

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Increase in Rates
By Florida Power & Light Company.

DOCKET NO. 120015-EI

DATED: AUGUST 6, 2012

COMMISSION
CLERK

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THE FLORIDA RETAIL FEDERATION'S
PREHEARING STATEMENT

The Florida Retail Federation, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-12-0143-PCO-EI, issued on March 26, 2012, hereby submits the Federation's Prehearing Statement.

APPEARANCES:

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On behalf of the Florida Retail Federation.

1. WITNESSES:

The Florida Retail Federation is sponsoring the testimony of Steve W. Chriss. Mr. Chriss's testimony addresses the Commission's role of scrutinizing FPL's request in order to ensure that any rate increase that might be awarded to FPL would be only an amount sufficient to ensure that FPL provides safe, adequate, and reliable service at the lowest possible cost. Mr. Chriss also testifies that FPL's proposed base rate increase should be considered on its own merits, and not in conjunction with other components of FPL's retail rates, including its Fuel Charges. Mr. Chriss also testifies that the Commission should carefully consider whether FPL's proposed "performance adder" to its ROE is cost-based and whether a proposal such as this is appropriate for a single utility. Mr. Chriss's testimony also articulates the Florida Retail Federation's concern that FPL's request for an ROE of 11.5 percent is excessive, relative to current economic conditions and also in light of the reduced risks provided by the numerous pass-through cost recovery charges that FPL is able to use to recover a large percentage of its total costs.

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2. EXHIBITS:

The Florida Retail Federation is sponsoring the following exhibits through the testimony of Mr. Chriss.

Exhibit SWC-1: Calculation of Proposed Test Year Jurisdictional Revenues Collected through Base Rates

Exhibit SWC-2: Calculation of Revenue Requirement Impact of FPL's Proposed Return on Equity Adder

The Federation has not yet identified exhibits that it intends to use in cross-examination, but the Federation reserves its rights to introduce exhibits through cross-examination.

3. STATEMENT OF BASIC POSITION

The core question to be addressed by the Commission in this proceeding is whether Florida Power & Light Company ("FPL") *needs* any additional revenues in order to provide safe, adequate, and reliable service, to recover its legitimate costs of providing such service, and to have an opportunity to earn a fair and reasonable return on its legitimate investment in assets used and useful in providing such service. The evidence shows that the answer to this question is that *FPL does not need any increase at all* in order to: (a) recover all of its legitimate costs, including a reasonable return on prudent investment provided through a reasonable and prudent capital structure; and (b) provide safe, adequate, and reliable service. Moreover, the evidence shows that FPL can provide safe, adequate, and reliable service while recovering all of its reasonable costs and earning a reasonable return on its investment – of approximately 14.7 percent before income taxes, while reducing its total annual base rate revenues by approximately \$253 million per year.

FPL's requested after-tax return on equity (ROE) of 11.5 percent equates to a before-tax return greater than 18 percent. This is excessive and unjustified relative to current capital market conditions and relative to the minimal risks that FPL faces as the monopoly provider of a necessity – electric service – pursuant to regulation by the Florida Public Service Commission under applicable Florida Statutes. In particular, the fact that FPL recovers approximately 58 percent of its total revenues through “cost recovery clauses” greatly reduces the risks that FPL faces, further demonstrating that FPL's requested 11.5 percent ROE is unreasonable and overreaching. Additionally, FPL's requested ROE is excessive relative to the risks that FPL faces and the returns on other low-risk investments in current capital markets. The fact that FPL's request is unreasonable and excessive is further demonstrated by the fact that, since receiving a \$75.5 million annual rate increase in 2010, with its rates based on an allowed ROE of 10.0%, FPL's stock price has increased significantly, FPL has increased its dividend on common stock shares three times, and FPL's earnings have continued to grow substantially.

FPL's requested 25-basis-point performance adder to its ROE is not cost-based and wholly unnecessary for FPL to provide safe, adequate, and reliable service, and accordingly, the Commission should request this overreaching proposal.

In summary, the combined evidence submitted by witnesses for the consumer parties in this case shows that FPL can provide safe, adequate, and reliable service with a base rate **decrease** in January 2013 of \$253.4 million per year. FPL also has the burden of demonstrating that it needs any increase at all in order to continue providing safe, adequate, and reliable service, while recovering its legitimate costs and earning a reasonable return on its prudent investments, after the Canaveral Modernization Project is placed into commercial service. The evidence submitted by the Citizens' witnesses demonstrates that FPL can continue to provide safe, adequate, and reliable service after the Canaveral Project comes on line with a base rate "step" increase of no more than \$121.5 million per year.

Accordingly, the Commission should require FPL to reduce its base rates as of January 2013 so as to produce \$253.4 million per year less in base rate revenues, and the Commission should allow FPL to subsequently increase its base rates – from the reduced levels implemented in January 2013 – by no more than \$121.5 million per year.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

