BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	Docket No. 160021-EI
In re: Petition for approval of 2016-2018 storm hardening plan, by Florida Power & Light Company	Docket No. 160061-EI
In re: 2016 depreciation and dismantlement study by Florida Power & Light Company	Docket No. 160062-EI
In re: Petition for limited proceeding to modify and continue incentive mechanism by Florida Power & Light Company	Docket No. 160088-EI Filed: August 5, 2016

FLORIDA POWER & LIGHT COMPANY'S PREHEARING STATEMENT

Florida Power & Light Company ("FPL"), pursuant to the Florida Public Service Commission's ("FPSC" or "Commission") Order Nos. 16-0125-PCO-EI and 16-0300-PCO-EI, hereby files its Prehearing Statement.

I. FPL WITNESSES

Direct Witnesses	Subject Matter
John J. Reed (Direct)	Sponsors and describes a benchmarking study used to assess FPL's operational and financial performance over the past several years and concludes that FPL's overall performance is superior; describes how this performance has saved customers billions of dollars compared to average-performing utilities; explains service area challenges that are specific to FPL.
Eric Silagy (Direct)	Provides an overview of FPL's filing and its position in this case; introduces the witnesses who have filed testimony on FPL's behalf.
Marlene M. Santos (Direct)	Describes how FPL provides a superior level of service to customers while at the same time maintaining low cost and efficient operations; discusses FPL's national recognition for outstanding customer satisfaction and how continuous improvement in operations benefits customers; discusses how the Customer Service functional area O&M expense is below the Commission's O&M benchmark; discusses FPL's customer complaint resolution process and results; describes

Direct Witnesses	Subject Matter
	FPL's energy affordability initiatives that provide economic assistance to customers.
Roxane R. Kennedy (Direct)	Discusses FPL's fossil generation industry-leading performance in heat rate, availability, emissions, and O&M costs and demonstrates how these improvements produced billions of dollars in savings for customers; discusses FPL's outstanding fossil fleet performance and how continued capital investments and non-fuel O&M are essential to providing these performance benefits; presents the construction capital and non-fuel O&M costs of placing an additional 1,633 MW into commercial operation in June 2019 with the Okeechobee Unit.
Mitchell Goldstein (Direct)	Provides an overview of FPL's nuclear operations; describes how FPL's nuclear fleet performance has provided significant benefits to FPL customers; discusses the changes made to improve FPL's performance since 2012; discusses challenges facing FPL's nuclear operations, including new and evolving NRC requirements and describes FPL's efforts to meet these requirements; discusses O&M for the 2017 Test Year and the 2018 Subsequent Year and the capital investments from 2014 through 2018 for FPL's nuclear operations.
Manuel B. Miranda (Direct)	Demonstrates that FPL provides superior transmission and distribution ("T&D") reliability; describes the FPSC initiatives being implemented to further strengthen and modernize its T&D infrastructure; and explains the ongoing plan for capital investments associated with the major drivers for making FPL's T&D infrastructure stronger, smarter, more secure and more reliable; demonstrates that FPL's T&D non-fuel O&M expenses are reasonable. Presents FPL's 2016-2018 Storm Hardening Plan ("Plan") and demonstrates that the Plan complies with Rule 25-6.0342, F.A.C. FPL's plan complies with the National Electrical Safety Code ("NESC") and appropriately adopts the NESC's extreme wind loading standards for FPL's distribution system and presents FPL's 2016-2018 deployment strategy, including the facilities affected, the location of those facilities (for 2016), an estimate of FPL's costs and benefits (including the effect on reducing storm restoration costs and customer outages) and input received, including costs and benefits, from third-party attachers.

Direct Witnesses	Subject Matter
Rosemary Morley (Direct)	Describes FPL's load forecasting process; identifies the underlying methodologies and assumptions of the customer growth, energy use per customer, net energy for load, and peak demand forecasts; presents the customer and sales forecast by revenue class; discusses the inflation forecast, including the Consumer Price Index forecast used in computing the Commission's O&M Benchmark.
Robert E. Barrett, Jr. (Direct)	Demonstrates the value to customers of FPL's four-year rate proposal; describes the process FPL uses in the preparation and approval of the financial forecast upon which the MFRs and schedules for the 2017 Test Year, 2018 Subsequent Year and 2019 Okeechobee Limited Scope Adjustment ("2019 Okeechobee LSA") are based; provides an overview of the general business conditions affecting the forecast assumptions; explains the major cost drivers for the January 2017 base rate increase and January 2018 Subsequent Year Adjustment ("2018 SYA"); discusses the necessity for the 2019 Okeechobee LSA; explains the proposal to transfer the Martin-Riviera ("MR-RV") gas lateral to Florida Southeast Connection ("FSC").
Kim Ousdahl (Direct)	Supports the calculation of the rate relief requested by FPL in this proceeding for the 2017 Base Rate Increase and the 2018 SYA; calculates FPL's requested 2019 Okeechobee LSA when the unit is scheduled to enter commercial service (June 1, 2019); supports Commission and Company adjustments to net operating income, rate base, and capital structure for the 2017 Base Rate Increase and 2018 SYA; requests change in recovery of the revenue requirements for West County Energy Center Unit 3 ("WCEC3") from the Capacity Cost Recovery Clause to base rates; and demonstrates the reasonableness of the methods that FPL uses to charge costs to its affiliates, such that customers do not subsidize FPL's affiliates.
Keith Ferguson (Direct)	Discusses an overview of the adjustments as a result of FPL's 2016 Depreciation Study prepared by Gannett Fleming; supports the request for recovery of retired assets with unrecovered balances through capital recovery schedules; presents and provides an overview of FPL's 2016 Dismantlement Study prepared by Burns & McDonnell; supports the change in FPL's end of life materials and supplies and nuclear fuel last core accruals.

Direct Witnesses	Subject Matter
Ned W. Allis (Direct)	Explains the methods and procedures used to develop FPL's 2016 Depreciation Study including current and proposed comparison schedules for depreciation parameters; discusses how the proposed increase in FPL's annual depreciation rates is primarily due to the impact of capital additions for FPL's generating facilities, partially mitigated by service lives and net salvage estimates.
Kathleen Slattery (Direct)	Presents an overview of the payroll and benefit expenses as shown in MFR C-35, demonstrating the reasonableness of FPL's forecasted payroll and benefit expenses.
Sam Forrest (Direct)	Supports FPL's request to extend the current Incentive Mechanism that was approved as part of FPL's 2012 Settlement Agreement; provides a description of the Incentive Mechanism under which FPL operates, including a review of the results compared to the sharing mechanism used prior to 2013; explains the details of FPL's request to modify specific aspects of the Incentive Mechanism and an overview of ongoing optimization costs.
Robert B. Hevert (Direct)	Explains FPL's risks, financial requirements, and the current market environment; analyzes and determines a fair range of return on equity ("ROE") for FPL; recommends an ROE range of 10.5% to 11.5% and that an ROE of 11.0% is reasonable and appropriate for FPL; discusses the reasonableness and importance of FPL's capital structure.
Moray P. Dewhurst (Direct)	Describes the necessity of an adequate ROE and a strong capital structure to maintain FPL's strategy of continuous, incremental improvement in its customer value proposition; explains the importance to customers of maintaining FPL's financial strength; discusses FPL's risk profile in assessing FPL's capital structure and ROE requirements; supports FPL's requested 11.0% ROE; explains the policy and factual basis in support of FPL's requested 50 basis point ROE performance adder, and describes and explains the importance of FPL's proposed storm cost recovery mechanism.
Tiffany C. Cohen (Direct)	Discusses the forecast of base revenues from the sale of electricity; presents the proposed service charges; addresses FPL's proposed target revenues by rate class; presents the proposed rate design for achieving the target revenues by rate class; presents FPL's proposal for two new metered lighting tariffs and modifications to existing tariffs.

