

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 120015-EI

PETITION FOR INCREASE IN RATES
BY FLORIDA POWER & LIGHT COMPANY.

VOLUME 5

Pages 489 through 571

RECEIVED-PPSC
12 AUG 24 PM 1:17
COMMISSION
CLERK

PROCEEDINGS: HEARING

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

DATE: Tuesday, August 21, 2012

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

REPORTED BY: LAURA MOUNTAIN, RPR
Wilkinson & Associates
(850) 224-0127

APPEARANCES: (As heretofore noted.)

DOCUMENT NUMBER-DATE

05800 AUG 24 12

1	I N D E X		
2	WITNESSES		
3	NAME:		PAGE NO.
4	ERIC SILAGY		
5			
6	Cross Examination by Mr. Wright (Cont.)		498
7	Cross Examination by Mr. Saporito		530
8			
9	EXHIBITS		
10	NUMBER:		ID. ADMTD.
11	Exhibit 487	FPL MFRs	492
12	Exhibit 488	Order approving settlement Docket 990067	499 499
13	Exhibit 489	Order approving settlement Docket 001148	499 499
14	Exhibit 490	Order approving settlement Docket 050045	499 499
15	Exhibit 491	Order approving settlement Docket 080677	499 499
16	Exhibit 492	FPL 2012 TYSP excerpt	501
17	Exhibit 493	FPL Plant Additions, 1984 to 2005	501
18	Exhibit 494	2 news articles published 1-13-10	506
19	Exhibit 495	NextEra Energy dividend history	512
20	Exhibit 496	NextEra Energy common stock prices 1-12-10 to 8-17-12	512
21	Exhibit 497	EIA reporting & FPL's MFR Schedule C-1	515 515
22	Exhibit 498	EIA residential average monthly bill by census division and state	535 536
23	Exhibit 499	6-13-12 New York Times article	537 537
24	Exhibit 500	11-30-11 Palm Harbor Patch	545
25	Exhibit 501	6-9-12 copper & 8-16-12 iron ore price chart	566
26			
27	CERTIFICATE OF REPORTER		571

P R O C E E D I N G S

(The transcript follows in sequence from Volume 4.)

CHAIRMAN BRISE: All right, we are ready to reconvene at this time. We had a couple of issues that were sort of in the flex, but I've been made aware that there's another issue that we need to tend to.

Mr. Young?

MR. YOUNG: Yes, sir. Mr. Butler has indicated to me that the MFRs -- FPL's MFRs were inadvertently left off the comprehensive exhibit list, and it needs to be marked and entered into the record.

MR. MOYLE: That's too tempting.

MR. YOUNG: A scrivener's error, I would say that for sure.

MR. MOYLE: Late filed exhibit and --

MR. BUTLER: We would ask, Mr. Chairman, it looks like 487 is the next available number, and if we can, we'll be just marking them for identification at this point. And, of course, all of our witnesses have a role in sponsoring them, and then at the end of our direct case we'll move them into the record.

CHAIRMAN BRISE: Okay, 487, those would be the MFRs. Okay. Any objection? All right. Seeing none, I will move those into the record. Anything else?

MR. YOUNG: I think Mr. Butler indicated he didn't

1 want them moved into the record at this time, he just
2 wanted them to be marked.

3 CHAIRMAN BRISE: Just marked? Okay, we'll do that.
4 We'll have those marked --

5 MR. BUTLER: We don't mind having them moved into
6 the record.

7 CHAIRMAN BRISE: We'll have those marked and deal
8 with them as they come across.

9 (Exhibit 487 marked for identification.)

10 MR. BUTLER: Okay, thank you.

11 CHAIRMAN BRISE: We were -- as we went into recess,
12 we were dealing with some of the exhibits that were
13 proffered by FRF, and there was an objection on some
14 of those exhibits, so --

15 MR. LITCHFIELD: May I renew that objection and
16 catch us up --

17 CHAIRMAN BRISE: Sure.

18 MR. LITCHFIELD: -- in terms of articulating the
19 basis of our position? I think that would be helpful.
20 We did get, I think, all but one of the exhibits to
21 review during the lunch hour, but I would come back and
22 renew this objection.

23 The exhibit that has been marked as 486, which
24 Mr. Wright began to ask Mr. Silagy questions about,
25 representing it as a staff accounting work paper -- and

1 we have no reason to dispute that -- but it's not
2 Mr. Silagy's document, it's not the company's document.
3 It's already on the record that it's missing some
4 information, and Mr. Silagy has already testified that
5 he wasn't even with the company during, you know, much
6 of this period. And so I'm not sure there's any real
7 foundation for Mr. Wright to even ask Mr. Silagy
8 questions about this document.

9 And then, further, I pointed out that these numbers
10 in isolation do not tell the whole story, it's
11 misleading, in the same way that Mr. Wright continues to
12 focus on the \$75 million increase from the -- the
13 initial rate case order from the last base rate case
14 that the company was involved in, without reference to
15 the subsequent order that approved the settlement
16 agreement that included additional economic relief the
17 company, an agreement that he signed on behalf of his
18 clients. So focusing on this is really misleading. It
19 doesn't tell the full story.

20 Now, we've had distributed the orders and the
21 settlement agreements, with one exception, that would
22 accompany these docket numbers. But again, Mr. Silagy,
23 not having been with the company at the time, and having
24 a little bit of time over lunch to flip through them,
25 it's not going to be terribly productive and I think

1 ultimately relevant to walk this witness through a
2 series of questions pertaining to these documents.

3 So those are my objections, but I do have an offer,
4 and that is that I'm willing to have Exhibit 486, for
5 what it's worth, and all of the other settlement
6 agreements and orders entered in the record and then
7 parties can brief and take the position that they
8 believe they want to take and Mr. Wright can focus in
9 isolation on the numbers on these pages and we can tell
10 the full story.

11 But that would be something the parties can do in
12 brief. And I just think it would be a more productive
13 way to go than to spend any more time with this witness
14 on this stack of documents.

15 CHAIRMAN BRISE: Mr. Wright?

16 MR. WRIGHT: Thank you, Mr. Chairman. And I do
17 appreciate Mr. Litchfield's offer. I will tell you, my
18 intention of offering these orders was for completeness,
19 and I do apologize for not having the attachment. The
20 record from the '99 docket is actually very, very short.
21 There's only about seven or eight documents in it. And
22 we were able, during the lunch break, to obtain a copy
23 from the Commission Clerk's office -- thank you again --
24 and make copies available to all the parties.

25 I had very -- really, I had started this line by

1 asking Mr. Silagy a question, which was, other than the
2 base rate increases that were authorized pursuant to the
3 GBRA provisions of the 2005 settlement agreement, had
4 FPL had any base rate increases in the 20 years between
5 1985 and 2005. And I'm not sure whether he answered
6 that or not. I think on its face the answer is no.

7 Mr. Litchfield pointed out that there were some
8 settlement agreements in there. I, in turn, pointed out
9 that I had those available. And again, I apologize for
10 not having the '99 one attached. I do now.

11 But really, I just -- if Mr. Silagy will agree that
12 they didn't have any base rate increases between 1985
13 and 2005, I accept Mr. Litchfield's offer, and have
14 these entered in, and I'm ready to move on to the next
15 line of my questioning.

16 CHAIRMAN BRISE: Mr. Litchfield?

17 MR. LITCHFIELD: That's very acceptable to us.
18 Thank you.

19 CHAIRMAN BRISE: All right. So let's try it again,
20 then.

21 MR. WRIGHT: Yes, sir.

22 MR. MOYLE: Can I just ask a point of
23 clarification? Well -- I mean, the witness has already
24 testified with respect to the question that's been asked
25 so I don't know that by stipulation you can undo what

1 he's testified to.

2 I mean, I understood his testimony -- well, maybe
3 it's not my fight.

4 CHAIRMAN BRISE: Go ahead, Mr. Wright.

5 MR. WRIGHT: Mr. Chairman, before I proceed, here
6 is the proffer I'm going to make. I'm going to ask
7 Mr. Silagy the question I just said I was going to ask
8 him. I think he's going to say that yes --

9 CHAIRMAN BRISE: He's going to respond.

10 MR. WRIGHT: -- he agrees, and then I'll mark these
11 for identification and at the appropriate time, since
12 FPL doesn't object, we'll move them in. Is that okay?

13 MS. HELTON: May I interject here? I do not
14 believe that we have to mark for identification any PSC
15 order. They are what they are, and any party who wishes
16 to rely on a PSC order entered by this Commission may do
17 so.

18 MR. LITCHFIELD: I want to make sure I understand
19 the question that Mr. Wright is going to pose to
20 Mr. Silagy, because it may go directly back to where we
21 were before, that served up the objection so --

22 CHAIRMAN BRISE: Well, let's see what --

23 MR. WRIGHT: Maybe to try to speed this up without
24 involving Mr. Silagy, I'm going to ask him the question
25 do you agree that other than the GBRA type adjustments

1 that took place starting in 2005, FPL did not have any
2 base rate increases between 1985 and 2005. I believe
3 the answer to that question is yes.

4 Mr. Litchfield made the point in earlier
5 commentary, part of an objection, I think, that the
6 settlement agreements contained other value to FPL.
7 Certainly we don't disagree with that. It did contain
8 other value to FPL, as it contained other value to the
9 signatories to the settlement agreements.

10 I think the workout of this is straightforward.
11 Mr. Silagy answers my question yes, we move everything
12 in, and then, whether on redirect or in our briefs, as
13 Mr. Litchfield just suggested, we can all argue what we
14 want to argue based on what the orders say.

15 MR. LITCHFIELD: And I guess I don't understand why
16 the documents don't speak for themselves on this
17 particular point.

18 CHAIRMAN BRISE: Okay. Take your time.

19 MR. LITCHFIELD: I'm sorry, that --

20 MS. HELTON: I'm sorry, I --

21 MR. LITCHFIELD: I'm sorry, that was my offer was
22 to move all the exhibits in and let each party make of
23 those documents what they will.

24 MR. YOUNG: I think that's suitable, Mr. Chairman.
25 That's not a problem.

1 CHAIRMAN BRISE: All right. So then there would be
2 a question by Mr. Wright, all these documents would be
3 moved in, and they could be briefed and so forth. Is
4 that suitable, Mr. Wright?

5 MR. WRIGHT: Mr. Chairman, I apologize, I was
6 slightly distracted at the beginning of what I think
7 Mr. Young was saying, and so I'm not sure I got the
8 complete predicate to what you just asked me.

9 Am I going to -- here's my question. Am I going to
10 ask Mr. Silagy the question or not?

11 CHAIRMAN BRISE: Yes, you get to pose the question
12 and all these comments -- all these documents get to be
13 moved in.

14 MR. WRIGHT: And I'll move on to the next line.

15 CHAIRMAN BRISE: And you'll move on to your next
16 issue, or your next questions.

17 MR. WRIGHT: Thank you, sir.

18 CHAIRMAN BRISE: All right. Go right ahead.

19 CROSS EXAMINATION (CONTINUED)

20 BY MR. WRIGHT:

21 Q Welcome back to the stand, Mr. Silagy.

22 A Thank you, Mr. Wright.

23 Q Would you agree that other than the GBRA type
24 adjustments you identified in a previous response, FPL did
25 not have any base rate increases between 1985 and 2005?

1 A I'm not aware of any.

2 MR. WRIGHT: Thank you. And with that,
3 Mr. Chairman, with all due respect to Ms. Helton's
4 remark about not needing to move them in, I would like
5 these moved in. Thank you. And so if I could have them
6 marked, I think they would become 488.

7 MR. YOUNG: Starting at 488.

8 MR. WRIGHT: And that would be the order approving
9 stipulation settlement from Docket Number 990067. In
10 chronological order, then, Exhibit 489 will be the order
11 approving settlement in Docket 001148. Exhibit 490
12 would be the order approving stipulation and settlement
13 in Docket 050045. And Exhibit 491 would be the order
14 approving proposed stipulation and settlement in Docket
15 080677.

