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Subject:	Docket No. 120015-EI (Thomas Saporito's Post-Hearing Brief, Findings of Fact, and Conclusions of Law)
Attachments:	2012.09.21 Saporito's Post-Hearing Brief.pdf

Electronic Filing

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b. Docket No. 120015-EI

In re: Petition for rate increase by Florida Power & Light Company.

c. The document(s) is/are being filed on behalf of Thomas Saporito.

d. The total number of pages is 33.

e. Brief description of documents being filed:

- Thomas Saporito's Post-Hearing Brief, Findings of Fact, and Conclusions of Law

Thank you for your cooperation and timely attention to this electronic filing.

s/Thomas Saporito

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9/21/2012

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Florida Power and Light Company /

Docket No. 120015-EI
Dated: 21 SEPT 2012

THOMAS SAPORITO'S POST-HEARING BRIEF

Pursuant to Order No. PSC--12-0428-PHO-EI, Intervenor *pro se* Thomas Saporito, hereby submits his Post-Hearing Brief - inclusive of a Finds of Fact and Conclusions of Law - and states as follows:

STATEMENT OF BASIC POSITION

The Florida Power & Light Company's (FPL's) petition in which FPL requests authority from this Commission to increase base rates charged to its customers by $690.4-million dollars is grossly outrageous – and clearly illustrates why this Commission must exercise its regulatory authority to restrain this monopoly's conduct and behavior through meaningful and ongoing regulatory oversight. FPL's request to increase base rates is nothing more than a demand for a 16% increase in profits at the worse possible time when customers – and the entire state of Florida – are experiencing severe and unparalleled economic hardships. This is not the time for FPL to be seeking an increase in base rates – rather this is the time that FPL should be assisting its customers and the state of Florida by **lowering** its base rates to provide needed relief for unemployed families struggling to survive, for senior citizens living on fixed incomes, and to provide a measure of relief to hospitals and to the general business sector to assist Florida's job growth and economic recovery. Notably, FPL's arrogance in requesting a 1.3-billion dollar base rate increase three-years ago came during the worst financial and economic crisis our state has ever experienced. FPL's request was regulatory diminished to approximately 75- million dollars via a settlement agreement. Since that time, the economic conditions in Florida have actually worsened with construction activities almost non-existent – and with an unemployment rate at approximately 8.8% and well-above the national average – causing severe economic hardship to FPL customers including the business sector.

FPL's request for a return on equity (ROE) of 11.25% with a .25% performance adder is simply unconscionable in our existing dismal economic climate. Notably, as the yield on the U.S. 10-year treasury bill stands under 2% - a ROE of 8.5% is more that sufficient to attract investment in FPL – especially where FPL has a very low risk profile. Moreover, FPL recently reported a 17% profit for the current quarter which clearly evidences that the company's ROE requires a downward adjustment. FPL requests that this Commission force customers to pay for the Cape Canaveral Natural Gas plant through a base rate increase – absent any concurrent regulatory consideration of FPL's current rate structure to absorb all of the costs without any increase in base rates – and/or absent any regulatory consideration of FPL's recent 17% profit report for the most recent quarter. Incredibly, FPL has failed to offset any need to construct more power plants – through implementation of energy conservation and energy efficient appliances such as tankless or "on-demand" water heaters and photo voltaic solar systems installed at customer locations. As Commissioner Brise' succinctly stated - *"As more and more consumers benefit from the PSC's net metering rules, Florida's economy and environment are also reaping rewards,".* ***See, http://www.evwind.es/2012/06/19/solar-power-in-florida/*** As championed by Commissioner Edgar, Florida's PSC assisted growth by establishing rules in 2007 that promote development of customer-owned renewable generation. By making it easier for customers to interconnect their system with the utility's grid, the PSC's net metering rules encourage customer use of clean renewable generation that also lowers their utility bills.

FPL's request to increase base rates is overreaching and devoid of the standards of fairness and reasonableness – and compels deliberate action by this Commission to **reduce** FPL's base rates in these dire economic conditions to foster a business climate which promotes job growth and economic recovery for the state of Florida to provide needed relief for the benefit of all FPL consumers.

As Chairman Brise' recently stated, *"... Our responsibility as economic regulators is to make sure at the end of the day everything is measured in such a way that when our consumers are impacted, it makes sense financially for them and it's all in the general interest."* ***See, The Florida Current (Aug. 2, 2012).***

GENERAL SUMMARY

In its petition to increase base rates FPL requests a $690.4-million dollar upward adjustment which is not supported by the record evidence in this docket. Rather, the record evidence compels this Commission to reduce FPL's base rates by ($253,446,000) the amount which OPC's witness testified about for the various parameters set-out in the prehearing order in this docket. (Tr. 2761 Ramas). FPL's request for a 16% increase in profits is outrageous and ethically and morally bankrupt in such dire economic times currently experienced across the state of Florida. As stated earlier, unemployment remains higher in Florida at approximately 8.8% than across the entire United States. Foreclosures continue to escalate and severely diminish any economic recovery for our state. This is not the time for this Commission to approve FPL's request to raise base rates by $690.4-million dollars - rather, this Commission should decrease FPL's base rates to provide needed relief for unemployed families struggling to simply survive, for seniors living on fixed incomes, and to provide a measure of relief to hospitals and to the general business sector to assist in Florida's economic recovery.