Direct Witnesses	Subject Matter
Renae B. Deaton (Direct)	Explains load research in general terms, how it is used in the jurisdictional separation and cost of service studies, and how the projected load forecast by rate class and energy loss factors were developed; describes the process used in the development of FPL's jurisdictional separation study and resulting jurisdictional separation factors; discusses FPL's preparation of its retail cost of service study and explains the proposed change in methodologies to allocate production and transmission plant to retail rate classes; discusses the results of the retail cost of service study for the 2017 Test Year and 2018 Subsequent Year.

Rebuttal Witnesses	Subject Matter
Robert E. Barrett, Jr. (Rebuttal)	Explains that the 2017 and 2018 revenue requirements forecasts are reliable; explains that approval of the 2018 SYA and 2019 Okeechobee LSA is appropriate and consistent with Commission practice; explains that FPL's four-year proposal is in the best interest of customers; rebuts positons taken by OPC witnesses Schultz and Dismukes and SFHHA witness Baudino relative to the following areas: reserve amortization, inflation factor for benchmark O&M, commitment fees for short term debt; addresses FPSC Staff rate case audit; and explains why the Commission should approve the framework for the transfer of the MR-RV lateral to FSC.
Kim Ousdahl (Rebuttal)	Rebuts positions taken by OPC witness Smith and SFHHA witness Kollen relative to the following areas: Okeechobee LSA calculation, deferred federal income tax proration calculation, injuries and damages expense, unbilled revenues in rate base, capital structure and deferred tax liabilities, recovery of rate case expenses, revision to the revenue expansion factor and merger savings credit rider; and presents identified adjustments to the revenue requirements for the 2017 Base Rate Increase, 2018 SYA, and Okeechobee LSA.
Rosemary Morley (Rebuttal)	Demonstrates that FPL's rate case sales forecast has been more accurate than the forecast proposed by OPC witness Dismukes; explains that FPL's proposed inflation factor is reasonable; and explains that the accuracy of FPL's prior forecasts contravenes AARP witness Brosch's suggestion that FPL has an incentive to understate future sales growth.
Ned W. Allis (Rebuttal)	Rebuts the testimony of OPC witness Pous, FEA witness Andrews and SFHHA witness Kollen relative to depreciation parameters (service life, net salvage value and depreciation rates).

Rebuttal Witnesses	Subject Matter
Keith Ferguson (Rebuttal)	Rebuts the testimony of SFHHA witness Kollen as it relates to the dismantlement accrual, depreciation study accrual, recommended amortization period for the capital recovery schedule, and end of life and materials and supplies and last core nuclear fuel accruals.
Jeffrey T. Kopp (Rebuttal)	Explains how dismantlement cost estimates are prepared and demonstrates the importance of including contingency in developing these estimates.
Roxane R. Kennedy (Rebuttal)	Rebuts the testimony of SFHHA witness Kollen relating to base O&M fossil overhaul expenses as part of the variable O&M expenses calculated for the Incentive Mechanism since these expenses are a function of the usage of the unit; rebuts the testimony of OPC witness Smith relating to FPL's fossil fleet general overhaul expenses; explains that FPL's proven method has resulted in industry leading reliability at a cost well below the industry.
Manuel B. Miranda (Rebuttal)	Rebuts the testimonies of OPC witnesses Schultz and Smith related to distribution vegetation management and pole inspection expenses, T&D storm hardening capital expenditures and T&D Property Held for Future Use costs; addresses the testimony of OPC witness Pous relating to FPL's removal costs.
Kathleen Slattery (Rebuttal)	Rebuts the testimony of OPC witness Schultz relating to projected staffing and payroll for the 2017 Test Year and 2018 Subsequent Year and the associated benefits and payroll tax expense, and cost recovery of non-executive performance-based cash incentive compensation.
Robert B. Hevert (Rebuttal)	Rebuts the capital structure and ROE positions of intervenor witnesses; demonstrates the errors in intervenor witnesses' models.
Terry Deason (Rebuttal)	Rebuts the testimony of SFHHA witnesses Baudino and Kollen, OPC witnesses Smith, Schultz, and Lawton, FIPUG witness Pollock, FEA witness Gorman and AARP witness Brosch related to the following issues: Construction Work In Progress; Property Held for Future Use; Performance Based Compensation; Directors and Officers ("D&O") liability insurance; and the ROE performance adder.

Rebuttal Witnesses	Subject Matter
Moray P. Dewhurst (Rebuttal)	Rebuts the capital structure and ROE recommendations made by intervenor witnesses; rebuts SFHHA witness Kollen's opposition to continuation of the existing storm cost recovery mechanism; rebuts SFHHA witness Baudino's recommendations for long and short term debt costs; rebuts OPC witness Schultz's position on D&O liability insurance; and rebuts the inaccurate representations and/or misunderstandings of statements made by intervenor witnesses related to the proposed ROE performance adder.
Tiffany C. Cohen (Rebuttal)	Rebuts the testimony of FIPUG witness Pollock, FEA witness Alderson and SFHHA witness Baron regarding the Commission's policy of gradualism as it relates to limiting rate increases as well as demand and energy rates for the general service demand and CILC rate classes as well as the appropriate venue for review of the CILC and CDR rates and credits; rebuts the testimony of AARP witness Brosch regarding FPL's proposed customer charge; and rebuts FIPUG witness Pollock regarding the distribution substation service tariff.
Tom Koch (Rebuttal)	Rebuts the testimony of FIPUG witness Pollock, FEA witness Alderson and SFHHA witness Baron regarding the appropriate level of participant financial incentives for the Commercial-Industrial Load Control ("CILC") and Commercial-Industrial Demand Reduction ("CDR") credits.
Renae B. Deaton (Rebuttal)	Rebuts intervenors' testimony relating to use of the following: opposition to 12 CP and 25% cost allocation method for production plant, alternative cost allocation methods for production plant and a Minimum Distribution System ("MDS") cost allocation method for distribution costs.
Sam Forrest (Rebuttal)	Rebuts the testimony of OPC witness Dismukes and SFHHA witness Kollen regarding the Incentive Mechanism; rebuts the testimony of OPC witness Lawton by demonstrating that FPL's investments in more efficient generation have contributed significantly to FPL customers' lower bills.

II. PREFILED EXHIBITS

Direct Exhibit	Docket Nos.	Description	Sponsoring Witness
NWA-1	160021-EI &160062-EI	2016 Depreciation Study	Ned W. Allis
NWA-2	160021-EI &160062-EI	List of Depreciation Assignments and Depreciation Testimony	Ned W. Allis
REB-1	160021-EI	MFRs and Schedules Sponsored or Co-sponsored by Robert E. Barrett, Jr.	Robert E. Barrett, Jr.
REB-2	160021-EI	2016 Planning and Budgeting Process Guideline	Robert E. Barrett, Jr.
REB-3	160021-EI	MFR-F5 Forecasting Flowchart and Models	Robert E. Barrett, Jr.
REB-4	160021-EI	MFR-F8 Major Forecast Assumptions	Robert E. Barrett, Jr.
REB-5	160021-EI	Plan and Actual Net Income 2013-2015	Robert E. Barrett, Jr.
REB-6	160021-EI	Net Income Adjusted for Reserve Amortization and Weather	Robert E. Barrett, Jr.
REB-7	160021-EI	FPL's Revenue Request - 2017 vs. 2016	Robert E. Barrett, Jr.
REB-8	160021-EI	Drivers of the Increase in Revenue Requirements for 2013-2017	Robert E. Barrett, Jr.
REB-9	160021-EI	Summary of CPVRR Analysis for Peaker Upgrade Project	Robert E. Barrett, Jr.
REB-10	160021-EI	Summary of CPVRR Analysis for .05 Compressor Upgrades	Robert E. Barrett, Jr.
REB-11	160021-EI	Summary of CPVRR Analysis for Large Scale Solar Projects	Robert E. Barrett, Jr.
REB-12	160021-EI	FPL's Adjusted O&M Comparisons	Robert E. Barrett, Jr.
REB-13	160021-EI	FPL's Revenue Request 2018 vs. 2017	Robert E. Barrett, Jr.
REB-14	160021-EI	Summary of CPVRR Analysis for Transfer of Martin-Riviera Gas Lateral	Robert E. Barrett, Jr.
TCC-1	160021-EI	MFRs and Schedules Sponsored or Co-Sponsored by Tiffany C. Cohen	Tiffany C. Cohen
TCC-2	160021-EI	FPL Bill Comparisons - January 2016 to January 2020	Tiffany C. Cohen
TCC-3	160021-EI	Florida Utility Bill Comparison	Tiffany C. Cohen
TCC-4	160021-EI	Change in the Consumer Price Index versus FPL Bills	Tiffany C. Cohen
TCC-5	160021-EI	Parity of Major Rate Classes	Tiffany C. Cohen
TCC-6	160021-EI	Summary of Proposed Rates for Major Rate Schedules	Tiffany C. Cohen
RBD-1	160021-EI	MFRs and Schedules Sponsored or Co-sponsored by Renae B. Deaton	Renae B. Deaton
RBD-2	160021-EI	Load Research Rate Classes and Related Rate Schedules	Renae B. Deaton