16 CHAIRMAN BRISE: Okay.

17 (Exhibits 488, 489, 490 and 491 marked for
18 identification and admitted in evidence.)

19 MR. BUTLER: Mr. Chairman, John Butler. For
20 clarification of the record, on 488, Staff handed out a
21 more complete copy of the order that has the settlement
22 attached to it. And I assume, Mr. Wright, that is what
23 would be your proposal to become 488, instead of what
24 you had originally handed out?

25 MR. WRIGHT: Yes, Mr. Chairman. For convenience

1 and because we already had the cover sheet for what I
2 handed out, I put a paper clip on each copy of the
3 complete order and suggest that parties just clip it to
4 it. But if it's more convenient to take the back sheets
5 off and put this cover sheet on the complete copy we
6 were, again, gratefully able to obtain from the Clerk's
7 office during lunch, that's fine, too.

8 CHAIRMAN BRISE: All right. So 488 will be the
9 original document with the attachment of the actual
10 language.

11 MR. WRIGHT: The complete document.

12 (Exhibit 488 marked for identification.)

13 CHAIRMAN BRISE: Okay. All right, Mr. Wright, you
14 may continue.

15 BY MR. WRIGHT:

16 Q Mr. Silagy, this next hopefully brief line of
17 questioning goes to the company's request for a base rate
18 step increase associated with the Cape Canaveral Clean Energy
19 Center coming on line.

20 And I think I asked you earlier would you agree
21 that just because a power plant comes into service that that
22 mere fact does not necessitate an increase in base rates. Do
23 you agree with that?

24 A No, I don't agree with that.

25 MR. WRIGHT: I'm going to get two exhibits,

1 Mr. Chairman. Mr. Chairman, I'm simply waiting until
2 you have copies so that I can articulate what I've got
3 here.

4 Thank you, Mr. Chairman. I've asked Ms. Farley to
5 distribute two exhibits. And in order I would like
6 the one that is slightly longer than the other, the
7 designated FPL 2012 TYSP, that's Ten Year Site Plan,
8 excerpt existing generating facilities, I'd like that
9 marked as 492.

10 And then the next one is a document titled FPL
11 Plant Additions, 1985 to 2005. I'd like that marked as
12 Exhibit 493.

13 CHAIRMAN BRISE: Okay, we'll mark those 492, FPL
14 2012 TYSP excerpt. And then 493, FPL Plant Additions,
15 1985 to 2005.

16 Okay, before we move on with questions, any
17 objections to these documents?

18 (Exhibits 492 and 493 marked for identification.)

19 MR. LITCHFIELD: Not just yet. We'll see where
20 Mr. Wright would like to go with these. They appear to
21 be well outside the scope of his testimony, but I'm
22 willing to give Mr. Wright an opportunity to show us how
23 it does relate to his testimony.

24 CHAIRMAN BRISE: You may proceed.

25 MR. WRIGHT: Thank you. I'll go ahead and make

1 that proffer now, Mr. Chairman. Mr. Silagy has
2 testified the company needs the \$173.9 million a year in
3 June of 2013 because Canaveral is coming on line. He
4 will not agree with me that the mere fact that a utility
5 adds a power plant does not necessitate the need for a
6 base rate increase.

7 These two exhibits taken together demonstrate --
8 the first is an excerpt from FPL's current Ten Year Site
9 Plan, the table -- the standard table contained therein
10 for existing generating facilities, which contains in
11 service dates. One can readily -- and that's what the
12 second document is -- one can readily identify when
13 power plants came on line and their capacity.

14 I submit to you that the list contained in Exhibit
15 493 is a list of the power plants that came on line
16 between 1985 and 2005, excluding those that came in
17 subject to the GBRA treatment under the 2005 settlement,
18 and that it shows that the company added somewhere north
19 of 8,000 megawatts of capacity.

20 And per the doctrine of, as we love to say here,
21 optional completeness, I do have a complete copy of
22 FPL's 2012 Ten Year Site Plan here if anybody wants to
23 look at it. If I have to submit it, I'd prefer to do so
24 electronically.

25 MR. LITCHFIELD: Mr. Chairman, isn't this line of

1 questioning going to require that Mr. Wright lay down
2 all of the circumstances that pertain to the commercial
3 in-service dates of these units, as identified in this
4 exhibit, as existed at the time, including sales,
5 revenues, employment conditions, projected load, all of
6 those factors? The only thing that's reflected here is
7 the megawatt hours -- or, excuse me, the megawatts, in
8 terms of capacity.

9 CHAIRMAN BRISE: Mary Anne?

10 MS. HELTON: Mr. Chairman, the Ten Year Site Plan
11 document is a document that's regularly filed by every
12 utility in the state of Florida before the Florida
13 Public Service Commission and we all rely on it to do
14 our jobs. And it seems like it would be a fair road to
15 go down, at least initially, for Mr. Wright to ask the
16 President of Florida Power & Light a few questions about
17 the Ten Year Site Plan.

18 CHAIRMAN BRISE: Okay. You may proceed,
19 Mr. Wright.

20 MR. WRIGHT: Thank you.

21 BY MR. WRIGHT:

22 Q Mr. Silagy, during the recent colloquy have you
23 had a chance to take a look at the three substantive pages of
24 what's now been marked for identification as Exhibit 492, the
25 excerpt from FPL's 2012 Ten Year Site Plan?

1 A Yes, briefly. Excuse me.

2 Q You are generally familiar with the company's Ten
3 Year Site Plan, are you not?

4 A I am.

5 Q And I'm sure you're generally familiar with the
6 company's generating fleet, are you not?

7 A I am.

8 Q Okay. If you'd look at what's been marked for
9 exhibit -- marked for identification as Exhibit Number 493, I
10 will alert you that I prepared this by extracting data from
11 FPL's Ten Year Site Plan and specifically from those pages
12 that are contained in Exhibit 492.

13 I'll just ask you, does this look like a fair and
14 accurate characterization of the power plants that FPL added
15 between 1985 and 2005, excluding those that came in in 2005
16 and thereafter, pursuant to the generation base rate
17 adjustment mechanism approved in the 2005 settlement?

18 A Just to be clear, mine is not marked with exhibit
19 numbers, so this is the document you're referring to?

20 Q I apologize, it's the one-page table.

21 A Yes. Okay.

22 Q It's a two-page exhibit.

23 A Yes, generally, on its face, it looks accurate, as
24 far as I can tell.

25 Q Thank you. And believe it or not, that was all

1 the questions I had on these exhibits.

2 CHAIRMAN BRISE: Okay.

3 BY MR. WRIGHT:

4 Q Mr. Silagy, this morning, in response to a
5 question by Mr. Moyle regarding the company's response to the
6 Commission's decision -- the Commission's original decision
7 in docket 080677, you said, I believe, that you -- that FPL
8 determined that it would review whether to continue with the
9 Canaveral and Riviera units, as opposed to Mr. Moyle's use of
10 the word suspend. Do you recall that question and answer?

11 A My recollection -- yes, I do.

12 Q Okay. Are you sure that FPL didn't say they would
13 halt construction or suspend construction?

14 A My recollection is that we stated publicly that we
15 would review, temporarily halt, possibly, we might have said
16 that, until we reviewed where the status of the proceedings
17 were and whether or not we were going to be able to access
18 capital.

19 I think it's important to remember that shortly
20 after the decision was rendered initially by the Commission,
21 we were downgraded by the credit rating agencies, which
22 necessitated a review internally as to what the costs would
23 be of the plant.

24 MR. WRIGHT: I was going to object as being beyond
25 the scope of the question, but I'm going to let it go.

1 Thanks.

2 CHAIRMAN BRISE: Okay.

3 MR. WRIGHT: I'm asking Ms. Farley kindly to
4 distribute another exhibit, which I think is 494. This
5 is just two of -- two news articles that were published
6 on January 13, 2010, which was the day of the
7 Commission's original decision in Docket 080677.

8 (Exhibit 494 marked for identification.)

9 BY MR. WRIGHT:

10 Q Mr. Silagy, if you would look at the third page,
11 and counting the cover sheet as page one, if you'd look to
12 the second paragraph below the Seaman's and CD rates
13 advertising that appear at the middle of the page, you'll see
14 a statement written by the reporter that reads as follows:
15 In response to the decision FPL announced it would halt \$10
16 billion in projects including plans to build two nuclear
17 reactors at the Turkey Point Plant near Miami and upgrade two
18 new generators. I read that correctly, did I not?

19 A Yes, you did.

20 Q Okay. Having read that, do you think maybe the
21 company announced they would halt construction?

22 A No, sir, I do not. I don't think that would be
23 the first time that it would have been inaccurate information
24 printed in the newspaper.

25 Q Okay. Regardless what the article said, it is

1 true that FPL continued with Canaveral and Riviera on the
2 schedules that they were on as of the time the Commission
3 voted in January of 2010, correct?

4 A After we conducted an internal review as to the
5 ability to go forward, that is correct.

6 Q Thank you.

7 A You're welcome.

8 Q This question may be redundant to a question
9 Mr. Moyle asked earlier, but it's brief. And if it is, then
10 I'll certainly stand down. You will agree that for as long
11 as you can remember Florida Power & Light Company has
12 provided safe and reliable service to its customers, correct?

13 A Yes, as far as I know, we've always provided safe
14 and reliable service.

15 Q Thank you. In response to a question asked you
16 this morning by Mr. Moyle, you said that you would not agree
17 that FPL has done well financially since the Public Service
18 Commission's decision in January of 2010. Do you recall that
19 question and answer?

20 A Yes, sir, I do.

21 Q And my notes indicate that you went on to say that
22 we haven't performed well on a cash basis. Is that a fair
23 characterization of your earlier testimony?

24 A I think that's fair. We haven't performed as well
25 as we would like to perform on a cash, return on cash basis.

1 MR. WRIGHT: Mr. Chairman, if I may either have a
2 minute, or I'll go on and come back to that line.

3 CHAIRMAN BRISE: Go on.

4 MR. WRIGHT: Go on? Yes, sir, I'll do that.

5 BY MR. WRIGHT:

6 Q Mr. Silagy, at pages five and six and also at 14
7 of your testimony you talk about FPL has the lowest typical
8 residential bills in Florida and also those bills being
9 significantly less than the national average. I'm sure
10 you're familiar with that testimony, correct?

11 A I am.

12 Q When you say a typical residential bill, that's
13 for a 1,000 kilowatt-hour customer, correct?

14 A That's correct. We've measured it under the
15 typical 1,000 kilowatt-hour bill, although Florida Power &
16 Light's typical residential bill is actually less than that,
17 but it is more than the industry standard. Ours is actually
18 975 kilowatt hours, so actually the typical bill is less than
19 what's typically there.

20 Q I'll come back to that in a bit. Is it -- do you
21 know whether FPL has inverted block rates on its residential
22 tariff?

23 A I'm not familiar with that.

24 Q Are you aware that usage above 1,000 kilowatt
25 hours a month has a non-fuel energy charge that is one cent

1 than for usage below 1,000 kilowatt hours per month?

2 A I'm familiar we have some different structures
3 within the residential class. I think witness Deaton can go
4 into the specific details about that.

5 MR. WRIGHT: Okay. Mr. Chairman, I'm ready to go
6 back to the line that I was about to go on when I
7 realized that the exhibits were hiding in a box over
8 yonder.

9 BY MR. WRIGHT:

10 Q As a predicate question, Mr. Silagy, is it correct
11 that NextEra Energy has something like 400 million shares of
12 common stock outstanding?

13 A I don't remember the exact number, but I think
14 that's generally accurate. I'm sure witness Dewhurst can
15 provide you that specific information.

