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**Subject:** Docket No. 120015-EI  
**Attachments:** Post Hearing Statement of Issues and Positions.pdf

Below is the required information for the attached e-filing with the Florida Public Service Commission:

- a. The full name, address, telephone number, and e-mail address of the person responsible for the electronic filing:

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- b. The docket number and title if filed in an existing docket:

**Title:** In Re: Petition for Increase in Rates by Florida Power & Light Company  
**Docket No.** 120015-EI

- c. The name of the party on whose behalf the document is filed:

Village of Pinecrest, Florida

- d. The total number of pages in each attached document:

Village of Pinecrest's Post Hearing Statement of Issues and Positions - 5 pages

- e. A brief but complete description of each attached document:

Village of Pinecrest's Post Hearing Statement of Issues and Positions

DOCUMENT NUMBER-DATE

06387 SEP 21 2012

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Increase in Rates by )  
Florida Power & Light Company )  
\_\_\_\_\_ )

DOCKET NO.: 120015-EI  
FILED: September 21, 2012

**VILLAGE OF PINECREST'S POST HEARING  
STATEMENT OF ISSUES AND POSITIONS**

Pursuant to Order No. PSC-12-0143-PCO-EI, issued March 26, 2012 (Order Establishing Procedure), as amended by Order No. PSC-12-0439-PCO-EI, issued August 27, 2012, and Order No. PSC-12-0428-PHO-EI, issued August 17, 2012 (Prehearing Order), the Village of Pinecrest, Florida ("Village"), hereby files its Post-Hearing Statement of Issues and Positions.

**STATEMENT OF BASIC POSITION**

FPL's rate proposal is excessive. It fails to reflect an appropriate balance between the need of the customers for good service at a reasonable price against the rights of the shareholders to receive fair compensation for their investment. Nowhere is this failure more clear than in FPL's request for an 11.25 percent return on common equity (ROE) with a .25 percent performance incentive adder, which would result in an effective ROE of 11.5 percent.

In light of customers' struggles in the current economy, and in light of FPL's recent business performance, such rich returns cannot be awarded if the Commission is guided by its mandate to act in the public interest and for the public welfare. In the first quarter of this year, FPL's net income increased 72 percent over the first quarter of 2011. In the second quarter, FPL's net income increased 17 percent over the same period last year. Clearly FPL's investors continue to do quite well at the current rates.

Given FPL's comparably low business risk and access to inexpensive financing (the cost of debt is at historic lows), and its low operational risk due in large part to its ability to pass through to customers more than half of its costs in annual rate adjustment dockets, any increase above the

currently authorized 10 percent ROE would border on the absurd. In fact, the record in this case will demonstrate that a reasonable rate of return supportive of FPL's current bond ratings and financing needs will fall within a range between 8.5 to 9.25 percent. FPL's ROE request includes a proposed .25% "performance adder." At first blush, this looks good for customers. It is not. FPL's prices are as much a result of its enormous economies of scale, customer mix and fuel mix as they are its business performance.

This aggressive over-reach by FPL in its request for gaudy shareholder returns should raise a red flag to the Commission prompting it to look beyond the face of FPL's request and carefully examine how the company records and allocates its costs to ensure that the MFR's are reflective of sound accounting, but also to ensure that customers are not over- or double-charged for any of FPL's costs. For example, the Commission should take a hard look to ensure that the company properly records overhead costs when customers or third parties contribute plant or when FPL undertakes projects in-house, and that appropriate adjustments are being made to operating expenses. This is especially true where plant is contributed for the purpose of placing facilities underground.

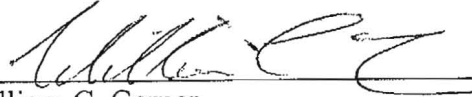
If the Commission establishes a reasonable rate of return within a range from 8.5 to 9.25 percent, together with making all additional adjustments to rate base and O&M expenses supported by the evidence and testimony offered in answer to the individual issues set forth below, no increase in rates will be required.

### **ISSUES AND POSITIONS**

For each Issue not stipulated, The Village adopts the position of the Office of Public Counsel, and adopts fully all rationale given in brief by the Office of Public Counsel. Furthermore, in each case where the Office of Public Counsel takes no position, the Village also takes no position, and where the Office of Public Counsel has entered a stipulation for an Issue, the Village also so stipulates.

Respectfully submitted this 21<sup>st</sup> day of September, 2012,

By:



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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail to the service list below, on this 21st day of September, 2012:

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