FPL's president, Eric Silagy (Silagy) told this Commission that: *"We know there is never* *a good time for an increase. . .".* However, this is absolutely the worse possible time for any increase in FPL's base rates for the reasons stated earlier. Incredibly, FPL's Board of Directors, authorized compensation in 2011 to Lewis Hay - then CEO in the sum total amount of $14,823,375 dollars as follows:

- Salary $1,345,240
- Stock Awards $7,517,967
- Option Awards $928,000
- Incentive Comp. $2,018,000
- Deferred Comp. $2,632,624
- Other Comp. $380,931

Despite repeated requests by shareholders at the annual shareholders' meeting, the Board continued to award extravagant compensation to company executives while customers of FPL struggle to survive day-today having to choose between paying for needed medication or paying FPL for electric power. The burden now falls squarely on this Commission to provide financial relief to FPL customers by requiring FPL to lower its base rates in these dire economic times where the U.S. Federal Reserve on September 13, 2012 announced QE-3:

- To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee agreed today to increase policy accommodation by purchasing additional agency mortgage-backed securities at a pace of $40 billion per month. The Committee also will continue through the end of the year its program to extend the average maturity of its holdings of securities as announced in June, and it is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities. These actions, which together will increase the Committee's holdings of longer-term securities by about $85 billion each month through the end of the year, should put downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative.

See, http://www.federalreserve.gov/newsevents/press/monetary/20120913a.htm

Notably, on September 20, 2012, MarketWatch reported that:

- If you want to know where the economy is heading, manufacturing is the first place to look. It's the canary in the coal mine, so to speak, reacting immediately to changes in supply and demand, sentiment and prices. The slowdown is global in scope, with factories in Europe and China actually pulling back, according to data firm Markit. Europe remains in recession, China's growth is slumping, and warning signs are flashing for the United States.

See, http://www.marketwatch.com/story/weak-demand-trumps-easy-money-2012-09-20?link=MW_home_latest_news

The role of the Florida Public Service Commission is to act as an advocate on behalf of Florida's consumers who depend on the wisdom of the Commission to act in a manner which provides consumers needed services that they are able to afford in these dire economic times.

The PSC Commissioners

The PSC's Role

The Florida Public Service Commission is committed to making sure that Florida's consumers receive some of their most essential services — electric, natural gas, telephone, water, and wastewater — in a safe, reasonable, and reliable manner. In doing so, the PSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation; competitive market oversight; and monitoring of safety, reliability, and service.

LEGAL ISSUES

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

* Saporito - No. The Commission is bound by the negotiated settlement in Docket No. 080677-EI which expires on December 31, 2013. *

ARGUMENT: Chapter 120, F.S., provides affected parties "due process" right to raise and litigate such issues, this Commission must wait until December 31, 2013 - for the expiration of the negotiated settlement in Docket No. 080677-EI - and then provide affected parties an opportunity to identify issues, present evidence, cross-examine witnesses, and argue positions on all storm recovery requests.

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

* Saporito - No, the Commission lacks requisite jurisdiction and authority to decide issues that are clearly outside of the 2013 test year in question in this docket. *

ARGUMENT: In requesting a test year, FPL is required to provide "[a] general statement of major plant expansions . . . which: 1. Have occurred in the most recent 18 months or since the last test year, whichever is less; 2. Will occur during the requested test year." *See,* F.A.C. §25-30.430.

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

* Saporito - Yes, FPL is required to demonstrate that it has charged the greater of market price or fully allocated costs to affiliates, or paid the lesser of market price or fully allocated costs for charges to affiliates, unless it documents how specific, individual departures from these criteria benefit ratepayers. *

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

* Saporito - FPL has the burden of proof in this proceeding to demonstrate the amounts comply with Commission Rule 25-6.1351 and such costs should not be allowed in the cost of service borne by customers in this docket. *

ISSUE 5: Does the Commission possess the power to grant a 25 basis point performance incentive to FPL?

* Saporito - No, the Commission lacks requisite jurisdiction and authority to grant a 25 basis point performance incentive to FPL. Moreover, FPL is a monopoly utility and, as such, it is required to provide safe, reliable, and affordable power to its customers at the lowest achievable price. *

ARGUMENT: The Florida Legislature created this Commission to act as a regulator watchdog, to protect the public interest in general, and to ensure that FPL is held firmly to its duty to provide safe and reliable electric service to its customers at the lowest reasonable price. In return, FPL is allowed a fair and reasonable return on equity to attract investment in the company. To the extent that FPL is a monopoly utility, it has a protected service territory and has a duty and is expected to provide superior service to all of its customers at the lowest reasonable price. Over the years, this Commission has repeatedly rewarded FPL for superior service to its customers Notably, this Commission has allowed FPL a fair and reasonable ROE which has an upper and lower range assigned. When FPL has demonstrated superior performance to its customers, this Commission has allowed FPL an ROE adjusted to the upper end of the ROE range approved by the Commission. In this manner, the Commission has historically rewarded FPL for superior performance. To the extent that the Commission already rewards FPL for superior performance through an assigned range adjusted ROE, FPL's request for an additional ROE performance adder of .25 percent is purely excessive profits for the company's shareholders and must be denied by this Commission as a matter of law. (Tr. 2256-2257 Saporito).