16 Q Thank you.

17 CHAIRMAN BRISE: Mr. Wright --

18 MR. LITCHFIELD: Mr. Chairman, I would just note
19 that it appears as though the exhibits that Mr. Wright
20 would like to have Mr. Silagy address are financial
21 exhibits that he appears to have taken off the Internet.
22 And to the extent that Mr. Wright has questions in this
23 proceeding relative to the financial issues in this
24 case, I don't believe that Mr. Silagy is identified as a
25 witness in support of any of those issues.

1 I think he's listed as supportive of two particular
2 issues. And Mr. Dewhurst would be the witness who would
3 be identified for the financial issues in this case.

4 CHAIRMAN BRISE: Okay. Mr. Wright?

5 MR. WRIGHT: Mr. Chairman, this is a very brief
6 line intended to probe Mr. Silagy's answer to
7 Mr. Moyle's question earlier that was not objected to
8 when he testified that they haven't done well on a cash
9 basis.

10 MR. LITCHFIELD: But I don't know that that answer,
11 in itself, should open up an entire line of cross
12 examination on the financial strength or position of the
13 company when those are issues in the case and we have
14 witnesses available and identified as available to those
15 particular issues, witnesses that have yet to come up on
16 the stand.

17 CHAIRMAN BRISE: Yeah, I think I tend to agree with
18 that. We dealt with similar instances this morning in a
19 similar way, that if there are better witnesses or
20 witnesses that are in a better position to answer those
21 questions, that we will restrict those questions to
22 those witnesses.

23 MR. WRIGHT: Mr. Chairman, the witness has
24 testified that the company has not done well on a cash
25 basis. My proffer is this. I was going to ask him,

1 will you agree that the company has increased its
2 dividend three times since January 13th of 2010. The
3 first exhibit shows the answer to that is yes.

4 And will you agree -- and the second question is,
5 will you agree that the company's stock price increased
6 by roughly 50 percent from January 13th, 2010 to last
7 Friday, August 17th. Now, I think that's proper cross
8 for this witness, given his testimony earlier today.

9 If you don't, I'm happy to ask Mr. Dewhurst the
10 same questions, but these are really factual questions
11 that directly address the witness's earlier testimony.

12 CHAIRMAN BRISE: Okay.

13 MR. LITCHFIELD: Mr. Chairman, I'm confident
14 Mr. Dewhurst will provide an answer that's consistent
15 with what we heard from Mr. Silagy, so I'm not really
16 sure there's a need for Mr. Wright to proffer it here
17 with respect to this witness. As he indicated, he has
18 the opportunity and is happy to ask the questions of
19 Mr. Dewhurst, and I think that's the most efficient
20 process.

21 CHAIRMAN BRISE: Okay. Ms. Helton, do you have any
22 advice for me?

23 MS. HELTON: Mr. Chairman, it sounds like
24 Mr. Wright has just a couple of questions that he's
25 asking the President of the company. I think -- my

1 recommendation would be to give a little bit of latitude
2 here, recognizing that it is the President of the
3 company sitting on the stand; not necessarily to do the
4 same for other witnesses. That's my two cents.

5 CHAIRMAN BRISE: Okay. All right, we will provide
6 you with latitude to ask the two questions that you
7 mentioned. If you could tell me what order you would
8 like these exhibits marked before you --

9 MR. WRIGHT: I'd like the shorter exhibit titled
10 NextEra Energy Dividend History marked first, and I
11 think that's 495?

12 CHAIRMAN BRISE: Yes, that would be 495.

13 (Exhibit 495 marked for identification.)

14 MR. WRIGHT: And then the second one, which is
15 NextEra Energy Common Stock Prices 1-12-2010 to
16 8-17-2012, marked as 496.

17 CHAIRMAN BRISE: Okay. Go right ahead.

18 (Exhibit 496 marked for identification.)

19 BY MR. WRIGHT:

20 Q Mr. Silagy, will you agree that NextEra Energy,
21 FPL's parent company, has increased its dividend three times
22 since the Commission's original decision in Docket 080677?

23 Q Mr. Wright, as President of Florida Power & Light,
24 I will agree that FPL has not paid a dividend to NextEra
25 Energy, the parent company, since 2007. Based on this, if

1 this is accurate, I will agree, but witness Dewhurst can
2 speak to our dividend policy as a corporation better than I
3 can.

4 Q Are you saying you don't know if this is accurate?

5 CHAIRMAN BRISE: I think it's -- well, go ahead.

6 THE WITNESS: I'm saying that I don't know that
7 this document is accurate on its face. I don't know
8 that.

9 BY MR. WRIGHT:

10 Q Perhaps you could look at either the header or the
11 footer. I aver to you these were taken off NextEra Energy's
12 website. And if you don't know if it's -- if you don't know
13 if it's accurate or authentic, that's okay, just tell me and
14 I'll move on.

15 A Again, not having direct knowledge of these exact
16 numbers, I know witness Dewhurst would have. This is a
17 corporate entity. This morning I was speaking of FPL's
18 dividend, which is zero for the last five years.

19 CHAIRMAN BRISE: I think the question has been
20 asked and answered.

21 BY MR. WRIGHT:

22 Q Thank you. Will you agree that NextEra Energy's
23 adjusted stock price -- and that's adjusted for splits and
24 dividends -- has increased by roughly 50 percent, from
25 somewhere in the mid-\$46 range to somewhere close to \$70 per

1 share from January of 2010 until close on Friday, August 17?

2 A Yes, I will agree that based on this document it
3 appears to go from 46 to 69. I would point out that it's
4 easy to pick any point in time, just as I could pick out a
5 point in time. Since August, 2009 our stock price has lost
6 20 -- we lost 20 percent of our market cap. And it's only
7 today that we're starting to get back to where we were in
8 August of 2009.

9 MR. WRIGHT: Mr. Chairman, Mr. LaVia is taking a
10 document over to Ms. Farley to be distributed. And
11 I am turning, as advertised, to another line of
12 questioning, and this relates to FPL's overall average
13 rates.

14 Mr. Chairman, this document is a composite exhibit
15 that consists of three pages obtained from the website
16 of the United States Energy Information Administration
17 reporting national average electricity rates, two pages
18 from FPL's MFRs. They're pages one of -- they're pages
19 from FPL's MFR Schedule C-1 for the 2011 and 2013 test
20 years, respectively.

21 Oh, hang on. I'm sorry, it's three pages, 2013,
22 2012 and 2011, respectively. And then the last two
23 pages are two further pages excerpted from FPL's current
24 Ten Year Site Plan which, on these pages, is reported
25 total sales to ultimate customers.

1 CHAIRMAN BRISE: Okay. Any objections to -- any
2 objections to this?

3 MR. LITCHFIELD: I'm sorry?

4 CHAIRMAN BRISE: Any objections to this exhibit?

5 MR. LITCHFIELD: To this exhibit, no.

6 MR. WRIGHT: This is Exhibit 497, Mr. Chairman?

7 CHAIRMAN BRISE: This would be Exhibit 497.

8 (Exhibit 497 marked for identification and admitted in
9 evidence.

10 MR. WRIGHT: Thank you, sir.

11 CHAIRMAN BRISE: You may proceed.

12 MR. WRIGHT: Thank you, sir. I was searching for
13 the rights words.

14 CHAIRMAN BRISE: Understood.

15 BY MR. WRIGHT:

16 Q Mr. Silagy, in an effort to make this fast, let me
17 ask you this question. Will you agree that on an overall
18 average revenue per kilowatt-hour basis FPL's overall average
19 revenue per kilowatt hour is very close to the national
20 average for both 2011 and 2012?

21 A Based on -- I'm sorry, based on what document?

22 Q Well, if you knew, and could answer immediately,
23 then we wouldn't have to go into these, but let's go ahead.
24 If you'll look at the third page in, which says page two of
25 three, it's part of the EIA data. Look sort of toward the

1 bottom right where it says year to date, 2011 and 2012. See
2 the number? All sectors average price per kilowatt hour is
3 9.67 cents. And for 2012 year-to-date the average price was
4 9.62 cents for all sectors.

5 A Yes.

6 Q Do you see those?

7 A I see that.

8 Q And in comparison to that, if you'd look at a
9 couple of pages further back, this is your -- that is,
10 FPL's -- Schedule C-1, for the prior year ended 12-31-12.

11 A I see that.

12 Q Okay. If you'd look in the upper left, the first
13 numeric entry in that table, row two, column two, the revenue
14 from sales is 10,018,841,000. Okay?

15 A I'm sorry, I was on the wrong page. I see that.

16 Q And then if you would turn three pages further
17 back -- and, now, this is the last page of the exhibit. This
18 is FPL's Ten Year Site Plan, Schedule 2.2. The first --
19 there are two tables that both comprise -- that comprise
20 together Schedule 2.2. The bottom table shows projected. So
21 this shows for 2012 sales to ultimate customers of 101,808
22 gigawatt hours, right?

23 A Where are you again? Which page?

24 Q The very last page of the exhibit.

25 A Okay.

1 Q At the bottom of the page it says page 42.

2 A Yes.

3 Q Okay, looking at the bottom table of the
4 two tables that comprise Schedule 2.2, and then the top row,
5 2012. So what I'm looking at now is usage that corresponds
6 to dollars back on the page we just looked at.

7 A I'm there.

8 Q Okay. So we've got sales to ultimate customers
9 101,808 gigawatt hours or 101,808,000 megawatt hours. And I
10 believe that if you divide FPL's revenue from sales, the
11 10,018,000,000 that we talked about a moment ago, by the 101
12 million megawatt hours you'll get something like 9.84 cents a
13 kilowatt hour.

14 A Okay, I haven't done the math, but subject to
15 check.

16 Q Oh, sorry, that shouldn't happen. I apologize.
17 My phone cut itself off and it made a sound. I apologize.
18 Okay, if you did the similar arithmetic for the historic test
19 year -- historical test year ended 12-31-11, which is the
20 last page of the C-1 exhibits, that number there is -- the
21 revenue from sales number is \$10,410,539,000, and divided
22 that by the actual sales to ultimate customers shown in the
23 last row of the top table on the last page of the exhibit,
24 103,327 gigawatt hours. When I did the arithmetic I got
25 something like 10.07 cents. Does that look right to you?

1 A I will ultimately defer to our witness Deaton, who
2 is an expert on this.

3 Q Thank you very much.

4 A But what I will tell you is that I've found, you
5 know, the EIA data, unfortunately, does not provide a good
6 comparison. It is typically stale. I note in the footnote
7 here that it is based on sources from 2006 to 2008, which
8 we've seen before. So it's unfortunately not typically the
9 most current.

10 It also favors states at higher concentrations of
11 commercial industrial than states such as -- and territories
12 such as FPL's, which has a high residential component. So
13 unfortunately it's not an apples to apples comparison.

14 Witness Deaton can go into great detail. She is
15 an expert; I am not on this. But I do know that there's real
16 concerns about the validity of the EIA data as it compares to
17 our service territory.

18 Q Thank you. While we're here, though, let's take a
19 look at the next to the last page of this exhibit. If you
20 would, please, look at the row for 2012 in Schedule 2.1,
21 which is the top row of the bottom table on the page numbered
22 41 there. If you'll read across, it shows that the number I
23 see there for the average kilowatt-hour consumption per
24 customer for rural and residential customers is 12,972. Is
25 that what you see?

1 A I see that number.

2 Q Okay. And as far as you know that's an accurate
3 number, isn't it?

4 A Yes, as far as I know.

5 Q And the projected number for 2013 is 13,023
6 kilowatt hours per customer?

7 A I see that, as well, on the next line down, that's
8 correct.

9 Q Okay. And those are annual numbers, correct?

10 A They appear to be. Again, I did not produce this
11 schedule.

12 Q And let me go on and ask my question. If you want
13 to direct me to another witness, that will be fine. When I
14 divide 12,972 by 12, I get something like 1,075 kilowatt
15 hours per customer. Does that look like correct arithmetic
16 to you?