Legal

ISSUE 1: Absent a stipulation of parties in this case, does the Commission possess legal authority to grant FPL's proposal to continue utilizing the storm cost recovery mechanism that was one of the terms of the settlement agreement that the Commission approved in Order No. PSC-11-0089-S-EI?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 2: Does the Commission have the legal authority to approve FPL's requested base rate step increase for the Canaveral Modernization Project (CMP) if the CMP does not go into service until after the 2013 test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 3: Does Commission Rule 25-6.1351, "Cost Allocation and Affiliate Transactions," require FPL to implement and apply the criteria (greater of market price or fully allocated cost for charges to affiliates, lesser of market price or fully allocated cost for charges paid to affiliates) and related requirements of the rule to all affiliate transactions? (OPC)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 4: With respect to amounts that FPL charges or pays to affiliates, who has the burden of proof in this proceeding to demonstrate the amounts comply with Commission Rule 25-6.1351 and should be allowed in the cost of service borne by customers? (OPC)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 5: OBJECTION: *Does the Commission possess legal authority to grant increased profit as a performance based reward over and above fair, reasonable, just and compensatory rates without specific legislative authority such as that granted to the Commission by the legislature in §366.82 Fla. Stat.? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 6: OBJECTION: *If the answer to Issue 5 is yes, does the Commission possess the legal authority to reward FPL based on performance relative to other businesses, many of which are FPL counterparties, and none of which are comparable to FPL in size, location, resources, customer base, etc., rather than on absolute measurements of performance? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 7: OBJECTION: *If the answer to Issue 6 is yes, must the Commission consider the negative policy implications of rewarding FPL for performance relative to its counterparties in giving FPL an incentive to use its market power and legislative lobbying power to keep other Florida electric utility rates higher than its own in order to reap the incentive reward for performance measured relative to such entities? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 8: OBJECTION: *Is there an inherent conflict between the interests of the ratepaying public and the interests of NextEra Energy, Inc. shareholders such that the Commission must disallow FPL expenses benefiting shareholders rather than ratepayers in order to comply with its statutory mandate under §366.01 Fla. Stat. to protect the public welfare? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

TEST PERIOD AND FORECASTING

ISSUE 9: Is FPL's projected test period of the 12 months ending December 31, 2013 appropriate?

POSITION: Yes.

ISSUE 10: Are FPL's forecasts of Customers, KWH, and KW by Rate Class and Revenue Class, for the 2013 projected test year appropriate? If not, what forecasts of Customers, KWH, and KW by Rate Class and Revenue Class should the Commission use in determining revenues and setting rates in this case?

POSITION: No. FPL's forecasts of sales and revenues are understated and should be adjusted to reflect more realistic weather forecasts and also to reflect more realistic values of usage per customer, as compared to FPL's actual experience over the last decade for which actual data are available.

ISSUE 11: Are FPL's projected revenues from sales of electricity by rate class at present rates for the 2012 prior year and projected 2013 test year appropriate? If not, what are the appropriate projected amounts of revenues from sales of electricity for the 2012 prior year and projected 2013 test year?

POSITION: No. FPL's projected revenues from sales of electricity for 2012 and 2013 are understated and should be adjusted to reflect more realistic weather assumptions, based on actual weather experience for 2012 and on reputable weather forecasts for the balance of 2012 and 2013, as well as to reflect more realistic values of usage per customer, as compared to FPL's actual experience over the last decade for which actual data are available.

ISSUE 12: What, if any, provisions should the Commission make in setting FPL's rates for the 2013 test year to address uncertainty related to projected billing determinants and revenues?

POSITION: FPL's projected sales and revenues for the 2013 test year are understated. If the Commission is not able to make appropriate adjustments for rates that will become effective in January 2013, then the Commission should make appropriate provisions to protect FPL's customers from FPL over-earnings that will result if rates are set based on understated sales forecasts.

ISSUE 13: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2013 test year budget?

POSITION: FPL's usage per customer and overall sales values for the 2013 test year are understated. The FRF is still evaluating data, including FPL's usage per customer, which FPL claims will be far less in 2013 than in any year of the preceding decade, and also including updated weather forecasts from recognized sources, and will take a final position after the hearing. If the FRF is required to state a definitive position on the impacts of these factors at this time, the FRF tentatively believes that FPL's overall revenues at current rates, adjusted for more appropriate weather forecasts and usage per residential customer values, should be between \$150 million per year and \$200 million per year greater than FPL has forecast, such that FPL's requested increase in base rate revenues should be correspondingly reduced by such an amount.

ISSUE 14: Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

POSITION: Agree with the Citizens/Public Counsel.

QUALITY OF SERVICE

ISSUE 15: Is the quality and reliability of electric service provided by FPL adequate?

POSITION: Agree with the Citizens/Public Counsel.

RATE BASE

ISSUE 16: Should the revenue requirement associated with the West County Energy Center Unit 3 currently collected through the Capacity Cost Recovery Clause be included in base rates?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 17: Should FPL's adjustment to extend the amortization period of the new SAP general ledger system from 5 years to 20 years be approved?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 18: Has FPL made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation and Working Capital for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 19: OBJECTION: *Whether FPL's allegation that a base rate increase is needed to construct the poles, wires, and transformers needed to serve an anticipated 100,000 new customer accounts from the end of 2010 through the end of 2013 is accurate and true? (Mr. Saporito's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 20: Are FPL's overhead costs (salaries, materials and supplies, benefits, etc.) related to in-house capital improvement projects properly recorded in rate base?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 21: Has FPL properly reduced rate base by contributions in aid of construction related to underground placement of distribution and transmission facilities?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 22: Is FPL's requested level of Plant in Service in the amount of \$30,424,227,000 (\$31,078,941,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 23: Should capital recovery schedules be approved for Cutler Units 5 and 6, Sanford Unit 3, and Port Everglades? If so, what are the appropriate capital recovery schedules?

POSITION: No position at this time.

ISSUE 24: Is FPL's requested level of Accumulated Depreciation in the amount of \$11,901,711,000 (\$12,970,028,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 25: For purposes of this rate case, should the Commission exercise its authority under Rule 25-6.0141(1)(g) to exclude a proportion of costs incurred by FPL to finance projects during construction from Construction Work in Progress ("CWIP") to be recovered upfront in rate base, and instead treat that proportion of costs **subject to**

an allowance for funds used during construction (“AFUDC”) to be recovered over the lives of the underlying assets?