Direct Exhibit	Docket Nos.	Description	Sponsoring Witness
RBD-3	160021-EI	Rate Class Extrapolation Methodologies	Renae B. Deaton
RBD-4	160021-EI	Rates of Return and Parity at Present Rates	Renae B. Deaton
RBD-5	160021-EI	Target Revenue Requirements at Proposed Rates	Renae B. Deaton
RBD-6	160021-EI	Comparison of FPL Cost of Service Methodologies	Renae B. Deaton
MD-1	160021-EI	MFRs and Schedules Sponsored and Co-Sponsored by Moray P. Dewhurst	Moray P. Dewhurst
MD-2	160021-EI	FPL's Virtuous Circle	Moray P. Dewhurst
MD-3	160021-EI	Regional Comparison: ROE and Key Performance Metrics	Moray P. Dewhurst
KF-1	160021-EI	MFRs Co-sponsored by Keith Ferguson	Keith Ferguson
KF-2	160021-EI & 160062-EI	Proposed Depreciation Company Adjustments by Year for Base vs. Clause for 2017 and 2018	Keith Ferguson
KF-3	160021-EI & 160062-EI	Summary of Capital Recovery Schedules for 2017 and 2018 – Base Rates vs. Clause Recoverable	Keith Ferguson
KF-4	160021-EI & 160062-EI	2016 Dismantlement Study	Keith Ferguson
KF-5	160021-EI & 160062-EI	Proposed Dismantlement Company Adjustments for Base vs. Clause	Keith Ferguson
KF-6	160021-EI & 160062-EI	Proposed Company Adjustments for Change in Nuclear End of Life Accruals	Keith Ferguson
SAF-1	160088-EI	Incentive Mechanism Comparison for Period 2013-2015 (pages 1-4)	Sam Forrest
MG-1	160021-EI	Listing of MFRs and Schedules Sponsored in Whole or in Part by Mitchell Goldstein	Mitchell Goldstein
MG-2	160021-EI	NRC Performance Indicators	Mitchell Goldstein
MG-3	160021-EI	NRC Inspection Findings	Mitchell Goldstein
MG-4	160021-EI	NRC Regulatory Status	Mitchell Goldstein
MG-5	160021-EI	Nuclear Performance Metrics	Mitchell Goldstein
RBH-1	160021-EI	Curriculum Vitae	Robert B. Hevert
RBH-2	160021-EI	Capital Asset Pricing Model Results	Robert B. Hevert
RBH-3	160021-EI	Bond Yield Plus Risk Premium	Robert B. Hevert
RBH-4	160021-EI	Constant Growth Discounted Cash Flow Model	Robert B. Hevert
RBH-5	160021-EI	Multi-Stage Growth Discounted Cash Flow Model	Robert B. Hevert
RBH-6	160021-EI	Ex-Ante Market Risk Premium	Robert B. Hevert
RBH-7	160021-EI	Bloomberg and Value Line Beta Coefficients	Robert B. Hevert

Direct Exhibit	Docket Nos.	Description	Sponsoring Witness
RBH-8	160021-EI	Change in Net Plant and Asset Turnover	Robert B. Hevert
RBH-9	160021-EI	Flotation Cost Adjustment	Robert B. Hevert
RBH-10	160021-EI	Proxy Group Capital Structure	Robert B. Hevert
RRK-1	160021-EI & 160088-EI	MFRs Sponsored and Co-Sponsored by Roxane R. Kennedy	Roxane R. Kennedy
RRK-2	160021-EI & 160088-EI	FPL Fossil Generating Capability and Technology Changes	Roxane R. Kennedy
RRK-3	160021-EI & 160088-EI	FPL Fossil Performance Improvements	Roxane R. Kennedy
RRK-4	160021-EI & 160088-EI	FPL Fossil Heat Rate Comparison	Roxane R. Kennedy
RRK-5	160021-EI & 160088-EI	Cumulative Benefits from FPL's Modernized Fossil Fleet since 2001	Roxane R. Kennedy
RRK-6	160021-EI & 160088-EI	FPL Fossil Forced Outage Rate Comparison	Roxane R. Kennedy
RRK-7	160021-EI & 160088-EI	FPL Fossil Total Non-Fuel O&M Production Cost Comparison	Roxane R. Kennedy
RRK-8	160021-EI & 160088-EI	FPL Fossil Capacity Managed per Employee Improvements	Roxane R. Kennedy
RRK-9	160021-EI & 160088-EI	FPL Combustion Turbine Technology Upgrades	Roxane R. Kennedy
RRK-10	160021-EI & 160088-EI	Total Expenditure Comparison (Average $/kW)	Roxane R. Kennedy
MBM-1	160021-EI	MFRs Co-sponsored by Manuel B. Miranda	Manuel B. Miranda
MBM-2	160021-EI	Percentage of FPL Feeders Hardened / Underground	Manuel B. Miranda
MBM-3	160021-EI	FPL's FPSC SAIDI 2006-2015	Manuel B. Miranda
MBM-4	160021-EI	FPL's FPSC MAIFIe 2006-2015	Manuel B. Miranda
MBM-5	160021-EI	Regional SAIDI Benchmarking	Manuel B. Miranda
MBM-6	160021-EI	AFS Avoided/Actual Customer Interruptions	Manuel B. Miranda
MBM-1	160061-EI	FPL's Electric Infrastructure Storm Hardening Plan	Manuel B. Miranda
MBM-2	160061-EI	Percentage of FPL Feeders Hardened / Underground	Manuel B. Miranda
RM-1	160021-EI	MFRs and Schedules Sponsored and Co-Sponsored by Rosemary Morley	Rosemary Morley
RM-2	160021-EI	Weather-Normalized Retail Delivered Sales per Customer	Rosemary Morley
RM-3	160021-EI	Summary of FPL's Historical and Forecasted Sales	Rosemary Morley
RM-4	160021-EI	Change in Typical Bill vs. Other Consumer Costs	Rosemary Morley