17 A What did you divide?

18 Q 12,972 by 12, which there are 12 months in a year.

19 A 1,081.

20 Q That sounds right. Thanks.

21 A You're welcome.

22 Q And then, just eyeballing it, the answer would be
23 slightly greater, maybe 10,083 -- 1,083 or something like
24 that for 2013, right?

25 A That's correct.

1 Q Thank you. I'd like to ask you a few questions
2 about your cost per kilowatt-hour performance. That's a term
3 you used on page six of your testimony, at particularly page
4 six at line five.

5 A I'm on page six.

6 Q Thank you. A simple predicate question here. If
7 you know, what is the cost metric, the statistic, if you
8 will, to which you are referring to when you use the term
9 cost per kWh performance there?

10 A It's the non-fuel operating and maintenance
11 expense per kilowatt hour of electricity that's produced.

12 Q Thank you. Public utilities generally have
13 cost-based rates, do they not?

14 A That's correct.

15 Q And you would agree that FPL also does, would you
16 not?

17 A Yes.

18 Q Okay. If a utility has cost-based rates, then
19 isn't it true that total revenue is basically equal to the
20 utility's total costs?

21 A Assuming that the costs take into account all of
22 the costs of service.

23 MR. LITCHFIELD: Mr. Chairman, may I interpose an
24 objection? This line of questioning seems very much far
25 afield from Mr. Silagy's testimony. Again, we have

1 other witnesses coming up in the case who address cost
2 of service, who address rate design, and they would be
3 far -- our time would be far more productivity spent
4 with Mr. Wright asking those questions of the relevant
5 subject matter experts.

6 CHAIRMAN BRISE: Thank you. Your objection is duly
7 noted. You may proceed. Just tread lightly.

8 MR. WRIGHT: Yes, sir. Thank you.

9 BY MR. WRIGHT:

10 Q This is a short line, Mr. Silagy. You've
11 testified the company has low non-fuel O&M, correct?

12 A That's correct. I testified, though, based on
13 Mr. Reed's -- and I believe I was specific in my testimony --
14 benchmarking that FPL was in the top ten percent of all
15 utilities nationwide, which results in over a billion dollars
16 of savings to our customers every year.

17 Q And is it your testimony also that FPL has low
18 fuel costs per kilowatt hour?

19 A Testimony which witness Kennedy can provide a lot
20 more detail on is that our heat rate is one of the most
21 efficient in the nation, which, again, saves the customers
22 hundreds of millions of dollars a year -- I believe it's 1.2
23 billion dollars a year -- every year, beginning in 2016.

24 Q I appreciate the explanation, but that wasn't
25 quite the question I asked. The question I asked was, is it

1 your testimony or is it the company's testimony that you have
2 low fuel costs per kilowatt hour?

3 A Would you point me to that part of my testimony?

4 Q Well, that one may be difficult, Mr. Silagy, and
5 I'll move on. I'd like to talk to you briefly about your
6 comparison of the cost of electricity to the cost of other
7 goods and services, which you talk about at page 17, lines 10
8 through 16 of your testimony.

9 And here's my question. We had an interesting
10 conversation this morning, so I'm going to use the word we
11 agreed on. Given that it is FPL's goal to provide safe and
12 reliable service at the lowest possible cost, what is the
13 relevance of the cost of other goods and services?

14 A The relevance in my testimony was to provide a
15 context and to the value that our customers receive every
16 single day, based on the product that we provide them. As my
17 testimony and actually the chart behind me shows, in the last
18 five years, our bills have actually gone down 13 percent.

19 That compares and contrasts to many other goods
20 and services, many of which are considered necessities, by
21 some at least: Food, medical, gasoline, which have gone up
22 significantly more than what our product has, which has
23 actually gone down in price.

24 Also inflation, it was provided in the context of
25 inflation, which in the last five years has gone up on a key

1 loaded (phonetic) basis 14 percent, and yet our bills have
2 gone down 13 percent, which I personally think is pretty
3 remarkable.

4 Q But given that it is your goal to provide safe,
5 reliable service at the lowest possible cost, isn't the
6 relevant analysis what FPL's costs are, not what groceries or
7 gasoline cost?

8 A No, I disagree. I think -- I think showing
9 context of what is going on in the real world around you and
10 how that impacts your ability to provide goods and services,
11 as a company we have to provide medical, as an example, to
12 our employees. Medical costs have gone up, on average, 24
13 percent. And I think we can all agree probably that medical
14 in certain aspects have gone up even more so.

15 And yet that's an impact to our company that we've
16 been able to manage and at the same time have an electric
17 price that's actually down 13 percent. So I think it's very
18 relevant to show that nobody's prices and the goods and
19 services behind me have gone up because FPL's electricity
20 bills have gone up. To the contrary, we've actually been
21 able to provide the rest of Florida a benefit by keeping our
22 bills down so they can either not raise their prices as much,
23 whether it's at a hospital or Publix or Wal-Mart or at a gas
24 station.

25 Q FPL's customers don't have any meaningful or

1 practical choice for their electricity supplier, do they?

2 A No. I mean, we are a regulated monopoly.
3 Obviously customers, particularly industrial customers, have
4 a choice if they want to self-generate. Some do. But most
5 customers choose to be with Florida Power & Light, and I
6 think it makes sense to me, when it's the lowest bill in the
7 state and the highest reliability.

8 Q I have a few questions for you about your
9 testimony regarding the value that you provide to FPL's
10 customers. I'm trying to understand your testimony. Are you
11 suggesting that customers should be willing to pay more
12 because electricity is valuable to them?

13 A No, I don't suggest that they should be willing to
14 pay more because it's valuable to them. I think as a
15 consumer we all decide what value there is to a particular
16 product. We do our best to have as little impact financially
17 on customers as possible. At the same time, provide a
18 customer experience that they also value, whether that be
19 through reliability or customer service.

20 Q Aside from the practical benefit that we might not
21 be here today, I want to ask you the following hypothetical
22 question. Would FPL have the lowest residential bill in
23 Florida today if FPL had been granted the rate increase it
24 requested in 2009?

25 A I'm not sure that I can answer that question.

1 I haven't done the math. What I can tell you is if we're
2 granted 100 percent of our request today, we will continue
3 in our projections to have the lowest residential bill in
4 Florida.

5 Q Other evidence in the order, the order from the
6 '09 settlement docket, indicates that FPL had requested base
7 rate revenue increases totaling \$1.29 billion a year. If you
8 divided that by roughly 102 million megawatt hours or 102
9 billion kilowatt hours, that would add about 1.2 cents or
10 about \$12 per thousand to a bill. Does that sound like the
11 correct arithmetic to you?

12 A You know, again, I think you're picking and
13 choosing. Our base rates are what pay for our power plants,
14 generate more efficient electricity, and use less fuel. I
15 could go through a series of explanations and picking and
16 choosing if I wanted to, as well.

17 As an example, our operating and maintenance
18 expense saves customers \$1.6 billion a year. That's \$16,
19 roughly, on the bill that we save our customers every year by
20 not being average, by not being mediocre. So I think you
21 could pick and choose either way.

22 Q Well, if you added \$12 per thousand to your bill,
23 it wouldn't be the lowest bill in the state, would it?

24 A No, I'd have to go look at the bills again. I
25 don't remember all the utilities, where they are. But again,

1 you are taking, again, one example and not looking at what
2 the net impact is, which I don't think that's apples to
3 apples.

4 But, again, you know, I live in the practical
5 world, and the practical world is we have the lowest bill in
6 the state by a significant margin. We had the lowest bill in
7 2011, in 2010, in 2009, and at the same time we didn't
8 sacrifice reliability, we didn't sacrifice customer service,
9 and we also generate with the cleanest emissions profile of
10 any large utility in the nation.

11 Q As we said at the outset of our conversation
12 today, you're the company's witness with respect to issue
13 127, which is the impact on the Florida economy, correct?

14 A I'm one of the witnesses.

15 Q You and Mr. or Dr. DeRamus?

16 A Dr. DeRamus is the expert in that area that can
17 provide much greater clarity than I can doing the economic
18 analysis that he has.

19 Q You testified about it, and my question for you is
20 simple. Do you have an opinion as to what impact adding
21 another 500, 600, 700 million dollars to customer bills will
22 have on FPL's customers during what you have characterized as
23 this challenging time?

24 A I think putting FPL in a position to continue to
25 deliver the value proposition that we do, the lowest bills in

1 the state, that help companies be successful, help
2 residential customers have more disposable income in their
3 pockets so they can in turn go out and spend money in the
4 economy is a great thing, and I think having the ability to
5 do that, not just in the short term, but in the long term,
6 and that's what this rate case is about is about putting us
7 in the position to continue the level of success that we've
8 had, not just starting on January 1 of 2013, but throughout
9 2013 and setting us up to be able to do it for years to come.

10 Q Mr. Silagy, that was a fine exposition of the
11 impact on FPL, but I asked you what the impact on Florida
12 Power & Light's customers and the Florida economy would be of
13 transferring that 500 to 700 million dollars a year from them
14 to you.

15 A Sure, and I apologize, I thought I answered the
16 question. And I'll say it again, I think the impact on
17 Florida's economy will be positive because Florida benefits
18 when we provide low bills and high reliability, because our
19 average customer saved \$357 last year, comparatively
20 speaking, to anybody else who is not an FPL customer in
21 Florida. That's on average.

22 That means our average residential customer had an
23 extra 350-plus-dollars in their pockets to go and spend it on
24 whatever they thought was important to them. And when people
25 have disposable income in their pockets, my experience is

1 they spend it. And when they spend it, that helps Florida
2 businesses, whether it's businesses at the Retail Federation
3 like Wal-Mart or Best Buy or Macy's, or it helps other parts
4 of the economy. I think that's a very positive impact on the
5 economy.

6 Q Just a couple more questions, Mr. Chairman.
7 Mr. Silagy, do you happen to have with you a copy of the
8 company's MFRs? And particularly, I wanted you to look at
9 MFR-A1?

10 A I do not.

11 Q I think Mr. Rehwinkel is going to help me out. I
12 think this is part of what's now been marked for
13 identification as Exhibit 487.

14 A I'm sorry, where?

15 Q A1.

16 A A1. I am in the tab.

17 Q Pardon?

18 A I'm in the tab.

19 MR. LITCHFIELD: Is this the MFR schedule that
20 Mr. Silagy is sponsoring? I don't believe so, but I'm
21 willing to be corrected on that point.

22 CHAIRMAN BRISE: Mr. Wright?

23 MR. WRIGHT: I don't think so, but we just had a
24 rather long conversation about the impact of revenues on
25 the Florida economy, and I'm going to ask him a question

1 about how much the company will earn with no rate
2 increase, and then I'm going to ask him, you know,
3 what's going to happen with the other five, six, 700
4 million dollars that the company is asking.

5 CHAIRMAN BRISE: Okay, you may proceed.

6 MR. WRIGHT: Thanks.

7 BY MR. WRIGHT:

8 Q If you'd look at row eight, Mr. Silagy, I read
9 that as indicating that without any increase at all Florida
10 Power & Light Company's net operating income for 2013 will be
11 \$1,156,359,000. Is that your understanding?

12 A I see that number.

13 Q Okay. And that's after covering all depreciation,
14 amortization, and operating costs, is it not?

15 A Again, I didn't sponsor this and I didn't do the
16 mathematics on it, and witness Dewhurst can provide all the
17 details around this as he sees fits, or witness Ousdahl, one
18 of the two. Both of them, probably.