POSITION: Yes. Agree with SFHHA.

ISSUE 26: If the answer to Issue 25 is in the affirmative, what proportion of costs incurred by FPL to finance projects during construction should be treated as CWIP to be recovered upfront in rate base, and what proportion should be treated **subject to** AFUDC to be recovered over the lives of the underlying assets?

POSITION: Agree with SFHHA.

ISSUE 27: Is FPL’s requested Construction Work in Progress in the amount of \$501,676,000 (\$514,978,000 system) for the 2013 projected test year appropriate?

POSITION: No. Agree with the SFHHA and Citizens/Public Counsel as to specific adjustments.

ISSUE 28: Is FPL’s proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel for the 2013 projected test year appropriate?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 29: Is FPL’s requested level of Nuclear Fuel of \$565,229,000 (\$576,317,000 system) for the 2013 projected test year appropriate?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 30: Should the Commission approve FPL’s request to include the Fort Drum, McDaniel, and Hendry County proposed generation sites in Plant Held For Future Use?

POSITION: No. Agree with the Citizens/Public Counsel.

ISSUE 31: Should the Commission approve FPL’s request to include nine proposed transmission line sites for which projected in-service dates are either 2022-2023 or indeterminate (“TBA”) within Plant Held For Future Use?

POSITION: No. Agree with the Citizens/Public Counsel that PHFFU should be reduced by \$7,732,000 on a jurisdictional basis.

ISSUE 32: Is FPL's requested level of Property Held for Future Use in the amount of \$230,192,000 (\$237,400,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. FPL's CWIP balance and PHFFU amounts should be reduced in accordance with the adjustments recommended by the SFHHA and the Citizens in Issues 25-31.

ISSUE 33: Should any adjustments be made to FPL's fossil fuel inventories for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 34: Should unamortized rate case expense be included in Working Capital?

POSITION: No. Agree with the Citizens/Public Counsel.

ISSUE 35: Should Account 143, Other Accounts Receivable, be included in working capital for the 2013 test year?

POSITION: No. Agree with the Citizens/Public Counsel that working capital should be reduced by \$88,680,327 on a jurisdictional basis.

ISSUE 36: Should an adjustment be made to the amount of Account 182.3, Other Regulatory Assets, included in working capital for the 2013 test year?

POSITION: Yes. Agree with the Citizens/Public Counsel that working capital should be reduced by \$266,850,000 on a jurisdictional basis.

ISSUE 37: Should an adjustment be made to the amount of Account 186, Miscellaneous Deferred Debits, included in working capital for the 2013 test year?

POSITION: Yes. Agree with the Citizens/Public Counsel that working capital should be reduced by \$3,836,435 on a jurisdictional basis.

ISSUE 38: Should unbilled revenues be included in working capital for the 2013 test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 39: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of the working capital allowance?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 40: What is the appropriate methodology for calculating FPL's Working Capital for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 41: If FPL's **balance sheet approach** methodology for calculating its Working Capital is adopted, what adjustments, **if any**, should be made to FPL's proposed Working Capital?

POSITION: Agree with the Citizens/Public Counsel that, using the balance sheet approach, FPL's working capital should be reduced by approximately \$364.2 million on a jurisdictional basis.

ISSUE 42: Are FPL's adjustments to the Asset Retirement Obligation (ARO) revenue neutral as required by Commission rule?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 43: Should the nuclear maintenance reserve be modified to reflect post-paid reserve accounting in lieu of pre-paid reserve accounting? (SFHHA)

POSITION: Agree with SFHHA.

ISSUE 44: Is FPL's requested level of Working Capital in the amount of \$1,217,209,000 (\$2,032,805,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. Agree with the Citizens/Public Counsel that the appropriate amount of working capital is no more than \$853,016,000. .

ISSUE 45: Is FPL's requested rate base in the amount of \$21,036,823,000 (\$21,470,413,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. Agree with the Citizens/Public Counsel that the appropriate amount of rate base is \$20,535,584,000 on a jurisdictional basis.

COST OF CAPITAL

ISSUE 46: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 47: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 48: What is the appropriate cost rate for short-term debt for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 49: What is the appropriate cost rate for long-term debt for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 50: What is the appropriate cost rate for customer deposits for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 51: What is the appropriate equity ratio that should be used for FPL for ratemaking purposes in this case?

POSITION: Agree with the Citizens/Public Counsel that a 50% equity ratio is appropriate, and indeed generous in FPL's favor. The FRF also agrees that, if the Commission decides to set FPL's rates on the basis of FPL's proposed 59.6% equity ratio, its ROE should be reduced to 8.50%.

ISSUE 52: *OBJECTION: What is the FPL "average residential bill" for detached single family dwellings, as opposed to apartments, separately metered garages, etc.? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 53: OBJECTION: *To the extent the data is available, what is the current hypothetical average 1000 Kwh residential bill for every investor owned utility in the United States? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 54: Should FPL's request for a 25 basis point performance adder to the authorized return on equity and proposed annual review mechanism be approved?

POSITION: No. FPL's proposed performance adder is not cost-based and is completely inconsistent with FPL's duty to provide safe, adequate, and reliable service at the lowest possible cost. Moreover, attempting to develop and implement such a measure as a "one-off" application in a rate case is inappropriate.

ISSUE 55: OBJECTION: *What are the historical ROE figures for FPL for every year of its existence? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: This is a factual question. The appropriate ROE figures to be considered (if at all) in this case are those reported on FPL's earnings surveillance reports and in any reports to its shareholders, the Securities Exchange Commission, and the Federal Energy Regulatory Commission.

