

**46**

**FPL's Responses to  
Staff's Ninth Set of Interrogatories  
(Nos. 314-318, 321, and 322)**

**Q.**

Please state what would be the 2013 test period equivalent for the \$757,282 adjustment in executive raises included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide detail supporting schedules.

**A.**

The \$757,282 retail jurisdictional amount of executive raises included in Order No. PSC-10-0153-FOF-EI, page 150, was equal to the difference between budgeted 2009 and 2010 total executive compensation, inclusive of cash and equity incentive compensation. Because executive cash and equity incentive compensation expenses are not included in the Company's cost of service for the projected test year ending December 31, 2013, it is not appropriate to perform the requested calculation of 2013 executive raises using the same methodology that was used to calculate the \$757,282 adjustment for 2010. The Company's cost of service for the projected test year ending December 31, 2013 does, however, include an annual increase in executive base salaries. The retail jurisdictional amount attributable to officer base salary increases for 2013, net of allocations to affiliates, is \$578,140.

	2012 Projection	2013 Projection
FPL Portion of Base Salary - O&M	\$ 9,151,034	\$ 9,738,099
YOY Increase		\$ 587,065
Retail Jurisdictional Amount		\$ 578,140

**Q.**

Please state what would be the 2013 test period equivalent for the \$12,226,189 adjustment to reduce the payout ratio for executive compensation from 1.4 times the target level to 1.0 times the target level included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

**A.**

The requested compensation adjustment equivalent for the 2013 Test Year to reduce the payout ratio for executive compensation from 1.4 times the target level to 1.0 times the target level, has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown below that itemizes this adjustment. Note, the referenced \$12,226,189 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance because this amount was before allocation to affiliates, and because it had applied the reduction in executive compensation payout ratio to forms of executive equity compensation that are not subject to the payout ratio.

Commission Adjustment	2013 Per Book Amounts (net of allocation to affiliates)	Juris Factor	2013 Jurisdictional Amounts (net of allocations to affiliates)
Reduction in Executive Compensation Payout Ratio from 1.4 vs. 1.0	\$ 4,909,481	0.984797	\$ 4,834,842
100% Reduction in Executive Compensation	23,361,046	0.984797	23,005,888
Reduction in Non-Executive Compensation Payout Ratio from 1.4 to 1.0	329,863	0.984797	324,848
50% Reduction in Non-Executive Compensation	1,039,742	0.984797	1,023,935
<b>Totals</b>	<b>\$ 29,640,132</b>		<b>\$ 29,189,513</b>

**Q.**

Please state what would be the 2013 test period equivalent for the \$30,565,472 adjustment to reflect a 100 percent reduction in executive compensation included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

**A.**

The requested compensation adjustment equivalent for the 2013 Test Year to reflect a 100 percent reduction in executive compensation, has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown included in FPL's response provided in Staff's Ninth Set of Interrogatories No. 315 which itemizes this adjustment. Note, the referenced \$30,565,472 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance since the amount was before allocation to affiliates.

**Q.**

Please state what would be the 2013 test period equivalent for the \$2,122,947 adjustment to reduce the payout ratio for non-executive compensation from 1.3 times the target level to 1.0 times the target level included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

**A.**

The requested compensation adjustment equivalent for the 2013 Test Year to reduce the payout ratio for the non-executive compensation from 1.4 times the target level to 1.0 times the target level, has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown included in FPL's response to Staff's Ninth Set of Interrogatories No. 315 which itemizes this adjustment. Note, the \$2,122,947 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance since the amount was before allocation to affiliates. Also, 2013 Test Year expense reflects the Company's decision to reduce the size of this program.

As noted in FPL's response to SFHHA's First Set of Interrogatories No. 162, FPL inadvertently omitted the non-executive performance share amount from the Commission adjustment reflected on MFR C-3, page 1, line 9, which the reduction for non-executive compensation from 1.4 times the target level to 1.0 times the target level is a component of. FPL will include the impact of this omission along with all other identified adjustments as part of its filed rebuttal testimony.

**Q.**

Please state what would be the 2013 test period equivalent for the \$3,538,246 adjustment in non-executive compensation included in Order No. PSC-10-0153-FOF-EI, page 150. In your response, please provide supporting schedules.

**A.**

The requested compensation adjustment equivalent for the 2013 Test Year to reduce non-executive compensation has already been included in the net operating income Executive Compensation Commission adjustment reflected on MFR C-3, page 1, line 9, for the 2013 Test Year. See breakdown included in FPL's response provided to Staff's Ninth Set of Interrogatories No. 315 which itemizes this adjustment. Note, the \$3,538,246 adjustment in Order No. PSC-10-0153-FOF-EI was an overstatement of the disallowance because the amount was before allocation to affiliates. Also, 2013 Test Year reflects the Company's decision to reduce the size of this program.

As noted in FPL's response to SFHHA's First Set of Interrogatories No. 162, FPL inadvertently omitted the non-executive performance share amount from the Commission adjustment reflected on MFR C-3, page 1, line 9, which the reduction for non-executive compensation is a component of. FPL will include the impact of this omission along with all other identified adjustments as part of its filed rebuttal testimony.

**Q.**

Please provide a detailed schedule comparing the average actual number of employees to the budgeted number of employees for the years 2001 through 2011, and to date for 2012.

**A.**

Average Actual vs Average Budgeted Employees 2001 - 2012YTD

	<u>Average Actual Employees</u>	<u>Average Budgeted Employees</u>
2001	10,008	--
2002	9,973	--
2003	9,807	--
2004	10,107	10,338
2005	10,225	10,408
2006	10,390	10,552
2007	10,557	10,768
2008	10,711	10,994
2009	10,627	11,075
2010	10,195	10,627
2011	9,962	10,250
2012	9,996	10,391

Note: Budgeted employment levels prior to 2004 are not available.

The annual average number of budgeted employees is not available for 2004.

In lieu of the annual average number of budgeted employees requested, the response includes the budgeted employees as of December 31, 2004.

**Q.**

Please provide the average number of employees by functions including Transmission, Distribution, Production, Customer Operations, and any other identified functions for the years 2009 through 2013. The totals should match the average employee totals shown on MFR Schedule C-35, line 27 for each year.

**A.**

Average Employees by Function - 2009 -- 2012 YTD

	2009	2010	2011	2012	2013
Customer Service	2,330.9	2,239.8	2,185.5	2,125.6	1,998.9
Distribution	2,539.3	2,334.2	2,181.7	2,300.0	2,325.0
Nuclear	1,931.0	1,919.6	1,946.3	1,958.0	1,909.2
Power Generation	1,038.1	1,003.2	997.3	1,084.0	1,095.6
Transmission	715.9	702.3	691.8	744.5	722.0
Other	2,071.4	1,995.9	1,959.0	2,099.9	2,096.3
Total	10,627	10,195	9,962	10,312	10,147
MFR C-35	10,633	10,200	9,971	10,312	10,147

Small variances between above totals and MFR C-35 are due in part to rounding in calculation of average staff by functional group. In addition, totals reported on MFR C-35 inadvertently included several employees for 2009 to 2011 who were inactive.



**AFFIDAVIT**

*Kim Ousdahl*

Kim Ousdahl

State of Florida )

County of Palm Beach )

I hereby certify that on this 15 day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she co-sponsored the answers to Interrogatory Nos. 315-318 from Staff's 9<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15 day of June, 2012.

*Nicole Gregory*  
\_\_\_\_\_  
Notary Public, State of Florida

Notary Stamp:



NICOLE ANDREA GREGORY  
NOTARY PUBLIC  
STATE OF FLORIDA  
Comm# EE173212  
Expires 2/28/2016

**AFFIDAVIT**

  
Kathleen Slattery

State of Florida )

County of Palm Beach )

I hereby certify that on this 19<sup>th</sup> day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kathleen Slattery, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). 314, 319, 321 - 322 and cosponsored 315 - 318 from Staff's 9th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-El, and that the response(s) is/are true and correct based on his/her personal knowledge.

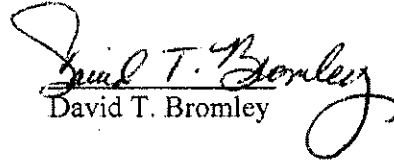
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 19<sup>th</sup> day of June, 2012.

  
Notary Public, State of Florida

Notary Stamp:



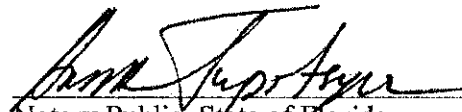
AFFIDAVIT

  
David T. Bromley

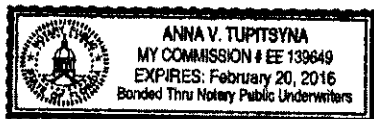
State of Florida            )  
County of Broward        )

I hereby certify that on this 4th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. 320 from the Florida Public Service Commission Staff's Ninth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 4th day of June, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**FPL's Responses to  
Staff's Tenth Set of Interrogatories  
(Nos. 323-329 and 331-336)  
(Including Supplements to 334-336)**

**Q.**

Please refer to MFR schedule No. F-7, Attachment 3 of 13, Column titled "Residential Sales" and FPL's 2012-21 Ten Year Site Plan, Page 41, Schedule 2.1. The summation of 2013 monthly residential sales equals 53,056,007 megawatt hours but the ten year site plan indicates 2013 residential sales of 53,197,000 megawatt hours. Please explain in detail why these amounts are different.

**A.**

These amounts differ because, as explained in a footnote to the schedule, the residential sales shown in Schedule 2.1 represent forecasted energy sales that do not include the impact of incremental conservation from FPL's Demand-Side Management (DSM) programs. As explained on page 26 of FPL witness Morley's testimony the load forecast shown in MRF F-7 includes a line item reduction for the impact from incremental DSM. As discussed on page 40 of FPL's 2012-21 Ten Year Site Plan, a line item reduction to the load forecast is likewise made for the impact from incremental DSM in the Integrated Resource Planning process. Sales by revenue class reported in Schedule 2.1 of FPL's 2012-2021 Ten Year Site do not reflect this line item reduction for incremental DSM. The forecast for net energy for load with a line item adjustment for incremental DSM is shown in column (5) of Schedule 3.3 of FPL's 2012-2021 Ten Year Site Plan. The forecast for net energy for load shown in column (5) of Schedule 3.3 matches the forecast for net energy for load shown in MFR F-7, Attachment 2 of 13.

**Q.**

Please refer to the 2012-2021 Ten Year Site Plan, Schedule 2.2 and MFR Schedule F-07 for questions 324-325.

For purposes of the instant rate proceeding, please state how many medium industrial and large industrial customers does FPL project for 2012 and 2013.

**A.**

FPL projects 1,479 and 1,439 medium and large industrial customers for 2012 and 2013 respectively.

**Q.**

Please refer to the 2012-2021 Ten Year Site Plan, Schedule 2.2 and MFR Schedule F-07 for questions 324-325.

When the customer projections for the medium and large industrial number of customers are summed with the small industrial customer forecast appearing in MFR Schedule F-07, does the result equal the average number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan? If your response is no, please explain in detail why the results do not equal the average number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan.

**A.**

Yes, when the projections for medium and large industrial customers for 2013 are summed with the small industrial customer forecast for 2013 appearing in MFR Schedule F-7, the resulting number matches the number of industrial customers for 2013 appearing in Schedule 2.2 of the 2012-2021 Ten Year Site Plan.

**Q.**

Please refer to MFR Schedule F-07, Attachments 1, 2, 3, 4, 7, 8, 12, and 13. For each of the forecasting models data sets, please describe with specificity the purpose of each "out of model" adjustment and why each adjustments is necessary for completing the forecast.

**A.**

Net Energy for Load (NEL)

Adjustments to the Net Energy for Load forecast include the additional load from new and/or modified wholesale contracts, the loss of load from terminated wholesale contracts, additional load resulting from plug-in electric vehicles and from the Economic Development Rider and Existing Facilities Economic Development Rider, and reductions in load due to FPL's DSM programs and from the implementation of the deployment of smart meters. These adjustments are made to account for load not otherwise reflected in FPL's historical data. Without these adjustments, the forecast would erroneously omit changes in our load we can reasonably expect will occur but are not accounted for by the model. The majority of these adjustment serve to increase the load forecast.

Summer Peak

Adjustments to the summer peak forecast include the additional load from new or modified wholesale contracts, the loss of load from terminated wholesale contracts, additional load resulting from plug-in electric vehicles, and additional load from the Economic Development Rider and Existing Facilities Economic Development Rider. As with the NEL adjustments, these adjustments are made to account for load not otherwise reflected in FPL's historical data. Without these adjustments, the forecast would erroneously omit changes in our load we can reasonably expect will occur but are not accounted for by the model.

Winter Peak

Adjustments to the winter peak forecast include the additional load from new and/or modified wholesale contracts, the additional load resulting from plug-in electric vehicles and from the Economic Development Rider and Existing Facilities Economic Development Rider, and reductions in load resulting from the impact of energy efficiency standards. Again, these adjustments are made to account for load not otherwise reflected in FPL's historical data. Without these adjustments, the forecast would erroneously omit changes in our load we can reasonably expect will occur but are not accounted for by the model.



Total Customers

A very small intercept adjustment was made to the total customer forecast in order to correct a negative pattern in the model residuals.

Customers by Revenue Class

An adjustment was made to the econometric model output of the residential customer forecast to ensure the sum of the revenue classes matches overall total customers derived from the total customer forecast.

Sales by Revenue Class

An adjustment was made to the residential sales forecast for the increase in sales resulting from the deployment of smart meters. This adjustment was made to account for load not otherwise reflected in FPL's historical data. Without this adjustment, the forecast would not reflect the impact of what we can reasonably expect from smart meters.

An intercept adjustment was made to the output of the commercial sales model to address a negative pattern in the residuals. An additional adjustment was made to the commercial sales forecast for the increase in sales resulting from the Economic Development Riders.

An adjustment to the residential and commercial sales was also made to 1) reconcile the billed sales by revenue class forecast with the forecast of total retail billed sales derived from the net energy for load forecast and 2) to reflect the impact of incremental DSM and energy efficiency standards not otherwise reflected in the forecast of residential or commercial sales.

An intercept adjustment was also made to the large industrial sales forecast in order to correct for patterns in the model residuals.

**Q.**

Please refer to MFR Schedule E-15, lines 8-9. What revenue schedules are contained within each rate class?

**A.**

Staff provided clarification that this question should have read: "What rate schedules are contained within each revenue class?". See Attachment No. 1 which reflects the rate schedules & revenue class mix for current customers. Although there are no commercial customers on the CS-3/CST-3 rates currently, these rate schedules are open to commercial customers. FPL does not limit the availability of a rate schedule based on whether the customer is commercial or industrial.

Florida Power & Light Company  
Docket No. 120015-EI  
Staff's Tenth Set of Interrogatories  
Interrogatory No. 327  
Attachment No. 1  
Page 1 of 1

REV CLASS	RATE CODE	RT TARIFF	RATE CLASS
1	11	OL-1	OL-1
1	43	RSDPR-1	RS(T)-1
1	44	RS-1	RS(T)-1
1	45	RST-1	RS(T)-1
2	11	OL-1	OL-1
2	54	CILC-1D	CILC-1D
2	55	CILC-1T	CILC-1T
2	56	CILC-1G	CILC-1G
2	62	GSLD-1	GSLD(T)-1
2	63	GSLD-2	GSLD(T)-2
2	64	GSLDT-1	GSLD(T)-1
2	65	GSLDT-2	GSLD(T)-2
2	68	GS-1	GS(T)-1
2	69	GST-1	GS(T)-1
2	70	GSDT-1	GSD(T)-1
2	71	CS-2	GSLD(T)-2
2	72	GSD-1	GSD(T)-1
2	73	CS-1	GSLD(T)-1
2	74	CST-1	GSLD(T)-1
2	75	CST-2	GSLD(T)-2
2	78	WIES-1	GS(T)-1
2	85	SST-1	SST-1T
2	86	SL-2	SL-2
2	87	SL-1	SL-1
2	90	GSLDT-3	GSLD(T)-3
2	91	GSLD-3	GSLD(T)-3
2	164	HLFT-2	GSLD(T)-1
2	165	HLFT-3	GSLD(T)-2
2	168	GSCU-1	GSCU-1
2	170	HLFT-1	GSD(T)-1
2	264	SDTR-2A	GSLD(T)-1
2	265	SDTR-3A	GSLD(T)-2
2	270	SDTR-1A	GSD(T)-1
2	364	SDTR-2B	GSLD(T)-1
2	365	SDTR-3B	GSLD(T)-2
2	370	SDTR-1B	GSD(T)-1
2	851	SST-1	SST-1D
2	852	SST-2	SST-1D
2	853	SST-3	SST-1D
3	11	OL-1	OL-1
3	54	CILC-1D	CILC-1D
3	55	CILC-1T	CILC-1T
3	56	CILC-1G	CILC-1G
3	62	GSLD-1	GSLD(T)-1
3	63	GSLD-2	GSLD(T)-2
3	64	GSLDT-1	GSLD(T)-1
3	65	GSLDT-2	GSLD(T)-2
3	68	GS-1	GS(T)-1
3	69	GST-1	GS(T)-1
3	70	GSDT-1	GSD(T)-1
3	71	CS-2	GSLD(T)-2
3	72	GSD-1	GSD(T)-1
3	73	CS-1	GSD(T)-1
3	74	CST-1	GSD(T)-1
3	75	CST-2	GSLD(T)-2
3	82	CST-3	GSLD(T)-3
3	85	SST-1	SST-1T
3	90	GSLDT-3	GSLD(T)-3
3	91	GSLD-3	GSLD(T)-3
3	164	HLFT-2	GSLD(T)-1
3	165	HLFT-3	GSLD(T)-2
3	168	GSCU-1	GSCU-1
3	170	HLFT-1	GSD(T)-1
3	264	SDTR-2A	GSLD(T)-1
3	265	SDTR-3A	GSLD(T)-2
3	270	SDTR-1A	GSD(T)-1
3	364	SDTR-2B	GSLD(T)-1
3	365	SDTR-3B	GSLD(T)-2
3	370	SDTR-1B	GSD(T)-1
3	852	SST-2	SST-1D
3	853	SST-3	SST-1D
4	86	SL-2	SL-2
4	87	SL-1	SL-1
5	19	OS-2	OS-2
5	90	GSLDT-3	GSLD(T)-3
6	80	MET	MET

**Q.**

Please refer to MFR Schedule E-15, lines 8-9, and MFR Schedule F-07. What are the customer allocations by rate schedule referenced in MFR Schedule E-15, lines 8-9, which are summed to match FPL's various customer forecasts appearing in MFR Schedule No. F-07?

**A.**

Please refer to FPL's response to Staff's Seventh Set of Interrogatories No. 275 referencing FPL's response to OPC's Second Request for Production of Documents No. 12. The customer forecast by revenue class (e.g. residential, commercial, industrial, etc.) is projected by Load Forecasting and Analysis and is reflected in FPL's response to OPC's Second Request for Production of Documents No. 12 in folder "Rates & Tariffs Rate Dev-Revenue Forecast Files" in the file "Customer Forecast\_2001\_10\_31.xls," on the Sales, Customer, Usage Forecast tab. The total customers from this tab matches the corresponding month and year for total Customer Forecast appearing in MFR No. F-07 Attachment 1 of 13 pages 5 and 6 of 6. The retail customer forecast by rate schedule appears on the tab entitled Customer Forecast, and matches the total jurisdictional customers reflected on the Sales, Customer, Usage Forecast tab.

**Q.**

Please describe in detail how FPL accounts for line losses when planning new generation, transmission, and distribution facilities. In your response, please include the following:

- a. The percentage loss values that are assumed for transmission losses.
- b. The percentage loss values that are assumed for distribution losses.
- c. An explanation of how the values provided for a. and b. are developed and tested.
- d. A comparison of these values to other similarly situated utilities.