TEST PERIOD AND FORCASTING

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

* Saporito - The burden rests with FPL to demonstrate that the test period is representative of future operations and conditions. The Commission must consider the entirety of the record in this Docket in making a final determination of whether FPL has met its burden. *

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

* Saporito - No, FPL's forecasts of Customers, KWH, and KW by Rate Class and Revenue Class, for the 2013 projected test year is not appropriate. FPL's forecasts appear to be erroneous and inaccurate. *

ARGUMENT: FPL appears to have understated its test year revenues and has projected sales for 2012 and 2013 will be less than its actual sales in 2011. However, FPL's President Eric Silagy authored a petition to this Commission requesting to raise base rates alleging that the company needed more money to build-out infrastructure for an anticipated 100,000 new customers. Common sense tells us that an additional 100,000 new customers will increase sales above actual sales in 2011. Thus, FPL's forecasts of Customers, KWH, and KW by Rate Class and Revenue Class for the 2013 projected test year are not appropriate in these circumstances.

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

* Saporito -No. *

ARGUMENT: FPL's projected revenues from sales of electricity for 2012 and 2013 appear to be understated and do not reflect more realistic weather assumptions based on actual weather experience for 2012 and on reputable weather forecasts for the remainder of 2013 - and to reflect realistic measures of usage per customer as compared to FPL's actual experience over the last 10-years for which actual data is available.

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

* Saporito - To the extent that FPL's projected sales and revenues for the 2013 test year are understated, the Commission should make appropriate provisions to protect FPL's customers from FPL over-earnings which will result from rates established on understated sales projections. *

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

* Saporito - The burden of proof lies with FPL; however, the Commission must also consider the U.S. Federal Reserve's inflation forecasts; and Florida's high unemployment rate; and other factors which would otherwise limit or negate FPL's need for a rate increase. *

ARGUMENT: FPL's usage per customer and overall sales projections for the 2013 test year are understated - and which FPL asserts will be far less in 2013 than in any year of the prior decade. To the extent that FPL has understated customer growth, revenues and sales for the test year as well as inappropriate weather assumptions - the Commission should consider valid and appropriate data related to these parameters. For example, the appropriate trend factor for use in forecasting the 2013 test year budget would include the actual weather history in the FPL service territory for the past 10-years - using cooling degree hours as the appropriate weather metric - which is also the principal weather variable relied upon by FPL in its net energy for load (mWh) forecast. *See,* Baron Exhibit SJB-13 which illustrates FPL's actual weather history using cooling degree hours. Finally, the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2013 test year budget must include the U.S. Federal Reserve's inflation forecasts and Florida's high unemployment rate and other factors which would otherwise limit or negate FPL's need for a rate increase.

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

* Saporito adopts OPC's position and argument on this issue. *

QUALITY OF SERVICE

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

* Saporito adopts OPC's position and argument on this issue. *

RATE BASE

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 19: Whether FPL's request for a base rate increase is needed to construct the poles, wires, and transformers needed to serve an anticipated 100,000 new customer accounts from the end of 2010 through the end of 2013?

* Saporito - OPC's witness testimony shows that FPL does not require a base rate increase to provide a reasonable recovery of its projected operating expenses and earn a fair return on its investment in rate base. *

ARGUMENT: As evidenced by news reports - a significant rise in rental units is due to home foreclosures and falling home values which investors have purchased for the purpose of renting. Both of these property types are already connected to FPL's electric grid and do not require further build-out of infrastructure. (Tr. 2251-2252 Saporito). Moreover, FPL reported a 17% gain in earnings during the most recent quarter which is more than sufficient to address any infrastructure expenses. FPL reported second quarter net income of $353 million, or $0.85 per share, compared with $301 million, or $0.72 per share, in the prior-year's comparable quarter. . . Overall, underlying usage grew by 1.7 percent over the same quarter last year, the third consecutive increase. Since the second quarter of 2011, FPL's customer base grew by approximately 27,000, marking the ninth consecutive quarterly increase. *See,* http://www.investor.nexteraenergy.com/phoenix.zhtml?c=88486&p=EarningsRelease10

Clearly, FPL's 17% gain in earnings - coupled with its 1.7 percent underlying growth in usage and growth of 27,000 in its customer base - shows that FPL has sufficient resources to continue operations and does not need or require a base rate increase to provide a reasonable recovery of its projected operating expenses and earn a fair return on its investment in rate base.

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 22: **Is FPL's requested level of Plant in Service in the amount of $30,424,227,000 ($31,078,941000 system) for the 2013 projected test year appropriate? (Fallout Issue)**

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito - Yes, removing CWIP projects from rate base and authorizing AFUDC treatment provides FPL the ability to recover its financing costs and protects current customers from having to pay a portion of the costs before the assets are placed in service. *

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

* Saporito - The Commission should reduce the CWIP in rate base proposed by FPL ($501.676 million) by approximately $251.676 million - with the portion removed from CWIP qualifying for AFUDC treatment. *

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

* Saporito - No, CWIP should be reduced by $4,234,000 ($4,685,000 system) per the Company response to Staff Interrogatory No. 88. (Ramas) Moreover, FPL's CWIP in rate base should be removed and qualified under AFUDC treatment - thereby reducing CWIP in rate base to $250 million for the 2013 projected test year. *

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

* Saporito - No, FPL's proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel for the 2013 projected test year is not appropriate - where FPL's proposal is simply an estimate or guess those costs without any degree of certainty. *

ISSUE 29: Is FPL's requested level of Nuclear Fuel of $565,229,000 ($567,317000 system) for the 2013 projected test year appropriate?

