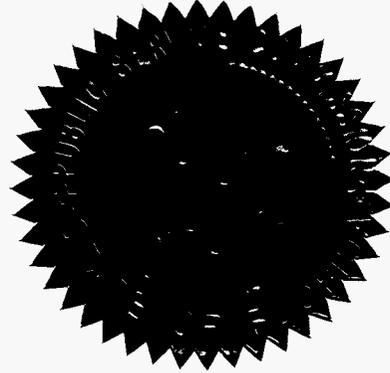


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

DOCKET NO. 100002-EG

ENERGY CONSERVATION COST
RECOVERY CLAUSE.



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PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Wednesday, January 26, 2010

TIME: Commenced at 1:42 p.m.
Concluded at 1:46 p.m.

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

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

DOCUMENT NUMBER-DATE

00686 JAN 28 =

1 APPEARANCES:

2 JOHN T. BUTLER, ESQUIRE, Florida Power &
3 Light Company, 700 Universe Boulevard, Juno Beach,
4 Florida 33408-0420, appearing on behalf of Florida
5 Power & Light Company.

6 CHARLIE BECK, ESQUIRE, Office of Public
7 Counsel, c/o The Florida Legislature, 111 W. Madison
8 St., Room 812, Tallahassee, Florida 32399-1400,
9 appearing on behalf of the Citizens of Florida.

10 LEE ENG TAN, ESQUIRE, and KATHERINE
11 FLEMING, ESQUIRE, FPSC General Counsel's Office, 2540
12 Shumard Oak Boulevard, Tallahassee, Florida
13 32399-0850, appearing on behalf of the Florida Public
14 Service Commission Staff.

15 MARY ANNE HELTON, Deputy General Counsel,
16 Florida Public Service Commission, 2540 Shumard Oak
17 Boulevard, Tallahassee, Florida 32399-0850, Advisor to
18 the Commission.

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I N D E X

WITNESSES

NAME:	PAGE NO.
Terry J. Keith Prefiled Testimony Inserted	7
Anita Sharma Prefiled Testimony Inserted	15

EXHIBITS

1
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NUMBER:

ID. ADMTD.

1-4 (Description of Exhibits 1-4
contained in the Comprehensive
Exhibit List, Exhibit 1.)

6

6

P R O C E E D I N G S

1
2 **CHAIRMAN GRAHAM:** We are now opening Docket
3 02. Staff, are there any preliminary matters that needs
4 to be addressed?

5 **MS. TAN:** There are proposed stipulations on
6 all issues, and we are noting that OPC and FIPUG have
7 taken no position. FIPUG has also been excused from the
8 hearing, and we note that all witnesses have been
9 excused.

10 **CHAIRMAN GRAHAM:** All right. How about any
11 prefiled testimony?

12 **MS. TAN:** We ask that the prefiled testimony
13 of all witnesses identified in Section VI on Page 4 of
14 the Prehearing Order be moved into the record as though
15 read.

16 **CHAIRMAN GRAHAM:** The prefiled testimony is
17 moved into the record as read.

18 How about exhibits, Staff?

19 **MS. TAN:** We have prepared a Comprehensive
20 Exhibit List, which is stipulated, which includes the
21 prefiled exhibits attached to the witness testimony in
22 this case. The list has been provided to the parties,
23 the Commissioners, and the court reporter.

24 At this time we ask that the exhibits, 1
25 through 4, be moved into the record.

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CHAIRMAN GRAHAM: Let's move Exhibits 1 through 4 into the record.

(Exhibits 1 though 4 marked for identification and admitted into the record.)

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF TERRY J. KEITH**

4 **DOCKET NO. 100002-EG**

5 **MAY 3, 2010**

6
7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Terry J. Keith and my business address is 9250 West Flagler Street,
9 Miami, Florida, 33174. I am employed by Florida Power & Light Company
10 ("FPL" or "the Company") as the Director, Cost Recovery Clauses in the
11 Regulatory Affairs Department.