**A.**

Losses occur on FPL facilities as the electrical current flows from generators to loads. The farther the generator is from the load, the higher the losses. Since there are numerous generators, transmission elements, and loads distributed on the system, losses vary as a function of generator location and how it is dispatched, the transmission and distribution facilities installed and the load level. When planning new generation, transmission, and distribution facilities FPL considers line losses among many other factors including environmental impact, proximity to fuel and natural resources, utilization of existing infrastructure, and cost, that result in the selection of the project alternative with the lowest overall cost to ratepayers.

When planning new generation, FPL develops resource plans with the new generation options. The economic analyses of these competing resource plans focus on total system economics. When the specific locations of the competing generation options are known, transmission losses are included in the economic analyses. In such cases, transmission line loss (MW) projections are provided by Transmission Planning for peak and average conditions for each resource plan. (The relative transmission line loss impact may be zero if the generation options are of the same size (MW) and located in the same area.) The economic value of different transmission line losses are calculated using projected marginal costs.

Planning for line losses, in terms of both a peak hour line loss value and an annual line loss value, are taken into account in the preliminary cost-effectiveness screening analyses of Demand Side-Management (DSM) programs. These line loss values are not split between Transmission and Distribution for this calculation.

The forecasted values for net energy for load and monthly peak demands used in the resource planning process are values at the generator which already reflect system losses. As such, the forecasted loads used in the resource planning process are inclusive of total system losses, including transmission and distribution losses. No explicit assumptions on the values for transmission losses versus distribution losses are made in conjunction with these forecasts.

When planning new transmission facilities, FPL performs an analysis to determine if the transmission system meets all applicable NERC reliability planning standards, or requires system upgrades, to reliably serve all of its retail and wholesale customer loads. If system upgrades are needed, then various feasible alternatives are developed in order to evaluate which alternative, or combination of alternatives, best meet the NERC requirements and the needs of our customers. The alternatives are then cost estimated for inclusion in an economic decision making matrix designed to evaluate and select a preferred alternative based on minimizing cost, executability, operational flexibility, and community impacts.

When competing alternatives that would have an impact on transmission losses are evaluated, FPL includes in its analysis, a model calculation of total FPL transmission line losses for each alternative being considered. The losses calculated for each alternative are then compared to the losses of the alternative with the least losses in order to compute the incremental losses referenced to the alternative with the least losses. Next, these incremental losses are converted to costs using projected marginal costs, which are then included in FPL's economic evaluation matrix for selection of the preferred alternative. In this way, FPL considers transmission losses in its planning of transmission facilities.

When planning new distribution facilities, FPL relies on optimizing design characteristics of its circuits to minimize distribution line losses. Guidelines for minimizing distribution line losses include utilizing standards/criteria to limit the amount of conductor, customers and loads on a circuit, analysis of system loads to effectively plan and design new feeder routes/installations, conducting proactive volt-ampere reactive (VAR) flow analyses to maintain necessary power factor levels on distribution circuits and following Institute of Electrical and Electronics Engineers (IEEE) standards for resistance and reactance limits on distribution devices and equipment (e.g., transformers). FPL's processes do not assume percentage line loss values.

Since FPL does not use percentage loss values in planning for new facilities, the comparison requested in subpart (d), related to loss values requested in subparts (a) and (b), cannot be provided.

**Q.**

Please describe in detail how FPL accounts for line losses when operating its system on an hour-by-hour basis. In your response, please include the following:

- a. The percentage loss values that are assumed for transmission losses.
- b. The percentage loss values that are assumed for distribution losses.
- c. An explanation of how the values provided for a. and b. are developed and tested.
- d. A comparison of these values to other similarly situated utilities.

**A.**

Losses occur on FPL facilities as the electrical current flows from generators to loads. The farther the generator is from the load, the higher the losses. Since there are numerous generators, transmission elements, and loads distributed on the system, losses vary as a function of generator location and how it is dispatched, the transmission and distribution facilities installed and the load level. When dispatching resources on a real-time basis, FPL uses individual generator penalty factors to account for transmission losses when making its generation dispatch decisions. These penalty factors are recomputed every five minutes and are based on real-time operating conditions. The penalty factors are used along with fuel costs, unit operating efficiency and other variables to determine the most cost effective way to operate the system on a minute to minute basis, including accounting for the impact of transmission losses. FPL does not rely on a fixed transmission loss percentage.

FPL does not directly incorporate a distribution loss percentage into its real-time generation dispatch decisions since the distribution system is operated in a radial configuration with respect to the transmission system. While we continue to improve, no other utility in Florida is situated similarly to FPL from a line loss perspective. Because FPL's service territory covers three quarters of the State of Florida, a comparison to more compact systems would not be appropriate.

**Q.**

Please describe in detail what measures are taken by FPL to minimize line losses on an hour-by-hour basis.

**A.**

Losses occur on FPL facilities as the electrical current flows from generators to loads. The farther the generator is from the load, the higher the losses. Since there are numerous generators, transmission elements, and loads distributed on the system, losses vary as a function of generator location and how it is dispatched, the transmission and distribution facilities installed and the load level. As described in FPL's response to Staff's Tenth Set of Interrogatories No. 331, FPL incorporates generator penalty factors into its generation economic dispatch decision process to properly account for transmission losses when determining how to operate its plants. Similarly, when making economic purchases, the impact on transmission losses is incorporated into the decision through the use of a transmission penalty factor. Additionally, as part of its day-to-day operations, FPL strives to maintain the voltage profile across both its transmission and distribution system through its transmission and distribution reactive sources in order to reduce losses on its facilities. Additionally, FPL actively monitors and maintains its distribution power factors to reduce losses in both the distribution and transmission systems.



Q.

Please provide the values for the table below based on system average values for calendar year 2011. Please note the source of all values.

2011 Total Sales (MWH) =					
System Average Total Losses					
Transmission losses		Distribution losses		Theft/uncollected sales	
MWH	% of total sales	MWH	% of total sales	MWH	% of total sales

A.

2011 Total Sales (MWH) =		105,721,576 <sup>(1)</sup>			
System Average Total Losses					
Transmission losses		Distribution losses <sup>(2)</sup>		Theft/uncollected sales <sup>(2)</sup>	
MWH <sup>(3)</sup>	% of total sales	MWH <sup>(4)</sup>	% of total sales	MWH <sup>(5)</sup>	% of total sales <sup>(5)</sup>
2,771,702	2.62%	3,817,325	3.61%	n/a	n/a

Notes:

<sup>(1)</sup> 2011 Total Sales (MWH). Source: Financial and Operating Report, page 8, Statistics of Revenue, Customers and Sales, Column 12 Months Ended Dec 2011, Line SUBTOTAL RETAIL & WHOLESALE-DELIVERED.

<sup>(2)</sup> Distribution losses include electricity theft and unknown usage.

<sup>(3)</sup> Transmission losses MWH. Source: 2011 Loss Study, Page 3, Col 3, sum of Line 3, 5 & 7

<sup>(4)</sup> Distribution losses MWH. Source: 2011 Loss Study, Page 3, Col 3, Line 16

<sup>(5)</sup> n/a = not available

**Q.**

Please state what was FPL's monthly actual Net Energy for Load and actual Net Energy for Load (weather normalized) from October 2011 through April 2012.

**A.**

The table below lists actual and weather normalized actual Net Energy for Load. Consistent with FPL's obligations to the Securities and Exchange Commission, the information requested for April 2012 will be provided in a supplemental response once it has been publicly released, which is expected to be on or after July 27, 2012.

Month	Net Energy for Load (MWH)	
	Actual without Weather Normalization	Actual with Weather Normalization
Oct-11	9,050,810	9,522,417
Nov-11	8,021,393	8,015,573
Dec-11	7,931,422	8,117,556
Jan-12	7,979,304	8,156,808
Feb-12	7,702,146	7,658,092
Mar-12	8,639,929	8,449,180

**Q.**

Please state what was FPL's monthly actual Net Energy for Load and actual Net Energy for Load (weather normalized) from October 2011 through April 2012

**A.**

The table below lists actual and weather normalized actual Net Energy for Load for April 2012.

**Net Energy for Load (MWH)**

<b>Month</b>	<b>Actual without Weather Normalization</b>	<b>Actual with Weather Normalization</b>
Apr-12	8,505,617	8,547,925

**Q.**

Please state what was FPL's actual monthly total customers, residential customers, commercial customers, small industrial, medium industrial, and large industrial from October 2011 through April 2012.

**A.**

The table below lists actual customers for October 2011 through March 2012 for the customer groups requested. Consistent with FPL's obligations to the Securities and Exchange Commission, the information requested for April 2012 will be provided in a supplemental response once it has been publicly released, which is expected to be on or after July 27, 2012.

	Customers					
	Residential	Commercial	Small Industrial	Medium Industrial	Large Industrial	Total
Oct-11	4,025,416	509,101	7,248	1,258	208	4,546,841
Nov-11	4,027,556	509,402	7,191	1,275	207	4,549,257
Dec-11	4,032,352	509,489	7,148	1,278	207	4,554,107
Jan-12	4,037,796	510,021	7,091	1,280	209	4,560,015
Feb-12	4,043,285	510,239	7,086	1,274	207	4,565,707
Mar-12	4,051,099	510,602	7,138	1,266	207	4,573,930

**Q.**

Please state what was FPL's actual monthly total customers, residential customers, commercial customers, small industrial, medium industrial, and large industrial from October 2011 through April 2012.

**A.**

The table below lists actual customers for April 2012 for the customer groups requested.

	<b>Customers</b>					
	<b>Residential</b>	<b>Commercial</b>	<b>Small Industrial</b>	<b>Medium Industrial</b>	<b>Large Industrial</b>	<b>Total</b>
Apr-12	4,053,654	511,111	7,171	1,261	206	4,577,038

**Q.**

Please state what was FPL's actual monthly residential, commercial, small industrial, medium industrial, and large industrial sales from October 2011 through April 2012.

**A.**

The table below lists actual billed sales for October 2011 through March 2012 for the customer groups requested. Consistent with FPL's obligations to the Securities and Exchange Commission, the information requested for April 2012 will be provided in a supplemental response once it has been publicly released, which is expected to be on or after July 27, 2012.

	Billed Sales				
	Residential	Commercial	Small Industrial	Medium Industrial	Large Industrial
Oct-11	4,694,930	3,896,891	4,933	22,645	222,299
Nov-11	3,596,927	3,478,006	4,545	21,813	223,054
Dec-11	3,630,694	3,515,880	4,079	21,991	220,502
Jan-12	4,000,847	3,546,423	4,326	22,733	222,237
Feb-12	3,390,701	3,282,169	3,766	21,048	221,212
Mar-12	3,701,821	3,475,977	3,954	21,853	216,069

**Q.**

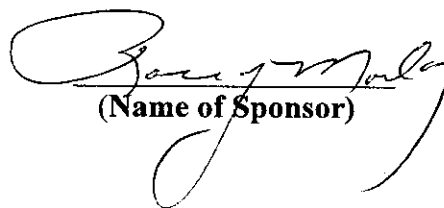
Please state what was FPL's actual monthly residential, commercial, small industrial, medium industrial, and large industrial sales from October 2011 through April 2012.

**A.**

The table below lists actual billed sales for April 2012 for the customer groups requested.

<b>Billed Sales (MWH)</b>					
	<b>Residential</b>	<b>Commercial</b>	<b>Small Industrial</b>	<b>Medium Industrial</b>	<b>Large Industrial</b>
Apr-12	4,090,950	3,670,592	4,109	23,251	222,973

**AFFIDAVIT**

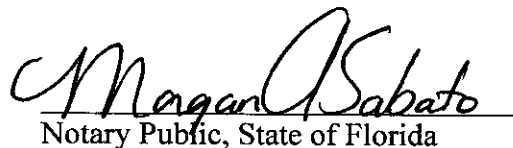
  
(Name of Sponsor)

State of Florida )

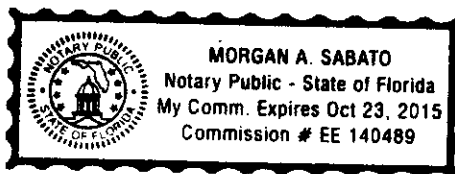
County of Palm Beach )

I hereby certify that on this 19<sup>th</sup> day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Rosemary Morley, who is personally known to me, and she acknowledged before me that she sponsored the answer to Interrogatory Nos. 323, 324, 325, 326, 334, 335, 336, and 337 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 19<sup>th</sup> day of June, 2012.


  
Notary Public, State of Florida

Notary Stamp:





**AFFIDAVIT**

  
**Renae B. Deaton**

State of Florida

County of Palm Beach

I hereby certify that on this 20<sup>th</sup> day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Renae B. Deaton**, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. **327 and 328** from **Staff's Tenth** Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

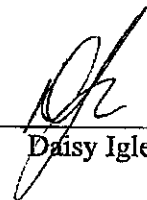
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 20<sup>th</sup> day of June, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

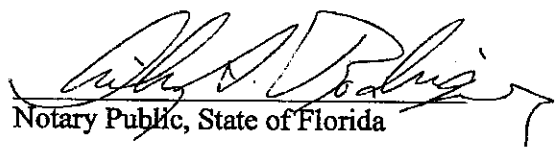
  
\_\_\_\_\_  
Daisy Iglesias

State of Florida            )

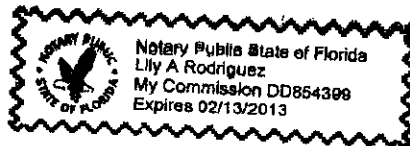
County of Palm Beach    )

I hereby certify that on this 26<sup>th</sup> day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Daisy Iglesias who is personally known to me, and he/she acknowledged before me that he/she cosponsored the answer(s) to Interrogatory No(s). 329 and 330 from Staff's 10th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 26<sup>th</sup> day of June, 2012.

  
\_\_\_\_\_  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT

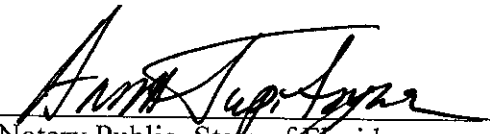
  
David T. Bromley

State of Florida            )

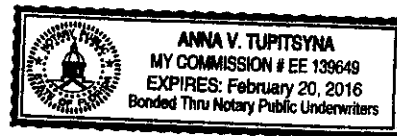
County of Broward        )

I hereby certify that on this 15th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he co-sponsored the answers to Interrogatory Nos. 329 and 330 from the Florida Public Service Commission Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15th day of June, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

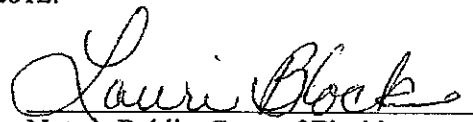
  
\_\_\_\_\_  
Mike Lannon

State of Florida )

County of Palm Beach )

I hereby certify that on this 27 day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Mike Lannon, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 331 & 332 and co-sponsored the answers to Interrogatory Nos. 329 & 330, from Staff's 10<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

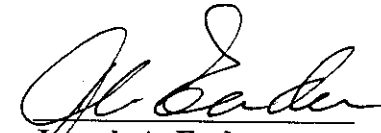
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 27 day of June, 2012.

  
\_\_\_\_\_  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

  
**Joseph A. Ender**

State of Florida

County of Palm Beach

I hereby certify that on this 28<sup>th</sup> day of JUNE 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Joseph A. Ender, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. 333 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

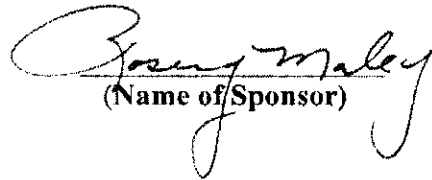
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 28<sup>th</sup> day of June, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**


  
(Name of Sponsor)

State of Florida )

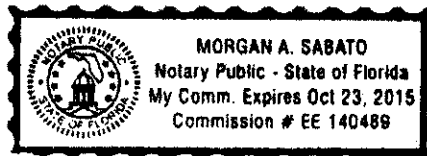
County of Palm Beach )

I hereby certify that on this 1<sup>st</sup> day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Rosemary Morley, who is personally known to me, and she acknowledged before me that she sponsored the answer to Supplemental Interrogatory Nos. 334, 335, and 336 from Staff's Tenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 1<sup>st</sup> day of August, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**FPL's Responses to  
Staff's Eleventh Set of Interrogatories  
(Nos. 338-340, 343-347, 350-352, 354,  
356, 358-360, 363, 364, and 367-388)**

**Q.**

With respect to page 17, lines 2 – 3 of witness Avera's direct testimony, please explain how the customer mix of FPL compares to the customer mix of each of the companies listed on Exhibit WEA-15. For purposes of this response, please identify the customer mix of each of the IOUs listed in Exhibit WEA-15.

**A.**

Dr. Avera's testimony at pages 17, lines 2-3 was part of a general discussion of FPL's utility operations, and did not depend on data concerning the customer mix of the companies listed on Exhibit WEA-15. Accordingly, in the course of preparing his direct testimony, Dr. Avera did not develop any analyses to compare the percentage of sales attributed to various customer classes for the operating utilities included on Exhibit WEA-15. To the extent the requested information is publicly available, it can be obtained from Form 10-K Reports filed with the Securities and Exchange Commission, which can be obtained at:

<http://www.sec.gov/edgar/searchedgar/companysearch.html>.

Additionally, information regarding the customer mix of the companies included in Dr. Avera's Utility Proxy Group is contained in the Value Line reports included as WEA WP-48 to Dr. Avera's workpapers, which were previously provided in FPL's response to Staff's First Request for Production of Documents No. 19.



**Q.**

With respect to page 17, lines 6 – 11 of witness Avera's direct testimony, please explain how the energy requirements of FPL compares to the energy requirements of each of the companies listed on Exhibit WEA-15. For purposes of this response, please identify the energy requirements of each of the IOUs listed in Exhibit WEA-15.

**A.**

Dr. Avera's testimony at pages 17, lines 6-11 was part of a general discussion of FPL's utility operations, and did not depend on data concerning the energy requirements of the companies listed on Exhibit WEA-15. Accordingly, in the course of preparing his direct testimony, Dr. Avera did not develop any analyses to compare the energy requirements of the operating utilities included on Exhibit WEA-15. To the extent the requested information is publicly available, it can be obtained from Form 10-K Reports filed with the Securities and Exchange Commission, which can be obtained at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

**Q.**

With respect to page 18, line 16 through page 19, line 12 of witness Avera's direct testimony, please identify any specific instances when FPL has been denied access to capital markets under reasonable terms as a direct result of the concerns expressed in the above cited testimony.

**A.**

Dr. Avera's testimony at page 18, line 16 through page 19, line 12 discusses risks that investors associate with the electric utility industry generally, and the need for FPL to access capital markets going forward. Dr. Avera is not aware of any instance in which these factors have resulted in FPL being denied access to capital. Indeed, Dr. Avera's testimony observes that FPL's strong financial position and a history of constructive regulation have benefited customers by ensuring efficient and reliable service. Please also refer to FPL's responses to Staff's Eleventh Set of Interrogatories Nos. 367 and 377, which address FPL's experience following the FPSC's 2010 rate order in Docket Nos. 080677-EI and 09130-EI.

**Q.**

With respect to page 73, lines 3 – 8 of witness Avera's direct testimony, was the ROE of 10.0 percent approved in Order No. PSC-10-0153-FOF-EI "too low to attract investors' money?" For purposes of this response, please identify specific examples of instances when FPL was unable to access the capital markets under reasonable terms due to its authorized midpoint ROE of 10.0 percent.

**A.**

As discussed in Dr. Avera's testimony, the 10% ROE approved in Order No. PSC-10-0153, the 10% ROE was unsettling to investors because it was such a low ROE for an electric utility in Florida and the decision was viewed as a departure from the FPSC's tradition of supportive regulation protected from political influence. As described in FPL witness Dewhurst's testimony, the bond rating agencies responded with negative assessments, including downgrades of FPL's bond rating by Moody's and S&P. Value Line informed investors that, "FPL was hit with a harsh rate order," and noted that the "disappointing rate order ... came as a shock." The Value Line Investment Survey at 157 (Feb. 26, 2010). Value Line also noted that FPL Group's stock price suffered a 10% decline, and directly attributed this capital loss to investors to the FPSC's Order. This dramatic share price revaluation and the impact of the rate order on the assessment of the investment community supports Dr. Avera's position that the 10% ROE was unsettling to investors and insufficient to maintain FPL's financial integrity and access to capital, particularly in light of the exposures faced by the Company. See Attachment No. 1 for a copy of the above-referenced Value Line report.

