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080677-EI

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**Sent:** Thursday, April 08, 2010 3:12 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Docket No. 080677-EI and 090130-EI - SFHHA Response to FPL's Motion for Reconsideration & Clarification of Order No. PSC-10-0153

**Attachments:** SFHHA Response to FPL Motion for Reconsideration and Clarification.pdf

Electronic Filing

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b. Docket No. 080677-EI and 090130-EI.

c. Document being filed on behalf of South Florida Hospital and Healthcare Association (SFHHA).

d. There is a total of 6 pages.

e. The document attached for electronic filing is: South Florida Hospital and Healthcare Association's Response to Florida Power & Light Motion for Reconsideration and Clarification  
 (See attached SFHHA Response to FPL Motion for Reconsideration and Clarification.pdf)

Thank you for your attention and cooperation to this request.

Regards.  
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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for increase in rates by  
Florida Power & Light Company.

DOCKET NO. 080677-EI

In re: 2009 depreciation and  
dismantlement study by Florida Power &  
Light Company.

DOCKET NO. 090130-EI

FILED: April 8, 2010

**SOUTH FLORIDA HOSPITAL AND HEALTHCARE ASSOCIATION'S  
RESPONSE TO FLORIDA POWER & LIGHT COMPANY'S  
MOTION FOR RECONSIDERATION AND CLARIFICATION**

Pursuant to Rule 25-22.060 of the Florida Administrative Code, the South Florida Hospital and Healthcare Association ("SFHHA") hereby responds in opposition to Florida Power & Light Company's ("FPL") Motion for Reconsideration and Clarification of Order No. PSC-10-0153-FOF-EI ("Order 0153"), which was filed April 1, 2010 in the captioned proceeding ("FPL's Motion").

FPL's motion, *inter alia*, requests that the Florida Public Service Commission ("PSC" or "Commission") correct four computational errors purportedly made in Order 0153. First, FPL contends that its revenue requirements should be increased by \$2.7 million to account for the Commission's requirement, in Order 0795,<sup>1</sup> that FPL refund the full amount of its fuel cost over-recoveries as a one-time credit in January 2010, rather than permitting FPL to refund the over-recoveries ratably over the calendar year.<sup>2</sup> Second, FPL alleges that the Commission overstated FPL's test year revenues by \$25,776,146 by: (i) adjusting FPL's late payment charge revenues upward to account for anticipated additional revenues related to FPL's proposed \$10 minimum late payment charge while simultaneously rejecting the proposed minimum late payment charge, and (ii) failing to adopt FPL's proposal to decrease the late payment revenues resulting from the

<sup>1</sup> Order No. PSC-09-0795-FOF-EI, Docket No. 090001-EI (Dec. 2, 2009) ("Order 0795").

<sup>2</sup> FPL's Motion at 5-7.

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current late payment charge.<sup>3</sup> Third, FPL claims that the Commission failed to recognize that “a portion of the incentive compensation that was removed from the test year had already been allocated by FPL to affiliates.”<sup>4</sup> FPL contends that this error over-stated the adjustment to FPL’s 2010 test year Salaries and Employee Benefits expense by \$12.8 million and thus requires a commensurate increase in FPL’s test year revenue requirement.<sup>5</sup> Fourth, FPL contends that the Commission miscalculated the appropriate payment to FiberNet for equipment lease charges by failing to include an equity gross-up for taxes in its calculation. FPL claims that due to the miscalculation, its 2010 test year revenue requirements should be increased by \$0.6 million.<sup>6</sup>

In addition, FPL seeks clarification that applying the depreciation and dismantlement rates approved by the Commission in Order 0153 results in an approved test year Depreciation and Amortization expense of approximately \$624 million, rather than the \$753 million set forth in Schedule 3 to Order No. 0153.<sup>7</sup>

As shown in Table 1, *infra*, the corrections and clarification requested by FPL, if granted, will result in a net decrease of \$87.139 million in the base rate increase authorized by the Commission in Order 0153.

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<sup>3</sup> *Id.* at 7-9.

<sup>4</sup> *Id.* at 9-10.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 10-11.

<sup>7</sup> *Id.* at 11.

**Summary of Effects of FPL Motion for Reconsideration**  
**Docket No. 080677-EI**  
**Order No. PSC-10-0153-FOF-EI**  
**(\$ Million)**

Fuel Cost Overrecovery Effect on Working Capital	2.700
Adjustment of Late Payment Revenues	25.776
Salaries and Employee Benefits	12.800
FiberNet Charges to FPL	0.585
Depreciation Expense	-129.000
 Net Change in Rate Increase	 -87.139

In Order 0153, the Commission granted FPL a base rate increase of \$75.5 million. Consequently, if the five issues that are the subject of the Motion for Reconsideration and Clarification are reflected in a revised/corrected rate modification, FPL would be required to reduce rates by \$11.6 million. However, rather than proposing to immediately provide ratepayers with the benefit of this rate reduction, FPL requests that the Commission make an adjustment “to the annual amortization of the . . . depreciation reserve surplus approved in Order 0153” equal to the net decrease in FPL’s test year revenue requirements requested by FPL.<sup>8</sup>

SFHHA opposes the treatment requested by FPL. Such a result will reduce the amortization of the reserve surplus, which is a negative expense, by \$87.1 million per year and in that manner retain the cumulative value of that amount (one year equals \$87.1 million; two years equals \$178.2 million; etc.) for the benefit of future ratepayers. However, by definition, the erroneously calculated rates will be excessive and are therefore unfair, unjust and unreasonable. Moreover, FPL’s proposal fails to provide for the payment of interest to ratepayers on their current overpayment over FPL’s revenue requirement through miscalculated, excessive rates.

In light of the foregoing, rather than adopting FPL’s proposal to adjust the annual amortization of the depreciation reserve surplus to account for net decrease in FPL’s test year

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<sup>8</sup> *Id.* at 2.

revenue requirements, the Commission should reduce FPL's base rates that were authorized in Order 0153 by \$87.1 million. Consistent with that recommendation, FPL should be ordered to refund to ratepayers the excessive recoveries realized since FPL's base rate increase was placed into effect. Alternatively, if the Commission authorizes the FPL's request to decelerate the amortization of the theoretical depreciation reserve surplus, FPL should be required to compute and defer as a regulatory liability interest at its grossed-up rate of return on the overrecoveries compounded on a monthly basis.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**  
**DOCKET NO. 080677-EI**

I HEREBY CERTIFY that a true and correct copy of SFHHA'S Response to FPL's Motion for Reconsideration and Clarification has been furnished by electronic mail and U.S. mail on this 8th day of April, 2010 to the following:

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