12 **Q. Please describe your educational and professional background and**
13 **experience.**

14 A. I graduated from North Carolina Agricultural & Technical State University with a
15 Bachelor's degree in Accounting in 1977. I subsequently earned a Master of
16 Business Administration degree from the University of Wisconsin in 1982. Prior
17 to joining FPL in 1986, I held various accounting positions at Phillips Petroleum
18 Company and later Centel Corporation. At FPL, I held positions of increasing
19 responsibility in the Accounting Department, including various supervision
20 assignments relating to accounting research, financial reporting, development and
21 application of overhead rates, and property accounting. I spent ten years in the
22 Regulatory Affairs Department as Principal Regulatory Coordinator and later as

1 Regulatory Issues Manager primarily responsible for managing and coordinating
2 regulatory accounting and finance dockets. In 2008, I assumed my current
3 position as Director, Cost Recovery Clauses, where I am responsible for providing
4 direction as to the appropriateness of cost recovery through a cost recovery clause
5 and the overall preparation and filing of all cost recovery clause documents
6 including testimony and discovery.

7 **Q. What is the purpose of your testimony in this proceeding?**

8 A. The purpose of my testimony is to present schedules necessary to support the
9 actual Energy Conservation Cost Recovery ("ECCR") Clause Net True-up
10 amounts for the period January 2009 through December 2009.

11 **Q. Have you prepared or caused to be prepared under your direction,
12 supervision or control an exhibit in this proceeding?**

13 A. Yes, I am sponsoring Schedule CT-1 and co-sponsoring CT-2 through CT-4 in
14 Exhibit AS-1. The specific sections of Schedules CT-2 through CT-4 which I am
15 co-sponsoring are identified in the Table of Contents, which is found on Exhibit
16 AS-1, page 1 of 1.

17 **Q. What is the source of the data used in calculating the actual true-up amount?**

18 A. Unless otherwise indicated, the data used in calculating the actual true-up amount
19 was taken from the books and records of FPL. The books and records are kept in
20 the regular course of the Company's business in accordance with generally accepted
21 accounting principles and practices, and with the applicable provisions of the
22 Uniform System of Accounts as prescribed by this Commission and directed in Rule

1 25-17.015, Florida Administrative Code. Schedules CT-2, Pages 4 and 5 of 5,
2 provide a complete list of all account numbers used for conservation cost recovery
3 during the period January 2009 through December 2009.

4 **Q. What is the actual end of period true-up amount which FPL is requesting for**
5 **the January 2009 through December 2009 period?**

6 A. FPL has calculated and is requesting approval of an under-recovery of \$14,510,480
7 as the actual end of period true-up amount for the period. The calculation of this
8 \$14,510,480 under-recovery is shown on Exhibit AS-1, Schedule CT-3, Page 2 of 3.

9 **Q. What is the net true-up amount for the January 2009 through December 2009**
10 **period which FPL is requesting to be carried over and included in the January**
11 **through December 2011 factor?**

12 A. FPL has calculated and is requesting approval of an under-recovery of \$5,558,898 as
13 the net true-up amount for the period. The net true-up under-recovery of \$5,558,898
14 is the difference between the actual end of period true-up under-recovery of
15 \$14,510,480 and the estimated/actual true-up under-recovery of \$8,951,582
16 approved by the Commission in Order No. PSC-09-0794-FOF-EG, issued
17 December 1, 2009. This calculation is shown on Exhibit AS-1, Schedule CT-1,
18 Page 1 of 1, and also on Exhibit AS-1, Schedule CT-2, and Page 1 of 5.

19 **Q. Was the calculation of the net true-up amount for the period January 2009**
20 **through December 2009 performed consistently with the prior true-up**
21 **calculations in this and the predecessor conservation cost recovery dockets?**

22 A. Yes. FPL's net true-up was calculated consistent with the methodology set forth in

1 Schedule 1, page 2 of 2 attached to Order No. 10093, dated June 19, 1981.

2 **Q. Have you provided a schedule showing the variances between actuals and**
3 **estimated/actuals for 2009 ?**

4 A. Yes. Exhibit AS-1, Schedule CT-2, Page 1 of 5 compares the actual end of period
5 net true-up under-recovery of \$14,510,480 to the estimated/actual end of period
6 net true-up under-recovery of \$8,951,582 approved in Order No. 09-0794-FOF-EI
7 issued on December 1, 2009, resulting in a variance of \$5,558,898.