ISSUE 56: OBJECTION: *What are the current ROE figures for every investor owned utility in the United States? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position at this time.

ISSUE 57: OBJECTION: *Is the existing FPL rate structure, which resulted in a 21% total return to shareholders of NextEra Energy, Inc. in 2011, and a total 10 year shareholder return of 209%, beating the S&P 500 by over 600%, on its face unjust, unreasonable or excessive such that the Commission should dismiss the instant rate case and, on its own motion under §366.06 and/or §366.07, and lower FPL Return on Equity to a figure more appropriate to the current economic conditions and the current cost of borrowing? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position at this time.

ISSUE 58: What is the appropriate authorized return on equity (ROE) to use in establishing FPL's revenue requirement?

POSITION: The appropriate ROE is necessarily related to the equity ratio used in setting FPL's rates. The FRF agrees with the Citizens/Public Counsel that FPL's rates should be set using an ROE of 9.0% if the Commission adopts OPC's recommended 50% equity ratio. The FRF also agrees that, if the Commission uses FPL's proposed equity ratio of 59.6%, the Commission should set FPL's rates using an ROE of 8.5%.

ISSUE 59: What is the appropriate capital structure that should be used by FPL for ratemaking purposes in this case?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 60: Is the combination of regulatory ROE, debt costs, capital structure and performance adder (if any) appropriate?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 61: What is the appropriate weighted average cost of capital?

POSITION: Agree with the Citizens/Public Counsel that the appropriate weighted average cost of capital is 5.45%, based on an equity ratio of 50%, and that, if the Commission decides to allow FPL's 59.6% equity ratio, then the appropriate WACC is 5.52%..

NET OPERATING INCOME

ISSUE 3: Has FPL maximized the sources of net jurisdictional revenue that are projected to be reasonably available and technically viable for the 2013 test year? If not, what action, if any, should the Commission take in setting FPL's rates in this case? (For purposes of this issue, "net jurisdictional revenue" **may** include net revenue related to the supply of CO2 captured from an FPL facility.)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 4: Does FPL properly account for revenues received from FPL Fibernet and other telecommunications companies for utilizing long-haul fiber optic facilities hosted by FPL's electric transmission system? (FIPUG)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 5: What are the appropriate projected amounts of other operating revenues for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 6: Is FPL's projected level of Total Operating Revenues of \$4,407,253,000 (\$4,505,007,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. FPL's operating revenues should be adjusted to include additional revenues that FPL will likely realize when appropriate adjustments are made to its per customer usage levels and for weather.

ISSUE 7: Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 8: Should an adjustment be made to transfer incremental security costs from the Capacity Cost Recovery Clause to base rates?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 9: If incremental security costs continue to be recovered in the Capacity Cost Recovery Clause, should the Commission approve FPL's adjustment to transfer incremental security payroll loadings from base rates to the Capacity Cost Recovery Clause?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 10: Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 11: Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 12: Should FPL's adjustment to remove all costs for the Substation Pollution Discharge Prevention Program from base rates and include them in the Environmental Cost Recovery Clause be approved?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 13: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 14: Should FPL's adjustment to remove ECCR clause related payroll loadings of \$1,815,000 for FICA and unemployment taxes from base rates and include them in the Energy Conservation Cost Recovery Clause be approved?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 15: Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 16: Is the percentage value used to allocate NextEra Energy, Inc. corporate costs and/or expenses to FPL appropriate?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 17: Should the percentage value of NextEra Energy, Inc. corporate costs and/or expenses allocated to FPL be equal to the percentage value of NextEra Energy, Inc. corporate costs and/or expenses allocated to NextEra Energy Resources?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 18: Are the amounts of the NextEra Energy, Inc. corporate costs and/or expenses (including executive compensation and benefits) allocated to FPL fair, just, and reasonable?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 19: OBJECTION: *What portion of NextEra Energy, Inc. expenses borne by FPL customers are not useful in serving the FPL ratepaying public but rather benefit NextEra Energy, Inc. shareholders? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 20: Should any adjustments be made to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies for the 2013 projected test year?

POSITION: Yes. Agree with the Citizens/Public Counsel.

ISSUE 21: What additional action (including, but not limited to, establishing a separate investigatory docket), if any, should the Commission take related to affiliate transactions as a result of the evidence taken in this docket?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 22: Are FPL's overhead costs (salaries, materials and supplies, benefits, etc.) allocated to capital projects properly deducted from operating expenses?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 23: Has FPL made appropriate reductions in operating expenses where capital projects are not done in-house, but employee salaries and related overhead costs have been included in rate base?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 24: Has FPL properly reduced operating expenses in amounts equal to overheads reimbursed by third parties through contributions in aid of construction related to underground placement of distribution and transmission facilities?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 25: Has FPL properly reduced operating expenses in amounts equal to any overheads charged to third parties as contributions in aid of construction, fees or other payments to FPL?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 26: Should FPL salaries, costs and overheads for activities associated with (a) public relations or external affairs, (b) shareholder services, (c) attempted acquisitions of electric facilities, and (d) efforts opposing municipalizations pursuant to a franchise agreement be removed from operating expenses?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 27: Should FPL costs to pay contractors for legal, public relations or other consulting services be borne by customers or FPL shareholders?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 28: What is the appropriate amount of FPL's tree trimming expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel that FPL's test year tree trimming expense should be reduced by \$9,236,000 on a jurisdictional basis.

