

State of Florida



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-M-E-M-O-R-A-N-D-U-M-

DATE: August 6, 2010
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Lisa Bennett, Senior Attorney, Office of the General Counsel *LCB*
RE: Docket No. 080677-EI, Petition for increase in rates by Florida Power & Light Company; Motion for Reconsideration

Please place the attached correspondence and Excel document in the docket file.

LCB

DATE
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FPSC-COMMISSION CLERK

Appendix I

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

Commission Order: The net over-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses should be included in the calculation of FPL's working capital allowance.

Implementation error: The Commission's order on this issue ignored a recent Commission decision in the 2009 fuel adjustment proceeding (Docket No. 090001-EI) that substantially overstates the impact on test year working capital of the projected 2010 fuel cost over-recovery. In Order No. PSC-09-0795-FOF-EI, Docket No. 090001-EI, dated December 2, 2009, at 20, the Commission directed FPL to refund the entire amount of its 2009 net true-up over-recovery as a one-time credit in January 2010. The Commission's direction was *contrary to established fuel adjustment practice* and inconsistent with FPL's test year projections.

	(\$000)													
	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	13 - Mo Average
(Over)/Under Recovered Fuel Exp - FPSC - As Filed (1)	(66,404)	(136,463)	(178,508)	(193,400)	(194,301)	(153,381)	(136,396)	(89,917)	(47,491)	(46,710)	16,705	(1,733)	(0)	(94,461)
Timing difference in 2009 over-recovered fuel balance refunded (2)	-	60,870	55,337	49,803	44,269	38,736	33,202	27,668	22,135	16,601	11,067	5,534	-	28,094
Difference in interest on (over)/under recovered balance (3)	-	52	100	91	82	73	65	56	47	38	27	17	6	50
(Over)/Under Recovered Fuel Exp - FPSC with January Full Refund	(66,404)	(75,540)	(123,071)	(143,506)	(149,950)	(114,572)	(103,128)	(62,193)	(25,309)	(30,071)	27,799	3,818	6	(66,317)

<u>2010</u>	
\$	(66,317) Net Fuel Over-recovery working capital allowance with entire 12/2009 over-recovery balance refunded in January 2010
	<u>(94,461) Net Fuel Over-recovery working capital allowance in MFR B-6 with 12/2009 over-recovery balance refunded ratably over 2010</u>
\$	28,144 Increase to test year working capital allowance requirements
	<u>6.65% 2010 Commission adjusted Overall Rate of Return per Schedule 5, Order No. PSC-10-0153-FOF-EI</u>
\$	1,872 Required Net Operating Income
	<u>(211) Less Interest Synchronization</u>
\$	1,661 Net Operating Income Change
	<u>1.63411 Net Operating Income Multiplier per Schedule 4, Order No. PSC-10-0153-FOF-EI</u>
\$	<u>2,714 Increase to 2010 Revenue Requirements</u>

- (1) The 2010 Test Year 13-month average net over-recovery of \$(94,461) is comprised of a 13-month average fuel under-recovery of \$1,285 (refer to 2010 Test Year MFR B-6, page 9 of 12, line 11) and a 13-month average fuel over-recovery of \$(95,746) (refer to 2010 Test Year MFR B-6, page 12 of 12, line 10).
- (2) Difference between refunding entire 12/31/2009 fuel over-recovery in January 2010 as is the treatment in Order No. PSC-09-0795-FOF-EI, Docket No. 090001-EI, and the year-to-date 2010 ratable refund of the 12/31/2009 fuel over-recovery as was projected and included in FPL's Test Year 2010 MFR B-6 amounts detailed in note (1) above.
- (3) Difference in interest on (over)/under recovered fuel balance between refunding entire 12/31/2009 fuel over-recovery in January 2010 and a ratable refund of the 12/31/2009 fuel over-recovery during 2010 as was the treatment in FPL's MFR projections which was based on established fuel adjustment clause practice.

Lisa Bennett

From: Butler, John [John.Butler@fpl.com]
Sent: Thursday, August 05, 2010 5:06 PM
To: Lisa Bennett; Barry Richard; Brian P. Armstrong Esq.; Cecilia Bradley Esq.; J. R. Kelly; J. Spina; Leon, Jack; John LaVia; John McWhirter; Jon C. Moyle Jr.; Joseph Mcglothlin, Esq.; jyarbrough@southdaytona.org; K. Wiseman; L. Purdy; Lino Mendiola, mbraswell@sugarmansusskind.com; Mark F. Sundback; Mary Smallwood; Meghan Griffiths; Ross, Mitch; Smith, Natalie; Rick Melson; Robert A. Sugarman; Schef Wright; Scott E. Simpson; Shayla McNeill, sda@trippscott.com; Stephen Stewart; Susan Clark; TPerdue@aif.com; Vicki Gordon Kaufman; Litchfield, Wade
Subject: RE: FPL DN 080677-EI - Reconsideration
Attachments: Petition for Reconsideration - Appendix I - Issue 46.xls

Lisa, in response to your request please see the attached Excel file. There are only a few formulae embedded in this file, and they are intact as you have requested.