* Saporito - No, as it is significantly more than FPL has incurred or budgeted in prior years and more than it projects to incur in later years - and is simply an estimate or guess. *

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

* Saporito - No, FPL has not demonstrated that the site costs are appropriate or that the sites will be used to serve customers within a reasonable time. PHFFU should be reduced by $104,805,000 ($108,952,000 system). *

ARGUMENT: OPC witness Ramas testified that: As shown on Exhibit No. DR-2, Schedule B-2, my adjustment removes the Fort Drum, McDaniel and Hendry County plant sites, reducing the 13-month average test year PHFFU by $108,952,000. (Tr. 2769 Ramas).

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

* Saporito - No, FPL failed to show that the 9-sites warrant inclusion in rate base for reason that: (1) the sites projected in-service dates fall outside the Ten-Year Site Plan horizon or (2) the sites

have no announced in-service date. Therefore, Property Held For Future Use should be reduced by $7,732,000 ($8,555,000 system). Moreover, the Commission lacks requisite jurisdiction and authority to consider plant and equipment and generation sites proposed - but not in service - by FPL in this docket. *

ARGUMENT: OPC witness Ramas testified that: I have also removed the nine sites discussed above from the Transmission Future Use category, which further reduces the 13-month average test year PHFFU by $8,555,000. (Tr. 2769 Ramas).

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito - The Commission should reduce working capital by $88,680,327 ($90,116,880 system). *

ARGUMENT: OPC witness Schultz testified that: I have reviewed the account titles of each of these 2011 balances and have listed the 13-month averages for those accounts that do not have a title indicating that they relate to providing current service to ratepayers, or those titles that indicate they are unrelated to providing current customer service. Since the total 2011 balance is greater than the amount the Company included in the 2013 test year, I identified the balances of the accounts (lacking support for their inclusion in working capital) as a percentage of the total 13-month average balance for 2011. That percentage is 65.10%. Applying this percentage to the 2013 test year balance of Other Accounts Receivable balance, results in a reduction of

$90,116,880 on a total company basis and $88,680,327 on a jurisdictional basis. I have included my analysis of this account information as Exhibit No. HWS-11. (Tr. 2679 Schultz).

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

* Saporito - Yes, working capital should be reduced by $266,850,000 ($271,365,000 system). *

ARGUMENT: OPC witness Schultz testified that: The following jurisdictional balances are those I have excluded from working capital . . . My adjustment reduces Other Regulatory Assets by $271,365,000 and ($266,850,000 jurisdictional). (Tr. 2680-2681 Schultz).

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

* Saporito - Yes, this Commission should reduce working capital by $3,836,435 ($3,896,435 system). *

ARGUMENT: OPC witness Schultz testified that: My adjustment reduces Miscellaneous Deferred Debits by $3,896,171 ($3,836,435 jurisdictional). Since the company did not provide a comparative analysis for the test year balance, it is reasonable to assume that similar items and amount are included in the test year as those I have identified . . . and have removed as a surrogate. FPL has failed to justify the balance and the explanation is not sufficient. The balances I have identified and removed should be excluded from test year working capital. (Tr. 2682-2683 Schultz).

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

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 39: Has FPL adhered to the Commission's policy of including net clause over-recoveries and excluding net clause under-recoveries in its calculation of working capital? If not, what adjustments should be made?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 40: What is the appropriate methodology for calculating FPL's Working Capital

for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito - The Commission should adjust working capital in the amount of $359,366,762 ($365,378,051 system); and additionally reduce working capital by $4,826,000 (jurisdictional and system) removing unamoritzed rate case expense. *

ARGUMENT: OPC witness Schultz testified that: I have summarized my adjustments to working capital in the chart. . . Total reduction to working capital of $365,378,051 Total Company; and $359,366,762 Florida Juris. (Tr. 2683-2684 Schultz).

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

* Saporito - FPL failed to meet its burden in showing compliance with Commission Rule 25-14.014, F.A.C., that the ARO adjustment is revenue neutral as implemented. *

ARGUMENT: OPC witness Schultz testified that: The Company has not clearly presented an affirmative explanation whether these adjustments related to the ARO are revenue neutral as required by Commission's rule. The Commission should require the Company to explain why the adjustments for decommissioning and ARO were made, what they represent, how they relate to one another, what the net effect on the Company's rate base is and why ratepayers should pay a rate of return related to the net balance of these adjustments. (Tr. 2678 Schultz).

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

* Saporito adopts SFHHA's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

COST OF CAPITAL

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito - a 45% equity ratio will reduce the revenue requirement by about 4.5% relative to FPL's equity ration recommendation, even if the FPL requested ROE is retained and adjusted for the recommended equity ratio - because of the reduction to income taxes in the revenue multiplier. Moreover, the 45% equity ratio will provide incentives for FPL to lock-in long term fixed rate financing for a much larger portion of capital and substantially reduce ratepayers' dependence on volatile equity financing in the longer run. *

ARGUMENT: Saporito adopts OPC's argument on this issue.

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

approved?