Direct Exhibit	Docket Nos.	Description	Sponsoring Witness
KO-1	160021-EI	MFRs and Schedules Sponsored and Co-sponsored by Kim Ousdahl	Kim Ousdahl
KO-2	160021-EI	MFR A-1 for the 2017 Test Year	Kim Ousdahl
KO-3	160021-EI	2017 and 2018 ROE Calculation Without Rate Relief	Kim Ousdahl
KO-4	160021-EI	MFR A-1 for the 2018 Subsequent Year	Kim Ousdahl
KO-5	160021-EI	Nuclear Maintenance Outage Costs Revenue Requirement	Kim Ousdahl
KO-6	160021-EI	Fukushima Project Cost by Recovery Mechanism – Company Adjustment	Kim Ousdahl
KO-7	160021-EI	Clause Recoverable Projects CWIP – Company Adjustment	Kim Ousdahl
KO-8	160021-EI	Accumulated Deferred Income Tax Proration Adjustment to Capital Structure for 2017 Test Year and 2018 Subsequent Year	Kim Ousdahl
KO-9	160021-EI	FPSC Adjustments for Cedar Bay and Woodford Project Costs	Kim Ousdahl
KO-10	160021-EI	NextEra Energy, Inc. Primary Operating Entities Structure and Affiliate Support Services	Kim Ousdahl
KO-11	160021-EI	2016 Cost Allocation Manual	Kim Ousdahl
KO-12	160021-EI	Direct Charges - Historical and Projected	Kim Ousdahl
KO-13	160021-EI	Corporate Services Charges – Historical and Projected Specific Cost Drivers and Massachusetts Formula Ratios	Kim Ousdahl
KO-14	160021-EI	Historical and Projected Corporate Services Charges - Cost Pools and Costs Billed to Affiliates	Kim Ousdahl
JJR-1	160021-EI	Curriculum Vitae	John J. Reed
JJR-2	160021-EI	Testimony Listing	John J. Reed
JJR-3	160021-EI	Situational Assessment Rankings	John J. Reed
JJR-4	160021-EI	Productive Efficiency Rankings	John J. Reed
JJR-5	160021-EI	Operational Metrics	John J. Reed
JJR-6	160021-EI	Benchmarking Workpapers	John J. Reed
JJR-7	160021-EI	2014 Assessment and Efficiency Tables	John J. Reed
JJR-8	160021-EI	Annual Non-Fuel O&M Savings per Customer	John J. Reed
JJR-9	160021-EI	2014 Combined Situational Assessment and Productive Efficiency Rankings	John J. Reed
JJR-10	160021-EI	Emissions Comparison	John J. Reed

Direct Exhibit	Docket Nos.	Description	Sponsoring Witness
JJR-11	160021-EI	Consumer Price Index and Producer Price Index	John J. Reed
JJR-12	160021-EI	Average Weekly Electric Utility Employee Earnings	John J. Reed
JJR-13	160021-EI	Handy-Whitman Construction Cost Indices	John J. Reed
MMS-1	160021-EI	MFRs Sponsored and Co-Sponsored by Marlene M. Santos	Marlene M. Santos
MMS-2	160021-EI	FPL Customer Service Awards and Recognition	Marlene M. Santos
MMS-3	160021-EI	2015 Customer Care Center Satisfaction Research	Marlene M. Santos
MMS-4	160021-EI	2015 Field Organization Satisfaction Research	Marlene M. Santos
MMS-5	160021-EI	Florida Public Service Commission Logged Complaints	Marlene M. Santos
ES-1	160021-EI	Eric Silagy Biography	Eric Silagy
ES-2	160021-EI	FPL Typical Residential Bill 2006-2020	Eric Silagy
ES-3	160021-EI	Value Provided to FPL Customers	Eric Silagy
KS-1	160021-EI	MFRs Sponsored and Co-Sponsored by Kathleen Slattery	Kathleen Slattery
KS-2	160021-EI	Total Salaries & Wages 2014	Kathleen Slattery
KS-3	160021-EI	Position to Market (2015 Base Pay)	Kathleen Slattery
KS-4	160021-EI	Merit Pay Program Awards, 2013 to 2015	Kathleen Slattery
KS-5	160021-EI	Total Benefit Program Relative Value Comparision-2015	Kathleen Slattery
KS-6	160021-EI	Active Employee Medical Plan Relative Value Comparison-2015	Kathleen Slattery
KS-7	160021-EI	Average Medical Plan Expense Per Employee 2011-2016	Kathleen Slattery
KS-8	160021-EI	Pension & 401(k) Employee Savings Plan Relative Value Comparison-2015	Kathleen Slattery

Rebuttal Exhibit	Docket Nos.	Description	Sponsoring Witness
NWA-3	160021-EI & 160062-EI	Mass Property Service Lives-Account Specific	Ned W. Allis
NWA-4	160021-EI & 160062-EI	Mass Property Net Salvage-Account Specific	Ned W. Allis
NWA-5	160021-EI & 160062-EI	Interrogatory Responses	Ned W. Allis
REB-15	160021-EI	Illustrative MFR C-37 with Revised Inflation Factor	Robert E. Barrett, Jr.
TCC-7	160021-EI	Comments on Illustrative Baron Table 12	Tiffany C. Cohen
TCC-8	160021-EI	Distribution Substation Interrogatory	Tiffany C. Cohen
TCC-9	160021-EI	Major Southeastern IOU Bill Comparison 2006 - 2016	Tiffany C. Cohen
TD-1	160021-EI & 160062-EI	Biographical Information for Terry Deason	Terry Deason
RBD-7	160021-EI	FPL Generation Fleet 2015 vs. 1989	Renae B. Deaton
RBD-8	160021-EI	Comparison of CI Customer Fuel Savings To Additional Revenue Requirement Under 12CP & 25%	Renae B. Deaton
RBD-9	160021-EI	Impact of Proposed Production Cost Allocation Methods	Renae B. Deaton
RBD-10	160021-EI	Impact of MDS and Proposed Production Cost Allocation Methods	Renae B. Deaton
RBD-11	160021-EI	Summary of Rate Class Impact due to Proposed Alternative Allocation Methods	Renae B. Deaton
RBD-12	160021-EI	Prior Commission Orders Rejecting Use of MDS	Renae B. Deaton
RBD-13	160021-EI	Revised MFR E-1 and E6b	Renae B. Deaton
KF-2 (Updated)	160021-EI & 160062-EI	Proposed Depreciation Company Adjustment by Year for Base vs. Clause for 2017 and 2018	Keith Ferguson
KF-4 (Corrected)	160021-EI & 160062-EI	FPL 2016 Dismantlement Study filed on May 3, 2016 with FPL's First Notice of Identified Adjustments	Keith Ferguson
KF-7	160021-EI & 160062-EI	Dismantlement Reserve - Company Adjustment Impact - Rate Base Only	Keith Ferguson
KF-8	160021-EI & 160062-EI	Order Approving Capital Recovery of Port Everglades ESPs	Keith Ferguson
RBH-11	160021-EI	Capital Asset Pricing Model Results	Robert B. Hevert
RBH-12	160021-EI	Bond Yield Risk Premium	Robert B. Hevert

Rebuttal Exhibit	Docket Nos.	Description	Sponsoring Witness
RBH-13	160021-EI	Constant Growth Discounted Cash Flow Model	Robert B. Hevert
RBH-14	160021-EI	Multi-Stage Discounted Cash Flow Model	Robert B. Hevert
RBH-15	160021-EI	Ex-Ante Market Risk Premium	Robert B. Hevert
RBH-16	160021-EI	Bloomberg and Value Line Beta Coefficients	Robert B. Hevert
RBH-17	160021-EI	Proxy Group Capital Structure	Robert B. Hevert
RBH-18	160021-EI	Flotation Cost Adjustment - Combined Proxy Group	Robert B. Hevert
RBH-19	160021-EI	Proxy Group Comparison	Robert B. Hevert
RBH-20	160021-EI	Value Line P/E Ratios	Robert B. Hevert
RBH-21	160021-EI	Proof Concept: Earnings, Dividends, Book Value and Stock Price Growth Rate Equivalence in Constant Growth DCF	Robert B. Hevert
RBH-22	160021-EI	Growth Rate Regression Analysis	Robert B. Hevert
RBH-23	160021-EI	Analysts' Projected EPS Growth Rates - Woolridge Proxy Group as Filed	Robert B. Hevert
RBH-24	160021-EI	Bond Yield Plus Risk Premium - Settled Only	Robert B. Hevert
RBH-25	160021-EI	Implied Return on Equity with M/B Ratio at Unity	Robert B. Hevert
RBH-26	160021-EI	Constant Growth Discounted Cash Flow Model and Credit Rating Regression	Robert B. Hevert
RBH-27	160021-EI	Hypothetical Example: Flotation Cost Recovery	Robert B. Hevert
RBH-28	160021-EI	Analysis Using Gorman's Rolling Average Equity Risk Premium Data	Robert B. Hevert
RBH-29	160021-EI	Analysis Using Mr. Gorman's Annual Equity Risk Premium Data	Robert B. Hevert
RBH-30	160021-EI	Forecasting 30 Year Treasury Yields: Regression Results Based on Data in Exhibit MPG-21	Robert B. Hevert
RBH-31	160021-EI	Mr. Gorman's Financial Integrity Analysis (Exhibit MPG-19)	Robert B. Hevert
RBH-32	160021-EI	Frequency Distribution of Observed Market Risk Premia, 1926-2015	Robert B. Hevert
RBH-33	160021-EI	Alternative Bond Yield Plus Risk Premium Analysis	Robert B. Hevert
RBH-34	160021-EI	Value Line Projected Sustainable Growth And Return On Common Equity	Robert B. Hevert