ISSUE 29: What is the appropriate amount of FPL's pole inspection expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel that FPL's pole inspection expense for the 2013 test year should be reduced by \$2,733,000 on a jurisdictional basis.

ISSUE 30: What is the appropriate amount of FPL's production plant O&M expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 31: What is the appropriate amount of FPL's transmission O&M expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 32: What is the appropriate amount of FPL's distribution O&M expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 33: *OBJECTION: Is the proposed advertising expense of \$516,478 for the test year of 2013, which is a 332% increase over 2011's advertising expense of \$155,397 and which would raise the per customer cost 367% from \$.03 to \$.11, a legitimate cost, used and useful in serving the public? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 34: *OBJECTION: Is an advertising expense of \$155,397 for the test year of 2013 inadequate to serve the needs of the public? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 35: What is the appropriate amount of advertising expenses for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 36: If in its resolution of Legal Issue 1 the Commission determines it has legal authority to do so, should it approve FPL's proposed storm cost recovery mechanism?

POSITION: No. Agree with the Citizens/Public Counsel.

ISSUE 37: What is the appropriate annual storm damage accrual and storm damage reserve for the 2013 projected test period?

POSITION: The appropriate accrual is zero. FPL's existing storm damage reserve is greater than \$200 million, which is the amount previously approved for FPL, and there is no reason to change either the accrual or the target level for the storm damage reserve.

ISSUE 38: OBJECTION: *What portion of NextEra Energy, Inc. executive compensation expenses borne by FPL customers are not useful in serving the FPL ratepaying public but rather benefit NextEra Energy, Inc. shareholders? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 39: OBJECTION: *What has been the total compensation for the head of FPL or, if a subsidiary, its parent company, for every year of FPL's existence? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 40: Should an adjustment be made to FPL's level of executive compensation for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 41: Should an adjustment be made to FPL's level of non-executive compensation for the 2013 projected test year?

POSITION: Yes. Agree with the Citizens/Public Counsel that non-executive incentive compensation should be reduced by \$22,371,000 for the test year.

ISSUE 42: Are FPL's proposed increases to average salaries for the 2013 projected test year appropriate?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 43: Is FPL's projected level of employee positions for the 2013 projected test year appropriate?

POSITION: No. Agree with the Citizens/Public Counsel that the number of forecasted positions for the 2013 test year should be reduced from 10,147 positions to 9,766 positions based on FPL's history of not filling the forecasted or budgeted employee complement.

ISSUE 44: What is the appropriate amount of Other Post Employment Benefits Expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 45: What is the appropriate amount of FPL's requested level of Salaries and Employee Benefits for the 2013 projected test year? (**Fallout Issue**)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 46: What is the appropriate amount of Pension Expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 47: Should an adjustment be made to the amount of the Directors and Officers Liability Insurance expense that FPL included in the 2013 projected test year?

POSITION: Yes. Agree with the Citizens/Public Counsel as to specific adjustments.

ISSUE 48: What is the appropriate amount of accrual for the Injuries & Damages reserve for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 49: What is the appropriate amount and amortization period for Rate Case Expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel that FPL's rate case expense should be reduced by \$2,076,884.

ISSUE 50: What is the appropriate amount of uncollectible expense and bad debt rate for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel that FPL's bad debt expense should be reduced by \$1,760,000.

ISSUE 51: What is the appropriate accounting methodology for the Nuclear Outage Maintenance Expense?

POSITION: Agree with SFHHA.

ISSUE 52: What is the appropriate amount of the Nuclear Outage Maintenance Expense and Nuclear Outage Maintenance Reserve for the 2013 test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 53: Has FPL included the appropriate amount of expense associated with the AMI smart meters in the 2013 projected test year?

POSITION: No. Agree with the Citizens/Public Counsel that test year expenses should be reduced by \$3,735,000 on a jurisdictional basis.

ISSUE 54: Has FPL included the appropriate amount of savings associated with the AMI smart meters in the 2013 projected test year?

POSITION: No. Agree with the Citizens/Public Counsel's proposed adjustments.

ISSUE 55: Is FPL's requested level of O&M Expense of **\$1,542,322,000** (\$1,568,633,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. Agree with the Citizens/Public Counsel that the appropriate level of O&M expense for rate-setting purposes is \$1,398,494,000 on a jurisdictional basis.

ISSUE 56: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 57: Is FPL's requested amortization of \$191,000,000 the appropriate amount of the theoretical depreciation reserve surplus to be amortized for the 2013 projected test year?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 58: Given that in Order No. PSC-11-0089-S-EI the Commission directed FPL to complete the amortization of \$894 million of depreciation surplus during the period 2010-2013, and in light of the Commission's decision regarding the amount of remaining reserve surplus to be amortized in the 2013 test year in conjunction with the resolution of Issue 116, should the Commission direct FPL to discontinue recording amortization of reserve surplus on its books after 2013 unless authorized or directed by subsequent Commission order?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 59: Is FPL's requested level of Depreciation and Amortization Expense of \$802,761,000 (\$819,794,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. Agree with the Citizens/Public Counsel that the appropriate amount of Depreciation and Amortization expense is \$762,211,000.

ISSUE 60: Is FPL's requested level of Taxes Other Than Income of \$371,710,000 (\$378,853,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 61: Should the Commission adjust FPL's test year current state income taxes or rate base to recognize benefits, if any, that FPL has provided, or will provide, to any affiliates in furtherance of the affiliate's ability to elect to apportion adjusted Federal income tax under s.220.153, Florida Statutes (single sales factor)?

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 62: Is FPL's requested level of Income Taxes of \$513,276,000 (\$528,838,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. Agree with the Citizens/Public Counsel.