FPL GROUP, INC. NYSE-FPL										RECENT PRICE	P/E RATIO	Trailing: (11.7)	RELATIVE P/E RATIO	DIV YLD	VALUE LINE
<b>4</b> Lowered 11/27/09 <b>2</b> Lowered 2/26/10 <b>3</b> Raised 12/4/09 BETA .75 (1.00 = Market) 2013-15 PROJECTIONS High Price 80 (+70%) Low Price 60 (+30%) Gain 178% Return 71% Insider Decisions Institutional Decisions CAPITAL STRUCTURE as of 8/30/08 Total Debt \$17844 mil. Due in 5 Yrs \$6443.0 mil. LT Debt \$15601 mil. LT Interest \$938.0 mil. (LT Interest earned: 3.4x) Pension Assets-12/08 \$2.50 Bil. Oblig. \$1.60 bil. Pfd Stock None Common Stock 413,347,264 shs. MARKET CAP: \$19 billion (Large Cap) ELECTRIC OPERATING STATISTICS % Change Retail Sales (RWH) Avg. Indust. Use (MWH) Avg. Indust. Prod. per MWH (\$) Capacity at Peak (MW) Peak Load (Summer Awh) Annual Load Factor (%) % Change Customers (yr-end) First Charge Cov. (%) ANNUAL RATES Revenues "Cash Flow" Earnings Dividends Book Value QUARTERLY REVENUES (\$ mil.) QUARTERLY EARNINGS PER SHARE QUARTERLY DIVIDENDS PAID \$ = +										46.38	11.2	(11.7)	0.68	4.3%	157
High: 31.0 36.5 36.8 32.7 34.0 38.1 48.1 55.6 72.8 73.8 60.6 53.9 Low: 20.6 18.2 25.6 22.5 28.8 30.1 35.9 37.8 53.7 33.8 41.5 45.3 LEGENDS 1.34 x Dividends p sh divided by Interest Rate Relative Price Strength 2-40-1 305 Options: Yes Shaded Area: prior recession Latest recession began 12/07 Percent shares traded 15 10 5 % TOT. RETURN 1/10 TMS STOCK INDEX VL ARTILL INDEX 1 yr. -2.0 69.7 3 yr. -5.6 -3.6 5 yr. 49.4 26.6 VALUE LINE PUB., INC. 13-15 Revenues per sh 44.00 "Cash Flow" per sh 10.75 Earnings per sh 4.75 Div'd Decl'd per sh 2.40 Cap'l Spending per sh 17.25 Book Value per sh 43.50 Common Shs Outst'g 432.00 Avg Ann'l P/E Ratio 14.5 Relative P/E Ratio .95 Avg Ann'l Div'd Yield .35% Revenues (\$mil) 19000 Net Profit (\$mil) 2190 Income Tax Rate 20.0% AFUDC % to Net Profit 7.0% Long-Term Debt Ratio 57.0% Common Equity Ratio 43.0% Total Capital (\$mil) 43800 Net Plant (\$mil) 56300 Return on Total Cap'l 8.5% Return on Shw: Equity 11.5% Return on Com Equity 11.5% Retained to Com Eq 6.0% All Div's to Net Prof 40% BUSINESS: FPL Group, Inc. is a holding company for Florida Power & Light (FPL), a utility engaged in the generation, transmission, distribution, and sale of electricity to 4.5 mil. customers in a 27,650-sq.-mi. area in eastern & southern Florida. NextEra Energy Resources is a nonregulated power generator with nuclear, gas, & wind ownership. Rev. breakdown, '08: residential, 53%; commercial, 40%; industrial, 3%; other, 4%. Generating sources, '08: gas, 53%; nuclear, 22%; coal, 8%; oil, 5%; purch., 14%. Fuel costs: 51% of revs. '08 reported deprec. rates: FPL, 3.6%; NextEra, 4.3%. Has 15,300 employees. Chairman & CEO: Lewis Hay, III. President & COO: James L. Robo, Inc. FL Address: 700 Univers Blvd., Juno Beach, FL 33408. Tel.: 561-694-4000. Internet: www.fplgroup.com. FPL was hit with a harsh rate order earlier this year. The utility had requested rate increases of \$1 billion in 2010 and \$250 million in 2011, based on a return on equity of 12.5%. Utilities almost never get everything they request, but it came as a shock when the Florida commission granted FPL a tariff hike of just \$75.4 million this year, based on an ROE in a range of 9%-11%, and no increase in 2011. The poor Florida economy influenced the regulators' decision. The commission also did not extend a regulatory mechanism that automatically adjusts rates to reflect the addition of generating facilities. In response to the disappointing rate order, the utility suspended (but did not cancel) several large projects. The board of directors raised the dividend this month. The board boosted the annual disbursement by \$0.11 a share (5.8%). The directors were able to do this because... The rate ruling did not affect the non-regulated portion of the company's business. FPL Group now gets slightly more than half of corporate profits from its nonregulated activities. Much of the company's nonregulated generation is wind. In 2009, unusually poor wind conditions hurt share net by \$0.25 compared with normal. We assume normal wind conditions this year and next. The company plans to add 1,000 megawatts of wind capacity this year. We expect growth from the nonregulated side of the company to produce a modest earnings gain in 2011. We have cut our 2010 earnings estimate by \$0.20 a share, to \$4.25. That's in response to the disappointing regulatory ruling. Our revised estimate is at the low end of the company's targeted range of \$4.25-\$4.65 a share. This untimely stock is down 10% since our November report. The aforementioned rate order is the main reason. The yield is below average for a utility but, assuming continued dividend growth, this equity should provide above-average total return potential (for a utility) over the period to 2013-2015. We have also cut the company's Financial Strength rating and the stock's Safety rank a notch each, to A and 2 (Above Average), respectively. Paul E. Debbas, CFA February 26, 2010															
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 14.53 15.14 16.51 17.52 18.43 18.03 20.15 24.10 22.74 26.13 28.27 30.00 38.75 37.47 40.13 37.70 37.55 39.00 3.22 3.98 4.21 4.62 5.39 4.86 4.94 5.02 4.51 5.36 5.80 6.18 6.77 6.85 8.03 8.75 8.80 9.30 1.46 1.58 1.67 1.79 1.93 2.04 2.07 2.31 2.01 2.45 2.46 2.32 3.23 3.27 4.07 3.97 4.25 4.30 .34 .88 .92 .96 1.00 1.04 1.08 1.12 1.16 1.20 1.30 1.42 1.50 1.84 1.78 1.89 2.00 2.10 2.03 1.82 1.83 1.52 1.71 2.41 3.70 3.28 3.44 3.75 3.75 4.09 9.22 12.32 12.80 14.45 12.60 13.50 11.25 11.80 12.56 13.32 14.18 15.04 15.91 17.10 17.48 18.91 20.25 21.52 24.49 26.35 28.57 31.25 33.75 36.00 373.14 368.39 365.63 363.53 361.42 357.11 351.53 351.71 365.51 368.53 372.24 394.85 405.40 407.35 408.92 415.00 421.00 422.00 11.3 12.3 13.5 13.5 16.2 13.0 12.8 12.5 14.2 12.6 13.6 17.9 13.7 18.9 14.5 13.4 .74 .82 .85 .78 .84 .74 .83 .64 .78 .72 .72 .95 .74 1.00 .87 .88 5.7% 4.5% 4.1% 4.0% 3.2% 3.9% 4.1% 3.9% 4.1% 3.9% 3.9% 3.4% 3.4% 2.7% 3.0% 3.5% 7082.0 8475.0 8311.0 9630.0 10522 11846 15710 15263 16410 15646 15800 16450 16450 719.0 798.0 710.0 883.4 887.0 901.0 1281.0 1312.0 1639.0 1615.0 1795 1835 31.3% 32.3% 25.6% 29.4% 23.1% 23.8% 23.7% 21.9% 21.5% 16.8% 20.0% 20.0% 40.6% 49.8% 46.7% 55.6% 51.6% 48.6% 49.1% 51.2% 54.2% 55.7% 55.5% 55.0% 57.1% 54.2% 51.5% 44.4% 48.4% 51.4% 50.9% 48.8% 45.8% 44.3% 44.5% 44.0% 9795.0 11099 12408 15895 15564 16538 19521 22015 25514 28272 32000 34600 9934.0 11862 14304 20287 21225 22463 24489 28652 32411 36078 39400 43000 8.6% 8.5% 8.6% 6.7% 7.0% 6.9% 8.0% 7.5% 7.9% 7.0% 7.0% 7.0% 12.4% 12.8% 10.7% 12.7% 11.8% 10.6% 12.9% 12.2% 14.0% 12.4% 12.5% 12.8% 12.6% 13.0% 10.9% 12.5% 11.8% 10.6% 12.9% 12.2% 14.0% 12.4% 12.5% 12.9% 6.3% 7.0% 4.8% 6.4% 5.6% 4.2% 6.9% 6.1% 7.9% 6.5% 6.5% 6.5% 51% 47% 58% 50% 53% 80% 46% 50% 44% 47% 47% 48% (A) Diluted EPS. Excl. nonrecurring gain (losses): '93, (22¢); '00, (5¢); '02, (60¢); '03, 5¢. '07 EPS don't add to full-year total due to rounding. Next earnings report due late Apr. (B) Div's historically paid in mid-Mar., mid-June, mid-Sept., and mid-Dec. = Div'd reinvestment plan available. † Shareholder investment plan available. (C) incl. deferred charges. in '08: \$4.79/sh. (D) in millions, adjusted for stock split. (E) Rate allowed on common equity in '10: 9%-11%; earned on avg. com. eq. '08: 14.5%. Regulatory Climate: Average. Company's Financial Strength A Stock's Price Stability 95 Price Growth Persistence 80 Earnings Predictability 90 © 2010, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product. To subscribe call 1-800-833-0046															

**Q.**

With respect to page 83, lines 11 – 14 of witness Avera's direct testimony, does the converse also hold true, namely, other things equal, a lower debt ratio, or higher common equity ratio, translates into decreased financial risk for all investors?

**A.**

Yes, a higher common equity ratio, or lower debt leverage, results in decreased financial risk, which, in the case of FPL, is necessary to offset other business risk exposures so that the Company can maintain its present credit ratings and financial position.

**Q.**

With respect to page 88, lines 9 – 13 of witness Avera's direct testimony, does FPL's proposed capital structure represent "a strong balance sheet" and provide the company with "one of the best defenses against business and operating risk and potential negative ratings actions?"

**A.**

Yes. As Dr. Avera noted, FPL's customers have benefited from a financial strong utility that has maintained its ability to provide efficient and reliable service, despite political, regulatory, and operational challenges. FPL's policy of maintaining a capital structure that reflects the relatively greater financial strength required to counterbalance the various exposures faced by FPL, including the implications of debt equivalents such as purchased power obligations, is consistent with Moody's guidance.

FPL's capital structure reflects the Company's ongoing efforts to maintain its credit standing and support access to capital on reasonable terms. The reasonableness of FPL's capital structure is reinforced by the ongoing uncertainties associated with the electric power industry, the need to accommodate the specific exposures faced by FPL, and the importance of supporting continued system investment, even during times of adverse industry or market conditions. As Dr. Avera noted (p. 6), the FPSC Staff has previously recognized the benefits of FPL's strong financial position for customers.

**Q.**

With respect to page 85, line 6 through page 86, line 11 of witness Avera's direct testimony, please identify the "S&P adjusted equity ratios" for each of the IOUs listed on Exhibit WEA-15. For purposes of this response, please use the most current information available.

**A.**

Standard & Poor's does not consistently publish debt equivalents for all of the operating companies reflected on Exhibit WEA-15, with reported data reflecting amounts calculated at the holding company level. As a result, Dr. Avera did not develop a capital structure reflecting debt equivalents for the utility operating companies identified on Exhibit WEA-15.

**Q.**

With respect to Exhibit WEA-7 attached to witness Avera's direct testimony, please identify the average for each column (a) through (d).

**A.**

Please refer to Attachment No. 1.



	Company	Dividend Yield	EPS			
			V Line	IBES	Zacks	brtsv
1	Abbott Labs.	3.55%	8.5%	9.3%	8.0%	18.2%
2	Bard (C.R.)	0.88%	8.5%	10.5%	10.9%	20.3%
3	Church & Dwight	1.53%	10.5%	11.4%	11.8%	12.5%
4	Coca-Cola	2.74%	10.0%	8.0%	8.0%	10.3%
5	Colgate-Palmolive	2.67%	10.5%	9.0%	8.8%	6.3%
6	Gen'l Mills	3.18%	8.5%	7.9%	8.0%	9.0%
7	Hormel Foods	1.94%	10.0%	9.5%	9.3%	10.0%
8	Kellogg	3.12%	8.5%	8.8%	9.0%	14.4%
9	Kimberly-Clark	3.94%	7.0%	5.8%	6.7%	12.4%
10	McCormick & Co.	2.26%	14.5%	8.4%	9.0%	20.5%
11	PepsiCo, Inc.	3.32%	9.5%	8.9%	8.0%	11.3%
12	Procter & Gamble	3.22%	10.0%	8.8%	9.0%	5.9%
13	Wal-Mart Stores	2.53%	8.5%	9.0%	12.6%	7.4%
	<b>Average (e)</b>	<b>2.7%</b>	<b>9.6%</b>	<b>8.9%</b>	<b>9.2%</b>	<b>9.5%</b>

(a) www.valueline.com (retrieved Nov. 2, 2011).

(b) www.finance.yahoo.com (retrieved Nov. 3, 2011).

(c) www.zacks.com (retrieved Nov. 7, 2011).

(d) See Exhibit WEA-8.

(e) Excludes highlighted figures.

**Q.**

With respect to page 10, lines 9 – 12 of witness Avera's direct testimony, does the 10 percent ROE reflect the capital markets during the last rate case?

**A.**

As discussed in Dr. Avera's direct testimony, and in the testimony of Mr. Dewhurst, the 10% ROE approved in Order No. PSC-10-0153 was viewed as a departure from the FPSC's tradition of supportive regulation, and widely considered by investors to be the result of political influence rather than reflecting capital market realities or investors' requirements for FPL. Please also refer to FPL's response to Staff's Eleventh Set of Interrogatories No. 343.

**Q.**

Does FPL deserve to be rewarded with a ROE adder, when they are benefitting from low natural gas prices at a time when the fuel mix is not adequately diversified?

**A.**

FPL disagrees with the broad assumptions that underlie this request, i.e., that: (i) FPL's fuel mix is not adequately diversified; (ii) FPL's low cost position is simply due to low natural gas prices; and (iii) the performance adder requested by FPL is in the nature of a "reward."

(i) Whether a system is adequately diversified in terms of fuel mix depends on a number of factors, including current and projected environmental costs and benefits, commodity pricing and supply, and fuel source and transportation reliability. It is understood that such a conclusion may change over time as these factors change and, indeed, that an entire system is not planned and constructed over night; rather, a system is planned and constructed over an extended period of time based on then existing and projected circumstances. In this regard, it is also important to consider the relative geographic and natural resource position of the region in which the utility operates in making such a determination. While no planning process will ever prove to be perfect in hindsight, the collective effect of a series of planning and construction decisions that the Company has made over the years, in conjunction with the oversight and authority of the FPSC, has produced a system that today is producing tremendous value for customers in environmental impacts, price, reliability and overall efficiency. In addition, FPL continues to pursue other resource options such as solar, incremental output from existing nuclear facilities, and new nuclear capacity, subject to the specific economic and other constraints affecting each resource.

(ii) Natural gas comprises a significant portion of the fuel mix of many of Florida's utilities. FPL is able to provide the lowest typical residential bill in the State because of several performance-related factors discussed by multiple witnesses. For example, FPL's decision to modernize and/or replace several of its older, less efficient generating units has provided extraordinary value for customers. Even with low natural gas prices, the improved heat rate (efficiency) performance of its generating fleet provides significant savings to customers. And if gas prices increase, those efficiency improvements will provide even greater value and savings for customers.

Another such factor is FPL's low cost position in non-fuel O&M per kWh. Witness Silagy and Kennedy note that FPL's non-fuel O&M costs are approximately \$1.6 billion lower than the average performance of 28 benchmarked electric utilities.

Regardless of the current level of natural gas prices, the approval of a performance adder is justified for the reasons discussed in Mr. Dewhurst's testimony (pages 47-51).

(iii) FPL's request to receive an ROE performance adder is discussed in detail in Mr. Dewhurst's testimony. The basis for the adder due to FPL's performance is supported by several FPL witnesses, including Mr. Dewhurst. In his pre-filed direct testimony, he states: "FPL is requesting an addition to its proposed authorized ROE of 25 bps to create an incentive for all utilities regulated by the FPSC to achieve superior customer value and to recognize that FPL provides superior customer value. However, FPL is proposing that the adder only be applicable to the extent that FPL maintains the lowest typical customer bill in the state." (Page 47, lines 11-15). Accordingly, the ROE adder is designed to improve the alignment of incentives for regulated utilities with their delivery of customer value, to the long term benefit of customers.

**Q.**

With respect to page 14, lines 5 –6 of witness Avera's direct testimony, what are FPL's "unique characteristics" relative to other Florida utilities that have recently received between a 10.00 to 11.00 percent ROE?

**A.**

Dr. Avera believes that the FPSC's ROE determinations are specific to the evidence presented in each case, with FPL's requested ROE in this proceeding being fully supported in the testimony of witnesses Avera and Dewhurst. Dr. Avera has not performed any analyses or studies to compare the risks faced by FPL with those of other Florida utilities that have recently received between a 10.00 to 11.00 percent ROE, and no such studies were necessary to support his opinions and conclusions. The risks and financial exposures specific to FPL, and the implications for a fair ROE for the Company, were fully articulated in the testimonies of Dr. Avera (pp. 10-11, 21-27, 73-79) and Mr. Dewhurst (pp. 12-40), which document the significant challenges and exposures facing FPL.

**Q.**

With respect to page 21, lines 18 – 19 of witness Avera's direct testimony, are gas pricing still trending up?

**A.**

As Dr. Avera recognized at p. 21, lines 1-9, weaker fundamentals have led to lower power prices, driven in part by lower prices for natural gas. As noted there, the investment community continues to recognize the potential for volatility and higher prices for energy commodities, including natural gas.

**Q.**

With respect to page 26, lines 9 – 13 of witness Avera's direct testimony, please explain how the cost recovery legislative statutes, storm bonds, and storm recovery factors have mitigated this risk?

**A.**

Provisions to address recovery of storm costs are viewed favorable by the investment community because they help to mitigate uncertainty regarding the Company's exposure to the catastrophic damage of tropical storms, and the rapid and far-reaching response that is required in the aftermath of such events. As Fitch recognized, for example, any unfavorable changes in regulatory policies governing storm cost recovery would have negative implications for FPL's credit standing. Please refer to WEA WP-14, which was included in Dr. Avera's workpapers provided in FPL's response to Staff's First Request for Production of Documents No. 19.

**Q.**

With respect to page 77, lines 16 – 19 of witness Avera's direct testimony, please state how this scenario is any different from other utilities in the United States?

**A.**

Dr. Avera's testimony at page 77, lines 16-19 discusses the implications of a mandated shut-down of nuclear generating facilities for FPL and its customers. While other utilities in the U.S. also rely on nuclear power, FPL's situation is distinct from other utilities because of the significant portion of total energy requirements provided by nuclear generation (approximately 20%), and the Company's relative geographic isolation on the Florida peninsula, which limits access to alternative resources. As a result, it is imperative that FPL maintain strong credit and ready access to capital.