8 **Q. Please explain the calculation of the \$5,558,898 variance.**

9 A. This variance represents the difference between the actual and estimated/actual
10 total program costs of \$8,492,036 (CT-2, Page 1 of 5, line 13) minus the
11 difference between the actual and estimated/actual ECCR revenues of
12 \$2,926,108 (CT-2, Page 1 of 5, line 14). This \$5,565,928 under-recovery, minus
13 the variance of \$7,032 in interest provision (CT-3, Page 3 of 3), results in a total
14 under-recovery variance of \$5,558,898.

15 **Q. Does this conclude your testimony?**

16 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF TERRY J. KEITH**

4 **DOCKET NO. 100002-EG**

5 **SEPTEMBER 17, 2010**

6

7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Terry J. Keith and my business address is 9250 West Flagler Street,
9 Miami, Florida, 33174. I am employed by Florida Power & Light Company
10 ("FPL" or "the Company") as the Director, Cost Recovery Clauses in the
11 Regulatory Affairs Department.

12 **Q. Have you previously filed testimony in this docket?**

13 A. Yes, I have.

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. The purpose of my testimony is to present the schedules necessary to support the
16 estimated/actual Energy Conservation Cost Recovery ("ECCR") clause true-up for
17 the period January 2010 through December 2010 and the calculation of the ECCR
18 factors based on the projected ECCR costs for FPL's Demand Side Management
19 ("DSM") programs to be incurred during the months of January 2011 through
20 December 2011. As discussed in the testimony of FPL witness Anita Sharma, FPL
21 is presenting two alternative projections of the 2011 ECCR costs at the request of
22 the Commission Staff. Alternative 1 assumes that FPL implements its current,

1 approved DSM Plan in order to achieve the 2011 DSM goals that were established
2 in Docket No. 040029-EG. Alternative 2 assumes that FPL implements the new
3 DSM Plan for the years 2010-2019 that was submitted to the Commission for
4 approval in Docket No. 100155-EG, in order to achieve the revised 2011 DSM
5 goals that were approved in Docket No. 080407-EG. I present ECCR factors based
6 on projected 2011 ECCR costs under both Alternatives 1 and 2.

7 **Q. Have you prepared or caused to be prepared under your direction,**
8 **supervision or control any exhibits in this proceeding?**

9 A. Yes, I am sponsoring Schedule C-1 and co-sponsoring Schedule C-2 in Exhibit
10 AS-2. The specific sections of Schedules C-2 which I am co-sponsoring are
11 identified in the Table of Contents, which is found on Exhibit AS-2, page 1 of 1.
12 Exhibit AS-2 addresses the ECCR costs to be recovered under Alternative 1.

13
14 I am also sponsoring Schedule C-1 and co-sponsoring C-2 through C-3 and C-4 in
15 Exhibit AS-3. The specific sections of Schedules C-2 through C-3 which I am co-
16 sponsoring are identified in the Table of Contents, which is found on Exhibit AS-
17 3, page 1 of 1. Exhibit AS-3 addresses the ECCR costs to be recovered under
18 Alternative 2.

19 **Q. What is the source of the data used in calculating the actual data amount?**

20 A. Unless otherwise indicated, the data used in calculating the actual true-up amount
21 was taken from the books and records of FPL. The books and records are kept in
22 the regular course of the Company's business in accordance with generally accepted

1 accounting principles and practices, and with the applicable provisions of the
2 Uniform System of Accounts as prescribed by this Commission and directed in Rule
3 25-17.015, Florida Administrative Code.