* Saporito - No, FPL has a monopoly - protected retail market; cost recovery mechanisms for fuel costs, purchased power costs, environmental costs, and conservation costs that enable FPL to collect significant costs from customers on a current basis, trued up to actual levels; the ability to request increases in rates; and other risk-reducing, revenue-enhancing benefits. In return for its monopoly position - and the opportunity to earn a fair return - customers rightfully expect FPL to provide superior service at the lowest reasonable costs. *

ARGUMENT: FPL's witness Dr. Avera was not found to be credible on cross-examination by SFHHA legal counsel (Tr. 4533-4653 Avera). Therefore this Commission must accept the unrefuted expert testimony of OPC's witness(s) on this issue as binding. Notably, OPC witness Lawton testified that: In my opinion, the requested equity performance adder should be denied. The Company's requested $41.6 million is unnecessary for the efficient provision of electrical service to customers. To begin with, differences in rate levels are to some extent attributable to factors other than management performance[1]. More fundamentally, the notion of an ROE adder is antithetical to the concept of a protected monopoly, which accepts and enjoys many advantages over competitive enterprises. Moreover, the Company's request, if granted, leads to unjust rates. . . The proposal FPL has made in this case is more akin to an excess profit mechanism than a performance reward mechanism. In my opinion, this proposal should be simply denied as it has no merit and was not well thought out. (Tr. 2862-2863 Lawton).

To the extent that this Commission has historically assigned a mid-point ROE level with a range above and below that mid-point ROE level, FPL has ample incentive to provide superior performance to its customers to earn at the upper end of the assigned ROE range. Thus, FPL's request for a 25 basis point performance adder to the authorized return on equity is not required or necessary in this docket - and should therefore be denied by the Commission accordingly.

1 FPL witness Deason testified regarding a performance adder that: *Yes, I believe that the performance adder should consider a myriad of things. . . Yes, I believe there should be other considerations. And let me be clear in my answer. In determining whether there should be an adder approved in this case, there should be a myriad of considerations.* (Tr. 4043-4044 Deason).

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

* Saporito - Based on competent witness testimony at the technical hearing, and in consideration of the very poor U.S. economy where the Federal Reserve has committed to keeping interest rates to near zero for the foreseeable future - the appropriate authorized ROE is 8.5% to 9% with a 50-basis point range above and below that level. *

ARGUMENT: OPC's witness Lawton testified that: OPC's primary recommendation includes a 9.0% recommended return on equity and a 50% debt, 50% equity capital structure, as well as adjustments to FPL's proposed test year rate base and expense levels. All of OPC's adjustments are detailed in the exhibits to OPC witness Donna Ramas' testimony, which form the basis for my analysis. Dr. Woolridge sponsors and supports the 9.0% equity return and OPC witness Kevin O'Donnell supports the 50%/50% capital structure. The resulting overall return is 5.56%, as is shown in my Schedule (DJL-3) page 1 of 2. OPC's alternative recommendation includes an 8.5% return on equity supported by Dr. Woolridge, utilizing the Company's proposed capital structure of 59.7% equity. This analysis is in my Schedule (DJL-3), page 2 of 2, and the overall recommended return is 5.62% under this alternative recommendation. Thus, under either scenario the OPC overall return is relatively close to 5.56% or 5.62%, but the impact on revenue requirement will be different due to capital structure and related tax impacts. These differences can be viewed by comparing line 22 results on Schedule (DJL-3) at pages 1 and 2. (Tr. 2874-2875 Lawton).

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

* Saporito - The Commission should adopt OPC's 50% equity ration which would provide FPL with a capital structure shown at Pages 82-83 of the Docket Prehearing Order. *

ARGUMENT: OPC witness Lawton testified that: Under OPC's primary recommendation of 9.0% equity return with a 50% debt/50% equity capital structure and a 5.56% overall rate of return (See Schedule DJL-3, p.1), the financials all fall within the benchmarks except for the

50% debt ratio compared to the Moody's benchmark and the S&P "intermediate" financial risk benchmark. However, Moody's recent (June 6, 2012) Credit Report discussed earlier projects (12-18 month forward view) FPL's debt ratio in the 50% - 53% range. Thus, a 50% debt ratio is not out of line with credit rating assessments. (Tr. 2876-2877 Lawton).

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

* Saporito adopts OPC's position and argument on this issue. *

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

* Saporito adopts OPC's position and argument on this issue. *

NET OPERATING INCOME

ISSUE 62: Has FPL maximized the sources of net jurisdictional revenue that are projected to be reasonably available and technically viable for the 2013 test year? IF not, what action, if any, should the Commission take in setting FPL's rates in this case? (For purposes of this issue, "net jurisdictional revenue" may include net revenue related to the supply of CO_2 captured from an FPL facility.)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 63: Does FPL properly account for revenues received from FPL Fibernet and other telecommunications companies for utilizing long-haul fiber optic facilities hosted by FPL's electric transmission system?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 64: What are the appropriate projected amounts of other operating revenues for the 2013 projected test year?

* Saporito - It is FPL's burden to show that the other operating revenues it proposed are appropriate. *

ISSUE 65: Is FPL's projected level of Total Operating Revenues of $4,407,253,000 ($4,505,007,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 66: Has FPL made the appropriate test year adjustments to remove fuel revenues

and fuel expenses recoverable through the Fuel Adjustment Clause?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 67: Should an adjustment be made to transfer incremental security costs from the Capacity Cost Recovery Clause to base rates?

* Saporito - Yes, placing normal recurring operating expenses such as security costs in base rates rather than in cost recovery clauses - including the incremental security costs in base rates is consistent with treated such costs for each of the other IOUs.