**Q.**

With respect to page 77, lines 22 – 23 and page 78, lines 1 – 3 of witness Avera's direct testimony, please state how this is different from tornadoes in the Midwest, earthquakes in California, or ice storms in the northeast?

**A.**

While Dr. Avera agrees that other utilities do face risks associated with natural disasters, investors recognize that FPL's exposure to catastrophic storms is unique in terms of the frequency and the magnitude of the accompanying destruction. While earthquakes pose the potential for widespread destruction, severe events are extremely rare. Similarly, ice storms and tornados can cause significant damage, but are generally more limited in geographic scope and frequency. As a result, weather emergencies that can devastate parts of Florida require that FPL have the financial capability fund enormous recovery efforts.

**Q.**

Please identify the characteristics specific to FPL justifying an additional 100 basis points in ROE relative to the recent Commission decision for Gulf Power Company of 10.25 percent ROE at an equity ratio of approximately 46 percent in Order No. PSC-12-0179-FOF-EI?

**A.**

FPL has not commented on whether the ROE granted to Gulf Power was or was not appropriate to Gulf's unique position.

FPL's testimony speaks to the appropriate rate for FPL's unique situation and is not predicated upon the ROE granted for Gulf Power. The risks and financial exposures specific to FPL, and the implications for a fair ROE for the Company, were articulated in the testimonies of Dr. Avera and Mr. Dewhurst. Some or all of these risk factors apply to other Florida utilities in varying degrees. FPL has not attempted to quantify the differential impact of such risks with respect to a particular utility.

**Q.**

With respect to page 86, lines 13 – 15 of witness Avera's direct testimony, the Utility Proxy Group averaged a common equity 45.9 percent versus FPL's higher equity ratio. Please explain in detail whether FPL concurs with the following Moody's Investor Service statement issued April 9, 2010, "In addition, FP&L's recently awarded 10% ROE is consistent with those granted to some utilities in other parts of the country and its 59.1% equity ratio remains one of the highest in the U.S., mitigating the negative effect of the relatively low base rate increase." See *FPL's response to Staff's 1st Request for Production of Documents (No. 14)*, bates stamped page, Staff 000183 FPL RC-12.

**A.**

Dr. Avera agrees with Moody's that FPL's equity ratio is a key ingredient that helps to mitigate against other risks and challenges confronting FPL, including the risks associated with an unfavorable regulatory order that Value Line considered to be "harsh" and "disappointing" (See FPL's response to Staff's Eleventh Set of Interrogatories No. 343). However, the Company's conservative financial policies did not stop Moody's from downgrading FPL's credit standing in April 2010 in response to the FPSC's actions.



**Q.**

With respect to page 11, lines 1 – 3 of witness Dewhurst's direct testimony, please state if FPL experienced "reduced access to capital markets" as a result of the return on equity (ROE) authorized in Order No. PSC-10-0153-FOF-EI? For purposes of this response, please identify specific examples of when FPL experienced reduced access to capital markets following the issuance of the above referenced Order.

**A.**

The moment the Order was announced, FPL immediately became less competitive and attractive to the capital markets. The efforts of the Company then shifted and moved to repair the damage done by the Order by: (i) reaching out to the investment community; and (ii) simultaneously working to reach a settlement with intervenors that would, at least temporarily, stabilize the negative impact and consequences of the Order. Those efforts produced the settlement supported by the FPSC Staff and ultimately approved by the Commission. Only after the settlement gained support, and the negative impact to FPL to the investment community had been stabilized, did FPL enter the capital markets and issue First Mortgage Bonds in December 2010.

**Q.**

- a. With respect to page 11, lines 16 – 22 of witness Dewhurst's direct testimony, please state if FPL compared its authorized ROE of 10.0 percent to the returns authorized by regulatory commissions around the country in 2010 and 2011? If no, why not?
- b. If FPL did make this comparison, how did FPL's authorized ROE compare to the returns authorized for other investor-owned utilities (IOUs) during 2010 and 2011?

**A.**

- a. Yes, FPL reviewed the authorized ROEs of other investor-owned utilities in the nation, as well as electric utilities in the southeast, and in the State of Florida.
- b. FPL concluded that an authorized ROE of 10% placed FPL among the lowest third in the country, among the very lowest in the southeast, and the absolute lowest in the State of Florida. Witness Dewhurst states on page 44, lines 6-8; that, "In the 2009 rate case, the FPSC approved a midpoint of 10% for FPL, the lowest ROE approved for any Florida electric, telecommunications, or natural gas utility in at least the past 50 years, as shown on Exhibit MD-2." Also, on page 45 lines 8-12, Mr. Dewhurst states the conclusions to these comparisons, "FPL's current allowed ROE of 10% is the lowest of any of the IOU's within Florida. It is also in the bottom third of allowed ROEs nationally." Also see Attachment No. 1 and FPL's response to Staff's Eleventh Set of Interrogatories No. 387.







**Q.**

With respect to page 15, lines 7 – 10 of witness Dewhurst's direct testimony, please describe and list all capital expenditure projects, including the costs, that comprise the capital expenditure programs to which witness Dewhurst refers.

**A.**

The capital expenditure projects referred to in witness Dewhurst's direct testimony on page 15 lines 7 - 10 and on page 37, lines 7 - 10 are FPL's capital expenditures for 2011 through 2013, excluding Nuclear Fuel. A summary table is provided below; detailed descriptions are provided in Attachment No. 1.

**FPL Capital Expenditures 2011 - 2013**

(Dollars in Millions)

	<u>Actual</u> 2011	<u>Budget</u> 2012	<u>Forecast</u> 2013	<u>Total</u> 2011-2013
<b>Capital Projects</b>	3,331.1	3,455.0	2,257.5	9,043.6

Also, note that significant capital expenditures will continue beyond 2013 for large generation projects approved by the Commission and designed to improve customer value.

**Florida Power & Light Company**  
**Docket No. 120015-EI**  
**Staff's Eleventh Set of Interrogatories**  
**Interrogatory No. 369**  
**Attachment No. 1**  
**Tab 1 of 3**

**2011 Capital Expenditures Actual**  
**\$ Millions**

<b>Business Unit / Category</b>	<b>2011 Actual</b>
Power Generation	
Combustion Turbine Outages / Wear Parts	402.0
Equipment Replacements / Major Repairs	128.2
Environmental Clause (ECRC)	87.7
Total Power Generation	617.9
Nuclear	
Maintenance and Reliability	272.8
Extended Power Uprate (EPU)	672.2
Total Nuclear	945.0
Transmission	
Planned Maintenance / Equipment Replacement	73.8
Projects	93.1
Storm Secure	7.2
Nuclear Extended Power Uprate Support	4.1
Other	0.1
Total Transmission	178.2
Distribution	
Maintenance, Restoration and Reliability	264.5
Growth	71.7
Storm Secure	96.1
Total Distribution	432.3
Customer Service	
Advanced Metering Infrastructure	188.5
Other	19.8
Total Customer Service	208.2
Information Management	
SAP One	29.2
Future Enterprise Network Architecture	6.3
Infrastructure Projects	30.1
Other Application Projects	17.4
Total Information Management	83.0
Engineering, Construction & Corp. Svcs. / Project Development	
West County Energy 1 & 2	2.3
West County Energy 3	80.9

<b>Business Unit / Category</b>	<b>2011 Actual</b>
Martin/Manatee Electrostatic Precipitator Project	32.5
Martin Solar Project	7.7
Desoto Solar PV Project	1.5
Turkey Point 6 & 7	22.7
Riviera Modernization	179.6
Cape Modernization	462.6
Port Everglades Modernization	0.7
Real Estate Land Acquisitions & Sales	87.8
Facilities Management Projects	25.1
Other Renewable Projects	0.8
Other	2.8
Total Engineering, Construction & Corp. Svcs. / Project Development	907.0
Location 10	
St. Lucie Participation Credit	(42.2)
Other	(0.9)
Total Location 10	(43.2)
Other - Misc	2.7
<b>Total Capital Projects Excluding Nuclear Fuel</b>	<b><u>3,331.1</u></b>

Note: Sub-Totals and Totals may not foot due to rounding.

**Florida Power & Light Company**  
**Docket No. 120015-EI**  
**Staff's Eleventh Set of Interrogatories**  
**Interrogatory No. 369**  
**Attachment No. 1**  
**Tab 2 of 3**

**2012 Capital Expenditures Budget**  
**\$ Millions**

<b>Business Unit / Category</b>	<b>Budget</b>
Power Generation	
Combustion Turbine Outages / Wear Parts	215.2
Equipment Replacements / Major Repairs	146.3
Environmental Clause (ECRC)	36.0
Total Power Generation	397.5
Nuclear	
Maintenance and Reliability	245.8
Extended Power Uprate (EPU)	863.2
Total Nuclear	1,109.0
Transmission	
Planned Maintenance / Equipment Replacement	68.2
Projects	113.5
Storm Secure	4.5
Nuclear Extended Power Uprate Support	7.6
Total Transmission	193.8
Distribution	
Maintenance, Restoration and Reliability	271.5
Growth	66.2
Storm Secure	97.8
Total Distribution	435.5
Customer Service	
Smart Meter Project	190.8
Other	22.3
Total Customer Service	213.0
Information Management	
Infrastructure Projects	42.2
Application Projects	25.0
ECCR Application Projects	2.3
Total Information Management	69.5
Engineering, Construction & Corp. Svcs. / Project Development	
Riviera Modernization	550.5

**2012 Capital Expenditures Budget**  
**\$ Millions**

<b>Business Unit / Category</b>	<b>Budget</b>
Cape Modernization	321.5
Port Everglades Modernization	55.4
Martin ESP Project	1.8
Manatee ESP Project	60.8
Turkey Point 6 & 7	32.7
Hendry County New Generation (Proj Dev)	2.2
Hendry County Land Acquisition	35.0
Real Estate Land Acquisitions & Sales	4.0
Facilities Management Projects	8.7
Other	1.5
<b>Total Engineering, Construction &amp; Corp. Svcs. / Project Development</b>	<b>1,074.0</b>
Location 10	
St. Lucie Participation Credit	(45.2)
Other	0.2
<b>Total Location 10</b>	<b>(45.0)</b>
Other - Misc.	7.8
<b>Total Capital Projects Excluding Nuclear Fuel</b>	<b><u>3,455.0</u></b>

Note: Sub-Totals and Totals may not foot due to rounding.

**Florida Power & Light Company**  
**Docket No. 120015-EI**  
**Staff's Eleventh Set of Interrogatories**  
**Interrogatory No. 369**  
**Attachment No. 1**  
**Tab 3 of 3**

**2013 Capital Expenditures Forecast**  
**\$ Millions**

<b>Business Unit / Category</b>	<b>Forecast</b>
Power Generation	
Combustion Turbine Outages / Wear Parts	206.5
Equipment Replacements / Major Repairs	164.8
Environmental Clause (ECRC)	8.7
Total Power Generation	380.0
Nuclear	
Maintenance and Reliability	226.8
Extended Power Uprate (EPU)	47.7
Total Nuclear	274.5
Transmission	
Projects	33.4
Planned Maintenance	67.4
Storm Secure	4.7
Infrastructure	77.2
ECRC	0.1
Total Transmission	182.8
Distribution	
Growth	85.0
Maintenance, Restoration and Reliability	238.4
Storm Secure	109.4
Total Distribution	432.7
Customer Service	
Advanced Metering Infrastructure	69.2
Other	26.0
Total Customer Service	95.1
Information Management	
Infrastructure Projects	14.3
Application Projects	57.1
ECCR Application Projects	2.3
Total Information Management	73.8
Engineering, Construction & Corp. Svcs. / Project Development	
Riviera Modernization	466.7

**2013 Capital Expenditures Forecast**  
**\$ Millions**

<b>Business Unit / Category</b>	<b>Forecast</b>
Cape Modernization	80.6
Port Everglades Modernization	87.1
Martin U1 Electrostatic Precipitator - ECRC	37.9
Martin U2 Electrostatic Precipitator - ECRC	3.0
Manatee U1 Electrostatic Precipitator - ECRC	26.1
Turkey Point Units 6&7	29.6
Hendry County Land Acquisition	35.0
Corporate PGA - Master Plan (Building)	15.0
Corporate Data Center (Building)	30.0
Other Real Estate Land Acquisitions & Sales	14.3
Facilities Management Projects	11.6
Total Engineering, Construction & Corp. Svcs. / Project Development	837.0
Location 10	
St. Lucie Participation Credit	(21.4)
Total Location 10	(21.4)
Other - Misc.	3.0
<b>Total Capital Projects Excluding Nuclear Fuel</b>	<b><u>2,257.5</u></b>

Note: Sub-Totals and Totals may not foot due to rounding.

**Q.**

With respect to page 16, lines 13 – 20 of witness Dewhurst's direct testimony, please describe how FPL's "utilization of nuclear power" compares to other IOUs that operate nuclear power plants in the United States. For purposes of this response, identify the percentage by capacity and by actual energy supply for each IOU that operates nuclear power plants in the U.S.

**A.**

Please see FPL witness Reed's testimony for the study comparing FPL's nuclear exposure. Witness Reed's results indicate that: "In every year of my analysis, FPL's percentage nuclear generation is ranked first in the Florida Group. This places significant pressure on FPL's cost structure relative to its peers in the region. In comparison to the Straight Electric Group, FPL is in the second quartile each year." (Page 20, lines 9 – 13). Also, please see FPL's response to Staff Ninth Request for Production of Documents No. 65 that has nuclear ownership in the U.S.



**Q.**

With respect to page 16, lines 13 – 20 of witness Dewhurst's direct testimony, please identify the percentage of nuclear power by capacity and by actual energy supply for each company listed in Exhibit WEA-4 attached to witness Avera's direct testimony. In your response, also provide the percentage of nuclear power by capacity and by actual energy supply for each of the IOUs listed in Exhibit WEA-15 attached to witness Avera's direct testimony.

**A.**

Please see Attachment No. 1, which provides the percentage of nuclear power by capacity and by actual energy supply for each company listed in Exhibit WEA-4. Higher allowed returns for utilities with nuclear generation are consistent with FPL's position that investors perceive additional risks and complexities associated with nuclear operations. A comparison of nuclear power was not performed on Exhibit WEA-15.

Peer Companies Listed in Exhibit WEA-14

	<u>Company</u>	<u>ROE</u>	<u>% Ownership (MW)</u>	<u>% Generation Produced (MW-hrs)</u>
1	Alliant Energy	10.40%	No Nuclear	No Nuclear
2	Consolidated Edison	10.15%	No Nuclear	No Nuclear
3	Dominion Resources	11.05%	21%	43%
4	Integrus Energy Group	10.25%	No Nuclear	No Nuclear
5	ITC Holdings Corp.	N/A	No Nuclear	No Nuclear
6	NextEra Energy, Inc.		13%	24%
7	OGE Energy Corp.	10.35%	No Nuclear	No Nuclear
8	PG&E Corp.	11.35%	30%	51%
9	SCANA Corp.	11.00%	11%	19%
10	Sempra Energy	10.70%	12%	24%
11	Southern Company	12.01%	8%	16%
12	Vectren Corp.	10.40%	No Nuclear	No Nuclear
13	Wisconsin Energy	10.25%	No Nuclear	No Nuclear
14	Xcel Energy, Inc.	10.29%	9%	16%

ROE Average for Companies with Nuclear 11.07%

ROE Average for Companies without Nuclear 10.30%

Source: SNL Financial

**Q.**

With respect to page 20, lines 8 – 20 of witness Dewhurst's direct testimony, please identify and list FPL's average draws on the credit lines by month for the calendar years 2009, 2010, and 2011, and the first quarter of 2012.

**A.**

Please see FPL's response to SFHHA's First Set of Interrogatories No. 3, which provides monthly data on commercial paper issuances (supported by credit lines) beginning January 2007 through March 2012 (first quarter, 2012).

**Q.**

With respect to page 21, lines 6 – 12 of witness Dewhurst's direct testimony, please identify the percentage of natural gas that FPL receives from on-shore sources?

**A.**

FPL currently receives approximately 74% of its natural gas supply from on-shore sources.

**Q.**

Please state whether the risk to which witness Dewhurst refers, on pages 22 and 23 of his direct testimony, unique to FPL or common to all Florida utilities?

**A.**

All electric utilities in Florida have an exposure to weather conditions and electrical transmission interconnections. What makes FPL unique is the level and degree to which FPL is exposed to these risks. FPL is exposed to tropical storms and hurricanes along a much longer coast line that wraps from Fort Myers on the Florida's west coast and then up the Atlantic coast to the south of Jacksonville. No other Florida utility has that kind of storm exposure. Similarly, no other Florida utility has as much load that depends on long distance transmission capacity.

**Q.**

With respect to page 22, lines 4 – 10 of witness Dewhurst's direct testimony, please explain why the Commission denied FPL's petition. See page 5 of Order No. PSC-09-0715-FOF-EI, in Docket No. 090172-EI.

**A.**

FPL cannot presume to know all of the reasons why the prior Commission rejected the proposal. FPL believed then and continues to believe that approving the proposal and building the pipeline would have been beneficial for its customers.

**Q.**

With respect to page 29, lines 18 – 22 of witness Dewhurst's direct testimony, please describe by whom the ROE midpoint of 10% was viewed as inconsistent both with past practice and with good policy.

**A.**

Equity investors, fixed-income investors and ratings agencies viewed the prior Commission's Order authorizing the 10% ROE as inconsistent with past practice and good policy.

The ROE approved by the prior Commission in the March 2010 Order was the lowest ROE approved for any Florida electric, telecommunications or natural gas utility in at least the past 50 years. This marked inconsistency in the Florida regulatory process and climate certainly was noticed and discussed by the investment community and by the credit ratings agencies. Moody's noted the deterioration of political and regulatory support on the ROE and even commented on the fact that the prior Commission seemed to move easily beyond Staff's recommendations in order to produce a lower result.

"The rate case was plagued by controversy and political intervention, with the Governor vocally opposing the utility's request and interfering with the independence of the regulatory process. The FPSC with two new commissioners over-ruled its staff recommendations in several respects, including return on equity and storm fund accruals." (Moody's Global Credit Research – 12 Apr 2010).

In a March 2010 press release, Fitch states that "The adequacy of ROE authorized to regulated utilities by state regulatory commissions is important for fixed-income investors. In cost or service regulation the ROE provides a cushion for bondholders against deviations in operating expenses, electricity sales, and other adverse circumstances, and contributes to the differentiation in ratings." (Fitch press release, March 22, 2010 and in MPD testimony, page 10, lines 14-21).

Fitch makes its clear that ROE is a key criterion in evaluating credit ratings as it provides key support to fixed-income investors.

Standard & Poor's noted the importance with respect to credit support of FPL and therefore ROE when it stated:

"Regulatory risk, the most important risk a utility faces, has been well managed by FP&L but has risen of late as regulators have reacted to weak economic conditions and keener attention to the political arena with at series of decisions for FP&L that fall short of the very sound record of past support for credit quality." (S&P, Research Update: March 11, 2010).

In all of these examples, the rating agencies illustrate the departure from supportive past practices of the regulatory process in Florida and also include in that view the importance of ROE in evaluating that credit support. The examples above indicate that the 10% ROE authorized by the commission at that time was inconsistent with the past process and detrimental to FPL credit ratings.

**Q.**

With respect to page 30, lines 8 – 11 of witness Dewhurst's direct testimony, please state whether investors have avoided investing in FPL following the issuance of Order No. PSC-10-0153-FOF-EI.? If so, please explain.

**A.**

Yes, as an immediate result of the Order many investors have avoided investing, or have invested smaller amounts, in FPL.

With respect to equity markets, Value Line noted in its February 26, 2010 write-up that "FPL was hit with a harsh rate order earlier this year....Utilities almost never get everything they request, but it came as a shock when the Florida commission granted FPL a tariff hike of just \$75.4 million this year, based on an ROE in a range of 9%-11% and no increase in 2011."