Rebuttal Exhibit	Docket Nos.	Description	Sponsoring Witness
RBH-35	160021-EI	Mr. Baudino's Exhibit No. (RAB-7) Adjusted	Robert B. Hevert
RBH-36	160021-EI	Equity Duration Calculation Using Mr. Baudino's DCF Model Data	Robert B. Hevert
RBH-37	160021-EI	Duration of Treasury Bonds at Current Interest Rates	Robert B. Hevert
RBH-38	160021-EI	DCF Model ROE Estimate Assuming Different Holding Periods and No Terminal Value	Robert B. Hevert
RBH-39	160021-EI	R-Squared of Beta Coefficient Regressions for Mr. Baudino's Proxy Group: Value Line Methodology	Robert B. Hevert
RBH-40	160021-EI	Bond Yield Plus Risk Premium Analysis Applying 95.00% Confidence Interval	Robert B. Hevert
RBH-41	160021-EI	S&P Business Risk Profiles and Credit Rankings	Robert B. Hevert
RBH-42	160021-EI	Recently Authorized ROEs	Robert B. Hevert
RBH-43	160021-EI	Summary of Adjustment Clauses & Alternative Regulation/Incentive Plans	Robert B. Hevert
RBH-44	160021-EI	Mr. Lawton's Financial Integrity Analysis Replicated, as Filed (Exhibit DJL-5)	Robert B. Hevert
RRK-1	160021-EI & 160088-EI	Example (Mitsubishi) Combustion Turbine (CT) Maintenance Intervals by Outage Type	Roxane R. Kennedy
RRK-2	160021-EI & 160088-EI	Example (Mitsubishi) Combustion Turbine Parts Standards by Outage Inspection Type	Roxane R. Kennedy
JTK-1	160021-EI & 160062-EI	FPL's Response to Staff's Seventh Set of Interrogatories No. 165	Jeffrey T. Kopp
MBM-3	160061-EI	FPL's Responses to OPC's 16th Set of Interrogatories Nos. 363-365	Manuel B. Miranda
MBM-7	160021-EI	FPL's Response to OPC's 1st Set of Interrogatories No. 13	Manuel B. Miranda
RM-5	160021-EI	Weather-normalized Retail Delivered Sales per Customer	Rosemary Morley
RM-6	160021-EI	Summary of FPL's Historical and Forecasted Sales	Rosemary Morley
RM-7	160021-EI	Annual Percent Change in Weather-normalized Use-Per-Customer	Rosemary Morley
RM-8	160021-EI	Weather-normalized Load Factors	Rosemary Morley

Rebuttal Exhibit	Docket Nos.	Description	Sponsoring Witness
RM-9	160021-EI	Comparison of FPL's Proposed Load Forecast and Those Utilized in the Okeechobee Need Determination Case	Rosemary Morley
RM-10	160021-EI	Summary of Incorrect, Incomplete or Misleading Statements Made by OPC Witness Dismukes' Testimony	Rosemary Morley
KO-15	160021-EI	Calculation of Deferred Income Tax on Okeechobee LSA	Kim Ousdahl
KO-16	160021-EI	Historical and Forecasted Injuries and Damages Reserve	Kim Ousdahl
KO-17	160021-EI	Comparison of 2009 Actual and 2016 Estimated Rate Case Expenses	Kim Ousdahl
KO-18	160021-EI	Docket No. 080677-EI Actual Rate Case Expense Letter	Kim Ousdahl
KO-19	160021-EI	1st, 2nd and 3rd Notices of Identified Adjustments	Kim Ousdahl
KO-20	160021-EI	Recalculated Revenue Requirements including Impact of Identified Adjustments	Kim Ousdahl
KS-9	160021-EI	FPL Planned vs. Actual Gross Payroll 2011-2015	Kathleen Slattery

III. STATEMENT OF BASIC POSITION

FPL is currently operating under a rate settlement approved by this Commission by Order No. PSC-13-0023-S-EI, issued January 14, 2013 ("the 2012 Rate Settlement"). Among other settlement terms, FPL agreed not to file for additional rate increases for a four-year period in exchange for a base rate increase effective 2013, and generation base rate adjustments that became effective when three of FPL's generation modernization projects began commercial operation in April 2013, April 2014 and April 2016. In approving the 2012 Rate Settlement, the Commission appropriately recognized that the agreement "provides FPL's customers with stability and predictability with respect to their electricity rates, while allowing FPL to maintain the financial strength to make investments necessary to provide customers with safe and reliable power." Order No. PSC-13-0023-S-EI, at 7-8.

Those objectives have been realized. For a sustained period of time, including the last four years, FPL has continuously delivered nationally recognized award-winning service, outstanding reliability, and one of the cleanest generation emissions rates of all large U.S. utilities. The Company achieved this superior performance while maintaining a typical residential 1,000 kilowatt hour ("kWh") customer bill that today is about 14% *lower* than it was 10 years ago. An important input to such low customer bills is FPL's best-in-class performance

in non-fuel productive efficiency, or non-fuel O&M costs per megawatt hour. For 2014 alone, FPL's non-fuel O&M expense was $1.9 billion *less* than an "average" utility. Had FPL operated as an average company, the typical residential bill would have been $17 higher per month, or more than $200 per year.

Such strong performance is not achieved by happenstance. Rather, it is a function of FPL's core strategy over the last 15 years, consisting of: (1) a relentless focus on efficiency and productivity; (2) smart investments that improve customer value; (3) sound financial policies including a strong balance sheet; and (4) a willingness to innovate and embrace new ideas and technology. And FPL has not accomplished this on its own. A constructive regulatory environment has been essential to FPL's ability to maintain a strong balance sheet and the flexibility to respond to emergencies, all of which foster an exceptional value proposition for customers.

FPL must continue to execute its strategy of making smart, long-term capital investments. From the end of 2013 through 2017, FPL will have invested $15.8 billion in its infrastructure, or nearly $4 billion annually – far more than the Company earns in any one year. Building on the success of the soon-to-expire 2012 Rate Settlement, as well as the multi-year settlements that preceded it, FPL submits in this proceeding a four-year proposal designed to maintain and improve upon the customer value it delivers. The proposal, accounting for the Company's Notices of Identified Adjustments, consists of: (i) an increase in rates and charges sufficient to generate additional total annual revenues of $826 million to be effective January 1, 2017; (ii) a subsequent year revenue increase of $270 million to be effective January 1, 2018; and (iii) a $209 million limited-scope adjustment for the Okeechobee Clean Energy Center ("the Okeechobee Unit"), to be effective on its commercial in-service date, currently scheduled for June 1, 2019. If these requested increases are approved, FPL will not seek a general increase in base rates to be effective before January 2021, despite the likelihood that base revenue requirements will continue to increase.