ISSUE 68: If incremental security costs continue to be recovered in the Capacity Cost Recovery Clause, should the Commission approve FPL's adjustment to transfer incremental security payroll loadings from base rates to the Capacity Cost Recovery Clause?

* Saporito - No, placing normal recurring operating expenses such as security costs and related payroll loadings in base rates rather than in cost recovery clauses is consistent with how such costs are treated for each of the other IOUs. *

ISSUE 69: Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 70: Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 71: Should FPL's adjustment to remove all costs for the Substation Pollution Discharge Prevention Program from base rates and include them in the Environmental Cost Recovery Clause be Approved?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 72: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the ECCR?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 73: Should FPL's adjustment to remove ECCR clause related payroll loadings of $1,815,000 for FICA and unemployment taxes from base rates and include them in the Energy Conservation Cost Recovery Clause be approved?

* Saporito - No, placing normal recurring operating expenses such as payroll loadings in base rate is the preferred practice over placing such costs in cost recovery clauses. *

ISSUE 74: Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses for the 2013 projected test year?

* Saporito - the Commission should make adjustments recommended by OPC witness Vondle to ensure that FPL's transactions with its affiliates do not impose inappropriate costs on its customers. *

ISSUE 75: Is the percentage value (or other assignment value or methodology basis) used to allocate NextEra Energy, Inc. corporate costs and/or expenses to FPL appropriate?

* Saporito - the Commission should make adjustments recommended by OPC witness Vondle to ensure that FPL's transactions with its affiliates do not impose inappropriate costs on its customers. *

ISSUE 76: Should the percentage value (or other assignment value or methodology basis) of NexEra Energy, Inc. corporate costs and/or expenses allocated to FPL be equal to the percentage value (or other assignment value or methodology basis) of NextEra Energy, Inc. corporate costs and/or expenses allocated to NextEra Energy Resources, LLC?

* Saporito - the Commission should make adjustments recommended by OPC witness Vondle to ensure that FPL's transactions with its affiliates do not impose inappropriate costs on its customers. *

ISSUE 77: Are the amounts of the NextEra Energy, Inc. corporate costs and/or expenses (including executive compensation and benefits) allocated to FPL fair, just, and reasonable?

* Saporito - the Commission should make adjustments recommended by OPC witness Vondle to ensure that FPL's transactions with its affiliates do not impose inappropriate costs on its customers. *

ISSUE 79: Should any adjustments be made to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies for the 2013 projected test year?

* Saporito - FPL should engage in bidding for services, service agreements between FPL and its affiliates, analysis of market prices, the creation of a virtual service company, and positive time reporting. *

ARGUMENT: Saporito adopts OPC's argument on this issue. *See,* OPC witness testimony of

Vondle.

ISSUE 80: What additional action (including, but not limited to, establishing a separate investigatory docket), if any, should the Commission take related to affiliate transactions as a result of the evidence taken in this docket?

* Saporito - the Commission's mandate requires opening an investigatory docket to examine FPL's affiliate transactions to address the nine areas of deficiency identified by OPC witness Vondle. *

ISSUE 81: Are FPL's overhead costs (salaries, materials and supplies, benefits, etc.) allocated to capital projects properly deducted from operating expenses?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 82: Has FPL made appropriate reductions in operating expenses where capital projects are not done in-house, but employee salaries and related overhead costs have been included in rate base?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 83: Has FPL properly reduced operating expenses in amount equal to overheads reimbursed by third parties through contributions in aid of construction related to underground placement of distribution and transmission facilities?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 84: Has FPL properly reduced operating expenses in amount equal to any overheads charged to third parties as contributions in aid of construction, fees or other payments to FPL?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 85: Should FPL salaries, costs and overheads for activities associated with (a) public relations or external affairs, (b) shareholder services, (c) attempted acquisitions of electric facilities, and (d) efforts opposing municipalizations pursuant to a franchise agreement be removed from operating expenses?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 86: Should FPL costs to pay contractors for legal, public relations or other consulting services be borne by customers or FPL shareholders?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 87: What is the appropriate amount of FPL's tree trimming expense for the 2013 projected test year?

* Saporito - the Commission should reduce FPL's tree trimming expense by $9,236,000 ($9,240,000 system) to reflect the company's historical pattern of under-spending its budgeted tree trimming expense by an average of 13% *

ARGUMENT: OPC witness Schultz testified that: As shown on Exhibit No. HWS-6, I am recommending a reduction of $9.240 million ($9.236 million jurisdictional) to the Company's latest estimate for 2013. The adjustment was determined by multiplying FPL's request of $71,400,621 by the budget-to-actual variance of 87.06% for the years 2008 through 2010. I then subtracted the result from the amount requested. (Tr. 2663 Schultz).

ISSUE 88: What is the appropriate amount of FPL's pole inspection expense for the 2013 projected test year?

* Saporito - the Commission should reduce FPL's pole inspection expense by $2,733,000 ($2,734,000 system) to account for the company's historical patter of under-spending its budgeted pole inspection expense by an average of 19.51%. (Schultz) *

ARGUMENT: OPC witness Schultz testified that: As shown on Exhibit No. HWS-7, I am recommending a reduction of $2.734 million ($2.733 million jurisdictional) to FPL's latest estimate for 2013. I calculated the adjustment by multiplying the Company request of $14,014,888 by the budget-to-actual variance of 80.49% for the years 2008 through 2010 and subtracting the result from the amount requested. . . FPL's request for 2013 is simply an estimate. As with the vegetation management estimate, the only difference between my recommendation and FPL's request is my application of a known and measurable factor to the estimate. That known and measurable factor is that during the years 2008 through 2010, the Company actually spent 19.51% less than it originally estimated for pole inspections. (Tr. 2664-2665 Schultz).