In response to the rate Order; Value Line cut its 2010 earning estimate by \$0.20, lowered the company's Financial Strength rating and the stock's safety rank by a notch each. Finally, Value Line noted that the stock was down 10% since last November (2009) and that the rate order was the main reason for the decrease. It is apparent that equity investors avoided and/or reduced their investment in FPL due to the prior Commission's order.

In addition, the Order caused the subsequent downgrade of FPL's commercial paper credit rating by Standard & Poor's to A-2 from A-1 (see FPL's response to OPC's Third Set of Interrogatories No. 67). This created a "split-rating" for FPL for this type of credit. FPL's commercial paper dealer/brokers indicated that some money-market investors are, by policy, prohibited from investing in firms with lower, and/or split-credit ratings. In these instances, these firms were required by their investment policies to avoid investments in FPL.

With respect to long-term debt markets, the Company did not enter into the capital markets to issue debt until well after the order was issued (see FPL's response to Staff's First Set of Interrogatories No. 5). There was, however a clear effort to work to settle and stabilize the negative impact of the Order. When the Company did issue long term debt in the form of first mortgage bonds it was in December 2010, well after the order and after the Settlement had been announced and vetted through the investment community. The stabilizing impact of the Settlement, the structure of which enabled the Company to earn 11% through the period of the settlement, is reflected in a comment written by Standard & Poor's in August 2010:

"An August 2010 settlement with the state Attorney General and other crucial intervenors that will freeze base rates through 2012 and begin the recovery of the costs of a large new gas-fired plant coming into service in 2011 should, if accepted, provide a stable base for maintaining financial performance and credit metrics consistent with ratings. The settlement also suggests that regulatory risk has stabilized, too." (S&P, RatingsDirect August, 24, 2010, page 3).



FPL did not enter into the long term debt markets until after the Company was able to: (i) work-out a settlement with interveners; (ii) gain the support of the FPSC Staff; and (iii) address the issues and concerns of the investment community.

Please see Attachment No. 1.

**Q.**

With respect to page 30, lines 14 - 16 of witness Dewhurst's direct testimony, please identify specific instances when FPL was denied "timely, unfettered and competitive access to capital markets" following the issuance of Order No. PSC-10-0153-FOF-EI.

**A.**

The issuance of Order No. PSC 10-0153-FOF-EI made FPL immediately less attractive to investors and less competitive in the capital markets. FPL was denied timely, unfettered and competitive access to capital market subsequent to the issuance of the Order. Also, please see FPL's responses to Staff's Eleventh Set of Interrogatories Nos. 367 and 377.

**Q.**

With respect to page 31, lines 1 - 4 of witness Dewhurst's direct testimony, please define "superior operating performance," and identify to whom or what FPL is superior.

**A.**

First, for purposes of aligning ROEs with "operating performance," FPL believes that the PSC should look to the totality of a utility's performance; that is, delivering value to its customers. Please see page 47 (lines 20-21): "Chief among these (operating performance measures) are reliability of service, cost or affordability, and customer service quality."

Second, as noted on page 48 (lines 21-23) of Mr. Dewhurst's testimony, FPL witness Reed provides a detailed analysis regarding FPL performance relative to other utilities. Witness Reed, in his testimony, provides key criteria in assessing superior operating performance. As an example of this performance, FPL witness Reed addresses the Company's overall O&M costs. His benchmarking shows that FPL has out-performed similarly-sized companies across an array of financial and operational metrics. Specifically, in terms of O&M expense performance, FPL is the top performer in Florida, and is consistently ranked in the top quartile among comparable companies nationwide. The benefits of FPL's strong performance are indeed substantial. For 2010 alone, if FPL had been just an average performer among the 28 benchmarked electric companies instead of having exceptional performance, FPL's non-fuel O&M costs would have been approximately \$1.6 billion higher than actual costs.

Another example is FPL's fossil fleet generation performance, as addressed by FPL witness Kennedy, which has resulted in significant savings to customers, thereby reducing the potential impact of a base rate increase. The transformation of FPL's fossil fleet over time has resulted in substantial improvements to operating performance by reducing heat rate, CO<sub>2</sub> and other air emissions, forced outage rate and total non-fuel O&M costs. As an illustration, compared to FPL's efficiency just 10 years ago and using a conservative annual fuel cost of \$3.5 billion, FPL's industry-leading performance in lowering the Company's heat rate represents customer savings of about 19 percent or approximately \$650 million in 2011. And while these are fuel savings and not base rate savings, they arise from FPL's investments in highly efficient generation, directly benefiting customers and in turn, helping to minimize the impact of a base rate increase on customer bills.

**Q.**

With respect to page 35, lines 12 - 23 of witness Dewhurst's direct testimony, please explain how the ratings two years ago are relevant to FPL's instant petition for a rate increase.

**A.**

The ratings actions from 2010 affect the Company and its customers and are relevant to the request for rate relief in two ways:

First, as a result of the credit downgrades, FPL's financial strength was immediately and negatively impacted due not only to the case result, but the perception of the regulatory process that produced the Order. The Settlement Agreement helped to mitigate the negative results of the Order and the effects of the downgrades. However, the Settlement Agreement expires at the end of 2012. Rate relief in 2013 is required to address the continued increase in costs and fair cost of capital that the Settlement Agreement helped to bridge through 2012.

Second, the downgrade still negatively resonates with FPL's investors, and the credit rating agencies. The investment community and the rating agencies are watching and evaluating the current FPL rate case and the regulatory proceedings associated with this rate case. They remain optimistic that the regulatory climate, a significant factor in their evaluation and ratings of a Company's debt, has stabilized and may be returning to one that encourages investment and high quality service among utilities. Another unreasonable outcome would be a major setback in investors' view of the regulatory environment in Florida.

**Q.**

With respect to page 36, lines 1 - 6 of witness Dewhurst's direct testimony, please list the commercial paper rate FPL was paying prior to the issuance of Order No. PSC-10-0153-FOF-EI and the commercial paper rate FPL is paying currently. In your response, state whether the downgrade in commercial paper rating has been reflected in FPL's commercial paper rate and access to capital.

**A.**

In his testimony on page 36, lines 6 – 9; witness Dewhurst stats that' "The downgrade in FPL's commercial paper rating implies greater risk to investors which leads to (1) increased credit spreads and (2) the potential for a reduced access to short-term liquidity."

The impact to FPL's commercial paper rates following the order (Mid-March) are shown in the table below:

**Commercial Paper Rates**  
**Weighted Average Rate by month\***

<b>Sept. 2009 Through Feb. 2010</b> (a)	<b>Apr. 2010 Through Sept. 2010</b> (b)	<b>Oct. 2011 Through Mar. 2012</b> (c)
0.186%	0.331%	0.225%
0.168%	0.360%	0.209%
0.142%	0.352%	0.231%
0.152%	0.392%	0.219%
0.163%	0.335%	0.216%
0.188%	0.312%	0.220%
<b>0.167%</b>	<b>0.347%</b>	<b>0.220%</b>

\* For rates, see response to SFHHA First Set of Interrogatories No. 3, attachment.

The table above depicts the CP rates for FPL for the six months just prior to the Order (column a), six months immediately after the Order (column b) and the latest six months ended March 2012 (column c). The averages for the periods are 0.167%, 0.347% and 0.220%. This table illustrates that immediately after the Order, CP rates for FPL jumped by 0.18% and that they have not yet fallen to pre-Order levels.

As regards to witness Dewhurst's second point, please refer to FPL's response to Staff's Eleventh Set of Interrogatories No. 377, which states that FPL's CP dealers have indicated that due to the "split-rating" now in effect for FPL after the Order, some CP investors are prohibited from investing in FPL commercial paper.

**Q.**

With respect to page 37, lines 18 – 22 of witness Dewhurst's direct testimony, please list FPL's earned ROE for each month following the issuance of Order No. PSC-10-0153-FOF-EI.

**A.**

FPL's earned regulatory ROE for each of the months following the issuance of Order No. PSC-10-0153-FOF-EI as reported in FPL's monthly earnings surveillance report filed with the Commission are as follows:

YEAR	LEDGER_MONTH	REP000480 - RETURN ON COMMON EQUITY (AVERAGE)
2010		
	201003	11.00%
	201004	10.77%
	201005	11.28%
	201006	11.43%
	201007	11.68%
	201008	11.79%
	201009	11.34%
	201010	11.16%
	201011	11.00%
	201012	11.00%
2011		
	201101	11.00%
	201102	11.00%
	201103	11.00%
	201104	11.00%
	201105	11.00%
	201106	11.00%
	201107	11.00%
	201108	11.00%
	201109	11.00%
	201110	11.00%
	201111	11.00%
	201112	11.00%
2012		
	201201	11.00%
	201202	11.00%
	201203	11.00%

**Q.**

With respect to page 38, lines 16 – 22 of witness Dewhurst's direct testimony, please list FPL's EBITDA for each quarter in 2010 and 2011

**A.**

Earnings before Interest, Taxes (Income Taxes), Depreciation, and Amortization for Florida Power & Light for each quarter in 2010 and 2011 are shown below:

	2011	2010
1st Quarter	548	622
2nd Quarter	783	694
3rd Quarter	955	917
4th Quarter	588	624
Full Year	2,874	2,857

The amounts were calculated based on our GAAP financials presented in our filings with the Securities & Exchange Commission (SEC).

**Q.**

With respect to page 39, lines 8 – 16 of witness Dewhurst's direct testimony, please explain how FPL's cost of raising capital to conduct utility operations is "borne by FPL's shareholders"

**A.**

FPL incurred added costs and expenses to ensure and improve the liquidity of the Company. These actions were taken as a direct result of the Order and the subsequent credit downgrade of FPL. As noted on page 39, lines 9 -16, witness Dewhurst states:

"FPL took actions to lessen pressure on its short term credit facility and improve its liquidity. First, FPL borrowed \$250 million on its revolving credit facility on March 11, 2010, when Standard & Poor's downgraded FPL's credit ratings. Next FPL added a substantial global credit facility (\$500 million) and issued new first mortgage bonds. These actions were directed at re-establishing reasonable assurance that the Company would have adequate liquidity to support customer electric needs."

The steps outlined above by witness Dewhurst were a direct result of the Order. None of the actions noted above had been planned or anticipated and were not contemplated in any rate case filing. In this way, the burden and costs of the actions taken to assure access to capital markets and provide sufficient liquidity were borne by FPL shareholders.



**Q.**

With respect to page 40, lines 8 – 10 of witness Dewhurst's direct testimony, does this statement mean that FPL is "a utility with above average risk?"

**A.**

Mr. Dewhurst's conclusion at page 40, lines 8-10 that "the authorized ROE should be re-set to a level more consistent with the true opportunity cost of capital for a utility with above average risk" is supported by the balance of his testimony beginning on page 12 through page 40, which documents the significant challenges and exposures facing FPL, and which distinguish the Company from the average utility. These risks and exposures were also reviewed and addressed by Dr. Avera in determining the recommended ROE range for FPL. (*See, e.g.* witness Avera Testimony page 80, lines 3-7, where he concludes, "In addition, my assessment also reflects the specific risks and exposures faced by FPL, and the need to consider the importance of maintaining FPL's financial flexibility.")

**Q.**

- a. With respect to page 41, lines 8 – 12 of witness Dewhurst's direct testimony, do capital expenditure programs of electric utilities typically exceed their internally generated cash flows or is this unique to FPL?
- b. Does FPL typically fund its capital expenditure programs with funds generated from internal cash flows?

**A.**

- a. Electric utility expenditure programs may at times exceed the internally generated cash flows. This is not unusual for utilities that have had and/or are (i) expecting growth in demand as may occur with demographic trends increasing population in a utility's service territory, (ii) cost recovery in the aftermath of storms such as hurricanes, or (iii) construction programs to modernize or improve infrastructure so as to improve efficiency and/or reliability of its generation, transmission or distribution systems.
- b. FPL's capital expenditure program is one of the largest in the country (see Attachment No. 1; source Ventyx Generating Unit Capacity Dataset). FPL naturally looks first to internally generated cash flows but must ultimately fund its capital expenditure programs with funds generated from both internal sources of cash and, as noted in the testimony, from the capital investment community. To meet customer needs at the high level FPL believes customers want and deserve, FPL must continue to have strong and consistent access both to internally generated funds and the capital markets. This access to, internal cash flows, short term and long term capital markets ultimately provides superior economic benefits to FPL customers.

**Q.**

With respect to page 43, lines 9 – 14 of witness Dewhurst’s direct testimony, please identify “the other utilities in Florida and in southeastern states” the witness is referring to in his testimony. For purposes of this response, please identify each IOU, its currently authorized ROE, and the date the ROE was established.

**A.**

The response to the comparison to “other utilities in Florida,” can be found in witness Dewhurst statements noted on page 44, lines 9 – 14 on page 44, lines 6 – 8: “In the 2009 rate case, the FPSC approved a midpoint ROE of 10% for FPL, the lowest ROE approved for any Florida electric, telecommunications, or natural gas utility in at least the past 50 years, as shown on Exhibit MD-2.” Exhibit MD-2 provides details of Florida Electric, Gas and Telephone Utilities by company, Docket Number, Order Number, Date of Order, allowable Return on Equity and Range, beginning from 1960.

Also, please see FPL's response and attachments to Staff's Eleventh Set of Interrogatories No. 368, and also please see the schedule (below) depicting southeastern states authorized ROEs for electric companies for 2010, 2011 and through March 2012.

**Recent Authorized ROE for the Southeast region of the U.S.**

<b>State</b>	<b>Company</b>	<b>Date</b>	<b>ROE Authorized</b>
Virginia	Appalachian Power	1/3/2012	11.40%
Virginia	Virginia Electric & Power	3/16/2012	12.40%
Florida	Gulf Power Company	2/27/2012	10.25%
Florida	Florida Power & Light	3/17/2010	10.00%
Florida	Progress Energy	3/5/2010	10.50%
Alabama	Alabama Power	3/5/1990	13.75%
Mississippi	Mississippi Power	12/3/2001	12.88%
Georgia	Georgia Power	12/29/2010	11.15%
South Carolina	Duke	1/25/2012	10.50%
South Carolina	S.C. Electric & Gas	9/30/2011	11.00%
North Carolina	Virginia Electric & Power	12/13/2010	10.70%
North Carolina	Duke	1/27/2012	10.50%
<b>Average (Including FPL)</b>			<b>11.25%</b>
<b>Average (Excluding FPL)</b>			<b>11.37%</b>

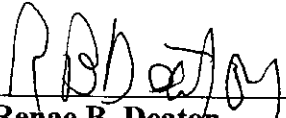
**Q.**

With respect to page 46, lines 7 – 8 of witness Dewhurst's direct testimony, please define "penalized" and explain how FPL has been "penalized" or placed in a serious disadvantage."

**A.**

Mr. Dewhurst is referring to the perception in the investment community that the prior Commission's decision was punitive. The term "serious disadvantage" does not appear on page 46 of his testimony. The punitive perception is based on the fact that FPL is recognized as: (i) providing superior customer value; (ii) having the lowest typical bill in the State; but (iii) was "penalized" when the FPSC authorized the lowest ROE in the State in modern memory. Instead of being rewarded for its strong customer focus and superior value, as well as the lowest typical bill in the State, FPL was inexplicably punished by the Order. FPL was able to somewhat mitigate the impact of this decision through a settlement agreement that enabled the Company to earn 11% through the term of the agreement. With the expiration of that agreement and no further bridge to address the rising cost structure that FPL faces, the requested increase in base rates is necessary, along with an adjustment to its authorized rate of return, so as to avoid disadvantaging FPL.

**AFFIDAVIT**

  
**Renae B. Deaton**

State of Florida

County of Palm Beach

I hereby certify that on this 19<sup>th</sup> day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Renae B. Deaton**, who is personally known to me, and she acknowledged before me that she sponsored the answer to Interrogatory No. 366 from **Staff's Eleventh** Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 19<sup>th</sup> day of June, 2012.

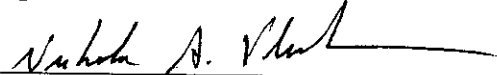
  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

Sponsor:

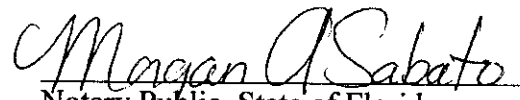
  
**Nicholas Vlisides**

State of Florida

County of Palm Beach

I hereby certify that on this 5<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Nicholas Vlisides**, who is personally known to me, and he acknowledged before me that he sponsored the answer(s) to **Interrogatory No. 364, 371 and 379** from **Staff's 11th Set of Interrogatories** to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 5<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT

*Kim Ousdahl*

Kim Ousdahl

State of Florida )

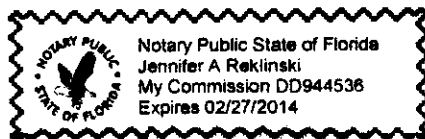
County of Palm Beach )

I hereby certify that on this 30 day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 382-383 from Staff's 11<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3<sup>rd</sup> day of July, 2012.

*Jennifer A Reklinski*  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT

Andrew Dillman  
Andrew Dillman

State of Florida )

County of Palm Beach )

I hereby certify that on this 3rd day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Andrew Dillman, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 373 and 389, from Staff's 11<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3rd day of July, 2012.

Maritza Miranda-Wise  
Notary Public, State of Florida

Notary Stamp:





**AFFIDAVIT**

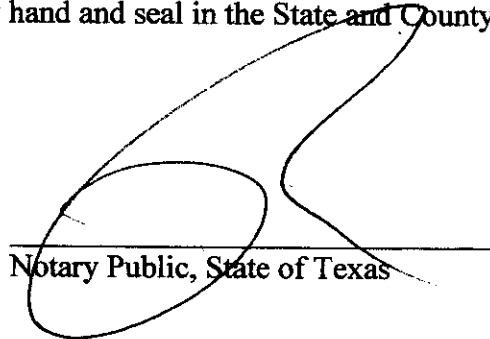
  
\_\_\_\_\_  
William E. Avera

State of Texas

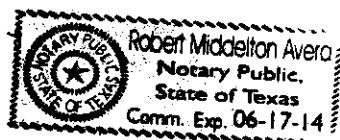
County of Travis

I hereby certify that on this 3 day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **William E. Avera**, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 338-350, 352-359, and 361-363 from Staff's Eleventh Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3 day of July, 2012.

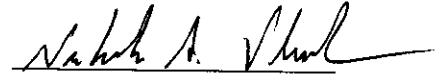
  
\_\_\_\_\_  
Notary Public, State of Texas

Notary Stamp:



**AFFIDAVIT**

Sponsor:

  
**Nicholas Vlisides**

State of Florida

County of Palm Beach

I hereby certify that on this 5<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Nicholas Vlisides**, who is personally known to me, and he acknowledged before me that he sponsored the answer(s) to **Interrogatory No. 351, 360, 365, 367, 368, 369, 370, 372, 374, 375, 376, 377, 378, 380, 381, 384, 385, 386, 387, and 388** from **Staff's 11th Set of Interrogatories** to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 5<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

  
\_\_\_\_\_  
William E. Avera

State of Texas

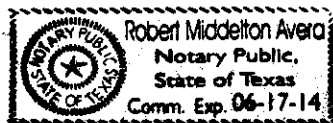
County of Travis

I hereby certify that on this 3 day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **William E. Avera**, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). 1-4 from Hendricks' First Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.


In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 3 day of July, 2012.

  
\_\_\_\_\_  
Notary Public, State of Texas

Notary Stamp:



**AFFIDAVIT**

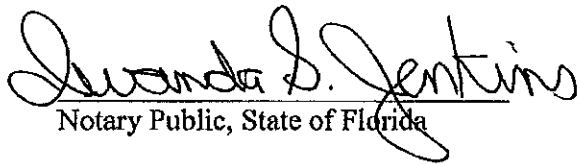
  
\_\_\_\_\_  
Daisy Iglesias

State of Florida                    )


County of Dade                    )

I hereby certify that on this \_\_\_ day of \_\_\_\_\_, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Daisy Iglesias, who is personally known to me, and she acknowledged before me that she co-sponsored the answer to Interrogatory No. 389, from Staff's 11<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this <sup>th</sup> 6 day of July, 2012.