4 **Q. Please explain the calculation of the ECCR End of Period Net True-up and**
5 **Estimated/Actual True-up amounts for the period January 2010 through**
6 **December 2010 that you are requesting this Commission to approve.**

7 A. Schedule C-3 provides the calculation of the ECCR end of period Net True-up and
8 Estimated/Actual True-up amounts for the period January 2010 through December
9 2010. The end of period net true-up amount to be carried forward to the 2011 ECCR
10 factor is an under-recovery of \$53,333,303 (Schedule C-3, page 7, line 11). This
11 \$53,333,303 under-recovery includes the 2009 Final true-up under-recovery of
12 \$5,558,900 (Schedule C-3, page 7, line 9a) filed with the Commission on May 3,
13 2010, and the 2010 Estimated/Actual true-up under-recovery, including interest, of
14 \$47,774,402 (Schedule C-3, page 7, lines 7 plus 8) for the period January 2010
15 through December 2010. The 2010 Estimated/Actual true-up under-recovery amount
16 is based on actual data for the period January 2010 through June 2010 and revised
17 estimates for the period July 2010 through December 2010.

18 **Q. Were these calculations made in accordance with the procedures previously**
19 **approved in the predecessors to this Docket?**

20 A. Yes, they were.

21 **Q. Have you prepared a calculation of the allocation factors for demand and**
22 **energy?**

1 A. Yes. Schedule C-1, page 2 of 3 (included in both AS-2 and AS-3) provides this
2 calculation. The demand allocation factors are calculated by determining the
3 percentage each rate class contributes to the monthly system peaks. The energy
4 allocation factors are calculated by determining the percentage each rate class
5 contributes to total kWh sales, as adjusted for losses.

6 **Q. Have you prepared a calculation of the proposed 2011 ECCR factors by rate**
7 **class for Alternatives 1 and 2?**

8 A. Yes. Schedule C-1, page 3 in Exhibit AS-2 presents this calculation for
9 Alternative 1, while Schedule C-1, page 3 in Exhibit AS-3 presents this
10 calculation for Alternative 2.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**FLORIDA POWER & LIGHT COMPANY****TESTIMONY OF ANITA SHARMA****DOCKET NO. 100002-EG****May 3, 2010**

1 **Q. Please state your name, business address, employer and position.**

2 A. My name is Anita Sharma and my business address is 9250 West Flagler Street,
3 Miami, Florida 33174. I am employed by Florida Power and Light Company ("FPL" or
4 "the Company") as Manager of Cost & Performance for Demand Side Management
5 ("DSM") Programs.

6 **Q. Please describe your educational and professional background and experience.**

7 A. I received a Masters in Economics in 1983 and a Masters in Finance in 2006 from
8 Florida International University. I began working for FPL in 1985 as Assistant
9 Economist and have worked in positions of increasing responsibility in the areas of
10 economics and energy forecasting. I began in my present position as Manager of Cost
11 & Performance for DSM Programs in March 2009.

12 **Q. What are your responsibilities and duties as Manager of Cost & Performance for
13 DSM Programs?**

14 A. I am responsible for supervising and assisting in the development of the Company's
15 Energy Conservation Cost Recovery ("ECCR") budget, which includes the budgets
16 related to the DSM Programs. I supervise other support functions such as end-use

1 evaluation and performance reporting that relate to the DSM Programs and ECCR,
2 including monthly accounting reviews.

3

4 Also, I supervise and assist in the preparation of regulatory filings and reports related to
5 ECCR, prepare responses to regulatory inquiries and ensure that the Company provides
6 timely responses to those inquiries.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to present the actual conservation-related revenues and
9 costs associated with FPL's energy conservation and load management programs for
10 the period January 2009 through December 2009.

11 **Q. Have you prepared or had prepared under your supervision and control an
12 exhibit in this proceeding?**

13 A. Yes. I am sponsoring Schedules CT-5 and CT-6 and Appendix A in Exhibit AS-1. I
14 am also co-sponsoring Schedules CT-2 through CT-4. The specific sections of
15 Schedules CT-2 through CT-4 which I am co-sponsoring are identified in the Table of
16 Contents which is found on Exhibit AS-1, page 1 of 1. Appendix A is the
17 documentation required by Rule 25-17.015(5), Florida Administrative Code, regarding
18 specific claims of energy savings in advertisements.