ISSUE 89: What is the appropriate amount of FPL's production plant O&M expense for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 90: What is the appropriate amount of FPL's transmission O&M expense for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 91: What is the appropriate amount of FPL's distribution O&M expense for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 94: What is the appropriate amount of advertising expenses for the 2013 projected test year?

* Saporito - FPL's advertising expenses for the 2013 projected test year should be adjusted lower - FPL should utilize more effective alternative advertising methods. *

ARGUMENT: It appears that FPL's primary means of advertising is through television; however, mobile applications used by smart-phones provide a better venue for placing ads and are more economical simply because of a higher usage by people based on various analysts reports and common sense.

ISSUE 95: If in its resolution of Legal Issue 1 the Commission determines it has legal authority to do so, should it approve FPL's proposed storm cost recovery mechanism?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 96: What is the appropriate annual storm damage accrual and storm damage reserve for the 2013 projected test period?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 99: Should an adjustment be made to FPL's level of executive compensation for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 100: Should an adjustment be made to FPL's level of non-executive compensation for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 101: Are FPL's proposed increases to average salaries for the 2013 projected test year appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 102: Is FPL's projected level of employee positions for the 2013 projected test year appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 103: What is the appropriate amount of Other Post Employment Benefits Expense for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 104: What is the appropriate amount of FPL's requested level of Salaries and Employee Benefits for the 2013 projected test year? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 105: What is the appropriate amount of Pension Expense for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 106: Should an adjustment be made to the amount of the Directors and Officers Liability Insurance expense that FPL included in the 2013 projected test year?

* Saporito - Yes, the Commission should reduce Directors and Officers Liability Insurance expense by $1,369,000 ($1,391,000 system) (Schultz) or eliminate it altogether since the Safe Harbor Act protects FPL's Directors and Officers from shareholder lawsuits. *

ISSUE 107: What is the appropriate amount of accrual for the Injuries & Damages reserve for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 108: What is the appropriate amount and amortization period for Rate Case Expense for the 2013 projected test year?

* Saporito - The Commission should reduce the rate case expense by $2,076,884 for excessive projected expenses. (Ramas). In addition, the Commission should require FPL to credit customers in the amount of the total costs and expenses incurred as a direct or indirect result of FPL's proposed settlement agreement which is illegal. *

ISSUE 109: What is the appropriate amount of uncollectible expense and bad debt rate for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 110: What is the appropriate accounting methodology for the Nuclear Outage

Maintenance Expense?

* Saporito - The Commission should require FPL to use the post-paid variation of reserve accounting which is less expensive to FPL customers and does not result in a stranded liability at the end of a unit's life. *

ISSUE 111: What is the appropriate amount of the Nuclear Outage Maintenance Expense and Nuclear Outage Maintenance Reserve for the 2013 test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 112: Has FPL included the appropriate amount of expense associated with the AMI smart meters in the 2013 projected test year?

* Saporito - the Commission should reduce AMI smart meter expenses by $3,735,000 ($3,744,000 system). (Ramas). To the extent that FPL's smart meter program fails to provide any reasonable amount of savings to customers, the Commission should disallow any FPL related expenses. *

ISSUE 113: Has FPL included the appropriate amount of savings associated with the AMI smart meters in the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 114: Is FPL's requested level of O&M Expense of $1,542,322,000 ($1,568,633,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 115: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 116: Is FPL's requested amortization of $191,000,000 the appropriate amount of the theoretical depreciation reserve surplus to be amortized for the 2013 projected test year?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 117: Given that in Order No. PSC-11-0089-S-EI the Commission directed FPL to complete the amortization of $894 million of depreciation surplus during the period 2010-2013, and in light of the Commission's decision regarding the amount of remaining reserve surplus to be amortized in the 2013 test year in conjunction with the resolution of Issue 116, should the Commission direct FPL to discontinue recording amortization of reserve surplus on its books after 2013 unless authorized by subsequent Commission order?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 118: Is FPL's requested level of Depreciation and Amortization Expense of $802,761,000 ($819,794,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 119: Is FPL's requested level of Taxes Other Than Income of $371,710,000 ($378,853,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 120: Should the Commission adjust FPL's test year current state income taxes or rate base to recognize benefits, if any, that FPL has provided, or will provide, to any affiliates in furtherance of the affiliate's ability to elect to apportion adjusted Federal income tax under s.220.153, Florida Statues (single sales factor)?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 121: Is FPL's requested level of Income Taxes of $513,276,000 ($528,838,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 122: Is FPL's requested level of (Gain)/Loss on Disposal of Plant of negative $2,641,000 (negative $2,641 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 123: Is FPL's requested level of Total Operating Expenses of $3,250,894,000 ($3,317,404,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 124: Is FPL's projected Net Operating Income of $1,156,359,000 ($1,187,603,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

REVENUE REQUIREMENTS

ISSUE 125: What are the appropriate revenue expansion factor and the appropriate net

operating income multiplier, including the appropriate elements and rates for FPL?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 126: Is FPL's requested annual operating revenue increase of $516,521,000 for the 2013 projected test year appropriate? (Fallout Issue)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 127: What economic impact will FPL's request for a rate increase have on customers, businesses and communities in Florida, including economic development activities and raising capital in Florida?