  
\_\_\_\_\_  
Notary Public, State of Florida

Notary Stamp:

NOTARY PUBLIC-STATE OF FLORIDA  
 Iwanda S. Jenkins  
Commission #DD827829  
Expires: NOV. 19, 2012  
BONDED THRU ATLANTIC BONDING CO., INC.

**AFFIDAVIT**

  
Andrew Dillman

State of Florida )

County of Palm Beach )

I hereby certify that on this 16th day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Andrew Dillman, who is personally known to me, and he acknowledged before me that he sponsored the answer to **Interrogatory Nos. 373 and** co-sponsored the answer to **Interrogatory No. 389**, from Staff's 11<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 16th day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

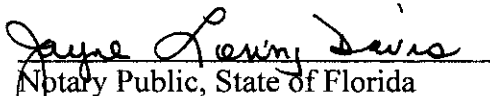
  
Roxane Kennedy

State of Florida            )

County of Palm Beach        )

I hereby certify that on this 6<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Roxane Kennedy, who is personally known to me, and he/she acknowledged before me that he/she co-sponsored the answer(s) to Interrogatory No(s). 389 from Staff's 11<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 6<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**49**

**FPL's Responses to  
Staff's Twelfth Set of Interrogatories  
(Nos. 390-411)**

**Q.**

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394.

Please provide the actual dollar amounts associated with the Substation Pollutant Discharge Prevention (SPDP) Program recovered through the ECRC each year since the program was approved by the Commission.

**A.**

The actual retail jurisdictional amounts associated with the Substation Pollutant Discharge Prevention Program recovered through the Environmental Cost Recovery Clause since inception are shown below:

<b>Year</b>	<b>Jurisdictional Total</b>
1997	\$ 1,447,271
1998	8,978,794
1999	3,600,903
2000	2,746,338
2001	699,184
2002	784,278
2003	1,119,641
2004	1,295,792
2005	570,200
2006	265,894
2007	531,925
2008	816,591
2009	2,213,868
2010	1,689,418
2011	3,066,084
	<b>\$ 29,826,180</b>



**Q.**

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394.

Please provide the average annual amounts associated with the SPDP program recovered through the ECRC in the past years.

**A.**

The average annual retail jurisdictional amount associated with the SPDP program recovered through the ECRC, based on the historical annual amounts from 1997 through 2011 provided in FPL's response to Staff's Twelfth Set of Interrogatories No. 390, is \$1,988,412. The minimum amount was \$265,894 and the maximum was \$3,066,084.

**Q.**

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394. Please specify the environmental rule or regulation that requires the SPDP program.

**A.**

The Substation Pollutant Discharge Program is necessary in order to prevent and address pollution discharging subject to Fla. Stat. Chapters 376 and 403.

**Q.**

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394. Please specify if there is any change to the rule or regulation discussed in question 392 above or, in your response, if there is any new environmental rule or regulation that FPL needs to comply with by implementing additional activities in the SPDP since the SPDP program was established.

**A.**

Regulatory changes have occurred incorporating revised soil and groundwater cleanup target levels (Chapter 62-777 Florida Administrative Code), as per Florida Statutes Chapter 376. The changes set more restrictive (cleaner) target levels for addressing contamination issues than previously required by the Florida Department of Environmental Protection.

**Q.**

Please refer to page 18 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 7, for questions 390-394.

In the Company's response to Staff's Second Set of Interrogatories FPL indicated that "[i]f the Commission chooses not to approve this Company adjustment, the base rate request as filed would have to be increased to capture these costs as base revocable." Please provide detailed information regarding the base rate increase to capture the relevant costs assuming that the Company adjustment not being approved.

**A.**

If the Commission does not approve FPL's request to capture all costs associated with this project as Environmental Costs Recovery Clause (ECRC) recoverable, the Company adjustment reflected in MFR C-3 as a reduction of Test Year's O&M expenses for \$560,000 would be reversed and the revenue requirement associated with it would be added to the Company's Test Year request.

The revenue requirements associated with this Company adjustment is \$561,333.

Operating Expense Change		
1	Operating Expense Change	\$560,000
2	Less Income Tax	(216,020)
3	NOI Change	343,980
4	NOI Multiplier	1.631877
5	Revenue Requirement Change	<b>\$561,333</b>

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state when the ESPs at PPE were placed in-service.

**A.**

The Electrostatic Precipitators (ESP's) at Port Everglades were placed in-service as follows: Unit 1 on 11/23/05; Unit 2 on 04/28/05; Unit 3 on 05/31/07; and Unit 4 on 01/22/07.

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404. Please state what are the capital investments associated with the ESPs at PPE.

**A.**

See FPL's response to Staff's Twelfth Set of Interrogatories No. 397.

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404. Please state what are the dollar amounts, as well as the percentage of the total investment, that have been recovered through the ECRC.

**A.**

\$16,529,011 or 20% of the original capital expenditure associated with the ESPs has been recovered through ECRC:

	Balance as of 03/31/2012	
Plant in Service	\$	81,901,169
Less: Accumulated Depreciation		<u>(16,529,011)</u>
Net Book Value	\$	<u>65,372,158</u>

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state what are the dollar amounts, as well as the percentage of the total investment, of the "unamortized portion of the ESPs" referred in FPL's response to Staff's Second Set of Interrogatories, No. 8c.

**A.**

As of March 31, 2012, the total net book value of the investment associated with the ESP's at Port Everglades was \$65,372,158 or 80% of the capital expenditure.

	Balance as of 03/31/2012	
Plant in Service	\$	81,901,169
Less: Accumulated Depreciation		(16,529,011)
Net Book Value	\$	<u>65,372,158</u>



**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state what is the current depreciation/amortization rate of the ESPs at PPE, and by which Commission Order was such rate approved.

**A.**

The Electrostatic Precipitators (ESP's) at Port Everglades were included in the overall plant-in-service and reserve balances used in establishing the rates currently approved at the generating unit and plant account level for the Port Everglades plant. The depreciation rates FPL utilizes to depreciate the ESP's at Port Everglades were approved in Commission Order No. PSC-10-0153-FOF-EI (FPSC Docket Nos. 080677-EI and 090130-EI), issued March 17, 2010. See Attachment No. 1 for a copy of page 42 of that Order. Note, there are no ESP-related assets included in Port Everglades Common or plant account 314 at any of the Port Everglades units.

Table 3: Production Depreciation Components and Resulting Rates

Account Number and Description	COMMISSION APPROVED			
	Estimated Useful Life (yrs.)	Rate (%)	Percentage of Replacement Cost	Resulting Rate (%)
<b>PT EVERGLADES PLANT</b>				
<b>Pt Everglades Common</b>				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
<b>Pt Everglades Unit 1</b>				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
<b>Pt Everglades Unit 2</b>				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
<b>Pt Everglades Unit 3</b>				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1
<b>Pt Everglades Unit 4</b>				
311.0 Structures & Improvements	10.3	(2.00)	82.90	1.9
312.0 Boiler Plant Equipment	9.9	(6.00)	83.19	2.3
314.0 Turbogenerator Units	9.8	0.00	77.21	2.3
315.0 Accessory Electric Equip.	10.2	(5.00)	84.40	2.0
316.0 Misc. Power Plant Equip.	10.1	(2.00)	80.98	2.1

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Referring to FPL's response to Staff's Second Set of Interrogatories, No. 8c, please explain in detail the phrase "upon retirement of the plant." What does the "plant" refer to? When will be the retirement of the "plant?"

**A.**

In FPL's response to Staff's Second Set of Interrogatories No. 8, the "plant" refers to the existing fossil steam units 1 through 4 at the Port Everglades site. As affirmed by the Commission in Order No. PSC-12-0187-FOF-EI, the Company was granted approval for the modernization of this site. As a result, units 1 through 4 at Port Everglades will be retired during January 2013.

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Referring to page 14, lines 4 – 7, of witness Ousdahl's testimony, please specify which capital recovery schedule in the ECRC will the ESPs at PPE be recovered.

**A.**

To complete recovery through the Environmental Cost Recovery Clause (ECRC), FPL will include capital recovery amounts in its 2013 ECRC Projection Filing based on the projected capital recovery schedule amounts (see Attachment No. 1) which utilizes an amortization period of four years to recover the costs associated with the unamortized portion of this investment.



**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state in what depreciation rates/amortization rate(s) the ESPs will be recovered.

**A.**

As of the time of this response, FPL has not made a formal request to change from the current depreciation rates to a capital recovery schedule (four year amortization) for the Electrostatic Precipitator (ESP) assets within ECRC Clause Project 25. However, as described in FPL's response to Staff's Twelfth Set of Interrogatories No. 401, FPL plans to request a four year capital recovery schedule for the ESPs unrecovered investment in its 2013 ECRC Projection filing. Until that request is made and approved, depreciation will continue to be calculated using the current approved depreciation rates provided in FPL's response to Staff's Twelfth Set of Interrogatories No. 399.

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state whether the Commission has approved such rate(s).

**A.**

As of the time of this response, no new rates or capital recovery schedule have been requested or approved specifically for the ESP assets at the Port Everglades plant. See FPL's response to Staff's Twelfth Set of Interrogatories Nos. 401 and 402 for additional information.

**Q.**

Please refer to page 14 of witness Ousdahl's testimony and FPL's response to Staff's Second Set of Interrogatories, No. 8, for questions 395-404.

Please state the total amounts which will be recovered and the time frame in which the ESPs will be recovered.

**A.**

As of January 31, 2013, the unrecovered balance associated with the ESPs in PPE is projected to be \$63,853,992, which FPL will request to amortize over a four year amortization period beginning in January 2013. Please see FPL's response provided in Staff's Twelfth Set of Interrogatories No. 401 for a breakdown of the estimated unrecovered balance as of January 31, 2013.



**Q.**

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408.

According to FPL's response to Staff's Second Set of Interrogatories, No. 9, the amount of \$78,728,806 (jurisdictional) net plant associated with the 800 MW ESPs project will be recovered through the ECRC beginning in 2013. Please specify when the ESPs project will be placed in-service.

**A.**

The Provisional Acceptance Dates of the ESP projects are as follows:

Manatee Unit 2	07/26/2012
Manatee Unit 1	08/12/2013
Martin Unit 1	05/21/2014
Martin Unit 2	02/22/2015

The Provisional Acceptance Dates listed above are the same as projected accounting in-service dates. The Provisional Acceptance Dates are different from the in-service dates shown on MFR F-8 because those dates reflect the expected dates by which Final Acceptance will be granted to the Contractor by FPL and the Contractor has completed all work under the Supply and Erect Agreement. At that time, Mechanical Completion is achieved and the equipment is installed free of defects and is operating, at a minimum, at the Minimum Performance Levels. Between the Provisional Acceptance date and the Final Acceptance date all punch list items are completed and all other cleanup and other Contractor related obligations are met.

**Q.**

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408. Please state the estimate of the total net plant of the project.

**A.**

FPL currently estimates the Manatee and Martin 800 MW ESP projects total in-service cost to be \$302.8 MM.

**Q.**

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408.

Please state the rate that FPL will use to depreciate the project.

**A.**

As of the date of this response, the 800MW Electrostatic Precipitators (ESP's) at the Manatee and Martin plants have not been placed in service. It is anticipated that they will be depreciated using the approved depreciation rates for the overall site/unit/account that are in effect at the time they are placed in service. The depreciation rates FPL currently utilizes to depreciate the Manatee and Martin steam production facilities were approved in Commission Order No. PSC-10-0153-FOF-EI (FPSC Docket Nos. 080677-EI and 090130-EI), issued March 17, 2010. See Attachment No. 1 for a copy of pages 40 and 41 of that Order.

Table 3: Production Depreciation Components and Resulting Rates

Account Number and Description	COMMISSION APPROVED			
	Weighted Average Life (yrs.)	Net Salvage (%)	Effective Rate (%)	Resulting Rate (%)
<b>MANATEE PLANT</b>				
<b>Manatee Common</b>				
311.0 Structures & Improvements	17	(1.00)	64.47	2.1
312.0 Boiler Plant Equipment	16.1	(2.00)	60.95	2.6
314.0 Turbogenerator Units	15.7	0.00	58.68	2.6
315.0 Accessory Electric Equip.	16.7	(5.00)	65.15	2.4
316.0 Misc. Power Plant Equip.	16.4	(1.00)	61.56	2.4
<b>Manatee Unit 1</b>				
311.0 Structures & Improvements	17	(1.00)	64.47	2.1
312.0 Boiler Plant Equipment	16.1	(2.00)	60.95	2.6
314.0 Turbogenerator Units	15.7	0.00	58.68	2.6
315.0 Accessory Electric Equip.	16.7	(5.00)	65.15	2.4
316.0 Misc. Power Plant Equip.	16.4	(1.00)	61.56	2.4
<b>Manatee Unit 2</b>				
311.0 Structures & Improvements	17	(1.00)	64.47	2.1
312.0 Boiler Plant Equipment	16.1	(2.00)	60.95	2.6
314.0 Turbogenerator Units	15.7	0.00	58.68	2.6
315.0 Accessory Electric Equip.	16.7	(5.00)	65.15	2.4
316.0 Misc. Power Plant Equip.	16.4	(1.00)	61.56	2.4

Table 3: Production Depreciation Components and Resulting Rates

Account Number and Description	CODE BY DESIGN APPROVED			
	AVG. LIFE (yrs.)	NO. OF SALVAGE PERCENTAGE (%)	NO. OF SALVAGE PERCENTAGE (%)	NO. OF SALVAGE PERCENTAGE (%)
<b>MARTIN PLANT</b>				
<b>Martin Common</b>				
311.0 Structures & Improvements	21	(1.00)	55.87	2.1
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
314.0 Turbogenerator Units	18.8	0.00	50.53	2.6
315.0 Accessory Electric Equip.	20	(5.00)	57.27	2.4
316.0 Misc. Power Plant Equip.	19.9	0.00	52.62	2.4
<b>Martin Pipeline</b>				
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
<b>Martin Unit 1</b>				
311.0 Structures & Improvements	21	(1.00)	55.87	2.1
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
314.0 Turbogenerator Units	18.8	0.00	50.53	2.6
315.0 Accessory Electric Equip.	20	(5.00)	57.27	2.4
316.0 Misc. Power Plant Equip.	19.9	0.00	52.62	2.4
<b>Martin Unit 2</b>				
311.0 Structures & Improvements	21	(1.00)	55.87	2.1
312.0 Boiler Plant Equipment	19.4	(5.00)	54.08	2.6
314.0 Turbogenerator Units	18.8	0.00	50.53	2.6
315.0 Accessory Electric Equip.	20	(5.00)	57.27	2.4
316.0 Misc. Power Plant Equip.	19.9	0.00	52.62	2.4

**Q.**

Please refer to FPL's response to Staff's Second Set of Interrogatories, No. 9, for questions 405-408.

Please state whether the Commission has previously approved the depreciation rates.

**A.**

See FPL's response to Staff's Twelfth Set of Interrogatories No. 407.

**Q.**

For the purposes of the following questions, please refer to FPL's response to Staff's Second Set of Interrogatories, No. 38. In FPL's response, it is stated that "FPL intends that the amortization of the \$191 million in 2013 will be the final step of the depreciation reserve surplus contemplated in the 2010 Rate Order and 2010 Rate Settlement."

Please clarify what the word "intends" means in this response.

**A.**

FPL used the word "intends" in its response to Staff's Second Set of Interrogatories No. 38 in recognition that FPL's proposed treatment for the depreciation reserve surplus amortization must be approved by the Commission. FPL proposes to amortize \$191 million in its 2013 actual financial results, regardless of whether the reserve surplus balance remaining at the beginning of 2013 is more or less than that figure. In this proposal, FPL will carry the reserve surplus balance at the end of 2013 (positive or negative) forward into determining depreciation rates in a future depreciation study, rather than amortizing a different amount than \$191 million in 2013 actuals. Thus, FPL's intent is for the \$191 million amortization in 2013 to be the final step of implementing the 2010 Rate Order and 2010 Rate Settlement with respect to the depreciation reserve surplus. Additionally, under FPL's proposal no surplus amortization would be recorded after the end of 2013.

**Q.**

For the purposes of the following questions, please refer to FPL's response to Staff's Second Set of Interrogatories, No. 38. In FPL's response, it is stated that "FPL intends that the amortization of the \$191 million in 2013 will be the final step of the depreciation reserve surplus contemplated in the 2010 Rate Order and 2010 Rate Settlement."

By way of clarification, is it FPL's position that 100% of the \$894 million in depreciation surplus will be flowed-back to FPL's consumers by January 1, 2014?

**A.**

Refer to FPL's response to Staff's Twelfth Set of Interrogatories No. 409.



**Q.**

For the purposes of the following questions, please refer to FPL's response to Staff's Second Set of Interrogatories, No. 38. In FPL's response, it is stated that "FPL intends that the amortization of the \$191 million in 2013 will be the final step of the depreciation reserve surplus contemplated in the 2010 Rate Order and 2010 Rate Settlement."

According to Commission Order PSC-11-0089-S-EI, 2010 Rate Order and 2010 Rate Settlement, FPL was directed to amortize \$894 million of depreciation surplus over a four-year period beginning in 2010. Would FPL be in violation of the aforementioned Commission order if 100% of the \$894 million has not been amortized by January 1, 2014?

**A.**

If approved by the Commission, FPL's proposal for handling the amortization of reserve surplus in 2013 will reasonably and appropriately implement the 2010 Rate Order and 2010 Rate Settlement. It is not possible to set an amortization level for 2013 during this proceeding that will definitively result in the exact total of \$894 million being amortized over the period from 2010 through 2013 because we won't know the actual amount amortized in 2012 (and hence how much remains to be amortized in 2013) until after the proceeding has concluded. Therefore, FPL's proposal is a reasonable way to fix a definite level of 2013 amortization for rate setting purposes while assuring that any positive or negative balance at the end of 2013 is properly reflected in future depreciation.

AFFIDAVIT

*David T. Bromley*  
David T. Bromley

State of Florida )

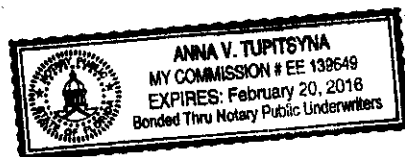
County of Broward )

I hereby certify that on this 25th day of June, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. 412 from the Florida Public Service Commission Staff's Twelfth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on his personal knowledge.

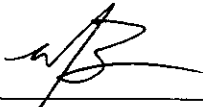
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 25th day of June, 2012.

*Anna V. Tupitsyna*  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

  
\_\_\_\_\_  
Matt Belger

State of Florida            )

County of Palm Beach        )

I hereby certify that on this 9<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Matt Belger, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). 405 & 406 from Staff's 12th Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 9<sup>th</sup> day of July, 2012.