19 **Q. For the January 2009 through December 2009 period, did FPL seek recovery of
20 any advertising costs for advertising which makes a specific claim of potential
21 energy savings or states appliance efficiency ratings or savings?**

1 A. Yes. A copy of the advertising, data sources and calculations used to substantiate the
2 savings are included in Appendix A, Pages 1A – 2E.

3 **Q. Are all costs listed in Schedule CT-2 attributable to Commission approved**
4 **programs?**

5 A. Yes.

6 **Q. How did FPL's actual program expenditures for January 2009 through**
7 **December 2009 compare to the Estimated/Actual presented in Docket No. 090002-**
8 **EG, and approved per Order No. PSC-09-0794-FOF-EG?**

9 A. Total expenditures for January 2009 through December 2009 were estimated to be
10 \$177,559,344 (CT-2, Page 1 of 5, Estimate Column, Line 13). The actual expenditures
11 for the period were \$186,051,381 (CT-2, Page 1 of 5, Actual Column, Line 13). This
12 represents a period variance of \$8,492,036 more than projected. This variance is shown
13 on Schedule CT-2, Page 3 of 5, Line 24 and is explained in Program Description and
14 Progress Reports, Schedule CT-6, Pages 1 through 117.

15 **Q. Does this conclude your testimony?**

16 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF ANITA SHARMA**

4 **DOCKET NO. 100002-EG**

5 **September 17, 2010**

6

7 **Q. Please state your name and business address.**

8 A. My name is Anita Sharma and my business address is 9250 West Flagler Street,
9 Miami, Florida 33174. I am employed by Florida Power and Light Company (“FPL”
10 or “the Company”) as Manager of Cost & Performance for Demand Side Management
11 (DSM) Programs.

12 **Q. Have you previously filed testimony in this docket?**

13 A. Yes I have.

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to submit for Commission review and approval the
16 projected ECCR costs for FPL’s DSM programs to be incurred by FPL during the
17 months of January 2011 through December 2011 as well as the estimated/actual ECCR
18 costs for January 2010 through December 2010. At the request of the Commission
19 Staff, FPL is presenting two alternative projections of the 2011 ECCR costs. The first
20 (“Alternative 1”) assumes that FPL implements its current, approved DSM Plan (the
21 “Current 2004 DSM Plan”) in order to achieve the 2011 DSM goals that were
22 established in Docket No. 040029-EG (the “Prior 2011 Goals”). The second
23 (“Alternative 2”) assumes that FPL implements the new DSM Plan for 2010-2019 that

1 was submitted to the Commission for approval in Docket No. 100155-EG (the
2 “Proposed DSM Plan”), in order to achieve the current 2011 DSM goals that were
3 established in Order No. PSC-09-0855-FOF-EG (the “Current 2011 Goals”). I also
4 present the total level of costs FPL seeks to recover under each of those two
5 alternatives and the Conservation Factors in Schedule C-1 of Exhibits AS-2 and AS-3,
6 which, when applied to our customers’ bills during the period January through
7 December 2011, will permit the recovery of the total ECCR costs under those
8 alternatives. Finally, I explain the reasons for the 2010 year-end estimated variance
9 from the original projection of 2010 ECCR costs.

10 **Q. Have you prepared or had prepared under your supervision and control any**
11 **exhibits in this proceeding?**

12 A. Yes, I am co-sponsoring Schedules C-2 in Exhibit AS-2. The specific sections of
13 Schedules C-2 which I am co-sponsoring are identified in the Table of Contents which
14 is found on Exhibit AS-2, page 1 of 1. Exhibit AS-2 addresses the ECCR costs to be
15 recovered under Alternative 1.

16
17 I am also sponsoring Schedule C-5 and co-sponsoring Schedules C-2, and C-3 in
18 Exhibit AS-3, which address the ECCR costs to be recovered under Alternative 2.
19 Again, the specific sections of Schedules C-2 and C-3 which I am co-sponsoring are
20 identified in the Table of Contents which is found on Exhibit AS-3, page 1 of 1.