The four-year rate proposal offers customers base rate stability and certainty until at least January 2021 and is expected to produce a typical 1,000-kWh residential customer bill that increases roughly in line with inflation through 2020 while remaining among the lowest in the state and below the current national average. In fact, FPL expects that, even with the requested increase, its typical residential and commercial/industrial customer bills through 2020 will be even lower than they were in 2006. The four-year period of certainty also will allow FPL management and employees to focus on continuing to improve the Company's service delivery and realizing further operational efficiencies, rather than devoting significant resources to more frequent base rate cases.

2017 Test Year

The main drivers of FPL's need for an increase in 2017 are:

1.	Capital investment initiatives that support storm hardening, increased reliability, and system growth, which provide long-term economic benefits to customers, and ensure regulatory compliance	$829 million
2.	Impact of FPL's 2016 depreciation study	$187 million
3.	Discontinuation of the reserve amortization as of January 1, 2017	$175 million
4.	Inflation and customer growth	$145 million
5.	Change in the weighted average cost of capital	$36 million
6.	Revenue growth that partially offsets the growth in base revenue requirements	($217 million)
7.	Productivity gains that partially offset the growth in base revenue requirements	($175 million)
8.	Growth in FPL's wholesale business, which reduces the amount of revenues needed from retail customers	($126 million)
9.	Other	$12 million

FPL plans to undertake capital projects representative of its philosophy of continuous improvement. As an example, the Company plans to invest in three universal solar projects totaling 224 MW (nameplate) of zero-emissions generation that will advance FPL's clean energy goals, while producing significant fuel savings to help keep customer bills low. The Company also will invest in innovative technology that will be implemented on FPL's existing smart grid to prevent outages and reduce restoration time, thereby improving reliability and increasing customer satisfaction. More of these smart investments are discussed in FPL's prepared testimony.

Based on FPL's investments in capital improvements and the other drivers listed above and accounting for the adjustments identified by FPL (see Exhibit KO-20), the total resulting base revenue deficiency in 2017 is $826 million. Absent rate relief, the resulting adjusted jurisdictional rate of return on average rate base is projected to be 8.05%.

2018 Subsequent Year Adjustment

FPL's retail rate base is projected to increase by approximately $1.3 billion from 2017 to 2018. Even if the Commission grants FPL's 2017 Base Rate Increase in full, FPL's 2018 ROE is expected to drop more than 100 basis points absent the 2018 SYA, putting it below the bottom of

the authorized ROE range. FPL's proposed 2018 SYA reflects the increase in revenue requirements from 2017 to 2018. The primary drivers of this increase are:

1.	Continued investments in infrastructure that provide long-term economic benefits to customers, and ensure regulatory compliance	$223 million
2.	Inflation and customer growth	$47 million
3.	Change in the weighted average cost of capital	$31 million
4.	Revenue growth that partially offsets the growth in base revenue requirements;	($39 million)

Accounting for the adjustments identified in Exhibit KO-20, FPL's resulting base revenue deficiency for 2018 is $270 million. Without an increase in revenue requirements in 2018, FPL's earned ROE is projected to fall by approximately 100 bps (compared with 2017), to below the bottom of the authorized ROE range. With no rate increase in 2017 or 2018, FPL's ROE in 2018 is projected to be 7.11%, substantially below an appropriate return.

Okeechobee Limited Scope Adjustment

FPL requests approval of its 2019 Okeechobee LSA in the amount of $209 million for the revenue requirements associated with the first twelve months of the Okeechobee Unit's commercial operation, which adjustment would be effective on the commercial in-service date. FPL will synchronize revenues and savings by requesting that its fuel cost recovery factors be reduced at the same time as the base rate increase to reflect the fuel savings resulting from the facility's efficient technology.

Return on Equity and Capital Structure

One important aspect of FPL's strategy is the maintenance of strong financial policies to support the execution of its capital programs, to manage its liquidity needs, and to maintain the flexibility to respond rapidly to unexpected changes in the external environment. Customers have benefited from these policies through improved service and low bills. There is no reason to make a major change after more than 15 years of demonstrated success. To that end, FPL proposes a continuation of the successful policies of the past, updated to reflect today's market conditions, to support a continued strategy of working to improve the customer value proposition.

FPL seeks the continued use of its historical capital structure of 59.6% equity based on investor sources. In this case, FPL requests that it be allowed the opportunity to earn an ROE range of 10.5% to 12.5%, with a midpoint of 11.5%. This range is reasonable and is consistent with capital market conditions. The requested ROE includes a 50 basis point ROE adder that would recognize FPL's strong track record of superior performance and provide an incentive for continued future strong performance. FPL's proposal for an ROE performance adder is consistent with the Commission's authority and also its past policy and practice.

Bill Impacts

Based on the case as filed, FPL expects that the proposed rate adjustment in this proceeding will increase the base portion of the bill for a typical residential customer by $8.56 in 2017, $2.64 in 2018, and an estimated $2.08 for the 2019 Okeechobee LSA, for a total impact by 2020 of an estimated $13.28 a month, or 44 cents per day. The total typical residential 1,000-kWh monthly bill is projected to be $101.18 in January 2017, $104.45 in January 2018 and $107.29 in June 2019. Even with the proposed increases, FPL's typical residential bill through 2020 is estimated to increase roughly in line with inflation, to remain well below the state and national averages, and to be lower than it was ten years ago in 2006 (i.e., $108.61).

Storm Recovery

FPL proposes to continue to recover prudently incurred storm costs under the framework prescribed by the 2012 Rate Settlement. Specifically, if FPL incurs storm costs related to a named tropical storm, the Company may begin collecting up to $4 per 1,000 kWh (roughly $400 million annually) beginning 60 days after filing a petition for recovery with the FPSC. If costs to FPL related to named storms exceed $800 million in any one year, the Company also can request that the Commission increase the $4 per 1,000 kWh charge accordingly.

Depreciation and Dismantlement (Docket 160062-EI)

Contemporaneous with the filing of its base rate request, FPL filed its 2016 Depreciation and 2016 Dismantlement Studies. The total increase in depreciation expense for the 2017 Test Year and 2018 Subsequent Year as a result of the 2016 Depreciation Study is $183 million and $184 million, respectively. These figures reflect adjustment no. 1 included in FPL's June 16, 2016 Second Notice of Identified Adjustments. The 2016 Dismantlement Study calculates a current total cost of dismantlement of $478 million, with a resulting accrual of $26.2 million, of which $25.4 million relates to base rate assets. This is an increase of approximately $7.7 million ($7.4 million for the base rate portion), over the current accrual included in FPL's 2017 Test Year and 2018 Subsequent Year. FPL requests approval of the company adjustments that reflect the impacts of the depreciation and dismantlement studies.

Storm Hardening Plan (Docket 160061-EI)

FPL also filed a request for approval of its 2016-2018 Electric Infrastructure Storm Hardening Plan (the "Plan") pursuant to Rule 25-6.0342, F.A.C. FPL's transmission and distribution ("T&D") electrical grid is viewed as one of the most storm-resilient and reliable in the nation, achieved through the implementation of its forward-looking storm-hardening, grid modernization and reliability initiatives. A significant amount of the distribution system has yet to be storm-hardened, however. Under the Plan, a much more substantial part of FPL's total system will have been hardened by 2018, extending the improved storm resiliency and reliability benefits of hardening to more customers. FPL's Plan is appropriate and necessary to continue to develop the future electric grid to meet the ever-increasing needs and expectations of customers - today and in the future.

Asset Optimization (Docket 160088-EI)

FPL seeks to extend the incentive mechanism that was approved as part of FPL's 2012 Rate Settlement ("Incentive Mechanism"). Over the four-year pilot of the Incentive Mechanism, customers have benefitted from the expanded opportunities for FPL to create gains on short-term wholesale economy sales and economy purchases and optimization of other assets to provide increased value. A conservative comparison between the current Incentive Mechanism and that which FPL operated prior to the 2012 Rate Settlement demonstrates that customers have received additional benefits of more than $20 million for the years 2013, 2014, and 2015. The Incentive Mechanism has worked as intended, and it should be continued in order to allow customers to continue to benefit from it.