  
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Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

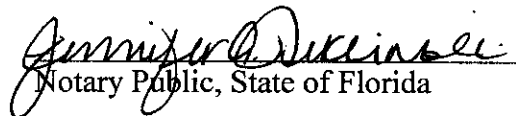
  
**Robert E. Barrett, Jr.**

State of Florida )

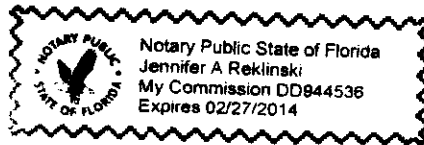
County of **Palm Beach**)

I hereby certify that on this 9<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Robert E. Barrett, Jr.**, who is personally known to me, and he/she acknowledged before me that he/she sponsored the answer(s) to Interrogatory No(s). **409, 410, and 411** from **Staff's 12th** Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

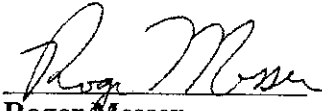
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 9<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT

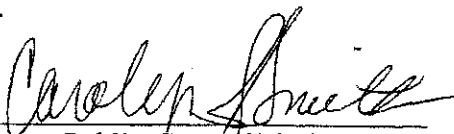
  
Roger Messer

State of Florida

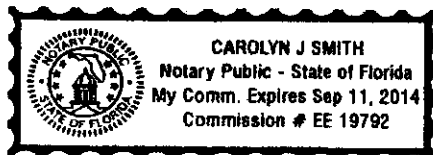
County of Palm Beach

I hereby certify that on this 13<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Roger Messer, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory Nos. 392 and 393 from Staff's Twelfth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

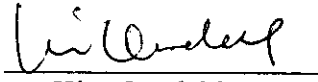
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 13<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT


  
Kim Ousdahl

State of Florida            )

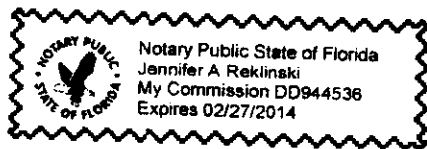
County of Palm Beach    )

I hereby certify that on this 12<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 390-391, 394-404, and 407-408 from Staff's 12<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 12<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**50**

**FPL's Responses to  
Staff's Thirteenth Set of  
Interrogatories  
(Nos. 413-418)**

**Q.**

Refer to MFR Schedule F-7, Attachment 2 of 13, pages 15 and 16, and Order No. PSC-09-0855-FOF-EG, which affirmed the DSM goals established in Order No. PSC-09-0855-FOF-EG. Per the orders, the 2012 increase in the GWh DSM goal over 2011 is 23.0 GWh for residential and 42.1 GWh for Commercial/Industrial, or a combined total increase of 65.1 GWh, but the total 2012 "out of model adjustment for incremental DSM" increase per MFR Schedule F-7 is 135.4 GWh (sum of 2012 monthly incremental DSM quantities). Please explain in detail why the sum of 2012 DSM adjustments per F-7 (135.5 GWh) is not the same as the Commission-ordered 2012 DSM energy goals less 2011 goals (65.1 GWhs) which was established in Commission Order No. PSC-11-0346-PAA-EG.

**A.**

The sum of the DSM adjustment (135.4 GWh) per MFR F-7 is not based on the DSM goals for 2012 less the 2011 DSM goals, but is based on the cumulative projected amount of DSM for the period July 2011 to December 2012 less the cumulative amount of DSM estimated to have occurred prior to July 2011. The adjustment was made to reflect the cumulative projected amount of DSM for the period July 2011 through December 2012 because this amount of DSM is not embedded in the historical period used to develop the sales forecast. The historical period used to forecast energy sales terminated in June 2011. Thus, an adjustment needed to be made to reflect the projected amount of DSM occurring after June 2011, based on FPL's approved DSM plan at that time.

FPL notes that Order No. PSC-11-0346-PAA-EG did not establish DSM goals for FPL as stated in the last sentence of the question; rather it approved a DSM Plan for FPL by ordering the continuation of existing DSM programs. FPL's DSM projections are consistent with Order No. PSC-11-0346-PAA-EG, which will likely result in less DSM savings than the goals established by Order No. PSC-09-0855-FOF-EG.



**Q.**

Refer to MFR Schedule F-7, Attachment 2 of 13, pages 15 and 16, and Order No. PSC-09-0855-FOF-EG, which affirmed the DSM goals established in Order No. PSC-09-0855-FOF-EG. Per the orders, the 2013 increase in the GWh DSM goal over 2012 is 17.9 GWh for residential and 11.2 GWh for Commercial/Industrial, or a combined total of 29.1 GWh., but the total 2013 "out of model adjustment for incremental DSM" increase over 2012 per MFR Schedule F-7 is 286.9 GWh (sum of 2013 incremental monthly DSM quantities relative to 2012). Please explain in detail why the 2013 incremental DSM adjustment per MFR Schedule F-7 (286.9 GWh) is not the same as the Commission-ordered 2013 DSM energy goals less 2012 DSM energy goals (29.1 GWhs) which was established in Commission Order No. PSC-11-0346-PAA-EG.

**A.**

The sum of the DSM adjustment (286.9 GWh) per MFR F-7 is not based on the DSM goals for 2013 less the 2012 DSM goals, but is based on the cumulative projected amount of DSM for the period July 2011 to December 2013 less the cumulative amount of DSM estimated to have occurred prior to July 2011. The adjustment was made to reflect the cumulative projected amount of DSM for the period July 2011 through December 2013 because this amount of DSM is not embedded in the historical period used to develop the sales forecast. The historical period used to forecast energy sales terminated in June 2011. Thus, an adjustment needed to be made to reflect the projected amount of DSM occurring after June 2011, based on FPL's approved DSM plan at that time.

FPL notes that Order No. PSC-11-0346-PAA-EG did not establish DSM goals for FPL as stated in the last sentence of the question; rather it approved a DSM Plan for FPL by ordering the continuation of existing DSM programs. FPL's DSM projections are consistent with Order No. PSC-11-0346-PAA-EG, which will likely result in less DSM savings than the goals established by Order No. PSC-09-0855-FOF-EG.

**Q.**

Please Refer to witness Morley's testimony, Page 11, Lines 10-19. How has FPL's time period (number of years) used to determine normal weather changed during the past 15 years? In your response, please state the reason for each change.

**A.**

Until 2008, FPL determined normal weather based on a rolling average of actual weather data since 1948. In 2008, FPL changed its method of determining normal weather in order to reflect a more contemporary time period while still maintaining a multi-decade approach which would provide a sufficient number of years to smooth out any weather anomalies. In 2008, FPL began using a twenty year horizon to determine normal weather for forecasting energy sales and a 27 year horizon was used for forecasting peak demands. Since 2009, a twenty year horizon for determining normal weather has been used for both energy sales and peak demands. The twenty year horizon was selected in order to maintain consistency between the energy sales and peak demand forecasts and in order to reflect a standardized time period which has been reviewed and accepted in Florida. The twenty year horizon has been used by the Commission in assessing weather forecasts in other rate proceedings in recent years, including the most recent rate cases involving Gulf Power and TECO.

**Q.**

Please explain how FPL determined that a 20 year period should be used for determining normal weather in this proceeding.

**A.**

FPL determined that a 20 year period should be used for determining normal weather in this proceeding because a 20 year period for determining normal weather is consistent with 1) the 20 year time period used to determine normal weather in FPL's long-term peak demand forecast, 2) the 20 year time period used to determine normal weather in every forecast of energy sales filed and reviewed by the Commission since 2008, including the 2010 FPL rate case, 3) the 20 year time period reviewed and approved by the Commission in the most recent rate proceedings of Gulf and TECO and 4) with the multi-decade approach for determining normal weather used by virtually every electric utility in Florida.

A 20 year period for determining normal weather conditions strikes the appropriate balance between reflecting a contemporary time period while still maintaining a multi-decade approach which would provide a sufficient number of years to smooth out any weather anomalies. A 20 year period likewise captures recent weather trends without the instability inherent in using a shorter time period to define normal weather.

**Q.**

How do FPL's econometric forecast models of Total Customers and Residential Customers account for the rebound in household formation (expected increase) and average household size (expected decrease) after the recent economic downturn of 2008-2009?

**A.**

FPL's econometric models of Total Customers and Residential Customers account for the rebound in household formation (expected increase) and average household size (expected decrease) after the recent economic downturn of 2008-2009 by incorporating a sufficiently long time period in each model's calibration period and by including recent data reflecting the rebound in the household formation. FPL's econometric models of Total Customers and Residential Customers are based on historical data from 1990 through mid-2011. As such, most of the data underlying both models reflects a higher rate of household formation and a smaller household size than was the case in the recent economic downturn.

**Q.**

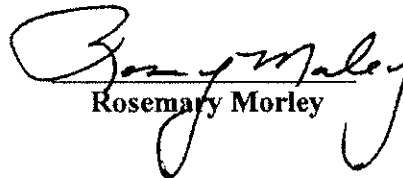
Refer to witness Morley's testimony, Page 20, starting at line 16 and continuing through Page 21, line 6. Did FPL consider including "average household size" or "household formation" as independent variables in FPL's forecast models of residential customers or total customers? Why or why not?

**A.**

FPL did not consider using either "average household size" or "household formation" as independent variables in our residential or total customer forecast models. The model specifications for both residential and total customers provided excellent model statistics and did not indicate any mis-specification or missing variables in the models. The residential and total customer models had Mean Absolute Percent Errors of 0.07% and 0.06% respectively. Year-to-date through June 2012, the actual forecast errors for the residential and total customer forecasts are 0.12% and 0.00% respectively. This represents an excellent level of forecasting accuracy, and substantiates the models and variables used to forecast residential and total customers. Therefore "average household size" and "household formation" were not considered for inclusion in the models.

As discussed in FPL's response to Staff's Thirteenth Set of Interrogatories No. 417, FPL's econometric models of Total Customers and Residential Customers account for the rebound in household formation (expected increase) and average household size (expected decrease) after the recent economic downturn of 2008-2009 by incorporating a sufficiently long time period in each model's calibration period and by including recent data reflecting the rebound in the household formation. FPL's econometric models of Total Customers and Residential Customers are based on historical data from 1990 through mid-2011. As such, most of the data underlying both models reflects a higher rate of household formation and a smaller household size than was the case in the recent economic downturn.

AFFIDAVIT

  
Rosemary Morley

State of Florida )

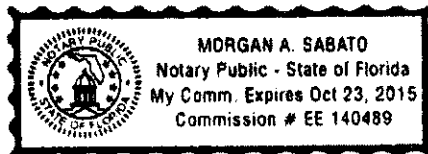
County of Palm Beach )

I hereby certify that on this 25<sup>th</sup> day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Rosemary Morley, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 413, 414, 415, 416, 417, and 418 from Staff's Thirteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.


In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 25<sup>th</sup> day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT

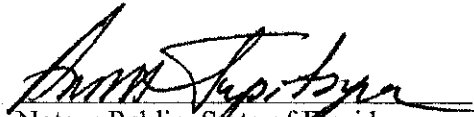
  
David T. Bromley

State of Florida        )

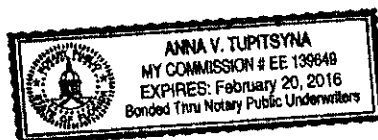
County of Broward    )

I hereby certify that on this 11th day of July, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared David T. Bromley, who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 419-422 from the Florida Public Service Commission Staff's Thirteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 11th day of July, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**51**

**FPL's Responses to  
Staff's Fourteenth Set of  
Interrogatories  
(Nos. 423-434)**



**Q.**

Refer to FPL's Response to Staff's Third Set of Interrogatories No. 53. Please explain in detail how the smart meter reading cost bucket allocated to RS-1 and GS-1 impacts these two classes when compared to the weighted meter cost allocating method used in the last rate case.

**A.**

Due to the roll-out of smart meters, the meter reading costs allocation method was modified to be based on the use of two discrete buckets, namely, a "smart" meter reading cost bucket and a "non-smart" meter reading cost bucket. Both the "smart" and "non-smart" meter reading cost buckets were allocated to the respective rate classes in each bucket based on the number of meters. This new methodology which directly assigns "smart" meter reading expenses to "smart" meters and "non-smart" meter reading expenses to "non-smart" meters is an improvement over the weighted material and supplies (M&S) cost methodology used by FPL in its last rate case.

Attachment No. 1 indicates that the RS-1 rate class projected meter reading expenses are \$6.3 million lower than if FPL would have used the weighted cost methodology used in the last rate case. Since practically 100% of the RS-1 meters are projected to be "smart" meters in 2013, it is reasonable to expect that the meter reading expense should be significantly lower for the RS-1 rate class. On the other hand, the GS-1 rate class projected meter reading expenses are \$5.5 million higher than if FPL would have used the weighted cost methodology used in the last rate case. Note that 135,619 GS-1 meters (or 33% of the GS-1 meters) are projected to be "non-smart" meters in 2013.

**FPL330 - METER READING EXPENSES - PROPOSED VS. PRIOR METHODOLOGY**

For the Projected 2013 Test Year

2013 Meter Reading Forecast (Bucket):  
Non-Smart Meters \$12,232,718  
Smart Meters \$20,957,644

	Proposed Methodology based on discrete cost buckets			Prior Methodology based on weighted M&S meter cost			Proposed Minus Prior Variance
	Number of Meters	Allocated Costs	Total %	Number of Customers	Weighted M&S Meter Cost	Allocated Costs %	
	Non-Smart	Smart	Non-Smart	Smart	Total	%	
CILC-1D	536	-	29,403	-	29,403	0.089%	(64,708)
CILC-1G	110	-	6,026	-	6,026	0.018%	(23,736)
CILC-1T	32	-	1,739	-	1,739	0.005%	(23,151)
GS(T)-1	135,619	277,715	7,446,499	1,311,960	8,758,459	26.389%	5,472,384
GSCU-1	1,869	2,472	102,841	11,676	114,317	0.344%	92,055
GSD(T)-1	80,352	24,443	4,411,922	115,472	4,527,394	13.641%	1,026,595
GSLD(T)-1	3,440	275	188,869	1,299	190,168	0.573%	(151,781)
GSLD(T)-2	411	-	22,553	-	22,553	0.068%	(2,685)
GSLD(T)-3	11	-	586	-	586	0.002%	(2,289)
MET	49	-	2,668	-	2,668	0.008%	(5,459)
OL-1	-	-	-	-	-	0.000%	-
OS-2	174	10	9,554	47	9,601	0.029%	(11,478)
RS(T)-1	163	4,131,393	8,922	19,517,190	19,526,113	58.831%	(6,300,147)
SL-1	-	-	-	-	-	0.000%	-
SL-2	-	-	-	-	-	0.000%	-
SST-1D	6	-	339	-	339	0.001%	(1,246)
SST-1T	18	-	997	-	997	0.003%	(4,354)
<b>Total</b>	<b>222,787</b>	<b>4,436,307</b>	<b>12,232,718</b>	<b>20,957,644</b>	<b>33,190,363</b>	<b>100.000%</b>	<b>0</b>

**Q.**

Please explain in detail how the roll out of smart meters impacts the costs included in the residential customer charge (meters, meter reading, etc.)

**A.**

FPL did not prepare a forecast of costs assuming smart meters were not deployed. Therefore, while the costs and savings of the smart meter program do have an impact on the residential customer charge, FPL is not able to provide detail of the cost impact on the residential charge of the deployment of smart meters as compared to costs had the meters not been deployed. Attachment No. 1 provides an overview of the impact FPL's smart meter program has on the residential customer charge.

Smart Meter Deployment - 2013 Residential Customer Charge Impact

Customer Charge Cost Classifications <sup>(1)</sup> Impacted by Smart Meter Deployment	Description of Costs	Impact on Residential Customer Charge
Distribution - Meters	Includes costs of smart meters and related infrastructure. These costs have the biggest impact on the residential customer charge.	Increases customer charge.
Distribution - Service	Includes cost of Distribution related activities. Savings driven by smart meter deployment associated with connect and disconnect activities are included.	Decreases customer charge.
Customer - Meter Reading	Includes costs associated with smart meter operations such as network operations, support, and communications.	Increases customer charge.
Customer - Collections, Service and Sales	Includes costs associated with manual meter reading activities. Savings driven by smart meter deployment are included.	Decreases customer charge.
Customer - Collections, Service and Sales	Includes costs associated with credit and collections, customer care, and other customer service activities. Credit and collections and customer care savings driven by smart meter deployment are included.	Decreases customer charge.
Customer - Field Collection - Late Payment Charge <sup>(2)</sup>	Includes service charge revenues for Field Collections and Late Payment charges. Revenue for both service charges is lower due to smart meter deployment. <sup>(3)</sup>	Increases customer charge.
Customer - Reconnection Charge <sup>(2)</sup>	Includes service charge revenue for Reconnect for Non-Payment charge. Revenue is higher due to smart meter deployment. <sup>(3)</sup>	Decreases customer charge.
Customer - Current Diversion Charges <sup>(2)</sup>	Includes service charge revenue for Current Diversion charge. Revenue is higher due to smart meter deployment. <sup>(3)</sup>	Decreases customer charge.

<sup>(1)</sup> As report in MFR E-6B, Cost of Service Study – Unit Costs, Proposed Rates.

<sup>(2)</sup> Revenue collected through service charges reduce the revenue requirements needed to be recovered through the customer charge.

<sup>(3)</sup> See work papers for MFR E-7, Development of Service Charges provided in OPC's 2nd Production of Document Request No. 12 for details on calculations.

**Q.**

For questions 425-427 refer to the proposed new RTR-1 rate discussed in Witness Deaton's testimony:

Please explain how the fuel on-peak adder and off-peak credit shown in the RTR-1 bill calculation on RBD-7, page 2 of 2, were calculated.

**A.**

The fuel on- and off-peak charges and credits shown in RBD-7, page 2 of 2 were calculated by taking the difference in the estimated 2013 average RS-1 fuel factor and the estimated 2013 RST-1 summer on- and off-peak fuel factor. Only summer fuel charges were used in the example. These estimates are for illustrative purposes only. See calculation below:

**RTR Fuel Factor Derivation**

	RST-1	RS-1	RTR-1
	Factor	Average	Factor
	<u>¢/kWh</u>	<u>¢/kWh</u>	<u>¢/kWh</u>
	[A]	[B]	[A] - [B]
On-Peak Summer	4.380	3.050	1.330
Off-Peak Summer	2.367	3.050	-0.683

**Q.**

Does MFR No. E-14, Attachment 1 of 4, need to include a revised tariff sheet No. 8.030 to show the proposed RTR fuel charge/credit?

**A.**

No, the proposed RTR-1 tariff sheet shown in MFR No. E-14, Attachment 1 of 4, includes a reference to the RTR fuel charge/credit that will be reflected on tariff sheet 8.030 in the 2013 projections filing that will be filed on August 31, 2012.

**Q.**

If the RTR-1 rate is approved, how long will it take to make the billing system changes?

**A.**

Once approval of the RTR-1 rate is obtained, it will take approximately seven months to make the necessary changes to FPL's billing system to implement the RTR-1 rate.

**Q.**

Refer to FPL's response to Staff's Third Set of Interrogatories, No. 42. Please explain in detail how the proposed change to the calculations of the on-peak and off-peak charges for time-of-use rates will impact current time-of-use customers.

**A.**

While we do not know the impact to each customer, to the extent that for existing customers that are already benefiting from the differential in the on-peak and off-peak rate, they should benefit to a greater extent as we have increased the differential.

See below for the change in on-peak and off-peak differential. It is impossible to predict how customers will be impacted for rates where the differential is decreasing, or for rates where there is no differential currently. Additionally, customers will have a greater incentive to shift usage off-peak.