19 Q I'll ask them. Thanks for your time.

20 A You're very welcome.

21 CHAIRMAN BRISE: Is that it, Mr. Wright?

22 MR. WRIGHT: Excuse me?

23 CHAIRMAN BRISE: Was that it?

24 MR. WRIGHT: Oh, yes, sir. When I said thank you
25 for your time, I meant to indicate that I had concluded

1 my cross examination. Thank you, Mr. Chairman.

2 CHAIRMAN BRISE: All right, thank you. Mr. Garner,
3 Village of Pinecrest?

4 MR. GARNER: Village of Pinecrest has no questions
5 of this witness.

6 CHAIRMAN BRISE: Okay. Mr. Saporito.

7 CROSS EXAMINATION

8 BY MR. SAPORITO:

9 Q Good afternoon, Mr. Silagy.

10 A Good afternoon.

11 Q Before I get into the crux of my questions, I'd
12 like to just touch on some of your testimony with respect --
13 you testified about Section 366, and that was with respect to
14 your rate case that you're here testifying about, is that not
15 true?

16 A I'm sorry, what was the question?

17 Q Section 366, you were testifying about Section
18 366, which is part of the statutes which you brought your
19 rate case, is that not true?

20 A Well, I cited Section 366 in response to a
21 question, I believe, that was asked -- I'm not sure if it was
22 Mr. Moyle or Wright. I apologize. By somebody.

23 Q Okay. I think it was in response to FRF's
24 representative querying you about FPL's obligations in
25 providing safe, reasonable electric service in a reliable

1 manner. Is that your recollection, the discussion took place
2 within 366, Section 366?

3 A Again, I --

4 MR. LITCHFIELD: I object to the question. It's
5 incredibly broad and vague. There was a specific
6 discussion relative to specific language in a specific
7 provision of 366. There was nothing beyond that, to my
8 recollection.

9 MR. SAPORITO: I'll withdraw it. I'll rephrase.

10 BY MR. SAPORITO:

11 Q Is it your understanding, Mr. Silagy, that the
12 role of the Commission sitting here with you today is that
13 they're committed to making sure that Florida's consumers
14 receive some of their most essential services, such as
15 electricity from FP&L, in a safe, reasonable and reliable
16 manner; is that your understanding?

17 A That's part of what they are supposed to do.

18 Q Does that come under the statute or regulation 366
19 that you testified about?

20 A Yes, what I said about Section 366 was that the
21 standard was to provide reasonably sufficient, adequate and
22 efficient service.

23 Q And to the extent that the PSC -- the Florida PSC
24 has regulatory authority over Florida Power & Light's
25 operations, Florida Power & Light Company has a duty to

1 comply with the statutory framework I just read with respect
2 to the PSC's role, is that not true?

3 A Yes, we have a duty to comply with the statute.

4 Q And that duty is to provide safe, reasonable and
5 reliable electric service to your customers, is that not
6 true?

7 A That duty is to provide reasonably sufficient,
8 adequate and efficient service. I'm reading from the
9 statute.

10 Q Okay. So we're in agreement, then, is that true?

11 A No, I'm reading exactly what's from the statute,
12 and not -- I think you put in some other terms in there, as
13 well.

14 Q Okay. So you agree, then, you have the -- FPL has
15 the duty to comply with the statutory requirements --

16 MR. LITCHFIELD: Asked and answered.

17 CHAIRMAN BRISE: Yeah, I would agree. The question
18 has been asked four times and has been answered four
19 times.

20 BY MR. SAPORITO:

21 Q Mr. Silagy, do you understand that I am a customer
22 of Florida Power & Light Company and I receive electrical
23 service from Florida Power & Light?

24 A Yes, sir, and we thank you.

25 Q And I'm also a shareholder; you knew that, is that

1 not true?

2 A Yes, sir, I believe you said you owned one share.

3 Q Well, I own substantially more than that, but you
4 realize I'm a shareholder, is that not true?

5 A Based on what you've told me, yes, sir. Thank
6 you.

7 Q You saw me at the shareholder's meeting, did you
8 not?

9 A I did, and that's when I recall you saying you
10 owned one share.

11 Q And if I come home one day and my lights don't
12 come on, you know, and I don't -- and I call FP&L and I don't
13 get fast, reliable repair work, can I just go to Progress
14 Energy and have them turn my lights on for me?

15 A No, sir, not unless you move into Progress
16 Energy's territory.

17 Q Is that because Florida Power & Light is a
18 monopoly utility?

19 A Yes, sir, under the Florida rules, we are a
20 regulated monopoly.

21 Q So I don't have any choice to go anywhere else, is
22 that not true?

23 A Not beyond self-generation.

24 Q And that's why I can expect Florida Power & Light
25 has a duty in my --

1 MR. LITCHFIELD: Asked and answered. Object to the
2 relevance of the line of questioning, but this last
3 question has been asked and answered now five times.

4 MR. SAPORITO: I didn't even posit the question
5 Your Honor -- Mr. Chairman.

6 CHAIRMAN BRISE: Yeah, let me hear your question.

7 BY MR. SAPORITO:

8 Q Isn't it reasonable for me to expect FPL to have a
9 duty to provide safe, reliable, affordable power?

10 CHAIRMAN BRISE: I would agree that has been asked
11 and answered.

12 MR. SAPORITO: Okay, I'll move on.

13 MR. LITCHFIELD: Sorry I jumped the gun, but I was
14 anticipating.

15 BY MR. SAPORITO:

16 Q Mr. Silagy, could you please turn to your prefiled
17 testimony, at page five, lines 4 through 6. And please let
18 me know when you get there.

19 CHAIRMAN BRISE: Mr. Saporito, if you could raise
20 your mic a little bit. I'm having a little bit of
21 difficulty hearing you.

22 MR. SAPORITO: Okay. Is this better?

23 CHAIRMAN BRISE: That's much better. Thank you.

24 THE WITNESS: I believe I'm there. You said page
25 five, line four?

1 BY MR. SAPORITO:

2 Q Page five, lines 4 through 6. You're there?

3 A Yes, sir.

4 Q Okay. Did you testify that FPL's typical
5 residential 1,000 kilowatt-hour customer bill, in
6 parentheses, quote, typical bill, quote, or, quote, typical
7 residential bill, quote, parentheses, is 25 percent lower
8 than the latest national average?

9 A I did in the original, and then I also filed an
10 errata which changed it to 24 percent, actually. That was
11 updated, I believe, on the 16th.

12 MR. SAPORITO: Okay. And I'm going to put in a
13 document into -- identify a document for the record at
14 this time, Mr. Chairman, which would be the U.S.
15 Energy Information Administration residential average
16 monthly bill by census division and state, and I believe
17 that would be 498, if I'm not mistaken.

18 CHAIRMAN BRISE: That would be 498.

19 (Exhibit 498 marked for identification.)

20 CHAIRMAN BRISE: Take your time, take your time.
21 I did say take your time but -- with the expectation
22 that you had the document ready.

23 MR. SAPORITO: I did.

24 CHAIRMAN BRISE: If you don't have the document
25 at this time, you can move on to your next line of

1 questioning.

2 MR. SAPORITO: Let me make sure.

3 CHAIRMAN BRISE: Any objections to this exhibit?

4 MR. LITCHFIELD: Nothing initially, Mr. Chairman.
5 Again, just noting that this is -- purports to be, at
6 least as I'm reading it, a printout from the U.S.
7 Energy Information Administration website. I'll defer
8 to the witness as to whether he's seen it and can speak
9 to it, and we'll move from there.

10 CHAIRMAN BRISE: Sure. You may proceed,
11 Mr. Saporito.

12 (Exhibit 498 admitted in evidence.)

13 BY MR. SAPORITO:

14 Q Mr. Silagy, you have an exhibit in front of you
15 now that's been marked for identification as 498. Will you
16 please review that document and specifically the very bottom
17 of the last page where it shows that the average monthly bill
18 in dollars and cents, for the entire U.S. -- United States --
19 is \$110.55. Do you see that at the bottom of the last page
20 of that document?

21 A I see that number, yes, sir.

22 Q Okay. And would you agree with me that 25 percent
23 or 24 percent of -- well, actually, I calculated 25 percent.
24 So would you agree with me that 25 percent of \$110.55 is
25 \$89.91?

1 A I'm sorry, say it again? I apologize.

2 Q Sure. Would you agree with me that 25 percent of
3 \$110.55 equals \$89.91?

4 A I'm sure you're correct --

5 MR. LITCHFIELD: I'll object to the form of the
6 question. The math is wrong.

7 THE WITNESS: No, I don't think I can agree to that
8 unless I did my math wrong, too.

9 BY MR. SAPORITO:

10 Q You said you wanted to calculate that? Is that
11 what you're telling me?

12 A Yeah, 110.55, is that what you're asking me to do,
13 is a 25 percent reduction off of that?

14 Q Yes.

15 A I get \$82.91.

16 MR. SAPORITO: And at this time, Mr. Chairman, I'll
17 put another document for ID into the record, which is a
18 June 13th, 2012 two-page publication of the New York
19 Times entitled FPL Celebrates Three Straight Years of
20 the Lowest Bill in the State. And I believe that would
21 be 499, if I'm not mistaken.

22 CHAIRMAN BRISE: That's correct.

23 (Exhibit 499 marked for identification.)

24 BY MR. SAPORITO:

25 Q Mr. Silagy, do you have that exhibit in front of

1 you at this time?

2 A I do.

3 CHAIRMAN BRISE: Any objections from any of the
4 parties? Okay, seeing none.

5 (Exhibit 499 admitted in evidence.)

6 BY MR. SAPORITO:

7 Q Mr. Silagy, can you identify the second page --
8 the last page of that document that the source of this
9 document is the Florida Power & Light Company?

10 A Yes, sir, that's what it says.

11 Q Okay. Now, the second page of that document where
12 it begins with, quote, the residential customer monthly
13 usage, do you see that area?

14 A I'm sorry, the second page of the document?

15 Q Yes, sir, page two, and then the middle of the
16 second paragraph where it starts the residential customer
17 monthly usage.

18 A The second paragraph, at least on --

19 MR. LITCHFIELD: I think he's referring to page one
20 of the article, Mr. Silagy.

21 BY MR. SAPORITO:

22 Q I'm not counting the cover page, so --

23 A I apologize.

24 Q I was referring to --

25 A Page one of the article.

1 Q Yes, sir, page one of the article. I'm sorry if I
2 confused you.

3 A That's okay. Okay, so the second paragraph, I'm
4 there.

5 Q And in the middle of that there's a second
6 sentence, I believe, that starts the residential customer
7 monthly usage. Do you see that?

8 A Yes, sir, I do.

9 Q Mr. Silagy, reading that paragraph, is it your
10 understanding that the standard FP&L 1,000 kilowatt hour
11 typical benchmark was 92 -- \$94.62 in connection with FPL's
12 rates during the January to March, 2012 time period?

13 A That's exactly what the article says, yes, sir.

14 Q And referring back to your prefiled testimony
15 where you testified that FPL's typical residential 1,000
16 kilowatt-hour residential bill is 25 percent lower, but then
17 as you stated that you revised that to 24 percent lower than
18 the latest national average.

19 Is that statement really true now that you know
20 that -- now that you know that these documents show FPL's
21 typical 1,000 kilowatt-hour benchmark is at \$94.62, which
22 is -- is not the -- is not lower than the figure that you
23 quoted, \$82.91, earlier in your testimony for the national --
24 the lowest national bill?

25 MR. LITCHFIELD: Object to the form of the

1 question. It assumes fact that really have not been
2 introduced into the evidence yet, specifically to
3 include the methodologies that are used to compute these
4 comparisons, which questions would probably be able to
5 be developed more fully if they were put before the
6 witness that developed the underlying figures upon which
7 Mr. Silagy is relying.

8 I would again respectfully suggest that
9 Mr. Saporito put these types of questions to Ms. Deaton.

10 MR. SAPORITO: This is Mr. Silagy's direct prefiled
11 testimony, and he testified to these facts about how --
12 claiming that FPL has the lowest 1,000 kilowatt electric
13 bill compared to the national average, which I just put
14 in front of the witness, and he acknowledged the figures
15 in that document. So it's right on point with his
16 testimony.