Two elements of the Incentive Mechanism need to be adjusted to reflect changed circumstances since the program was originally approved. The first adjustment is to the sharing threshold, to recognize that FPL's Unit Power Sales contracts expired at the end of 2015 and were not renewed because customer economics were not favorable. That contract facilitated roughly $10 million of gains each year that will no longer be achievable, and so the sharing threshold originally approved by the Commission should be reduced by $ 10 million. In addition, FPL's 2013 test year reflected base rate recovery of variable power plant O&M costs needed to support 514,000 MWh of economy sales. The 2017 and 2018 test years in FPL's current rate case filing reflect no such base rate recovery. Accordingly, FPL proposes to eliminate the 514,000 MWh threshold altogether and simply net economy sales and purchases in order to determine the impact of variable power plant O&M. Higher economy sales than economy purchases in a given year will yield a net recovery of variable power plant O&M. Conversely, higher economy purchases will result in a credit to customers for the net variable power plant O&M saved in that year.

Conclusion

For well over a decade, FPL customers have been well-served by policies that have enabled FPL to achieve and maintain a typical residential bill that is 30% below the national average and 20% below the Florida average, the best reliability in Florida, outstanding customer service, lowest non-fuel O&M cost per customer in the U.S., and the lowest carbon dioxide emissions among utilities in the Southeast United States. FPL seeks to continue those financial policies. Approval of FPL's four-year proposal will allow the Company to continue focusing on ways to improve its operations and performance to better meet customer needs. FPL's proposal will promote long term rate stability for customers, is expected to result in typical bills that will be lower in 2020 than they were in 2006, and should be approved by the Commission.

IV. ISSUES AND POSITIONS

There are disputes concerning the appropriateness of including certain issues. Those disputes are to be brought before the prehearing officer for resolution at the prehearing conference. Accordingly, FPL has not included and is not stating a position on the contested issues at this time but will do so following the prehearing conference for any issues that the prehearing officer decides are properly included. FPL objects to the present wording of Issue

165, which appears below in ***bold and italics***. FPL sets forth the basis for its objection under that issue.

LEGAL ISSUES

ISSUE 1: Does the Commission possess the authority to grant FPL's proposal to continue utilizing the storm cost recovery mechanism that was part of the settlement agreements approved in Order Nos. PSC-11-0089-S-EI and PSC-13-0023-S-EI?

Yes. The Commission has legal authority to implement the proposed storm cost recovery mechanism based on the merits of the proposal, regardless of whether it was embodied in a prior settlement agreement. There is substantial Commission precedent for prompt recovery of costs on an interim or projected basis, subject to true-up later. *See, e.g., In re: General investigation of fuel adjustment clauses of electric companies*, Order No. 6357 at 7 (Nov. 26, 1974), Docket No. 74680-CI; *In re Florida Power & Light Company*, Order No. PSC-050937-FOF-EI at pp. 34-35 (Sept. 21, 2005), Docket No. 041291-EI. (legal issue)

ISSUE 2: Does the Commission have the authority to approve FPL's requested limited scope adjustment for the new Okeechobee Energy Center in June of 2019?

Yes. There is statutory and regulatory authority for the approval of a limited scope adjustment for a new generation plant, such as the Okeechobee Energy Center. Section 366.076(1), Florida Statutes permits the Commission to conduct a limited proceeding to consider any matter that results in a utility rate adjustment; Section 366.076(2) allows the Commission to adjust rates to be implemented in years subsequent to the test year. *See Citizens v. Florida Public Serv. Comm'n*, 146 So.3d 1143, 1157 fn.7 (Fla. 2014). These statutes are implemented through Commission Rules 25-6.0431 and 25-6.0425, respectively. The Okeechobee limited scope adjustment will synchronize the unit's revenue requirements with fuel savings resulting from its operation. (legal issue)

ISSUE 3: Does the Commission possess the authority to adjust FPL's authorized return on equity based on FPL's performance?

Yes. In setting rates, the Commission may "give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and **the value of such service to the public**." Section 366.041 (l), Florida Statutes (emphasis added); see also Order No. PSC-02-0787-FOF-EI at 3 (Commission awarded Gulf a 25 basis point ROE adder in recognition of its past performance and as incentive for future performance.) (legal issue)

ISSUE 4: Does the Commission have the authority to include non-electric transactions in an incentive mechanism?

The Commission has authority to approve FPL's incentive mechanism. As proposed, FPL seeks incentives for transactions that bring customers value by optimizing the use of assets that are already being recovered through the fuel and capacity clauses. (legal issue)

ISSUE 5: Does the Commission have the authority to approve proposed depreciation rates to be effective January 1, 2017, based upon a depreciation study that uses year-end 2017 plant balances?

Yes. FPL believes that it would be appropriate for the Commission to approve proposed depreciation rates to be effective January 1, 2017, based upon a depreciation study that uses year-end 2017 plant and reserve balances. FPL used year-end 2017 balances in the filed depreciation study in order to develop rates that were a good match with the investments reflected in both the 2017 Test Year and 2018 Subsequent Year. This is consistent with the requirement of Rule 25-6.0436 that estimates used in setting depreciation rates "shall be brought to the effective date of the proposed rates." That being said, FPL has no objection to using results for year-end 2016 balances for the purpose of setting depreciation rates and determining FPL's base rates in this proceeding. FPL has provided depreciation rates based on year-end 2016 balances in the Second Notice of Identified Adjustments filed on June 16, 2016. (legal issue)

ISSUE 6: Are Commercial Industrial Load Control (CILC) and Commercial/Industrial Demand Reduction (CDR) credits subject to adjustment in this proceeding?

Yes. The current level of CILC/CDR credits were part of a multi-faceted settlement agreement approved in FPL's 2012 rate case. By proposing to reset the credits to pre-settlement levels FPL is simply recognizing that any permanent change to the credits would arise through the DSM goals/plan proceedings along with all of FPL's demand response programs to determine the appropriate level of credits to be paid for by all customers. (legal issue)

STORM HARDENING ISSUES

ISSUE 7: Does the Company's Storm Hardening Plan (Plan) comply with the National Electric Safety Code (ANSI C-2) (NESC) as required by Rule 25-6.0345, F.A.C.?

Yes. FPL's Storm Hardening Plan (Plan) complies with the National Electrical Safety Code (ANSI C-2) (NESC) as required by Rule 25-6.0345, F.A.C. FPL's distribution and transmission facilities meet or exceed the minimum requirements of NESC. (Miranda)

ISSUE 8: Does the Company's Plan address the extreme wind loading standards specified in Figure 250-2(d) of the 2012 edition of the NESC for new distribution facility construction as required by Rule 25-6.0342(3)(b)1, F.A.C.?

Yes. The Company's Plan addresses the extreme wind loading standards specified in Figure 250-2(d) of the 2012 edition of the NESC by utilizing three extreme wind regions corresponding to extreme winds of 105, 130 and 145 mph for new distribution facility construction as required by Rule 25-6.0342(3)(b)1, F.A.C. FPL applies extreme wind loading (EWL) standards for new distribution facility construction. (Miranda)

ISSUE 9: Does the Company's Plan address the extreme wind loading standards specified by Figure 250-2(d) of the 2012 edition of the NESC for major planned work on the distribution system, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule distribution facility construction as required by Rule 25-6.0342(3)(b)2, F.A.C.?

Yes. FPL applies EWL for all distribution major planned work, including expansion, rebuild, or relocation of existing facilities, consistent with the extreme wind regions specified by Figure 250-2(d) of the 2012 edition of the NESC, utilizing three extreme wind regions corresponding to extreme winds of 105, 130 and 145 mph. (Miranda)

ISSUE 10: Does the Company's Plan address the extreme wind loading standards specified by Figure 250-2(d) of the 2012 edition of the NESC for distribution facilities serving critical infrastructure facilities and along major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations as required by Rule 25-6.0342(3)(b)3, F.A.C.?