ISSUE 63: Is FPL's requested level of (Gain)/Loss on Disposal of Plant of negative \$2,641,000 (negative \$2,641,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: Agree with the Citizens/Public Counsel.

ISSUE 64: Is FPL's requested level of Total Operating Expenses of \$3,250,894,000 (\$3,317,404,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. Agree with the Citizens/Public Counsel that the appropriate level of Total Operating Expenses is \$3,110,050,000 for the 2013 test year.

ISSUE 65: Is FPL's projected Net Operating Income of \$1,156,359,000 (\$1,187,603,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. The appropriate amount of Net Operating Income is at least \$1,297,203,000, and may be greater, depending on adjustments to FPL's sales forecasts.

REVENUE REQUIREMENTS

ISSUE 66: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL?

POSITION: The appropriate NOI multiplier is 1.63188.

ISSUE 67: Is FPL's requested annual operating revenue increase of \$516,521,000 for the 2013 projected test year appropriate? (Fallout Issue)

POSITION: No. FPL's allowed test year revenue requirements should be reduced from current levels by \$253,446,000 per year.

ISSUE 68: What economic impact will FPL's request for a rate increase have on customers, businesses and communities in Florida, including economic development activities and raising capital in Florida?

POSITION: Any rate increase granted to FPL will necessarily reduce the disposable income available to Florida residents and businesses, thereby likely reducing economic growth in Florida. Higher rates will also make it less attractive for businesses to locate in FPL's service area.

BASE RATE STEP ADJUSTMENT

ISSUE 69: Should the Commission approve a base rate step adjustment for the Canaveral Modernization Project?

POSITION: Agree with the Citizens that FPL has the burden of demonstrating that any revenue requirements associated with the Canaveral Project should result in any rate increase at all. Agree with the Citizens that any increase for the Canaveral Project should be no greater than \$121.5 million per year.

ISSUE 70: Should deferred taxes be included in the capital structure rather than as a reduction to rate base for the Canaveral Modernization Project base rate step adjustment?

POSITION: Yes.

ISSUE 71: Is FPL's requested rate base of \$821,325,000 (\$837,297,000 system) for the Canaveral Modernization Project appropriate?

POSITION: No. Agree with the Citizens that rate base for the Canaveral Project should be reduced by \$9,782,000.

ISSUE 72: What is the appropriate weighted average cost of capital, including the proper components, amounts and cost rates associated with the capital structure, to calculate the base rate step adjustment for the Canaveral Modernization Project?

POSITION: The appropriate weighted average cost of capital is 5.45%, based on the primary capital structure and ROE recommendations of the Citizens' witnesses.

ISSUE 73: Is FPL's requested net operating loss of \$32,092,000 (\$32,712,000 system) for the Canaveral Modernization Project appropriate?

POSITION: No. Agree with OPC that the appropriate net operating loss is \$29,304,000.

ISSUE 74: Is FPL's requested Net Operating Income Multiplier of 1.63188 for the Canaveral Modernization Project appropriate?

POSITION: Yes.

ISSUE 75: Is FPL's requested base rate step increase of \$173,851,000 for the Canaveral Modernization Project appropriate?

POSITION: No. FPL has the burden of demonstrating that FPL needs any increase at all in order to recover its legitimate costs and provide safe, adequate, and reliable

service at the lowest possible cost. Agree with OPC that the appropriate annual increase for the Canaveral Project is no more than \$121.5 million.

ISSUE 76: What is the appropriate effective date for implementing FPL's requested base rate step increase for the Canaveral Modernization Project?

POSITION: Any base rate increase associated with the Canaveral Modernization Project should be simultaneous with the in-service date of the Canaveral Project.

COST OF SERVICE AND RATE DESIGN ISSUES

ISSUE 77: OBJECTION: *Are the proposed FPL rates fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No. FPL's proposed rates are neither fair, just, nor reasonable, because FPL's proposed rates are excessive and would, if approved, produce revenues that are far greater than FPL needs to provide safe, adequate, and reliable service.

ISSUE 78: OBJECTION: *Are the proposed FPL rates unjust, unreasonable, excessive or unjustly discriminatory or preferential? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: Yes. FPL's proposed rates are unfair, unjust, and unreasonable, because those rates are excessive and would produce revenues far greater than FPL needs to fulfill its duty of providing safe, adequate, and reliable service at the lowest possible cost.

ISSUE 79: OBJECTION: *Are existing FPL rates fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No. FPL's existing rates are unfair, unjust, and unreasonable because they produce revenues greater than FPL needs to provide safe, adequate, and reliable service at the lowest possible cost. Accordingly, the Commission should reduce FPL's base rates in this case as recommended by the Citizens' witnesses.

ISSUE 80: Should FPL employ a minimum distribution system ("MDS") cost of service methodology to classify and allocate distribution costs; if not, what methodology should be used?

POSITION: No position.

ISSUE 81: What is the appropriate cost of service methodology to be used to allocate production costs to the rate classes?

POSITION: No position.

ISSUE 82 What is the appropriate cost of service methodology to be used to allocate transmission plant-related costs to the rate classes?

POSITION: No position.

ISSUE 83: Has FPL properly allocated costs to the rate classes?

POSITION: No position regarding the methodology for allocating costs to rate classes. However, FPL's proposed costs are unjust, unfair, and unreasonable, and accordingly, the amounts allocated to rate classes are unjust, unfair, and unreasonable.

ISSUE 84: Is FPL's proposed allocation of the Cape Canaveral Modernization step increase reasonable?

POSITION: No position.