17 MR. LITCHFIELD: I just object to the conclusion
18 that counsel is making in the form of testimony as a
19 predicate to the question.

20 CHAIRMAN BRISE: I'll allow the response to the
21 question with the caveat that the one answering the
22 question has the ability to provide context to what they
23 provided in their testimony.

24 THE WITNESS: Yes, sir. I'm trying to remember the
25 exact question. Let me say this. I spoke previously to

1 the EIA data and my belief, based on conversations with
2 experts such as Dr. Morley, who actually developed our
3 benchmarking of the bills, that their data is not an
4 apples to apples comparison and often is dated.

5 I see that on the face of this data. It is one to
6 two years old -- it's hard to tell -- and so I would
7 defer to witness Morley, Dr. Morley, who can provide a
8 much better detailed compare and contrast analysis of
9 these. But I am confident of where our rates are and
10 for the state rates we did use the Florida Municipal
11 Electric Association's most recent data that they gather
12 for all 55 electric providers in Florida.

13 CHAIRMAN BRISE: Okay.

14 BY MR. SAPORITO:

15 Q So based on that response am I correct in
16 understanding that Florida Power & Light doesn't have the
17 lowest national -- the electric bill is not the lowest of --
18 the most latest national average that's published by the EIA
19 in this Exhibit 498?

20 A Mr. Saporito, my response is that I'm confident
21 that the analysis that Dr. Morley did that shows that we are
22 24 percent below the national average is correct. That's the
23 latest errata that was filed, the most up-to-date information
24 that we have available.

25 Q Mr. Silagy, if you would please look at the second

1 page of Exhibit 498, which, again, is the November 3rd, 2011
2 residential average electric average bill, and starting with
3 Nebraska shown in the left column, do you see the average
4 monthly bill for consuming 1,051 kilowatt hours was \$93.97?

5 A I'm sorry, Mr. Saporito, my exhibit is not
6 numbered, so which document are you on?

7 Q I'm on Exhibit 498 --

8 A Again, mine aren't numbered, so that's not helpful
9 to me. Which is it, the newspaper or the --

10 A It's entitled November 3rd, 2011 residential
11 average bill. And we marked it for identification as 498.

12 CHAIRMAN BRISE: If you could just read the title,
13 the description, that would probably help.

14 BY MR. SAPORITO:

15 Q This is page one.

16 A Okay.

17 Q And then page two is where I'm directing you to.

18 A Thank you.

19 Q And specifically on the left there's a column of
20 states in the United States, and if you would go to Nebraska
21 for me, which is a little bit down the left-hand side there.

22 A I'm there.

23 Q And do you see that the average monthly bill for
24 consuming 1,051 kilowatt hours is shown as \$93.97?

25 A Yes, I do see that. But again, I don't view this

1 data as being accurate. Based on our information, it's
2 dated, it's stale, and it's not an apples to apples
3 comparison to FPL's rates.

4 MR. SAPORITO: Your Honor, I didn't ask him about
5 how stale the data is or any of that stuff, you know.

6 CHAIRMAN BRISE: I think the line of questions has
7 been addressed to a certain degree, some of the issues
8 have been addressed. But before we go anywhere with
9 that, I think Commissioner Balbis may have a question.

10 CHAIRMAN BRISE: Thank you, Mr. Chairman. And I
11 just have a question for Mr. Saporito. Mr. Wright did a
12 good job when there was some discussion about a line of
13 questioning of explaining the point he was trying to
14 make. That way we can determine the relevancy, and then
15 prior to you asking questions -- because I'm having a
16 hard time following your line of questioning.

17 So if you could just explain the point you're
18 trying to make before asking the questions so that at
19 least I can follow along, or if we can determine if it's
20 appropriate or not.

21 MR. SAPORITO: That's an excellent suggestion and
22 I'll try to do that for you, sir. This exhibit, the
23 last page of Exhibit Number 498, what I want to do is to
24 go through a handful of these states to show that these
25 states, which have approximately 1,000 kilowatt hours of

1 consumption, that their electric bills on the average
2 are less than Florida Power & Light's average monthly
3 electric bill.

4 MR. LITCHFIELD: Mr. Chairman, I have another
5 suggestion, or an offer, if you will. Again, I think
6 Mr. Silagy on two occasions has had the opportunity to
7 talk about some of the inconsistencies between these
8 data and the calculations that we rely upon, and he's
9 referred Mr. Saporito to witness Morley.

10 I actually think it is Ms. Deaton, not to quibble
11 with the President of the company. But that we -- that
12 Mr. Saporito will have the opportunity to talk to
13 Ms. Deaton about that. But I would suggest, as I did
14 with regard to Mr. Wright, that we're happy to have this
15 go into the record and then Mr. Saporito can make of it
16 what he will. I'm not sure that going through five or
17 six more states and hearing essentially the same
18 response from Mr. Silagy is a good use of our time.

19 CHAIRMAN BRISE: I tend to agree with that. Does
20 that work for you, Mr. --

21 MR. SAPORITO: That's fine, Mr. Chairman.

22 CHAIRMAN BRISE: All right.

23 BY MR. SAPORITO:

24 Q Mr. Silagy, do you still have Exhibit 499 in front
25 of you? If it's not marked, I can hold this one up. It's

1 the New York Times article.

2 A Yes, sir. Yeah, as a matter of fact, I'll mark it
3 so I'll remember, too. 499.

4 Q And at the bottom of the sixth paragraph on the
5 first page of the article, which is actually the second page
6 of the exhibit, do you see your quoted comments where it
7 states it all adds up to reliable electric service that costs
8 less per day than a latte or a slice of pizza. Do you see
9 that?

10 A Yes, sir, I do.

11 MR. SAPORITO: Okay. At this time, Mr. Chairman,
12 I would like to put another document identified into the
13 record as the Palm Harbor Patch November 30th, 2011
14 publication entitled The Best Piece of Pizza in Palm
15 Harbor. Mr. Chairman, I believe this would be 500,
16 Exhibit 500?

17 CHAIRMAN BRISE: Yes, this would be 500.

18 (Exhibit 500 marked for identification.)

19 BY MR. SAPORITO:

20 Q Mr. Silagy, do you have Exhibit 500 in front of
21 you, sir?

22 A Yes, sir, I do.

23 Q And can you turn to the last page in that
24 document?

25 A I'm there.

1 Q And do you see at the last page of that document
2 that a slice of pizza is priced at \$2.25?

3 A Yes, sir, I do.

4 Q Mr. Silagy, if a slice of pizza costs \$2.25, the
5 comment you made in the New York Times that FPL has reliable
6 electric service that costs less per day than a latte or a
7 slice of pizza, that's simply is not true, isn't that so?

8 MR. LITCHFIELD: I would ask Mr. Saporito first of
9 all to disclose if he has any stock in any of these
10 pizza parlors.

11 MR. SAPORITO: Full disclosure, no, I don't invest
12 in pizza.

13 THE WITNESS: Mr. Saporito, I -- as much as this
14 is actually making me hungry, I will tell you that our
15 electric bill is more than the \$2.25 here, but I have
16 also purchased slices of pizza on a regular basis that
17 have been a lot more than \$2.25, and, in fact, higher
18 than our electric.

19 And we actually did go out and actually, as we
20 typically do everything, due diligence to make sure that
21 that was accurate, which was actually fun due diligence,
22 to go out and make sure that we weren't overstating the
23 context that we were trying to provide people.

24 MR. SAPORITO: Thank you, Mr. Silagy. At this time
25 I would like to have distributed what's already been

1 identified in the record as Exhibit TS-3, which is
2 typical electric usage of appliances.

3 MR. LITCHFIELD: In the interests of time, I think
4 I will pose an objection to this exhibit. I fail to see
5 the relevance of usage by device in this case. I think
6 some of these figures may be relevant in the context of
7 a demand-side management proceeding. I don't see the
8 relevance in the context of a base rate proceeding at
9 all.

10 CHAIRMAN BRISE: Mr. Saporito?

11 MR. SAPORITO: Yes, sir. This goes to Mr. Silagy's
12 testimony in his prefiled testimony with respect to
13 1,000 kilowatt-hour of electric power used by
14 residential customers, and they're basing their
15 calculations around this 1,000 kilowatt-hour customer.
16 And he's testified in several areas with respect to a
17 1,000 kilowatt-hour customers. And I believe that I
18 have a right to probe a little bit in that area to
19 establish and define what FPL's 1,000 watt customer is.

20 MR. LITCHFIELD: Well, just to short-circuit this,
21 there's no way that Mr. Saporito can establish that
22 these are typical devices used by Florida Power & Light
23 Company customers or typical to Florida or the types of
24 usage that would accompany Florida customers. So I just
25 -- it's just simply irrelevant.

1 MR. SAPORITO: Well, Your Honor, I can go through
2 this exhibit and point out quite easily through this
3 witness's testimony that just the basic minimum, bare
4 minimum customer appliances, you know, it's going to
5 exceed 1,000 kilowatt-hours a month. And so therefore
6 I would like to be able to inquire of this witness who
7 is the President of my company, what is a 1,000
8 kilowatt-hour customer. How did they arrive at that
9 1,000 kilowatt-hour customer?

10 CHAIRMAN BRISE: Mr. Saporito, I think I'm going to
11 agree with the company on this one --

12 MR. YOUNG: Mr. Chairman?

13 CHAIRMAN BRISE: Yes, sir?

14 MR. YOUNG: If I can interject, is Mr. Litchfield's
15 objection to Mr. Saporito asking Mr. Silagy questions on
16 TS-3, or are you objecting to the exhibit as a whole?

17 MR. LITCHFIELD: I'm objecting to the line of
18 questioning as relevant considering the use of this
19 document TS-3.

20 MR. YOUNG: Okay. Because I would note TS-3 is a
21 part of his prefiled direct testimony and exhibits, so
22 when we get to Mr. Saporito's Pro Se testimony, then the
23 time for objecting to that exhibit will have passed
24 because per the OEP, the OEP says if you are going to
25 move to strike any portions of the prefiled testimony

1 and exhibit, the time to do so would be by the
2 prehearing conference.

3 MR. LITCHFIELD: Understood, and thank you. That's
4 exactly right. I'm not objecting to it coming into
5 evidence, I just don't think it has any relevance here.

6 CHAIRMAN BRISE: Right, the line of questioning.

7 MR. LITCHFIELD: Line of questioning, yeah.

8 MR. SAPORITO: Mr. Chairman, based on all this
9 discussion, I simply asked the witness a simple
10 question, which would be can you provide the Commission
11 with the details about FPL's typical 1,000 kilowatt-hour
12 residential customer, what electrical appliances --

13 CHAIRMAN BRISE: Mr. Saporito, I think I've stated
14 already --

15 MR. SAPORITO: Okay, I'll move on.

16 CHAIRMAN BRISE: -- that that line of questions is
17 out of the scope for this witness.

18 MR. SAPORITO: At this time I'd like to identify
19 into the record another document. It's already prefiled
20 as Exhibit TS-4, and it's entitled FPL Online Bill
21 calculator.

22 MR. LITCHFIELD: While it's being distributed it
23 might be helpful if Mr. Saporito described for us how
24 this pertains to Mr. Silagy's prefiled testimony. And
25 specifically what issue in the case that Mr. Silagy is

1 sponsoring or addressing would be at issue with regard
2 to this exhibit.

3 MR. SAPORITO: And, Your Honor, in response to
4 that, this goes directly to Issue 127, what economic
5 impact will FPL's request for rate increase have on
6 customers, businesses and communities in Florida,
7 including economic development activities and raising
8 capital in Florida. And it also goes to Mr. Silagy's
9 testimony with respect to the effects of what would --
10 the effects of a customer's bill if this Commission were
11 to approve their request to increase rates.