21 **Q. Are all of the costs listed in these exhibits reasonable, prudent and attributable to**
22 **programs approved or pending approval by the Commission?**

1 A. Yes, all of the costs listed in my exhibits are reasonable and prudent and are
2 attributable to programs approved or pending approval by the Commission. The 2010
3 estimated/actual costs are based on implementing the approved programs in the
4 Current 2004 DSM Plan, at increased customer participation levels in an effort to
5 achieve the current 2010 goals that were established in Order No. PSC-09-0855-FOF-
6 EG ("Current 2010 Goals"). The 2011 projected costs in Exhibit AS-2 (Alternative 1)
7 are based on implementation of, and customer participation in, the programs contained
8 in the Current 2004 DSM Plan in order to achieve the Prior 2011 Goals. The 2011
9 projected costs in Exhibit AS-3 (Alternative 2) are based on implementation of, and
10 customer participation in, the programs contained in the Proposed DSM Plan in order
11 to achieve the Current 2011 Goals.

12 **Q. Please describe the methods used to derive the program costs for which FPL**
13 **seeks recovery.**

14 A. The actual expenditures for the months January 2010 through June 2010 are taken
15 from the books and records of FPL. Expenditures for the months of July 2010 through
16 December 2010 and January 2011 through December 2011 for Alternative 1 are
17 projections based on the expenditures expected for each program at each location
18 within FPL, applying historical administration costs and incentive levels to the
19 projected participation. For Alternative 2, the projected costs for January 2011 through
20 December 2011 are based on the expenditures expected for each program at each
21 location within FPL, applying historical administration costs and the maximum cost
22 effective incentive levels to the projected participation under the Proposed DSM Plan.

1 The projections have been subjected to FPL's budgeting process and an on-going cost-
2 justification process.

3 **Q. What is the 2010 variance from the original projection?**

4 **A.** The 2010 year-end estimated variance in cost is \$52,627,958 above the 2010
5 projection of \$170,695,356 that was approved in Order No. PSC-09-0794-FOF-EG
6 issued December 1, 2009.

7 **Q. Please explain the basis for the year end estimated variance from the 2010**
8 **projection.**

9 **A.** The estimated year end variance is largely a result of FPL's efforts to meet the Current
10 2010 DSM Goals, using its Current 2004 DSM Plan. The Current 2010 DSM Goals
11 were established in Order No. PSC-09-0855-FOF-EG issued on December 30, 2009,
12 so FPL has been subject to those higher goals throughout 2010. The Proposed DSM
13 Plan is not yet approved, however. Therefore, in 2010 FPL is encouraging high
14 participation in its existing programs in order to increase demand and energy savings
15 that will help FPL achieve the Current 2010 Goals. When FPL originally projected its
16 2010 ECCR costs, the Commission had not established the Current 2010 Goals, and
17 FPL did not anticipate this accelerated customer participation. As a result, FPL has
18 incurred substantially higher incentive costs in 2010 than originally projected for
19 several programs. The incentives paid to customers are based on current approved
20 incentive levels. The largest variance relates to an increase in the purchase and
21 installation of higher efficiency air conditioning (A/C) units by FPL's residential
22 customers. Participation in this program was also enhanced because of the opportunity

1 for customers to obtain Federal government tax credits associated with the higher
2 efficiency A/C units.

3 **Q. What are FPL's 2011 projected ECCR costs under Alternative 1?**

4 A. Based on the level of participation that would be required under the Current 2004
5 DSM Plan in order to achieve the Prior 2011 Goals, FPL projects that it would spend
6 \$181,326,381 to implement Alternative 1 in 2011. The program-by-program
7 projections under Alternative 1 are shown in Schedule C-2 of Exhibit AS-2.

8 **Q. What are FPL's 2011 projected ECCR costs under Alternative 2?**

9 A. Based on the level of participation that would be required under the Proposed DSM
10 Plan in order to achieve the Current 2011 Goals, FPL projects that it would spend
11 \$305,803,945 to implement Alternative 2. This is \$124,477,564 more than FPL
12 projects to spend in 2011 under Alternative 1. The Current 2011 Goals are 35% and
13 61% above the Prior 2011 Goals for MW and GWh, respectively. Because Alternative
14 1 is directed at achieving the less extreme Prior 2011 Goals, the projected 2011 costs
15 for Alternative 1 are thus about 40% below the projected 2011 costs for Alternative 2.

