, you would agree with that,
6 would you not?

7 A I would say that we have already looked at our
8 expenditures, we have already done a lot of trimming of
9 our expenditures, and so obviously we would have to look
10 at the situation at the time, the resources that we're
11 provided and the obligation that we have to provide
12 reliable electric service to our customers, and we would
13 have to evaluate those options.

14 Q I'm going to hand out two documents that are,
15 again, interrogatory answers that I believe staff is
16 going to use with you. For the record, it's a response
17 to staff's fifth set of interrogatories, interrogatory
18 number 49 and interrogatory number 51 of staff's fifth
19 set of interrogatories.

20 CHAIRMAN CARTER: Hang on a second, Mr. Moyle,
21 until we all get a copy.

22 MR. MOYLE: Okay.

23 CHAIRMAN CARTER: You may proceed.

24 MR. MOYLE: Thank you.

25

1 BY MR. MOYLE:

2 Q The first interrogatory I want to ask you a
3 few questions about is interrogatory number 49. You
4 prepared the answer to this interrogatory, did you not?

5 A Yes.

6 Q And it's also true that the costs reflected in
7 this document, this is -- these are part of the rates
8 that you're seeking, correct?

9 A I believe these amounts are year-end CWIP
10 balances, construction work in progress, and these are
11 minor projects, and yes, they would be part of the rate
12 request.

13 Q And when Commissioner Edgar asked what was
14 Plan B or have you reprioritized capital projects, would
15 it be that these minor steam projects, would they
16 possibly be subject to reprioritization if this
17 Commission didn't grant the rate increase?

18 A Let me just clarify what -- "major" or "minor"
19 doesn't connote importance. So these minor projects
20 really in essence are smaller projects that are not
21 large enough to have specific in-service dates,
22 necessarily, and these are primarily related to overhaul
23 kind of work at various plants.

24 So I would say that if -- direct answer to
25 your question -- if the outcome in this case were to be

1 significantly different than our request, we would be
2 having to reevaluate everything.

3 Q Part of it was that it seemed to me in looking
4 at this document the use of the term *minor* indicated
5 maybe important, but not terribly significant in the
6 grand scheme of things, and this represents about \$50
7 million, is that right?

8 MR. BUTLER: I would object to the question.
9 Mr. Moyle is testifying as to what he thinks *minor steam*
10 *projects* as a term means.

11 / / / / /

12 BY MR. MOYLE:

13 Q Do you have any understanding of *minor*?

14 A Yes. As I just explained to you, it's smaller
15 projects that don't have -- that typically don't span
16 many months or years, like a major project might be. So
17 it really has to do with kind of the scope of the
18 project, not the importance to the company of the
19 project.

20 Q Am I reading this chart correctly that with
21 respect to approximately \$50 million in funds, that of
22 that amount, 40 million approximately are within the
23 classification of minor steam projects?

24 A These are -- yeah, of the 49 million, roughly
25 40 million is in minor steam projects, and again, it's

1 year-end CWIP balance.

2 Q Okay. And the minors, I think there is a note
3 there that said they don't have any specific
4 construction start dates or specific completion dates.
5 My interpretation of that is maybe that they're not
6 critical, because if they were critical, they would have
7 a, "We've got to get this in by this date," is that
8 correct?

9 A No, that's not correct.

10 Q Okay.

11 Let me direct your attention to the
12 interrogatory number 51. Again, this document uses the
13 major/minor. Is the definition the same with respect to
14 your responses to interrogatory number 51 in terms of
15 the distinction between major and minor?

16 A Yes.

17 Q Okay.

18 A Actually, it's fairly easy to see in this one,
19 because you see this construction start dates and end
20 dates for most of the majors, whereas for the minors, no
21 specific dates.

22 Q There is a \$14 million item there for the St.
23 Lucie wind project. Do you see that?

24 A Yes.

25 Q That's not a project currently that you're

1 even able to move forward with at this point, correct?

2 A We're currently awaiting St. Lucie County
3 Commission approval to move forward on that project.

4 Q Hasn't there been controversy associated with
5 that project about installing windmills?

6 A I'm not aware of all the issues related to
7 that project.

8 Q Do you know if you have asked St. Lucie for
9 approval? Has a permit been filed or requested?

10 A Actually, I don't know the exact status of
11 that project.

12 Q That might be a good candidate for
13 reprioritization, wouldn't it, would you agree, given
14 the fact that your note indicates that no approval has
15 been granted for it?