Rate Schedule	Current Rates			Proposed Rates			Change in Differential
	On-Peak	Off-Peak	Difference (on peak - off peak)	On-Peak	Off-Peak	Difference (on peak - off peak)	
CILC-1G	1.175	1.175	-	3.479	0.710	2.769	<b>2.769</b>
CILC-1D	0.646	0.646	-	2.719	0.700	2.019	<b>2.019</b>
CILC-1T	0.599	0.599	-	2.337	0.680	1.657	<b>1.657</b>
GST-1	8.662	2.834	5.828	12.684	0.715	11.969	<b>6.141</b>
GSDT-1	3.121	0.654	2.467	3.394	0.710	2.684	<b>0.217</b>
HLFT-1	1.198	0.654	0.544	1.481	0.710	0.771	<b>0.227</b>
SDTR-1A (Seasonal)	5.627	0.971	4.656	6.250	0.999	5.251	<b>0.595</b>
SDTR-1B (Seasonal)	5.627	0.971	4.656	6.250	0.999	5.251	<b>0.595</b>
SDTR-1B (Non-Seasonal)	3.126	0.971	2.155	3.230	0.999	2.231	<b>0.076</b>
GSLDT-1	2.047	0.426	1.621	1.717	0.704	1.013	<b>(0.608)</b>
CST-1	2.047	0.426	1.621	1.717	0.704	1.013	<b>(0.608)</b>
HLFT-2	0.546	0.546	-	0.631	0.631	-	-
SDTR-2A (Seasonal)	3.633	0.641	2.992	4.057	0.669	3.388	<b>0.396</b>
SDTR-2B (Seasonal)	3.633	0.641	2.992	4.057	0.669	3.388	<b>0.396</b>
SDTR-2B (Non-Seasonal)	1.884	0.641	1.243	2.086	0.669	1.417	<b>0.174</b>
GSLDT-2	1.512	0.620	0.892	2.602	0.697	1.905	<b>1.013</b>
CST-2	1.512	0.620	0.892	2.602	0.697	1.905	<b>1.013</b>
HLFT-3	0.513	0.513	-	1.128	0.697	0.431	<b>0.431</b>
SDTR-3A (Seasonal)	2.965	0.598	2.367	4.592	0.800	3.792	<b>1.425</b>
SDTR-3B (Seasonal)	2.965	0.598	2.367	4.592	0.800	3.792	<b>1.425</b>
SDTR-3B (Non-Seasonal)	1.734	0.598	1.136	2.541	0.800	1.741	<b>0.605</b>
GSLDT-3	0.739	0.604	0.135	2.155	0.682	1.473	<b>1.338</b>
CST-3	0.739	0.604	0.135	2.155	0.682	1.473	<b>1.338</b>
RST-1	7.930	2.650	5.280	13.695	0.712	12.983	<b>7.703</b>
RTR-1	NA	NA	NA	9.043	(3.940)	12.983	<b>NA</b>
SST-1(D1) - (D3)	0.624	0.624	-	0.714	0.714	-	-
SST-1(T1)	0.648	0.648	-	0.733	0.733	-	-
ISST-1(D)	0.643	0.643	-	0.714	0.714	-	-
ISST-1(T)	0.597	0.597	-	0.733	0.733	-	-



**Q.**

Refer to MFR F-7, Attachments I and II. Please state what was FPL's actual monthly "Total Customers" and "Street and Highway Customers" from October 2011 through April 2012.

**A.**

Please see table below for actual monthly total customers and street and highway customers for the October 2011 through April 2012 time period.

<b>Month/Year</b>	<b>Street &amp; Highway</b>	<b>Total</b>
Oct-11	3,393	4,546,841
Nov-11	3,409	4,549,257
Dec-11	3,417	4,554,107
Jan-12	3,403	4,560,015
Feb-12	3,401	4,565,707
Mar-12	3,403	4,573,930
Apr-12	3,407	4,577,038

**Q.**

Refer to FPL's response to Staff 7th Set of Interrogatories, No. 273 and Staff's 10th Set of Interrogatories, No. 335 and MFR F-7. FPL's residential customer forecast, unadjusted for reconciliation to the Total Customer Forecast, has been closer to the actual number of residential customers for the last four recorded months (December 2011 through March 2012) than FPL's residential customer forecast with an "out of model adjustment for reconciliation to Total Customers." Please state whether FPL maintain that, despite these results, the adjusted residential customer forecast is likely to be more accurate in determining actual customers in 2013 than the unadjusted residential customer forecast? If so, why?

**A.**

While the forecast of the residential customers without the out of model adjustment for the reconciliation to Total Customers would have more accurately predicted the number of residential customers between December 2011 and April 2012, any benefit from a more accurate forecast of residential customers during this short time frame would be more than offset by a less accurate forecast of total customers. The adjustment of the residential customer forecast to reconcile to the total customer forecast has resulted in improved forecast accuracy based on the forecasting variance of total customers. FPL's filed forecast, which includes an "out of model adjustment for the reconciliation to Total Customers" in its forecast of residential customers, has underforecast 2012 year-to-date total customers by 0.00%, or only 130 customers based on actuals through June. By contrast, the 2012 year-to-date forecast of total customers based on the sum of the individual revenue class models with no out of model adjustment for the reconciliation to Total Customers, has overforecast total customers by .13% or 6,126 customers. Moreover, the 2012 forecasting variance of total customers based on the sum of the individual revenue class models with no out of model adjustment for the reconciliation to Total Customers has become progressively larger in recent months. In June 2012 the forecast of total customers based on the sum of the individual revenue class models with no out of model adjustment for the reconciliation to Total Customers has overforecast customers by .20% or 9,225 customers, more than three times the forecasting variance of FPL's filed forecast which does use the out of model adjustment for the reconciliation of Total Customers.

**Q.**

Refer to FPL's response to Staff's 7th Set of Interrogatories, No. 273. For forecast years 2008 through 2011, what has been the forecast accuracy, up to three years out, of FPL's Residential Customer Forecasts (based on econometric models), with and without "out of model adjustments for reconciliation to Total Customers"?

**A.**

For the forecast years 2008 through 2011, both the residential customer and total customer forecasts have resulted in improved accuracy after the "out of model adjustments for reconciliation to Total Customers" is made to the residential customer forecast. The table below shows the forecast errors of both the unadjusted residential customer forecast and the adjusted residential customer forecast. In all but one out of twelve periods, the residential customer forecast with the "out of model adjustments for reconciliation to Total Customers" is more accurate.

**Official Residential Customer Forecast Including Out of Model Adjustment**

		Forecast Year				
	Actual	2008	2009	2010	2011	2012
2008	3,992,257	4,038,555				
2009	3,984,490	4,101,036	3,994,173	3,985,108		
2010	4,004,366	4,170,352	4,010,837	3,987,834		
2011	4,026,760	4,246,852	4,056,428	4,015,281	4,033,183	4,026,984

**Official Residential Customer Forecast Including Out of Model Adjustment (Percent Variance)**

		Forecast Year				
		2008	2009	2010	2011	2012
2008		-1.146%				
2009		-2.842%	-0.242%	-0.015%		
2010		-3.980%	-0.161%	0.415%		
2011		-5.182%	-0.731%	0.286%	-0.159%	-0.006%

**Residential Customer Output of Econometric Model Without Applying the Out of Model Adjustment**

		Forecast Year				
	Actual	2008	2009	2010	2011	2012
2008	3,992,257	4,041,352				
2009	3,984,490	4,104,708	3,999,663	3,983,658		
2010	4,004,366	4,175,867	4,024,859	3,987,281		
2011	4,026,760	4,254,279	4,076,724	4,013,005	4,030,303	4,028,576

**Residential Customer Output of Econometric Model Without Applying the Out of Model Adjustment (Percent Variance)**

		Forecast Year				
		2008	2009	2010	2011	2012
2008		-1.215%				
2009		-2.929%	-0.379%	0.021%		
2010		-4.107%	-0.509%	0.428%		
2011		-5.348%	-1.226%	0.343%	-0.088%	-0.045%

**Q.**

Refer to FPL's response to Staff's 7th Set of Interrogatories, No. 273. If FPL's Residential Customer Forecast did not contain an "out of model adjustment for reconciliation to Total Customers", what would be the impact to FPL's 2013 forecasts of KWH and KW by rate class and revenue class? In your response, please explain the process used to derive your answer.

**A.**

As demonstrated in FPL's responses to Staff's Fourteenth Set of Interrogatories Nos. 430 and 431, the impact of removing the "out of model adjustment" would be a less accurate forecast of total retail kWh and kW by rate class and revenue class. However, in response to this interrogatory please see the table below which was developed to illustrate this point for purposes of responding to the question posed in this interrogatory. In order to derive the kWh impact, the model output from the residential customer forecast, with no adjustment for reconciliation to total customers, was multiplied by the output of the residential use-per-customer model to derive the residential sales (kWh) forecast. The total customer forecast was derived by summing the individual revenue class forecasts including the unadjusted residential customer forecast described previously. To derive Net Energy for Load (NEL), the output from the NEL-per-customer model was multiplied by this total customer forecast. The KW summer and winter peak forecasts were derived by multiplying the output of the summer and winter peak-per-customer models by the total number of customers as described in the NEL calculation.

	Official Forecast	Interrogatory No. 432	Difference
<b>Total Customers</b>			
2012	4,579,174	4,586,130	6,956
2013	4,625,149	4,635,833	10,683
<b>NEL (MWH)</b>			
2012	111,020,889	111,187,327	166,438
2013	112,200,524	112,456,843	256,319
<b>Retail Delivered Sales (MWH)</b>			
2012	101,756,854	101,912,824	155,969
2013	103,314,664	103,555,628	240,964
<b>Residential Customers</b>			
2012	4,048,790	4,055,746	6,956
2013	4,084,980	4,095,664	10,683
<b>Residential Sales (MWH)</b>			
2012	52,457,407	52,548,343	90,936
2013	53,056,006	53,197,138	141,132
<b>Summer Peak (MW)</b>			
2012	21,623	21,656	32
2013	21,931	21,981	50
<b>Winter Peak (MW)</b>			
2012	20,889	20,920	31
2013	21,101	21,149	48

The impact to the residential revenue class would only affect the residential rate class.

**Q.**

Refer to FPL's response to Staff's 7th Set of Interrogatories, No. 273. If FPL's Residential Customer Forecast did not contain an "out of model adjustment for reconciliation to Total Customers", what would be the impact to FPL's estimated revenues from sales of electricity by rate class at present rates for the projected 2012 and 2013 test years? In your response, please explain the process used to derive your answer.

**A.**

As demonstrated in FPL's responses to Staff's Fourteenth Set of Interrogatories Nos. 430 and 431, the impact of removing the "out of model adjustment" would be a less accurate forecast of FPL's estimated revenues from the sales of electricity by rate class at present rates for the projected 2012 prior year and the 2013 test year.

The impact to the residential rate class would be reflected in the RS-1 rate schedule revenue. Attachment No. 1 shows the impact of removing the "out of model adjustment" to the RS-1 forecast revenue for the 2012 prior year (a \$4,268,422 increase) and the 2013 test year (a \$6,824,695 increase).

2013				
Line No.	Type of Charges	Present Revenue Calculation		
		Units	Charge/Unit	\$ Revenue
1	<b><u>RATE SCHEDULE RS-1 - 44</u></b>			
3				
4	Non-Fuel Energy			
5	First 1,000 kWh	35,409,639,810	\$ 0.03907	\$ 1,383,454,627
6	All additional kWh	17,608,833,160	\$ 0.04907	\$ 864,065,443
7	Total kWh	53,018,472,970		<u>\$ 2,247,520,071</u>
8	Impact of additional kWh from Int. 432			0.27%
9	Energy revenue at present rates due to Int. 432			\$ 6,068,304
	Customer bills due			
10	to Int. 432	128,202	\$ 5.90	\$ 756,391
11				
12	Total revenue due to Int. 432			\$ 6,824,695

2012				
Line No.	Type of Charges	Present Revenue Calculation		
		Units	Charge/Unit	\$ Revenue
1	<b><u>RATE SCHEDULE RS-1 - 44</u></b>			
3				
4	Non-Fuel Energy			
5	First 1,000 kWh	34,994,094,083	\$ 0.03905	\$ 1,366,519,374
6	All additional kWh	17,423,853,241	\$ 0.04905	\$ 854,640,001
7	Total Energy	52,417,947,324		<u>\$ 2,221,159,375</u>
8	Impact of additional kWh from Int. 432			0.17%
9	Energy revenue at present rates due to Int. 432			\$ 3,775,971
	Customer bills due			
10	to Int. 432	83,466	\$ 5.90	\$ 492,451
11				
12	Total revenue due to Int. 432			\$ 4,268,422

Includes 0.169¢/kWh in 2012 and 0.171¢/kWh in 2013 for West County 3 capacity clause factor classified as base revenue.



**Q.**

Please refer to FPL's supplemental response to OPC's Third Set of Interrogatories, No. 84. This response provides the actual reserve surplus amortization amounts for January, February, and March 2012. Please state the actual reserve surplus amortization amounts for April, May, and June 2012. To the extent known by FPL, please explain the reasons for any variance between forecasted and actual surplus amortization amounts, by month, for January through June, 2012.

**A.**

The surplus depreciation reserve amortization in any given month is calculated based on a rolling 12 month period and is not the result solely of month-to-month changes. The differences in the rolling 12 month total of net operating income and 13 month average rate base balances drive the month-to-month changes in the reserve surplus amortization versus forecast.

The difference between the actual and forecasted reserve surplus amortization amounts for the 12 month period ending June 2012 is approximately \$13 million, with actual lower than forecast. This is a small variance – only about 2.5% of the total projected surplus amortization for 2012 of \$526 million. See below for the monthly actual reserve surplus versus the forecasted reserves surplus amortization amounts for the respective period per the 2012 Prior Year forecast. From month to month, variances in revenues and expenses occur due to a multitude of reasons including, but not limited to, weather, usage, timing, etc. It is not practical to explain surplus variances using a month to month change perspective; rather a rolling 12 month perspective must be utilized. The 2012 Prior Year forecast contains a partially forecasted period in 2011 so that differences in explaining the reserve surplus recorded as of June 2012 contain differences relating back to 2011, and substantially would not exist at the end of 2012. Generally, the \$13 million lower actual reserve surplus amortization as of the first half of 2012 can be attributed to small differences in the timing of base O&M expenses.

	GENERAL LEDGER MONTHLY SURPLUS AMORT	RATE CASE FORECAST MONTHLY SURPLUS AMORT	DIFFERENCE
11-Jul	14,938,605.00	14,938,605.00	0.00
11-Aug	(37,933,377.00)	(37,933,377.00)	0.00
11-Sep	69,808,540.08	69,808,540.08	0.00
11-Oct	(22,463,751.00)	(22,463,751.00)	0.00
11-Nov	(35,827,262.00)	(35,827,262.00)	0.00
11-Dec	(44,943,362.00)	(32,146,386.00)	(12,796,976.00)
12-Jan	(89,436,266.00)	(66,717,621.00)	(22,718,645.00)
12-Feb	(25,848,063.00)	(28,161,726.00)	2,313,663.00
12-Mar	(49,332,642.00)	(73,487,246.00)	24,154,604.00
12-Apr	(19,168,797.00)	(34,517,945.00)	15,349,148.00
12-May	(78,062,178.00)	(80,732,629.00)	2,670,451.00
12-Jun	(67,553,547.00)	(71,842,885.00)	4,289,338.00
Total	(385,822,099.92)	(399,083,682.92)	13,261,583.00

**Note: Forecast surplus amounts include actual booked surplus amounts for July 2011 through November 2011.**

**AFFIDAVIT**

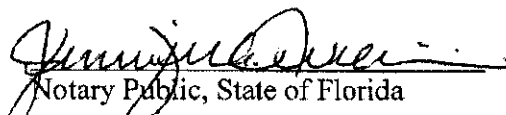
  
**Robert E. Barrett, Jr.**

State of Florida            )

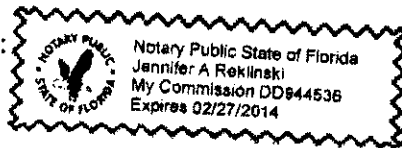
County of **Palm Beach**)

I hereby certify that on this 6<sup>th</sup> day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **Robert E. Barrett, Jr.**, who is personally known to me, and he/she acknowledged before me that he/she co-sponsored the answer(s) to Interrogatory No(s). **434** from **Staff's Fourteenth** Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response(s) is/are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 6<sup>th</sup> day of August, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

*Kim Ousdahl*

Kim Ousdahl

State of Florida )

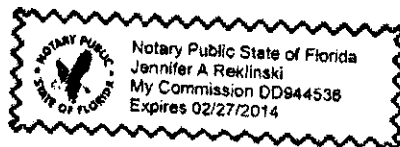
County of Palm Beach )

I hereby certify that on this 30<sup>th</sup> day of AUGUST, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she co-sponsored the answer to Interrogatory No. 434 from Staff's 14<sup>th</sup> Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

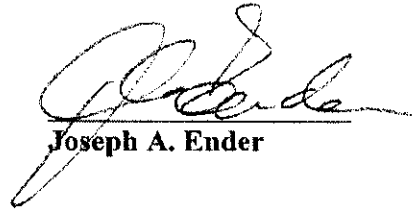
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 30<sup>th</sup> day of August, 2012.

*Jennifer A. Reklinski*  
Notary Public, State of Florida

Notary Stamp:



AFFIDAVIT

  
Joseph A. Ender

State of Florida

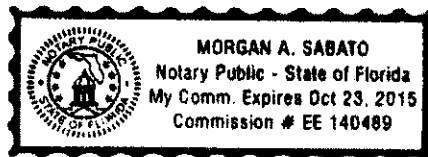
County of Palm Beach

I hereby certify that on this 6<sup>th</sup> day of AUGUST, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Joseph A. Ender, who is personally known to me, and he acknowledged before me that he sponsored the answer to Interrogatory No. 423 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

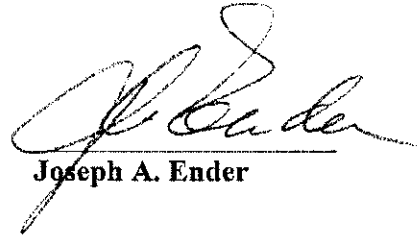
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 6<sup>th</sup> day of August, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

  
**Joseph A. Ender**

State of Florida

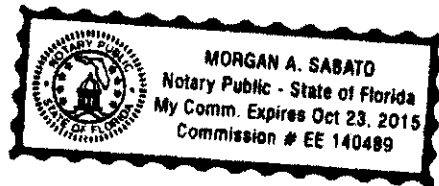
County of Palm Beach

I hereby certify that on this 6<sup>th</sup> day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Joseph A. Ender, who is personally known to me, and he acknowledged before me that he co-sponsored the answer to Interrogatory No. 424 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on his personal knowledge.

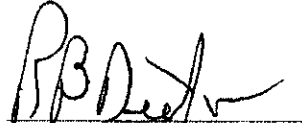
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 6<sup>th</sup> day of August, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

  
\_\_\_\_\_  
Renae B. Deaton

State of Florida

County of Palm Beach

I hereby certify that on this 6<sup>th</sup> day of August 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Renae B. Deaton, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 425, 426, 428, and 433 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the responses are true and correct based on her personal knowledge.

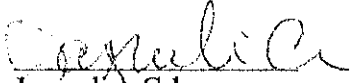
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 6<sup>th</sup> day of August, 2012.

  
\_\_\_\_\_  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

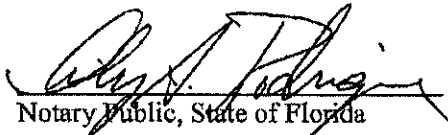
  
Jacqueline Cabrera

State of Florida

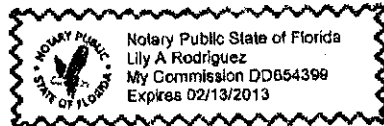
County of Miami-Dade

I hereby certify that on this 7 day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Jacqueline Cabrera, who is personally known to me, and she acknowledged before me that she provided the answer to interrogatory number 427 and co-sponsored the answer to interrogatory number 424 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

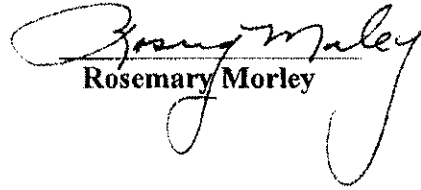
In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 7<sup>th</sup> day of August, 2012.

  
Notary Public, State of Florida

Notary Stamp:



**AFFIDAVIT**

  
Rosemary Morley

State of Florida )

County of Palm Beach )

I hereby certify that on this 7<sup>th</sup> day of August, 2012, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Rosemary Morley, who is personally known to me, and she acknowledged before me that she sponsored the answer to Interrogatory Nos. 429, 430, 431, and 432 from Staff's Fourteenth Set of Interrogatories to Florida Power & Light Company in Docket No. 120015-EI, and that the response is true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 7<sup>th</sup> day of August, 2012.

  
Notary Public, State of Florida

Notary Stamp:

