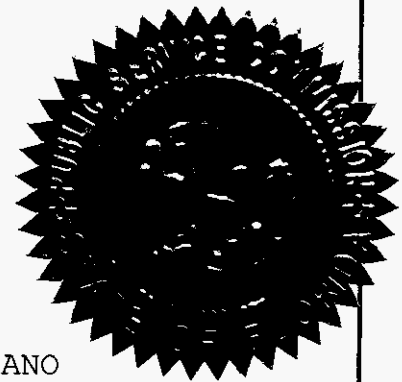


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

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

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



PROCEEDINGS: SPECIAL AGENDA

COMMISSIONERS PARTICIPATING: COMMISSIONER NANCY ARGENZIANO
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER NATHAN A. SKOP
COMMISSIONER DAVID E. KLEMENT
COMMISSIONER BEN A. "STEVE" STEVENS III

DATE: Friday, January 29, 2010

TIME: Commenced at 1:03 p.m.
Concluded at 1:16 p.m.

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

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

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FPSC-COMMISSION CLERK

P R O C E E D I N G S

1
2 **CHAIRMAN ARGENZIANO:** Okay. We're going to
3 call our meeting to order. Good afternoon.

4 **MS. DRAPER:** Good afternoon.

5 **CHAIRMAN ARGENZIANO:** Everybody will notice
6 your bowls of candy have been replenished just in case.
7 And I think Commissioner Skop, did you want to say
8 something? You're flagging me.

9 **COMMISSIONER SKOP:** Yes, Madam Chair.

10 Before we get into today's decision I just had
11 a preliminary matter that I wanted to ask our legal
12 staff. And I know that the decision associated with
13 this, these proceedings has been made on the record
14 evidence in this case, but I was wondering if
15 Ms. Bennett could please explain how the additional
16 staff discovery served upon -- excuse me. I was
17 wondering if Ms. Bennett could please explain how the
18 additional staff discovery served upon FPL on
19 January 20th, 2010, relates to the Commission's prior
20 vote based on the record evidence as it pertains to
21 Issues 19A and 19F.

22 **MS. BENNETT:** Certainly, Madam Chair,
23 Commissioners.

24 As you stated earlier, the discovery that was
25 served by staff after, on January 20th is not in the

1 record in this proceeding, and staff because of that
2 recommends that you go ahead and vote out the decisions
3 in this case based on the record that was before you
4 from the hearings. And staff is committed to continuing
5 to monitor FPL's decisions that were the subject of that
6 discovery. And staff will bring, is also committing to
7 you that it will bring back to you any material changes
8 in circumstances from your decisions on 19A and F, if
9 those are warranted.

10 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

11 **COMMISSIONER SKOP:** Thank you, Madam Chair.

12 So, again, if there were to be a material
13 change in circumstance, then staff would continue to
14 monitor that and bring it back for subsequent Commission
15 action based on staff's findings?

16 **MS. BENNETT:** That is correct. Staff is going
17 to monitor. And if there are material changes, we will
18 be back before you on those changes.

19 **COMMISSIONER SKOP:** All right. Thank you.

20 **CHAIRMAN ARGENZIANO:** Very good. If staff
21 will introduce the item. Ms. Draper.

22 **MS. DRAPER:** Good afternoon, Commissioners.
23 Elisabeth Draper with staff.

24 This item addresses the FP&L rate case which
25 began on March 18th, 2009, with the filing of a petition

1 for a permanent rate case by FP&L. At the January 13,
2 2010, Agenda Conference you approved the return on
3 equity, rate base and numerous other issues, which
4 resulted in a \$75 million base rate increase for FP&L
5 effective March 1, 2010.

6 This recommendation addresses the remaining
7 issues to be voted by this Commission, which are the
8 rates issues. Staff has one oral modification to make
9 to its recommendation, and a copy of the corrected page
10 has been provided to you.

11 On Page 13 of the recommendation there is a
12 header missing. On top of the page above the first
13 customer charge it should reflect that those charges
14 belong to the GSLD 3 rate. And that concludes my
15 introduction.

16 **CHAIRMAN ARGENZIANO:** Okay. Thank you. And,
17 Commissioners, Items 159, 60, 61, 62, 63, 64 and 177 are
18 what we'll require a vote on today. So as we go through
19 them, if you, if you desire to vote on any one of them
20 independently rather than block, please let me know and
21 we'll do it whatever way the Commissioners feel
22 necessary.

23 So with that, let's just move on to discussion
24 and questions. Commissioner Skop.

25 **COMMISSIONER SKOP:** Thank you, Madam Chair.

1 I'm looking, just information, a question for
2 staff, is the sheet showing the issues to be voted upon,
3 is that a two-part sheet? Because I'm only seeing
4 Issues 59 through 64. Is that correct?

5 **MR. WILLIS:** There is one, Issue 177, which is
6 close the docket.

7 **COMMISSIONER SKOP:** Okay.

8 **MR. WILLIS:** Which also has to be voted on.

9 **COMMISSIONER SKOP:** All right. That was not
10 included on my list. So that's -- all right.

11 Moving on to my question, on Page 3 of the
12 staff recommendation in the second to the last paragraph
13 staff briefly discusses the one cent differential
14 between the rate design. And can staff briefly walk me
15 through that in terms of historically how that was set
16 and the effect of the settlement agreement and also the
17 GBRA adjustments and how that differential either was
18 eroded or changed and then came back to where it is
19 today? Because I know that FPL has requested that we
20 revert back to that, but I'd like a little bit more
21 explanation.

22 **MS. DRAPER:** Okay, Commissioner. FP&L has had
23 inverted rates since 1964. And over the years it used
24 to be four blocks, then it became three blocks, and they
25 actually originally used to be declining block rates,

1 meaning you pay less as you consume more.

2 In 1976 we went to the two blocks with a 750
3 kWh breakpoint, and in 1977 we went to the inclining
4 block rate structure, meaning the second tier is more
5 expensive. In 1981, in that rate case the one cent
6 differential was established.

7 In the 2002 rate case the 1,000 kilowatt hour
8 breakpoint was established. Before that it was 750
9 kilowatt hours.

10 In May 2007 the GBRA for Turkey Point Unit 5
11 went into effect, and the GBRA provides a percentage,
12 the same percentage increase to all energy charges. So
13 at that point the one cent inversion got lost because
14 multiplying a charge for a percentage, the higher,
15 second tier energy charge actually was a little bit
16 higher than the first tier. So it was a slightly larger
17 than one cent differential.

18 In this case, FP&L, when it filed its original
19 MFRs, proposed to go back to the one cent inversion.
20 And under FP&L's original proposed revenue increase
21 actually both the first and secondary energy charge
22 increased. And the Commission approved a \$75 million
23 increase. It just happens now that the second tier
24 energy charge actually has, goes down slightly.

25 **COMMISSIONER SKOP:** Okay. So --

1 **MS. DRAPER:** But we're back to the one cent
2 inversion.

3 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

4 **COMMISSIONER SKOP:** Thank you, Madam Chair.

5 And so if I understood that correctly, based
6 on the manner in which GBRA was implemented pursuant to
7 the 2005 settlement agreement that caused base rates to
8 be adjusted by an equal percentage, that implementation
9 basically resulted in the inversion not, not working
10 anymore, and then now FPL is reverting back to the one
11 cent inversion.

12 **MS. DRAPER:** That's correct.

13 **COMMISSIONER SKOP:** Okay. And is that why as
14 a result of that on Page 28 of the staff recommendation,
15 the bottom chart that shows the total residential bill
16 comparisons by kilowatt hour usage, if you look for
17 1,000 kilowatt hours, you see the difference from
18 current, and it actually lower customer, lower --
19 consumers that are using lower consumption actually have
20 a slightly higher bill than those that use more
21 consumption. Is that like a spillover effect of --

22 **MS. DRAPER:** That is like a spillover effect.
23 But mathematically the energy charges for both those
24 tiers, there's only one level you can set them to give
25 you the target revenues. So, yes, that's --

1 **COMMISSIONER SKOP:** Okay. So just by
2 operation of trying to address what's happened
3 historically but then now reverting back to how it used
4 to be, notwithstanding the fact that the GBRA kind of
5 did something else to it, we're now faced with what we
6 see on 28, which is the explanation for that question
7 mark as to why higher consumption levels are not having
8 a higher bill increase.