12 CHAIRMAN BRISE: Okay, how does this exhibit help
13 you prove that?

14 MR. SAPORITO: Well, this exhibit here will -- I
15 believe I can solicit testimony from this witness which
16 will show through this exhibit that FPL misled the
17 Commission and its customers and the general public at
18 large about the effects of their rate request before
19 this Commission, the effects of how it would affect
20 their bill if the Commission approves this rate request.

21 MR. LITCHFIELD: This looks to be, Mr. Chairman, a
22 bill calculation that Mr. Saporito has done with respect
23 to his own account, which I think by any standard
24 Mr. Saporito cannot represent himself as a typical FPL
25 customer.

1 We just -- it's in the record, it's been already
2 admitted, I just don't see how we're going to spend
3 productive time here asking Mr. Silagy about
4 Mr. Saporito's bill.

5 MR. SAPORITO: This is not, per se, about
6 Mr. Saporito's electric bill, it's per se about a
7 device, an interactive device on FPL's website -- and
8 I can fire it up on this computer for the Commission, if
9 need be, which improperly displays the effects of FPL's
10 rate increase should this Commission approve it on the
11 customers' electric bills.

12 CHAIRMAN BRISE: Thank you. Mary Anne?

13 MS. HELTON: Mr. Chairman, I did say earlier that
14 the Intervenors should be given a little bit of latitude
15 with respect to cross examination of the company's
16 President, but I think we may have crossed the line
17 here. I am -- I'm having a hard time understanding how
18 this relates to Mr. Silagy's testimony and to the case
19 in chief.

20 MR. SAPORITO: Your Honor, Mr. Silagy testified
21 about --

22 CHAIRMAN BRISE: Mr. Saporito, thank you, okay? If
23 you can move on to another line of questioning, that
24 would be appreciated.

25 MR. SAPORITO: May I just make a comment into the

1 record with respect --

2 CHAIRMAN BRISE: Sure, you can make a comment into
3 the record.

4 MR. SAPORITO: I would just take issue with the
5 Commission's position not allowing me to probe this
6 witness with respect to this exhibit because there was
7 preliminary testimony at the service hearings about how
8 customers of FP&L were adversely affected. And there
9 was testimony by witnesses sponsored by FP&L saying
10 that, well, you know, it's not really going to be \$7,
11 it's only going to be \$1.41.

12 And I was just trying to posit through this witness
13 that that is inaccurate. And I thought I would be
14 allowed to have that ability. That's all I wanted to
15 say.

16 CHAIRMAN BRISE: Thank you very much. You may
17 continue with your questioning.

18 BY MR. SAPORITO:

19 Q Mr. Silagy, is it true that if FPL had not
20 requested to increase its base rates that customer electric
21 bills would actually be decreasing because of lower fuel
22 costs that FPL is required to credit back to its customers?

23 A Over what period of time?

24 Q Through the filing period of time of your
25 petition.

1 A I don't know if that's true or not. I can tell
2 you bills would go down on day one, absolutely, and my belief
3 is that over time bills will go up because we will not be
4 able to provide this same type of level of service and
5 investments in infrastructure.

6 MR. SAPORITO: Mr. Chairman, he didn't answer my
7 question. He gave me a -- I don't know what question he
8 was answering, but it wasn't mine.

9 BY MR. SAPORITO:

10 Q And Mr. Silagy, let me be clear. If FPL had not
11 filed to increase its base rates in this docket that you're
12 testifying about today, isn't it true that absent this rate
13 case, all FPL customers' electric bills would be lower
14 because FPL has to credit back to each customer any fuel
15 savings the customer realizes?

16 COMMISSIONER GRAHAM: Mr. Chairman, I have to
17 object. That question was asked and answered.

18 CHAIRMAN BRISE: All right.

19 COMMISSIONER GRAHAM: He said on day one it's going
20 to go down, but eventually, because of not making
21 improvements, the price is going to go up. The question
22 was asked, the question was answered.

23 MR. SAPORITO: That's not the question, with all
24 due respect to Commissioner Graham. The question is --
25 relates to the fuel costs.

1 CHAIRMAN BRISE: Mr. Saporito, I'm going to agree
2 with Commissioner Graham. You posed a question; there
3 was an answer. I thought you were going to -- I was
4 going to give you leeway to maybe restate a segment of
5 your question, but it was posed, answered. Move on to
6 the next question.

7 BY MR. SAPORITO:

8 Q Mr. Silagy, is FP&L required to return fuel cost
9 savings back to the customers?

10 A Every dollar of fuel savings that we are able to
11 obtain goes back 100 percent to fuel -- to customers. Pardon
12 me.

13 Q And if the Commission were to approve this rate
14 increase that you all have in front of them, have you taken
15 the position in your testimony that the customer bills will
16 not -- will not -- will be offset by the fuel credits?

17 A No, sir, not 100 percent. I'm taking the position
18 that the fuel savings from the investments we're making and
19 continue to make will offset a significant majority of the
20 base rate increase. That's our calculations and our
21 projections.

22 Q Mr. Silagy, could you turn to page eight of your
23 prefiled testimony, and specifically lines 18 to 21. And
24 please let me know when you arrive there, sir.

25 A Excuse me. I'm there. Pages 18 to 21? Excuse

1 me.

2 Q Yes, sir, 18 to 21.

3 A Okay.

4 Q On page eight. Mr. Silagy, was it your testimony
5 that the need for rate relief in 2013 is a result of the
6 increase in operating costs due to the infrastructure and
7 manpower required to serve Florida's growing population;
8 between the end of 2010 and the end of 2013, FPL anticipates
9 growth of almost 100,000 new service accounts, is that true?

10 A Yes, sir, that's what I testified to.

11 Q And can you please explain to the Commission what
12 FP&L considers to be a new service account?

13 A Yes, sir, that would be a new customer account,
14 whether it be commercial, residential or industrial. It's a
15 meter, is probably the best way to think about it.

16 Q And if a customer moved from one residence to
17 another, that customer would be assigned a new FP&L account
18 number, is that not true?

19 A Yes, sir, I think they would be assigned a new
20 account. I'm not an expert on exactly how we assign it, but
21 I believe that's correct.

22 Q And does FP&L consider that a new account?

23 A No, these would be new incremental accounts that
24 we would have to install the new infrastructure to support
25 that; so the poles, the wires, the transformers, et cetera.

1 Q Okay. And there was substantial testimony by you
2 about the economy, and we're not going to go over that, but
3 is it your understanding that because of the economic
4 situation that Florida and the rest of the United States has
5 been going through over the last several years, a lot of
6 people lost their jobs and they got forced out of their homes
7 into rental units; is that not your understanding?

8 MR. LITCHFIELD: Commissioner, Mr. Saporito has
9 intervened in the docket and he's been given, I think,
10 a lot of latitude to ask a number of questions of this
11 witness and of Mr. Reed, and I expect he'll be given an
12 opportunity to question other witnesses, as well. But
13 keeping in mind that we have many parties and a limited
14 amount of time, I think we need to be very efficient in
15 the way we approach our cross examination.

16 I recognize that Mr. Saporito is not an attorney,
17 and he's here representing himself pro se, which
18 presents some challenges for Mr. Saporito, and for all
19 of us here. But I think that, for one, he is conducting
20 a lot of what I view as discovery type questioning in
21 the form of cross examination, which -- the time for
22 which, i.e., discovery -- has long since passed.

23 And I just think, you know, we need to be
24 respectful of his rights but at the same time I think we
25 need to be respectful of the rights of everybody else in

1 the process that is due everybody in this proceeding.
2 Thank you.

3 MR. SAPORITO: This question is posited right on
4 point with the witness's testimony that FPL needs the
5 resources through a rate increase to build out their
6 infrastructure, new poles, transformers, wires, et
7 cetera, that this witness has already testified to.
8 This is a legitimate cross examining question about
9 their 100,000 dollar -- I mean, a 100,000 new customer
10 accounts.

11 CHAIRMAN BRISE: Okay, I don't believe that the
12 comment or the issue raised by FPL at this point has to
13 do with this particular question.

14 MR. SAPORITO: Well, if --

15 CHAIRMAN BRISE: If you could --

16 MR. SAPORITO: Sorry. Sorry.

17 CHAIRMAN BRISE: I think the issue that is raised
18 is about the efficiency and appropriate use of our time.
19 I think we have -- I have provided a lot of latitude for
20 questions, and not having full clarity on where the
21 questions are going, so providing latitude for that.
22 But we -- it is -- it is almost 3:00, and we are on our
23 first -- on our second witness. And having duplicitous
24 questions, to me, is not a very efficient way to
25 proceed.

1 MR. SAPORITO: Okay, this isn't duplicative. This
2 question hasn't been asked and it's posited to this
3 witness to prove a point that if you're --

4 CHAIRMAN BRISE: Mr. Saporito --

5 MR. SAPORITO: I'm just trying to --

6 CHAIRMAN BRISE: Mr. Saporito, the point isn't this
7 question. The point is making sure that your questions
8 are concise, to the point, and are actually seeking
9 information that is useful to the record.

10 MR. SAPORITO: That's why I'm explaining about the
11 question to you.

12 CHAIRMAN BRISE: So ask your question, make sure
13 that it's concise and useful to the record.

14 MR. MOYLE: Mr. Chairman, I know I had previously
15 raised the issue of Mr. Pollock coming, and we're trying
16 to work through that, and just from a matter of timing,
17 I mean, maybe we can get an understanding of how much
18 more Mr. Saporito has. That may help a little bit.

19 MR. SAPORITO: I've got three more pages in front
20 of me, Mr. Chairman.

21 MR. LITCHFIELD: Then I would make a suggestion
22 that we take a very short break and Mr. Saporito --
23 maybe Public Counsel would sit down with him for a few
24 minutes and help him look at his questions and decide
25 what would be proper to ask in a forum like this. Just

1 a suggestion.

2 MR. SAPORITO: And I will object to that suggestion
3 and I don't want to take a break in the middle of a
4 question that's already been proffered to this witness.
5 I would like a response. And if the Chair wants to take
6 a break, that's your prerogative, sir.

7 CHAIRMAN BRISE: We're not taking a break, not
8 before ten minutes.

9 MR. REHWINKEL: Public Counsel -- we do not
10 represent Mr. Saporito, he's here on his own, and so the
11 company's suggestion is not well taken.

12 CHAIRMAN BRISE: Understood. Commissioner Balbis?

13 COMMISSIONER BALBIS: Thank you. I have a quick
14 question for Staff, and this goes to my comments I made
15 previously when we were looking at the motion in limine
16 option from an efficiency standpoint for this process,
17 which was my goal if that motion process was something
18 that would make us more efficient.

19 And I also brought up the fact of either objections
20 or even questions that may or may not be relevant. And
21 if I didn't, that's what I meant. So my question for
22 Staff Counsel is, what options do we have if lines of
23 questioning are continuing to be irrelevant or start to
24 be irrelevant, or whatever that may be, what option do
25 we have to make this process more efficient?

1 MS. HELTON: Mr. Chairman, you don't have -- excuse
2 me, Commissioner Balbis, you as a body do not have to
3 take irrelevant or non-relevant information into the
4 record. And the Chairman, sitting as the presiding
5 officer, can help us marshal through what's relevant and
6 what's not relevant.

7 And the Chairman also said something about
8 duplicative testimony. And I think maybe it might help
9 Mr. Saporito to understand what the standard is, if
10 you'll hold on one minute.

11 CHAIRMAN BRISE: Sure.

12 MS. HELTON: Recognizing that Mr. Saporito is not
13 an attorney. Irrelevant, immaterial -- and I'm reading
14 from Chapter 120, Mr. Saporito, which governs all agency
15 proceedings in the state of Florida. So this doesn't
16 just govern the Florida Public Service Commission, but
17 it governs all disputed proceedings dealing with state
18 agencies.