ISSUE 85: How should the change in revenue requirement be allocated among the customer classes?

POSITION: No position.

ISSUE 86: Should FPL's current time-of-use residential rate be closed to new customers, effective January 1, 2013?

POSITION: No position.

ISSUE 87: Should the Commission approve FPL's new Residential Time-of-Use Rider?

POSITION: No position.

ISSUE 88: Should FPL's proposal to credit the fuel charge for lighting customers who are required to turn off outside lights during turtle nesting season be approved?

POSITION: No position.

ISSUE 89: Should FPL's proposed change to the late payment charge be approved?

POSITION: No position.

ISSUE 90: OBJECTION: *Is the proposed new minimum late charge of \$5.00 or 1.5% per month unjust, unreasonable or excessive? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 91: OBJECTION: *Is the existing late charge of 1.5% per month fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 92: OBJECTION: *What is the actual legitimate cost to FPL of late payments? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 93: OBJECTION: *Is there evidence of public acceptance of a new \$5.00 minimum late charge? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 94: OBJECTION: *What is the historic distribution of the amounts of late payments? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 95: OBJECTION: *What percentage of late payments are under \$5.00? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 96: OBJECTION: *What percentage of late payments are caused by apparent clerical errors, such as being a penny off, transposing cents and ten cents, etc.? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 97: OBJECTION: *Is it appropriate to raise the minimum late payment charge to \$5.00 resulting in a 103% increase to FPL of revenue from late fees, an additional \$33 million? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 98: Should FPL's proposed change to the temporary construction service rate be approved?

POSITION: No position.

ISSUE 99 Should FPL's proposed change to the Returned Payment Charge be approved?

POSITION: No position.

ISSUE 100 OBJECTION: *Is the proposed increase in the minimum returned check fee from \$23.24 to up to \$40 unjust, unreasonable or excessive? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 101 OBJECTION: *Is the existing minimum returned check fee of \$23.24 fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 102 OBJECTION: *Is the existing minimum returned check fee of \$23.24 unjust, unreasonable, or excessive? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 103 OBJECTION: *What is the actual legitimate cost to FPL of a returned check? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 104 OBJECTION: *Is there evidence of public acceptance of a new minimum returned check fee of up to \$40? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 105 OBJECTION: *Is it appropriate to raise the minimum returned check fee with a resulting 41% increase in returned check fee revenue to FPL, an additional \$2 million? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 106: What is the appropriate monthly kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider? (8.820)

POSITION: No position.

ISSUE 107 Has FPL correctly quantified the incentive payments associated with the Commercial/Industrial Load Control (CILC) classes?

POSITION: No position.

ISSUE 108 Should the CILC rate be reopened?

POSITION: No position.

ISSUE 109 Is FPL's proposed design of the demand and non-fuel energy charges for the CILC rate appropriate?

POSITION: No position.

ISSUE 110 Should the Commercial/Industrial Demand Reduction Credit Rider (CDR) credit be increased?

POSITION: No position.

ISSUE 111 Should CILC and CDR credits be allocated to non-firm loads?

POSITION: No position.

ISSUE 112: What is the appropriate level and design of the charges under the Standby and Supplemental Services (SST-1) rate schedule?

POSITION: No position.

ISSUE 113: What is the appropriate level and design of charges under the Interruptible Standby and Supplemental Services (ISST-1) rate schedule?

POSITION: No position.

ISSUE 114: What is the appropriate method of designing time of use rates for FPL?

POSITION: No position.

ISSUE 115: What are the appropriate customer charges for January 1, 2013?

POSITION: FPL's appropriate customer charges for January 1, 2013 are those that will result from reducing FPL's total revenues by approximately \$253 million per year, as recommended by the Citizens' witnesses, and allocating those cost reductions according to the cost of service allocation methodology approved by the Commission.

ISSUE 116: OBJECTION: *Is the proposed residential RS-1 monthly customer charge of \$7.00 unjust, unreasonable or excessive? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: In view of the fact – as asserted by the FRF, the Citizens of the State of Florida, and other Consumer Parties – that FPL's proposed rates are excessive, it is likely that the proposed RS-1 customer charge, like most or all other FPL rates, is excessive and therefore unjust, unfair, and unreasonable.

ISSUE 117: OBJECTION: *Is the existing residential RS-1 monthly customer charge of \$5.90 fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: In view of the fact – as asserted by the FRF, the Citizens of the State of Florida, and other Consumer Parties – that FPL's current rates are excessive, it is likely that the proposed RS-1 customer charge, like most or all other FPL rates, is excessive and therefore unjust, unfair, and unreasonable.

ISSUE 118: OBJECTION: *Is the existing residential RS-1 monthly customer charge of \$5.90 unjust, unreasonable, or excessive? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: In view of the fact – as asserted by the FRF, the Citizens of the State of Florida, and other Consumer Parties – that FPL's current rates are excessive, it is likely that the proposed RS-1 customer charge, like most or all other FPL rates, is excessive and therefore unjust, unfair, and unreasonable.

ISSUE 119: OBJECTION: *Was the cost of monthly RS-1 customer service \$5.89 per month in 2010 and/or 2011 as stated by S.E. Romig, FPL Director, Rates and Tariffs, in his letter of August 5, 2011 to Mr. Thomas Saporito filed on August 8, 2011 in Docket 05554? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 120: OBJECTION: *In reference to the letter in Issue 178, what are the specific customer accounts and amounts making up the \$3.69 of the \$5.89 which is designated as "Miscellaneous Customer Accounts" in the attachment to Mr. Romig's letter? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 121: OBJECTION: *What is the actual legitimate cost of providing monthly RS-1 service? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 122: OBJECTION: *Is there evidence of public acceptance of a \$7.00 RS-1 monthly customer charge? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 123: OBJECTION: *Is it appropriate to raise the RS-1 monthly customer charge 19% with a resulting increase in revenue to FPL of \$54 million? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 124: What are the appropriate demand charges for January 1, 2013?