9 **MS. DRAPER:** That's correct. Yes.

10 **COMMISSIONER SKOP:** All right. Thank you.

11 **CHAIRMAN ARGENZIANO:** Okay. Do -- how about
12 we take up Issue 159. Can you give a brief discussion?

13 **MS. DRAPER:** Issue 159 are the -- what are the
14 appropriate customer charges? And FP&L's proposed
15 customer charges are based on the unit costs that come
16 out of the compliance cost of service study. Customer
17 charges typically are recovered at cost of meter
18 reading, meter equipment, customer service and bill
19 processing, and the customer charge is, as the demand
20 and energy charges are all shown on Schedule 3 of the
21 recommendation.

22 **CHAIRMAN ARGENZIANO:** Commissioners, any, any
23 questions?

24 Okay. What I'm going to do is just run
25 through the issues then and we'll vote on them in block.

1 Okay? Unless you deem one be separated.

2 Issue 161. I'm sorry. 160.

3 **MS. DRAPER:** Issue 160 are what are the
4 appropriate demand charges? And at the revenue
5 requirements agenda the Commission approved the
6 methodology by which FP&L should design the demand
7 charges, and the fallout demand charges again are shown
8 on Schedule 3 for all the rate classes.

9 **CHAIRMAN ARGENZIANO:** Any questions?

10 161.

11 **MS. DRAPER:** Issue 161 is what are the
12 appropriate energy charges? The energy charges are set
13 at a level that in combination with the other, the
14 customer demand charges recovered total revenues
15 allocated to each rate class, and they're shown again on
16 Schedule 3 of the recommendation.

17 **CHAIRMAN ARGENZIANO:** Any questions?

18 162.

19 **MS. ROBERTS:** Good afternoon, Commissioners.
20 Arlisha Roberts with staff.

21 **CHAIRMAN ARGENZIANO:** Good afternoon.

22 **MS. ROBERTS:** Issue 162 deals with the
23 appropriate lighting charges. The appropriate lighting
24 charges are also shown on Schedule 3, which are fallout
25 charges based on the revenue requirements.

1 **CHAIRMAN ARGENZIANO:** Any questions?

2 Okay. 163. Thank you.

3 **MS. DRAPER:** Issue 163 addresses the standby
4 and supplemental rate schedule. Those charges are set
5 pursuant to Commission order and are based on unit costs
6 from the cost of service study, and they are shown on
7 Schedule 3 also.

8 **CHAIRMAN ARGENZIANO:** Any questions?

9 Okay. Hearing none, 164.

10 **MS. DRAPER:** 164 addresses the interruptible
11 standby and supplemental service rate schedule, and the
12 charges are shown on Schedule 3 of the recommendation.

13 **CHAIRMAN ARGENZIANO:** Any questions?

14 Okay. Hearing none, is there any discussion
15 before we go to item, Issue 177? Okay. 177.

16 **MS. DRAPER:** 177 -- I'm sorry.

17 **MS. BENNETT:** 177 is simply should you close
18 these dockets? And after the time for appeal has been,
19 has passed, we would recommend you close both 080677 and
20 090130.

21 **CHAIRMAN ARGENZIANO:** Any discussion? Hearing
22 none, do I have a motion for Issues 159, 160, 161, 162,
23 163, 164 and 177?

24 **COMMISSIONER SKOP:** Madam Chair.

25 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

1 **COMMISSIONER SKOP:** Thank you, Madam Chair.

2 I'd move to adopt the staff recommendation for
3 Issues 159, 160, 161, 162, 163, 164, and to close the
4 docket on Issues 177.

5 **COMMISSIONER STEVENS:** Second.

6 **CHAIRMAN ARGENZIANO:** Okay. Any questions,
7 discussion? All in favor, say aye.

8 (Simultaneous vote.)

9 All opposed, same sign. The motion is
10 adopted. And any discussion before we adjourn? Any
11 comments? Okay. None? Thank you. We adjourn. We're
12 adjourned. Thank you.

13 (Special Agenda concluded at 1:16 p.m.)

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STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

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

DATED THIS 2nd day of February, 2010.

Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734