16 **Q. Are FPL's 2011 projected ECCR costs under Alternative 2 also substantially
17 higher than FPL's estimated/actual costs 2010?**

18 A. Yes. The Alternative 2 costs for 2011 are \$82,480,631 higher than the
19 estimated/actual ECCR costs for 2010. The increase is driven by higher MW and
20 GWh goals in 2011 compared to the 2010 goal, with a corresponding increase in
21 incentive payments and additional costs needed to meet these goals. The 2011
22 projections also include the costs associated with the solar portfolio, the enhanced low
23 income portfolio, as well as the additional programs and measures which were added

1 to existing residential and business programs. The program-by-program projections
2 under Alternative 2 are shown in Schedule C-2 of Exhibit AS-3.

3 **Q. If FPL is directed to pursue Alternative 2, do you anticipate that its ECCR costs**
4 **will remain at a higher level for the foreseeable future?**

5 **A. Yes.** Based on the current annual goals established in Order No.PSC-09-0855-FOF-
6 EG and the Proposed DSM Plan to achieve those goals, FPL's ECCR costs are
7 expected to remain well above the costs that would be incurred under Alternative 1 for
8 the foreseeable future.

9 **Q. Does this conclude your testimony?**

10 **A. Yes.**

11

1 **CHAIRMAN GRAHAM:** Okay. Decision time.

2 **MS. TAN:** Since there are proposed
3 stipulations on all issues, staff suggests that the
4 Commission could make a bench decision in this case. We
5 recommend that the Commission approve the stipulations
6 as stated in the Prehearing Order, noting that OPC and
7 FIPUG have taken no position on all issues.

8 **CHAIRMAN GRAHAM:** Let's briefly go over the
9 stipulations.

10 **MS. TAN:** I'm going to go ahead and let
11 technical staff do that for you.

12 **CHAIRMAN GRAHAM:** Chicken. (Laughter.)

13 **MR. HIGGINS:** Good afternoon, Commissioners.
14 Devlin Higgins, Commission staff.

15 Both Issue 1 and 2, I believe the parties have
16 reached Type B Stipulations, which the parties do not
17 take a position.

18 **CHAIRMAN GRAHAM:** Okay. So we are at a bench
19 decision time, is that correct?

20 **MS. TAN:** That is correct.

21 **CHAIRMAN GRAHAM:** And we need a motion to
22 approve Docket Number 02 as stipulated, is that correct?

23 **MS. TAN:** That is correct.

24 **CHAIRMAN GRAHAM:** Okay. Can I get a motion?
25 Commissioner Edgar.

1 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

2 At this point I would move that we approve the
3 proposed stipulation for Issues 1, 2, 3, and 4 as
4 reflected in the prehearing order.

5 **CHAIRMAN GRAHAM:** It has been moved and
6 seconded. Any further discussion on the motion to
7 approve the stipulated issues?

8 None. All right. All in favor say aye.

9 (Vote taken.)

10 **CHAIRMAN GRAHAM:** Those opposed?

11 By your action you have approved the motion as
12 stipulated -- the stipulations as moved.

13 Any other matters that need to be addressed in
14 Docket 02?

15 **MS. TAN:** Yes. Since a bench decision has
16 been made, post-hearing filings are not necessary in
17 this docket, and the final order will be issued no later
18 than February 1st of this year.

19 **CHAIRMAN GRAHAM:** That all being said, Staff,
20 did I miss anything before I adjourn this docket?

21 **MS. TAN:** No.

22 **CHAIRMAN GRAHAM:** All right. Docket 02 is
23 adjourned.

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STATE OF FLORIDA)

: CERTIFICATE OF REPORTER

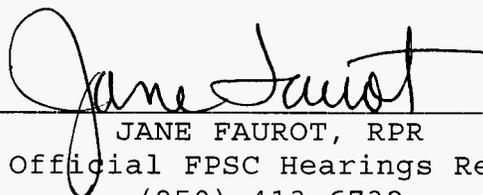
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 28th day of January, 2011.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
(850) 413-6732