BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120015-EI
FLORIDA POWER & LIGHT COMPANY

IN RE: PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY

REBUTTAL TESTIMONY & EXHIBITS OF:

MANUEL B. MIRANDA

COM	5
AFD	4
APA	1
ECO	1
ENG	1
GCL	1
IDM	1
TEL	
CLK	1-Ctr Rec

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JULY 31, 2012

TABLE OF CONTENTS

I. INTRODUCTION 2

II. SUMMARY 2

III. REBUTTAL TO TESTIMONY OF OPC WITNESS DONNA RAMAS 3

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Manuel B. Miranda. My business address is Florida Power & Light Company ("FPL" or "Company"), 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. Did you previously submit direct testimony in this proceeding?

A. Yes.

Q. Are you sponsoring any rebuttal exhibits in this case?

A. Yes.

Exhibit MM-3: Aerial Photo of Manatee Ringling

Exhibit MM-4: Aerial Photo of Arch Creek

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony refutes the recommendation of Office of the Public Counsel ("OPC") witness, Donna Ramas, to remove nine properties under the Transmission's Future Use category from FPL's 2013 Test Year Property Held for Future Use ("PHFU") balance.

II. SUMMARY

Q. Please summarize your rebuttal testimony.

A. OPC witness Ramas is proposing to decrease the 2013 Test Year PHFU balance by $8,555,000 by removing nine properties listed under the Transmission Future

Use category. My testimony shows Ms. Ramas' reduction in Transmission's Future Use category is inappropriate. These properties are essential components for transmission projects to 1) meet customer load growth with transmission service to distribution substations, 2) improve customer reliability, 3) comply with North American Electric Reliability Corporation ("NERC") standards regulating the reliability of the transmission grid, and 4) integrate future generation into the transmission grid. Exclusion of these properties would compromise FPL's ability to implement its dynamic planning process for locating and acquiring alternative property to build the necessary transmission facilities.

III. REBUTTAL TO TESTIMONY OF OPC WITNESS DONNA RAMAS

Q. What was OPC witness Ramas' rationale for excluding the nine properties listed in Transmission's Future Use Category?

A. Two rationales were offered. First, she argued that some of the nine properties had in-service dates of 2022-2023, more than ten years in the future and the FPL discovery response she was relying upon stated that FPL conducted annual planning studies for facilities needed "over the next ten years." The sites with the 2022-2023 in-service dates went "beyond the 'next ten years.'" Second, the remaining plants she urged to be removed did not have a designated in-service date on the interrogatory response, only an entry of "TBA" which she inferred meant "to be announced." She stated those sites should be removed because their in-service date "is vague and speculative."

Q. What is your general response to the rationale offered by OPC witness Ramas for exclusion of nine properties from PHFU?

A. Her rationale fails to take into account the realities of electric system planning and the importance of obtaining and holding property for future transmission needs to meet growth and ensure or enhance reliability. All nine of these properties have been identified in FPL's planning studies as being necessary to meet customer load growth with transmission service to distribution substations, improve customer reliability, comply with NERC standards regulating the reliability of the transmission grid, or integrate future generation into the transmission grid.

The ten year horizon of the annual planning study is not an appropriate cut-off for purposes of determining what property to acquire or when to acquire. The ten year horizon simply provides FPL with a view on what may be required in terms of design, new builds, or other considerations during that time frame. If we were to wait to acquire property for future transmission needs when we had a definitive in-service date for new transmission or for a specific need to manifest itself in the ten year planning cycle, often we would be left with limited or perhaps no suitable choices, and/or face potentially higher costs, for less preferred and more contested corridors.

In FPL's experience, presumably for some of these same reasons, the Commission has not applied an arbitrary ten year standard for purposes of PHFU. Such a cut-off simply does not work in the real world of electric system planning

in order to ensure we are able to meet the transmission needs of the system in moving an adequate and reliable supply of power across FPL's system to meet an ever evolving set of distribution conditions and needs.

Q. Describe some of the considerations that FPL must take into account in acquiring and holding transmission PHFU.

A. First, new substations or transmission lines can take years to purchase, design and construct. Also, the process to gain the ability to construct can be lengthy, typically involving rezoning from local entities and permitting from local, state and federal agencies. Additionally, the annual planning process is very dynamic and, by virtue of its close linkage to the load growth forecast, can and often does result in modifications each year to the transmission expansion plans affecting associated property in-service dates. Of course, a project with a 2022-2023 in-service date would fall within ten years of the 2013 test year in this case, but the appropriate test is not whether the facility is needed within ten years. The test should be whether the facility is needed or likely to be needed given the planning studies the Company has performed, or simply based on common sense given certain key factors such as location, population density and anticipated growth, relative availability of alternate corridors, and proximity or contiguity to existing transmission lines or substations, to identify a few. For these reasons, the fact that a project is not yet identified in a current ten year plan does not mean that the project is not active or is "vague or speculative" as suggested by OPC witness Ramas.

As my subsequent testimony demonstrates, each of these nine Transmission future use properties has been shown by FPL's planning studies as being necessary to meet NERC reliability standards, meet customer load growth with transmission service to distribution substations, improve customer reliability, or integrate future generation into the transmission grid. Therefore, they should be included in Transmission's PHFU.

Q. Please explain why each of the nine properties OPC witness Ramas described should remain in the 2013 Test Year PHFU balance.