Best regards

John Butler

From: Lisa Bennett [mailto:LBENNETT@PSC.STATE.FL.US]
Sent: Thursday, August 05, 2010 1:45 PM
To: Barry Richard; Brian P. Armstrong Esq.; Cecilia Bradley Esq.; J. R. Kelly; J. Spina; Leon, Jack; John LaVia; John McWhirter; Butler, John; Jon C. Moyle Jr.; Joseph Mcglothlin, Esq.; jyarbrough@southdaytona.org; K. Wiseman; L. Purdy; Lino Mendiola; mbraswell@sugarmansusskind.com; Mark F. Sundback; Mary Smallwood; Meghan Griffiths; Ross, Mitch; Smith, Natalie; Rick Melson; Robert A. Sugarman; Schef Wright; Scott E. Simpson; Shayla McNeill; sda@trippscott.com; Stephen Stewart; Susan Clark; TPerdue@aif.com; Vicki Gordon Kaufman; Litchfield, Wade
Subject: FW: FPL DN 080677-EI - Reconsideration

Staff would like FPL to provide the page shown below in Excel format with the formula intact.

If you have any questions, please feel free to contact me.

Lisa C. Bennett
Office of the General Counsel
2540 Shumard Oak Boulevard
Tallahassee, FL
850-413-6230

From: John Slemkewicz
Sent: Thursday, August 05, 2010 12:25 PM
To: Lisa Bennett
Cc: Marshall Willis
Subject: FPL DN 080677-EI - Reconsideration

Could you please ask FPL to provide the following page from its Motion for Reconsideration in Excel with the formulas intact? Thanks

8/6/2010

Appendix I

Issue 45: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of working capital allowance for FPL?

Commission Order: The net over-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses should be included in the calculation of FPL's working capital allowance.

Implementation 2009: The Commission's order on this issue ignored a recent Commission decision in the 2009 fuel adjustment proceeding (Docket No. 090001-EI) that substantially overstates the impact on last year working capital of the projected 2010 fuel cost over-recovery. In Order No. PSC-09-0796-FOF-EI, Docket No. 090001-EI, dated December 2, 2009, at 20, the Commission directed FPL to refund the entire amount of its 2009 net true-up over-recovery as a one-time credit in January 2010. The Commission's direction was contrary to established fuel adjustment practice and inconsistent with FPL's test year projections.

	(2009)													
	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	13 - Mo Average
(Over)/Under Recovered Fuel Exp - FPSC - As Filed (1)	(66,404)	(136,653)	(172,508)	(183,403)	(194,301)	(132,381)	(136,398)	(98,917)	(67,491)	(49,710)	16,706	(1,733)	(0)	(84,481)
Timing difference in 2009 over-recovered fuel balance refunded (2)	-	60,870	55,337	49,803	44,239	38,738	33,202	27,808	22,136	16,001	11,087	5,584	-	38,094
Difference in interest on (over)/under recovered balance (3)	-	62	100	91	82	73	68	66	47	38	27	17	8	60
(Over)/Under Recovered Fuel Exp - FPSC with January Fuel Refund	(66,404)	(75,740)	(128,071)	(143,508)	(149,990)	(114,872)	(103,128)	(82,193)	(65,208)	(33,071)	27,709	3,819	8	(66,317)

2010	
\$	(84,217) Net Fuel Over-recovery working capital allowance with entire 12/2009 over-recovery balance refunded in January 2010
\$	(84,481) Net Fuel Over-recovery working capital allowance in MFR B-8 with 12/2009 over-recovery balance refunded ratably over 2010
\$	28,164 Increase to last year working capital allowance requirements
\$	6.89% 2010 Commission adjusted Overall Rate of Return per Schedule B, Order No. PSC-10-0153-FOF-EI
\$	1,872 Required Net Operating Income
\$	(211) Less Interest Syncretization
\$	1,661 Net Operating Income Change
\$	1,834 Net Operating Income Multiplier per Schedule A, Order No. PSC-10-0153-FOF-EI
\$	2,714 Increase to 2010 Revenue Requirements

(1) The 2010 Test Year 13-month average net over-recovery of \$(84,481) is comprised of a 13-month average fuel under-recovery of \$1,285 (refer to 2010 Test Year MFR B-4, page 9 of 12, line 11) and a 13-month average fuel over-recovery of \$(85,746) (refer to 2010 Test Year MFR B-4, page 12 of 12, line 10).

(2) Difference between reflecting entire 12/31/2009 fuel over-recovery in January 2010 as to the treatment in Order No. PSC-09-0796-FOF-EI, Docket No. 090001-EI, and the year-to-date 2010 ratably refund of the 12/31/2009 fuel over-recovery as was projected and included in FPL's Test Year 2010 MFR B-8 amounts detailed in note (1) above.

(3) Difference in interest on (over)/under recovered fuel balance between refunding entire 12/31/2009 fuel over-recovery in January 2010 and a ratably refund of the 12/31/2009 fuel over-recovery during 2010 as was the treatment in FPL's MFR projections which was based on established fuel adjustment clause practice.

John Slemkewicz
 Public Utilities Supervisor
 Surveillance Section
 Division of Economic Regulation
 Florida Public Service Commission
 850-413-6420
 850-413-6421 (FAX)