POSITION: FPL's appropriate demand charges for January 1, 2013 are those that will result from reducing FPL's total revenues by approximately \$253 million per year, as recommended by the Citizens' witnesses, and allocating those cost reductions according to the cost of service allocation methodology approved by the Commission.

ISSUE 125: What are the appropriate energy charges for January 1, 2013?

POSITION: FPL's appropriate energy charges for January 1, 2013 are those that will result from reducing FPL's total revenues by approximately \$253 million per year, as recommended by the Citizens' witnesses, and allocating those cost reductions according to the cost of service allocation methodology approved by the Commission.

ISSUE 126: What are the appropriate lighting rate charges for January 1, 2013?

POSITION: FPL's appropriate lighting service charges for January 1, 2013 are those that will result from reducing FPL's total revenues by approximately \$253 million per year, as recommended by the Citizens' witnesses, and allocating those cost reductions according to the cost of service allocation methodology approved by the Commission.

ISSUE 127: What is the appropriate effective date for FPL's revised rates and charges, prior to a Base Rate Step adjustment, if any, associated with the Canaveral Modernization project?

POSITION: The appropriate effective date for FPL's revised rates and charges, prior to any step adjustment associated with the Canaveral Modernization Project, is for service rendered on the first date of the first billing cycle of January 2013.

ISSUE 128: What are the appropriate charges after the Canaveral Modernization Project comes on line?

POSITION: The appropriate charges after the Canaveral Modernization Project are those that would result from allowing FPL to recover, through base rates, the revenue requirements recommended by the Citizens' witnesses, provided that any increase in charges for the Canaveral Project revenue requirements should not be effective before the Project achieves commercial service.

OTHER ISSUES

ISSUE 129: OBJECTION: *Whether FPL's investment in energy conservation; advertisements; consumer energy efficient appliances; and consumer electric generating systems is prudent, appropriate, and/or reasonable? (Mr. Saporito's Issue Objected to by FPL)*

POSITION: No position.

ISSUE 130: OBJECTION: *Whether FPL's incentive to expand its capital base in order to increase or maintain NextEra Energy, Inc. total shareholder return is in conflict with the mandate of the Florida Legislature to promote co-generation and demand side renewable energy which does not increase FPL's capital base? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: The incentive for regulated utilities to expand their rate base in order to increase returns, commonly known as the Averch-Johnson effect or the Averch-Johnson hypothesis, is inherently in conflict with a utility's spending on, or promotion of, anything that does not increase rate base, increase utility revenues, or both. If the Commission decides to consider this issue, it should note that FPL has never awarded a power purchase contract to a bidder under the Commission's Bidding Rule and has never approved a request for self-service wheeling of cogenerated power.

ISSUE 131: OBJECTION: *What actions has FPL taken to promote or discourage utilization of demand side renewable energy systems, solar energy, and cogeneration that the Commission is mandated by §§366.80 - 366.85 to consider in establishing the appropriate rates in the instant rate case? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: The FRF believes that FPL could do significantly more to promote the utilization of solar and other renewable energy and cogeneration. FPL has continued to oppose third-party sales of solar electric power generated on-site, which continues to discourage the implementation of solar power in Florida, and FPL has also continued to oppose self-service wheeling of renewable energy by producers to other usage locations owned by such producers.

ISSUE 132: OBJECTION: *How many of Florida's 54 other electric utilities (other than FPL) buy electric power from FPL? (Mr. Nelson's Issue Objected to by FPL)*

POSITION: No position. This is a factual question.

ISSUE 133: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

POSITION: Yes.

ISSUE 134: Should this docket be closed?

POSITION: Yes. After the Commission's order or orders have become final and are no longer subject to appeal, this docket should be closed.

5. **STIPULATED ISSUES:**

None.

6. **PENDING MOTIONS:**

None other than motions for confidential protective orders.

7. **STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

The FRF has no pending requests or claims for confidentiality.

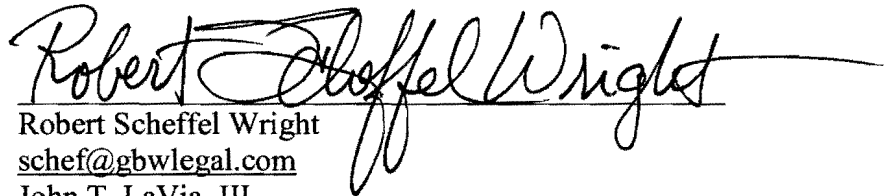
8. **OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

The FRF does not expect to challenge the qualifications of any witness to testify, although the FRF reserves all rights to question witnesses as their qualifications as related to the credibility and weight to be accorded their testimony.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Dated this 6th day of August, 2012.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 6th day of August 2012, to the following:

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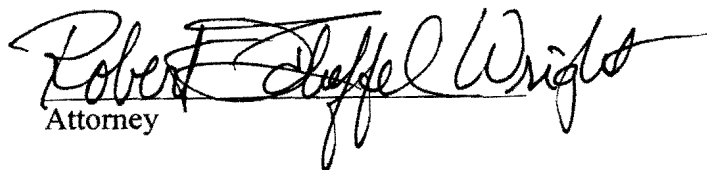
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