A. The following summarizes why each of the nine properties should remain in the 2013 Test Year PHFU:

Turkey Point-Levee (Levee-South Dade): This right-of-way is required for new transmission lines to integrate additional generation at the Turkey Point site into our 500kV transmission backbone along the southeast coast of peninsular Florida. This is an active project, and FPL currently plans to build two 500kV lines and one 230kV line in the right-of-way, integrating Turkey Point Units 6 and 7 in the 2022-2023 timeframe, nine to ten years after the test year in this case. State licensing for this project is already being pursued under the Power Plant Siting Act.

Manatee-Ringling 138kV Trm Line: This project is the second phase of the Manatee-Ringling 230kV #2 line project, which is needed to resolve projected contingency overload scenarios in the area as required under transmission

planning criteria which would be equivalent to today's NERC Reliability Standard TPL-002. Currently, a portion of the project has been completed to serve the Woods distribution substation and its associated customer load. The balance of the project is expected to be completed when load growth materializes in the area. If FPL did not hold this property, alternative land rights might not be obtainable. Please see attached Exhibit MM-3 which shows the development in the area of the Woods distribution substation.

Desoto-Orange River EHV R/W: This right-of-way was originally acquired as part of FPL's strategy to expand the 500kV transmission system in the Ft. Myers area and North, and it was sized to accommodate two 500kV lines. The majority of the parcels associated with this property have been developed and 230kV lines installed. Planned use for the remaining portion of the parcels includes an additional 230kV line.

Arch Creek: This property allows for the expansion of the existing Arch Creek substation to accommodate the installation of 230kV line terminal equipment and a 230/138kV autotransformer. To provide a more cost effective solution, the Arch Creek-Miami Shores 138kV line was placed in service in 2008, deferring the need for a 230kV section and development of the expanded property. This property is in a congested geographical location in Miami-Dade County (please see attached Exhibit MM-4) and a 230kV transmission injection will be warranted

when load growth materializes in the area. This site provides a practical solution to serve customers in the area for the lowest total cost.

Harbor-Punta Gorda #2 – Easements: These transmission line property easements are for construction of an additional transmission line in Charlotte County to allow for dual, continuous feeds to several existing distribution substations. FPL acquired the property rights to accommodate the remaining three mile section of 138kV overhead transmission between Harbor and Punta Gorda substations, of which approximately one mile has been constructed. In addition to the completed one mile section between Harbor and Punta Gorda, a significant portion of the overall Charlotte-Harbor 138kV #2 project south of Punta Gorda has already been completed. The project will be completed to improve reliability by providing continuous looped service to three existing distribution substations serving customer load.

Rima Sub and Rima-Volusia 230kV R/W Line: The Rima Substation property and associated transmission right-of-way was acquired for construction of a 500/230kV transmission substation west of Daytona Beach. The property is strategically located adjacent to and underneath a current 500kV transmission corridor. The Rima-Volusia right-of-way is planned to accommodate up to six 230kV lines to tie the new substation into our 230kV grid in eastern Volusia County. This project's strategic location positions FPL well for load growth response, and it will be completed when load growth materializes in the area.

Line to Port Said Sub: Land rights for this right-of-way are required to provide service to the proposed Port Said distribution substation in northwest Miami-Dade County. Installation of the transmission line and substation will relieve two existing substations serving the area which are projected to have summer loads exceeding their capacity. As reflected in FPL's supplemental response to OPC's 6th Set of Interrogatories, Supplemental Interrogatory No. 124 and Staff's 7th Set of Interrogatories, Supplemental Interrogatory No. 249, the in-service date is currently projected to be 2018 based on projected loads in the area.

Galloway-South Miami Loop to S West Sub: Land rights for this right-of-way are required to provide service to the proposed Southwest distribution substation and relieve two existing substations serving the area, which are projected to have summer loads exceeding their capacity. As reflected in FPL's supplemental response to OPC's 6th Set of Interrogatories, Supplemental Interrogatory No. 124 and Staff's 7th Set of Interrogatories, Supplemental Interrogatory No. 249, the in-service date is currently projected to be 2018 based on projected loads in the area.

Levee Sub: This property is held for the purpose of expanding the Levee Substation site in Miami-Dade County. This expansion is needed for the southern terminus of the Conservation-Levee 500kV line, which is the final phase of the Levee-Midway project, certified under the provisions of Florida's Transmission Line Siting Act. This project is intended to meet NERC Reliability Standard TPL-003 to avoid cascading transmission events in the southeast Florida area that

could result from the loss of critical 500kV circuit corridors or loss of multiple generators in the south Florida area. As reflected in FPL's supplemental response to OPC's 6th Set of Interrogatories, Supplemental Interrogatory No. 124 and Staff's 7th Set of Interrogatories, Supplement Interrogatory No. 249, FPL currently plans to build this line in the 2021 timeframe, eight years after the test year.

The purchase of the above listed rights-of-way, easements, and land plots were prudent acquisitions due to their strategic locations for development and with the best interest of the customer in mind. FPL's Transmission department evaluates the usefulness of the Company's Transmission PHFU in upcoming projects. FPL adjusts its expected in-service dates of Transmission PHFU, as needed, according to the outcome of this evaluation.

The combined effect of population growth, greater residential and commercial development and more restrictive environmental regulations will make it more difficult for FPL to find and acquire alternative property to build the necessary transmission lines and substations. If sold, this land could be very difficult to replace and would likely result in increased total project cost borne by FPL customers in the future.

Q. Does this conclude your rebuttal testimony?

A. Yes.

Woods Substation

Docket No. 120015-E1
Aerial Photo of Manatee
Ringling
Exhibit MM-3
Page 1 of 1

Arch Creek

Docket No. 120015-E1
Aerial Photo of Arch Creek
Exhibit MM-4
Page 1 of 1