16 A I don't know if it would be a good candidate
17 or not. Actually, this project is a renewable project,
18 which, in line with the Governor's desire to see more
19 renewable resource in the state, this would be a good
20 example of a zero cost fuel and zero emissions type of
21 project that we would love to see go forward, because we
22 know it would be good for the citizens of Florida. We
23 just can't proceed without, obviously, getting all of
24 the necessary permits and approvals to do so.

25 Q Your note 4 related to the Manatee solar

1 project, I wanted to ask you a couple of questions
2 about, but before I do, can I ask you this: As the
3 Vice-President of Finance for Florida Power & Light,
4 does the company have a policy or a preference as to
5 whether they would recover funds through a base rate
6 case or through clauses?

7 A I don't believe we have a preference as long
8 as we're earning an appropriate return on the assets.

9 Q So there's no preference about a clause is
10 better than a base rate case, I guess, is that correct?

11 A I think it depends on the type of expenditure,
12 and there are certain expenditures that have been
13 appropriately determined to be clause recoverable. So
14 those types of projects, for instance, environmental
15 projects, are appropriate to recover through the
16 environmental clause.

17 Q Are you aware that if you developed a
18 renewable energy project and spent capital, there is
19 nothing that precludes it from being sought in recovery
20 in base rates, is there?

21 A There is nothing that precludes it from being
22 recovered.

23 Q Yeah. I mean, a solar project or a wind
24 project, you can recover the expense in those in a rate
25 case, correct?

1 MR. BUTLER: I'm going to object to this
2 question as not being in Mr. Barrett's testimony. He is
3 not being presented as an expert in clause versus base
4 rate recovery. It seems like it comes close to asking
5 for a legal opinion.

6 CHAIRMAN CARTER: Let's see if he knows or
7 not, okay?

8 THE WITNESS: Could you repeat the question,
9 please?

10 BY MR. MOYLE:

11 Q This exhibit that you prepared in response to,
12 this answer to interrogatory, it lists a number of what
13 I believe or would term are renewable projects. There
14 is the Manatee solar project on the top portion, there
15 is the St. Lucie wind project, there's a landfill gas
16 generation project. Do you have an understanding as to
17 whether renewable projects are able to be recovered in
18 base rates?

19 A It's my understanding that the renewable
20 projects -- first of all, the 110 megawatts of solar
21 projects that we're currently pursuing are recoverable
22 through the environmental clause. Beyond that, we don't
23 have any authority to recover any environmental projects
24 or renewable projects through the environmental clause,
25 so the only opportunity would be to recover through a

1 base rate proceeding. And as I understand, the burden
2 of proof, if you will, for recovering those costs would
3 be that they be the lowest cost option. Some of these
4 renewable technologies right now are not necessarily the
5 lowest cost, although there are good benefits for the
6 citizens of Florida, notably zero emissions that come
7 from those facilities.

8 So I think that -- it would be a burden of
9 coming in for a base rate case of showing them to be the
10 lowest cost, and that's why note 4 there suggests that
11 it would require some other legislation to get clause
12 recovery for those items.

13 Q But this proceeding is one in which the
14 Commission considers evidence and makes judgments about
15 appropriate levels of setting rates, correct?

16 A For base rates, yes, correct.

17 Q But with respect to the Manatee solar project,
18 I guess -- am I correct in that that project is not
19 going to move forward unless the 2010 Legislature
20 provides for recovery in the same manner as the recovery
21 was provided for the other solar project you just
22 mentioned?

23 A I'm not going to necessarily tie it to that
24 solar project, but it would need specific recovery for
25 us to be able to move forward, to be assured of recovery

1 of those investments.

2 MR. MOYLE: Okay. If I could just have one
3 minute?

4 CHAIRMAN CARTER: Sure.

5 (Brief pause.)

6 MR. MOYLE: I have nothing further.

7 COMMISSIONER ARGENZIANO: Mr. Chair?

8 CHAIRMAN CARTER: Commissioner Argenziano.

9 COMMISSIONER ARGENZIANO: Yes, I have a couple
10 of questions real quick.

11 CHAIRMAN CARTER: You're recognized.

12 COMMISSIONER ARGENZIANO: Thank you.

13 Mr. Barrett, can you hear me okay?

14 THE WITNESS: I can.

15 COMMISSIONER ARGENZIANO: Okay. I have to ask
16 this question because -- first of all, let me ask you,
17 could you possibly be listed as -- under any other title
18 than VP of Finance with the company?

19 THE WITNESS: No, that is my current position,
20 Vice-President of Finance for Florida Power & Light.

21 COMMISSIONER ARGENZIANO: Then the second
22 question, and I'm not asking you specifically, but I
23 have a purpose for asking, I'm going to assume that you
24 make more than 165,000 a year?