* Saporito - FPL's request for a rate increase will have dire economic consequences on consumers and businesses and communities in Florida. FPL seeks a 16% increase in profits while senior citizens have to choose between paying for medications or paying FPL. Florida's unemployment rate stands at 8.6% and well-above the national average forcing customers from their homes into rental units. Hospitals, food stores, gas stations and various other businesses must pass any rate increase onto consumers. Any increase in FPL rates would further harm Florida's fragile economic recovery and cause another recession. *

BASE RATE STEP ADJUSTMENT

ISSUE 128: Should the Commission approve a base rate step adjustment for the Canaveral Modernization Project?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 129: Should deferred taxes be included in the capital structure rather than as a reduction to rate base for the Canaveral Modernization Project base rate step adjustment?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 130: Is FPL's requested rate base of $821,325,000 ($837,297,000 system) for the Canaveral Modernization Project appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 131: What is the appropriate weighted average cost of capital, including the proper components, amounts and cost rates associated with the capital structure, to calculate the base rate step adjustment for the Canaveral Modernization Project?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 132: Is FPL's requested net operating loss of $32,092,000 ($32,712,000 system) for the Canaveral Modernization Project appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 133: Is FPL's requested Net Operating Income Multiplier of 1.63188 for the Canaveral Modernization Project appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 134: Is FPL's requested base rate step increase of $173,851,000 for the Canaveral Modernization Project appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 135: What is the appropriate effective date for implementing FPL's requested base rate step increase for the Canaveral Modernization Project?

* Saporito - Never, the Commission should reject and deny any base rate step increase for the Canaveral Modernization Project. *

COST OF SERVICE AND RATE DESIGN

ISSUE 139: Should FPL employ a minimum distribution system ("MDS") cost of service methodology to classify and allocate distribution costs; if not, what methodology should be used?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 140: What is the appropriate cost of service methodology to be used to allocate production costs to the rate classes?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 141: What is the appropriate cost of service methodology to be used to allocate transmission plant-related costs to the rate classes?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 142: Has FPL properly allocated costs to the rate classes?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 143: Is FPL's proposed allocation of the Cape Canaveral Modernization step increase reasonable?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 144: How should the change in revenue requirement be allocated among the customer classes?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 145: Should FPL's current time-of-use residential rate be closed to new customers, effective January 1, 2013?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 146: Should the Commission approve FPL's new Residential Time-of-Use Rider?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 147: Should FPL's proposal to credit the fuel charge for lighting customers who are required to turn off outside lights during turtle nesting season be approved?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 148: Should FPL's proposed change to the late payment charge be approved?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 157: Should FPL's proposed change to the temporary construction service rate be approved?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 158: Should FPL's proposed change to the Returned Payment Charge be approved?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 165: What is the appropriate monthly kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider? (8.820)

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 166: Has FPL correctly quantified the incentive payments associated with the Commercial/Industrial Load Control (CILC) classes?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 167: Should the CILC rate be reopened?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 168: Is FPL's proposed design of the demand and non-fuel energy charges for the CILC rate appropriate?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 169: Should the Commercial/Industrial Demand Reduction Credit Rider (CDR) credit be increased?

* Saporito - Yes, the Commission should increase the credit to $12.07 per kW to properly reflect cost increases of generation since 2004 accordingly. (Pollock) *

ISSUE 170: Should CILC and CDR credits be allocated to non-firm loads?

* Saporito adopts FIPUG's position and argument on this issue. *

ISSUE 171: What is the appropriate level and design of the charges under the Standby and Supplemental Services (SST-1) rate schedule?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 172: What is the appropriate level and design of charges under the Interruptible Standby and Supplemental Services (ISST-1) rate schedule?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 173: What is the appropriate method of designing time of use rates for FPL?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 174: What are the appropriate customer charges for January 1, 2013?

* Saporito adopts OPC's position and argument on this issue. *

ISSUE 183: What are the appropriate demand charges for January 1, 2013?

* Saporito adopts FRF's position and argument on this issue. *

ISSUE 184: What are the appropriate energy charges for January 1, 2013?

* Saporito adopts FRF's position and argument on this issue. *

ISSUE 185: What are the appropriate lighting rate charges for January 1, 2013?

* Saporito adopts FRF's position and argument on this issue. *

ISSUE 186: What is the appropriate effective date for FPL's revised rates and charges, prior to a Base Rate Step adjustment, if any, associated with the Canaveral

Modernization project?

* Saporito adopts FRF's position and argument on this issue. *

ISSUE 187: What are the appropriate charges after the Canaveral Modernization Project comes on line?

* Saporito adopts FRF's position and argument on this issue. *

OTHER ISSUES

ISSUE 192: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

* Saporito - Yes. *

ISSUE 193: Should this docket be closed?

* Saporito - No, only pending a final Commission decision and opportunity for appeal has expired. *

CONCLUSION

FOR ALL THE ABOVE STATED REASONS, the Commission should DENY FPL's request for a rate increase - and instead - ORDER FPL to lower retail base rates by $253-million dollars annually.

Respectfully submitted,

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CERTIFICATE OF SERVICE
DOCKET NO. 120015-EI

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