19 Irrelevant, immaterial or unduly repetitious
20 evidence shall be excluded. But all other evidence of a
21 type commonly relied upon by a reasonably prudent person
22 in the conduct of their affairs shall be admissible.

23 So the answer to your question, Commissioner
24 Balbis, is if it's not relevant, then if there is an
25 objection or a note from the Bench that you think that

1 the testimony or the cross examination is not relevant,
2 if that objection is raised, then the presiding officer
3 can rule on that and then we can move on.

4 COMMISSIONER BALBIS: Just a follow-up question.
5 I just want to take this -- hopefully it's a
6 hypothetical situation, where a party continues to ask
7 what we find irrelevant, immaterial, repetitious
8 questions. From an expediency standpoint, from an
9 efficiency standpoint, what options does the Chairman
10 have to solve the problem?

11 MR. LITCHFIELD: May I suggest one thing that I
12 don't know that -- I don't know whether I've seen it
13 done here. It may have been, and I just don't recall.
14 Certainly it's done in a lot of civil litigation
15 contexts, and I've seen it done in other regulatory
16 jurisdictions, as well, where we need to allocate time
17 for cross examination.

18 The available time is allocated and people then
19 have to determine and govern themselves in terms of
20 deciding how best to deploy that time, in terms of
21 developing the record that they want to develop.

22 MR. MOYLE: Can I just comment on that? I've seen
23 that done, but I think it's usually done by agreement of
24 the parties. I'm not sure that works in accordance with
25 due process if you said, hey, you've got 15 minutes to

1 do cross examination. I'd have to -- it would have to
2 be researched, I think.

3 MR. LITCHFIELD: Well, we can -- we can provide
4 some evidence on that, but it certainly can be done
5 and --

6 MS. HELTON: I know that it's been done here in
7 telecom cases a while back. I'm not sure that we've
8 ever done it in terms of a rate case like this.

9 Perhaps this discussion has been helpful to those
10 who are going down lines that might not be so relevant
11 to the proceeding, and hopefully everyone here will keep
12 that in mind and we can move forward in an efficient
13 manner.

14 CHAIRMAN BRISE: Thank you, Mary Anne.
15 Commissioner Graham.

16 COMMISSIONER GRAHAM: Thank you, Mr. Chairman.
17 Maybe if we go back to the prehearing where we were
18 talking about opening comments, and we were trying to
19 limit the amount of time, one of the suggestions I made
20 was rather than sit back and give the opening comments
21 for ten minutes, if you had more of a skeleton or an
22 outline of what it is you're trying to get to, and then
23 basically that would be your opening comments, saying, I
24 plan on proving this.

25 I guess my question, trying to help Mr. Saporito,

1 since he's not an attorney and this is his first time
2 before us, what point are you trying to get to with this
3 witness so maybe we can help you get through a lot of
4 this irrelevant stuff and get to the point you want to
5 ask, and he can answer that question and we can move on.

6 MR. SAPORITO: Well, yes, sir, my next question
7 deals with revenue that FP&L anticipates receiving with
8 respect to the testimony from this witness regarding
9 their 100,000 new service accounts they anticipate.

10 CHAIRMAN BRISE: I will restate what I stated
11 earlier, that all the questions need to be relevant,
12 they need to be within the scope of the prefiled
13 testimony, and we have been pretty liberal thus far with
14 latitude. Just a word to everybody: We will not be as
15 liberal with latitude moving forward.

16 It is 2:57. We are going to take a 15-minute break
17 to give the court reporter some opportunity to take a
18 break, and when we return at 3:15, we're not going to
19 provide as much latitude. Okay. So we will recess at
20 this time.

21 (Brief recess)

22 CHAIRMAN BRISE: We were with Mr. Saporito. We're
23 reconvening. All right, so we had talked about
24 efficiency before the break, and we hope that moving
25 forward all of us will try to be more efficient in this

1 process. So, Mr. Saporito, you can go ahead and ask
2 your next question.

3 MR. SAPORITO: And I will do that, sir. I just
4 wanted to say that, you know, I don't have the
5 experience that other counselors have at this
6 proceeding, but I am trying to get up to speed as quick
7 as I can, and I have taken seriously the comments of the
8 Chair and the other Commissioners and I've readdressed
9 some of my questions here.

10 But I wanted to point out on the record before the
11 Chairman and the other Commissioners, I read the
12 prehearing order in great detail, and it does say that
13 the witness is supposed to answer yes or no and then
14 they can explain a little bit. And that's not been the
15 response I've been getting from this witness. I just
16 want to point that out.

17 CHAIRMAN BRISE: Yeah, and you have every right to
18 ask the person that you're asking the question to
19 respond yes or no, and then move forward. Okay?

20 BY MR. SAPORITO:

21 Q Mr. Silagy, you realize, as the President of the
22 company, that FPL reported a 17 percent gain in earnings last
23 quarter, is that not so?

24 A Yes, I believe that's correct.

25 Q Okay. And if you take into consideration a 17

1 point gain in FPL's earnings last quarter and the revenue
2 stream that FPL will receive from the anticipated 100,000 new
3 customer accounts, and you combine those numbers, isn't that
4 more than sufficient to meet the needs of FPL going forward?

5 A No, sir.

6 Q And why not?

7 A There's a variety of reasons, but the book
8 earnings that we are currently seeing is a combination of the
9 fact that we are utilizing a tremendous amount of the
10 theoretical reserve surplus depreciation. This year it will
11 be over a half of a billion dollars, and that's really what's
12 allowing us to earn the 11 percent return on equity.

13 We are also investing more into our company than
14 we ever have. We're actually in the middle of the largest
15 capital infrastructure and investment program that we ever
16 have. And, of course, that is a function when you're
17 investing more money, you're going to be generating more
18 earnings. But, again, on a cash basis, that is not the case.

19 Q Mr. Silagy, I won't expound upon your testimony,
20 but in general, on page nine, lines 2 through 8, and you
21 spoke about part of the need for this rate increase is
22 because of the cost of material, such as copper and steel, is
23 that not so?

24 A Yes, sir.

25 Q And you believe that they were increasing as a

1 factor of inflation, is that true?

2 A Witness -- pardon me -- witness Morley can provide
3 you a variety of information on particular areas of how we
4 got here. But yes, generally speaking, inflation, in the
5 last five years, cumulatively, is up 14 percent, I believe.
6 In the last three years it's 7.2 percent. That impacts many
7 of the goods and services that we have to obtain every day.

8 Q But the question was specific to your statements
9 in your prefiled testimony with respect to steel and copper.

10 A Mr. Saporito, that was provided as context on some
11 of the products, common products that we have. There's a
12 variety of them. I'm sure you appreciate we purchase
13 thousands of different products every year in order to
14 provide affordable and reliable service.

15 MR. SAPORITO: Mr. Chairman, I'd like to ID a
16 document in the record. It's a June 9th, 2012 copper
17 price chart and an August 16th, 2012 price chart for
18 iron ore, as a composite exhibit, which would, according
19 to my recollection, be 501 at this time.

20 CHAIRMAN BRISE: Yes, that would be 501.

21 (Exhibit 501 marked for identification.)

22 CHAIRMAN BRISE: Any objections to this document?

23 MR. LITCHFIELD: I do have an objection to the
24 second page, which I think looks to be a newspaper
25 article. I would not consider that to be authoritative

1 evidence, in any event.

2 The first page I would defer to the witness as to
3 whether this is an authoritative source for this type of
4 a product. But subject to that, I would invite the
5 witness -- Mr. Saporito to ask the witness that
6 question.

7 CHAIRMAN BRISE: So you have an objection to the
8 third page, the ft-dot-com Alphaville?

9 MR. LITCHFIELD: Yes. I don't think there's any
10 opportunity to authenticate this document as any type of
11 authoritative source for copper prices. I have a
12 question as to the prior page, but perhaps the witness
13 could address that.

14 MR. SAPORITO: Your Honor, the source is right
15 there. It's the Bloomberg source that's shown right
16 below the chart, on the third page. And they're a
17 recognized world business news source agency, worldwide.

18 MR. LITCHFIELD: But the figure, itself, is
19 embedded within a news article. So it's the news
20 article that gives the figure its context.

21 CHAIRMAN BRISE: All right, I think we'll work off
22 of the first document, which is relatively verifiable,
23 and you can pose your questions on the first document,
24 the first page.

25 MR. SAPORITO: Well, Your Honor, may I inquire -- I

1 didn't offer this into evidence, I merely identified it
2 into the record. It would seem to me that I can ask
3 questions on both charts, since it's not in the record
4 and it doesn't speak for itself.

5 MS. HELTON: Mr. Chairman, that's not correct. He
6 may not ask questions about an exhibit if there is an
7 objection that you agree with.

8 CHAIRMAN BRISE: Right. You may proceed with the
9 first page -- the second page of your exhibit. Sorry.

10 BY MR. SAPORITO:

11 Q Can you turn to the page where it says copper
12 price chart? That's the second page of that exhibit.

13 A Yes, sir, I'm there.

14 Q And do you see that copper prices as indicated by
15 that chart are actually coming down from approximately
16 January, 2011 through July of 2012?

17 A Yes, from the period of January, 2011 to 2012 I
18 see that -- this graph shows that copper prices are coming
19 down. I'm sure you can appreciate, Mr. Saporito, that as an
20 electric provider, we don't purchase raw copper on the
21 markets, we purchase finished products. And the copper wire
22 as an example is but one example of thousands of products
23 that we purchase.

24 Q Thank you for that answer. And very quickly, just
25 with respect to your testimony at page nine, lines 12 to 20,

1 and basically just the statement that without a base rate
2 increase in 2013 the company's earnings will drop rapidly and
3 significantly, do you see that?

4 A Yes, sir, I do.

5 Q And have you ever, in your position as President
6 of Florida Power & Light Company, or prior to your position
7 at Florida Power & Light Company, ever known FP&L's earnings
8 to drop rapidly or significantly for any reason?

9 A Well, this statement is prospective, and so we
10 have calculated what we expect to be the impact if we did not
11 have a rate increase.

12 Q But wasn't your earlier testimony with respect to
13 your prior rate case where the result of the FPL's requesting
14 increased rates would have increased a customer's bill by 12
15 months -- by \$12 -- you didn't get that rate increase, but
16 the stock of the company didn't drop rapidly and
17 significantly, did it?

18 MR. LITCHFIELD: Duplicative. It was covered.

19 CHAIRMAN BRISE: I would agree. That has been
20 covered throughout the day.

21 BY MR. SAPORITO:

22 Q One final question, and then I'll be finished,
23 Mr. Chairman. Mr. Silagy, to the extent that Florida Power &
24 Light Company is expanding its generating capacity with the
25 use of natural gas as a fuel, does FP&L engage in what's

1 termed to be hedging, to secure a lower price -- quantity of
2 natural gas at a lower price with the anticipation it may
3 rise at a later time?

4 A Yes, sir. And with respect to our hedging
5 program, we follow the rules and the guideposts that are set
6 by the Public Service Commission. That's a program that's
7 designed, actually, to dampen volatility, not lock in the
8 prices.

9 MR. SAPORITO: Thank you very much.

10 THE WITNESS: Yes, sir. You're welcome.

11 CHAIRMAN BRISE: Thank you very much, Mr. Saporito.

12 Mr. Hendricks.

13 (The transcript continues in sequence in Volume 6.)

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25


CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, LAURA MOUNTAIN, Court Reporter, do hereby
certify that I was authorized to and did
stenographically report the foregoing proceedings;
and that the transcript is a true record of the
aforesaid 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 24th day of August, 2012.


LAURA MOUNTAIN, RPR
Post Office Box 13461
Tallahassee, Florida 32317