25 MR. BUTLER: I'm going to object, Mr.

1 Chairman.

2 COMMISSIONER ARGENZIANO: Mr. Chair, there is
3 a good reason for me asking that.

4 CHAIRMAN CARTER: Hang on a second,
5 Commissioner.

6 Are you an officer of the company?

7 THE WITNESS: I'm an officer of the company,
8 but not one of the -- I'm not sure what the terminology
9 is, but one of the disclosed officers in the proxy
10 statement.

11 CHAIRMAN CARTER: Commissioner?

12 COMMISSIONER ARGENZIANO: Well, Mr. Chair, I
13 have confirmed that I can't find Mr. Barrett's title
14 anywhere on the sheets, and I wanted to make sure that
15 the company has complied with our request, motion to
16 compel, and I'm just finding it difficult to go through
17 the documents and they're very complicated, to begin
18 with --

19 CHAIRMAN CARTER: Hang on a second,
20 Commissioner, we'll have staff look it over.

21 Staff, would you take a moment to look that
22 over?

23 MR. PRESTWOOD: Mr. Chair, I don't have the
24 complete response with me. I can go to my office and I
25 have half of it here right, and I can go to the office

1 and get the other piece and have a response to you --
2 oh, the company has it here.

3 MR. BUTLER: We have a copy and we can assist
4 them in identifying the appropriate line if that's
5 useful.

6 CHAIRMAN CARTER: Commissioner?

7 COMMISSIONER ARGENZIANO: Yes, Mr. Chair.

8 CHAIRMAN CARTER: Staff is going to find the
9 line -- based upon the confidential document, they're
10 going to find the line and give you the line number that
11 will correspond --

12 COMMISSIONER ARGENZIANO: And also assess and
13 pay attention to on that document where it says -- it
14 puts an asterisk for the officers, there's only one in
15 the whole spreadsheet, and in the additional papers that
16 came down, Mr. Barrett is not listed on there. This is
17 nothing against Mr. Barrett. He's answered his
18 questions very clearly. It's just something I can't
19 find. So if staff would pay attention to the column
20 that indicates officers, also, he's not indicated in
21 that field at all. As a matter of fact, there's only
22 one officer indicated in the whole spreadsheet.

23 CHAIRMAN CARTER: Staff, are you ready to
24 respond?

25 MR. PRESTWOOD: Mr. Chairman, the document

1 they handed me is the same one that I have. I already
2 have it. We're missing the response to interrogatory 16
3 and 17. We do have that information and I can go get it
4 and be back in five minutes and then give you the
5 answer, but what the company handed me is the same as
6 what I already have.

7 CHAIRMAN CARTER: We've got five minutes.
8 We'll wait. Also, staff, the second part of the
9 question from Commissioner Argenziano was there was an
10 asterisk on there saying that the officers were listed,
11 and she was unable to ascertain officers on that sheet.
12 Is that right, Commissioner?

13 COMMISSIONER ARGENZIANO: Mr. Chair, there is
14 only one, there is only one.

15 CHAIRMAN CARTER: Only one.

16 COMMISSIONER ARGENZIANO: Right.

17 MR. PRESTWOOD: This is an older version.

18 CHAIRMAN CARTER: You've got five minutes.

19 MR. MOYLE: I guess at some point if the line
20 item could be identified, I think it might be helpful,
21 if FPL has that.

22 CHAIRMAN CARTER: That's what we're looking
23 for, the line number, because we can all look at that
24 page and see where we are. That's what we're looking
25 for.

1 MR. MOYLE: Thank you.

2 CHAIRMAN CARTER: Staff went to the office to
3 get the -- I think they got an updated version the other
4 day. I could sing to you guys, but we're live.

5 Let's go off the record.

6 (Brief recess.)

7 CHAIRMAN CARTER: We're back on the record.

8 Commissioner?

9 COMMISSIONER ARGENZIANO: Yes, Mr. Chair.

10 CHAIRMAN CARTER: We sent, obviously not our
11 best man, but we sent an emissary up. You know I like
12 to haze people when I get a chance, so he's it today.

13 I guess what we're probably going to do is
14 that they have not -- staff had not put it in the proper
15 form, so rather than to do that, let's have -- because
16 the question is now with this witness, and rather than
17 wait for another witness, why don't you guys get it
18 together and bring it down first thing in the morning?
19 We'll do that. Commissioner, is that fair with you to
20 do that?

21 COMMISSIONER ARGENZIANO: I'm not sure what
22 you just said.

23 CHAIRMAN CARTER: They were talking to us off
24 the record that they had the information, but they were
25 trying to put it in a form where they could use it and

1 they were trying to get it ready -- I guess they're
2 going to do it tonight and have it ready for in the
3 morning.

4 MS. HELTON: Mr. Chairman, I think the problem
5 is we've locked it away so well that Mr. Prestwood can't
6 get to it.

7 CHAIRMAN CARTER: Access? Oh, I apologize for
8 hazing you.

9 COMMISSIONER ARGENZIANO: Mr. Chair?

10 CHAIRMAN CARTER: Yes, ma'am, Commissioner
11 Argenziano.

12 COMMISSIONER ARGENZIANO: I'm not sure what
13 the problem is, if we have these spreadsheets and
14 there's line items, is it that no one has that in front
15 of them?

16 MR. PRESTWOOD: I have the information.

17 CHAIRMAN CARTER: Then what's the problem?

18 MR. PRESTWOOD: I put it in red folders --

19 CHAIRMAN CARTER: You've got to get on the
20 microphone because we're getting all kinds of feedback
21 here and I can't translate very well this time of day.

22 MS. BENNETT: Let me try and explain.

23 CHAIRMAN CARTER: Okay. Ms. Bennett.

24 MS. BENNETT: The red folders are prepared,
25 ready to go and locked in a file cabinet, and the

1 administrative assistant who has the key has gone home.
2 Her supervisor, Mr. Devlin, is trying to get into the
3 cabinet, so we may have the red folders.

4 We're required to keep those folders locked
5 because they are confidential, so when we check them out
6 to use them in hearings, we lock them up every night.

7 CHAIRMAN CARTER: I guess I'm right, then,
8 Commissioner, it looks like it's going to be in the
9 morning, but I don't -- it looks like it's going to be
10 in the morning before we get the folders out and we can
11 actually answer the question. I would rather you get a
12 complete answer to your question than not.

13 COMMISSIONER ARGENZIANO: Sure, I appreciate
14 that, Mr. Chair. I just thought it was readily
15 available, if the company had it, that they can point to
16 that line. If you want to wait until morning, that's
17 fine.

18 CHAIRMAN CARTER: I do, because you may want
19 to have some follow-up questions, Commissioner.

20 COMMISSIONER ARGENZIANO: I'm certain I will.

21 CHAIRMAN CARTER: Let's do this: It's
22 quitting time, boys and girls. We'll see you all
23 tomorrow at 9:30.

24 MS. BRADLEY: Can I ask one quick question?
25 Does that mean that the documents that we have been

1 given are incomplete? Because I couldn't find it on
2 this and I couldn't find the other vice-president that's
3 testifying tomorrow on here as well.

4 CHAIRMAN CARTER: I think that the red folders
5 that are locked up have all of those. Ms. Bennett, am I
6 correct?

7 MS. BENNETT: There are actually four sets of
8 documents. There's -- responses to 16 and 17 were the
9 executive officers and directors. The documents that
10 you were handed out I think at the beginning of the
11 hearing are 32 and 97, which are the 165,000- to
12 200,000-dollar employees. So there's actually several
13 sets of information that the staff has asked for that
14 are on our confidential exhibit list.

15 CHAIRMAN CARTER: Let's make sure everyone has
16 it in the morning so you guys -- you may have some
17 questions, too. So let's make sure that we get -- in
18 addition to getting information available for
19 Commissioner Argenziano, so the parties can see that.
20 I'm sure Ms. Bradley and other individuals would like to
21 see that as well.

22 So, y'all, let's go to the house.

23 (Hearing adjourned at 7:15 p.m.)

24 (The transcript continues in sequence with
25 Volume 12.)

1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA)

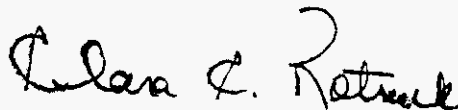
3 COUNTY OF LEON)

4 I, CLARA C. ROTRUCK, do hereby certify that I was
5 authorized to and did stenographically report the
6 foregoing proceedings at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that the foregoing
9 transcript is a true record of my stenographic notes.

10 I FURTHER CERTIFY that I am not a relative,
11 employee, attorney, or counsel of any of the parties,
12 nor am I a relative or employee of any of the parties'
13 attorney or counsel connected with the action, nor am I
14 financially interested in the action.

15 DATED this 1st day of September, 2009, at
16 Tallahassee, Leon County, Florida.

17
18
19 

20
21 _____
22 CLARA C. ROTRUCK
23
24
25