Yes. FPL applies EWL on all critical infrastructure, community project, wind zone and geographic feeders, which are primarily located along or near major thoroughfares, in accordance with the NESC's EWL standards. For 2016, feeder projects and their associated county and address were included in FPL's Plan. (Miranda)

ISSUE 11: Is the Company's Plan designed to mitigate damages to underground and supporting overhead transmission and distribution facilities due to flooding and storm surges as required by Rule 25-6.0342(3)(c), F.A.C.?

Yes. FPL's Plan includes utilizing equipment that is more resistant to weathering, corrosion and flooding for new underground construction and supporting overhead transmission and distribution facilities. FPL's Plan also provides information on several recently completed distribution and transmission initiatives to mitigate the impact of storm surge/flooding. (Miranda)

ISSUE 12: Does the Company's Plan address the extent to which the placement of new and replacement distribution facilities facilitate safe and efficient access for installation and maintenance as required by Rule 25-6.0342(3)(d), F.A.C.?

Yes. FPL's Distribution Guidelines, set forth in its Plan, address the appropriate placement/location of new and replacement overhead and underground distribution facilities (e.g., in private easements or as close to the front edge of property (right of way line), overhead lines should be placed in front or accessible locations where feasible, and concrete poles are not to be placed in inaccessible locations or locations that could potentially become inaccessible) which facilitates safe and efficient access for installation and maintenance. (Miranda)

ISSUE 13: Does the Company's Plan provide a detailed description of its deployment strategy including a description of the facilities affected; including technical design specifications, construction standards, and construction methodologies employed as required by Rules 25-6.0341 and 25-6.0342(4)(a), F.A.C.?

Yes. FPL's Plan provides a detailed description of its deployment strategy and a description of the facilities affected. The Plan includes how FPL will apply EWL to the design and construction of all new overhead facilities including new pole lines and major work as well as existing facilities. FPL's Plan also includes its Distribution Design Guidelines, Addendum to Distribution Engineering Reference Manual as well as Attachment Guidelines and Procedures. (Miranda)

ISSUE 14: Does the Company's Plan provide a detailed description of its deployment strategy as it relates to the communities and areas within the utility's service area where the electric infrastructure improvements, including facilities identified by the utility as critical infrastructure and along major thoroughfares are to be made as required by Rules 25-6.0342(3)(b)3 and 25-6.0342(4)(b), F.A.C.?

Yes. FPL's Plan includes for 2016: for critical infrastructure and community feeder projects - the County, feeder number, substation name, the type of project (i.e., Police, Fire, community) and project address; for wind zone and feeders – all the above, except for project address; for 01 switches – county, substation feeder. For 2017 and 2018, FPL will continue to utilize the agreed upon Process to Engage Third Party Attachers. (Miranda)

ISSUE 15: Does the Company's Plan provide a detailed description of its deployment strategy to the extent that the electric infrastructure improvements involve joint use facilities on which third-party attachments exist as required by Rule 25-6.0342(4)(c), F.A.C.?

Yes. For 2016, FPL's Plan contains project details, including project locations. Additionally, FPL continues to utilize the agreed upon Process to Engage Third Party Attachers, which includes providing additional details for 2017 and 2018 projects by certain dates. (Miranda)

ISSUE 16: Does the Company's Plan provide a reasonable estimate of the costs and benefits to the utility of making the electric infrastructure improvements, including the

effect on reducing storm restoration costs and customer outages as required by Rule 25-6.0342(4)(d), F.A.C.?

Yes. FPL's estimates distribution and transmission hardening costs of approximately $1.650 million under the Plan. Benefits arising from storm hardening include anticipated: reduction in the numbers of hurricane and non-hurricane related outages; reduction in storm and non-storm outage duration; reduction in storm restoration time; reduction in storm restoration costs; and improved reliability. For instance, hardened feeders have provided an improvement of 40% in day-to-day reliability. It is difficult to quantify these valuable benefits. There has not been sufficient storm activity since hardening began to quantify some of these benefits. In addition, the benefits to customers vary from customer to customer, but it is clear that the benefits accrue not only to FPL's customers but also to the economy of the entire state. Like prior Commission-approved plans, this Plan "produces the desired results of reduced customer outages and reduced overall restoration time as efficiently as possible from an economic perspective." (Miranda)

ISSUE 17: Does the Company's Plan provide an estimate of the costs and benefits to third-party attachers affected by the electric infrastructure improvements, including the effect on reducing storm restoration costs and customers outages realized by the third-party attachers as required by Rule 25-6.0342(4)(e), F.A.C.?

Yes. FPL's Plan includes third-party attachers' costs and benefits, to the extent they were provided. While FPL requested input from all known attaching entities regarding its Plan, no attaching entity provided information related to their costs and benefits. (Miranda)

ISSUE 18: Does the Company's Plan include a written Attachment Standards and Procedures addressing safety, reliability, pole loading capacity, and engineering standards and procedure for attachments by others to the utility's electric transmission and distribution poles that meet or exceed the edition of the National Electrical Safety Code (ANSI C-2) that is applicable as required by Rule 25-6.0342(5), F.A.C.?

Yes. FPL's Plan includes its Attachment Standards and Procedures. While FPL is not seeking approval of its standards and procedures for attachment by others, its attachment standards and procedures for third-party attachers meet or exceed the NESC. (Miranda)

WOODEN POLE INSPECTION PROGRAM

ISSUE 19: Does the Company's eight-year wooden pole inspection program comply with Order No. PSC-06-0144-PAA-EI, issued on February 27, 2006, in Docket No. 060078-EI, and Order No. PSC-06-0778-PAA-EU, issued on September 18, 2006, in Docket No. 060531-EU?

Yes. The Company's eight-year wooden pole inspection program complies with Order No. PSC-06-0144-PAA-EI, issued on February 27, 2006, in Docket No. 060078-EI, and Order No. PSC-06-0778-PAA-EU, issued on September 18, 2006, in Docket No. 060531-EU. (Miranda)

10 POINT STORM PREPAREDNESS INITIATIVES

ISSUE 20: Does the Company's 10-point initiatives plan comply with Order No. PSC-06-0351-PAA-EI, issued on April 25, 2006; Order No. PSC-06-0781-PAA-EI, issued on September 19, 2006; and Order No. PSC-07-0468-FOF-EI, issued on May 30, 2007, in Docket No. 060198-EI?

Yes. The Company's 10-point initiatives plan complies with Order No. PSC-06-0351-PAA-EI, issued on April 25, 2006; Order No. PSC-06-0781-PAA-EI, issued on September 19, 2006; and Order No. PSC-07-0468-FOF-EI, issued on May 30, 2007, in Docket No. 060198-EI. (Miranda)

APPROVAL OF STORM HARDENING PLAN

ISSUE 21: Should the Company's Storm Hardening Plan for the period 2016 through 2018 be approved?

Yes. As demonstrated by Issues 4-15, FPL's 2016-2018 Plan is in compliance with Rule 25-6.0342. Additionally, it provides significant day-to-day reliability benefits, as hardened feeders perform approximately 40% better than non-hardened feeders. (Miranda)

COSTS FOR STORM HARDENING AND 10 POINT INITIATIVES

ISSUE 22: What adjustments, if any, should be made to rate base associated with the storm hardening Rule 25-6.0342, F.A.C., and 10 point initiatives requirements?

No adjustments should be made to rate base for costs associated with Rule 25-6.0342, F.A.C., and the Commission's 10 point initiatives requirements. (Miranda)

ISSUE 23: What adjustments, if any, should be made to operating expenses associated with the storm hardening Rule 25-6.0342, F.A.C., and 10 point initiatives requirements?

No adjustments should be made to rate base for costs associated with Rule 25-6.0342, F.A.C., and the Commission's 10 point initiatives requirements. (Miranda)

TEST PERIOD AND FORECASTING

ISSUE 24: Is FPL's projected test period of the 12 months ending December 31, 2017, appropriate?

Yes. The Company is currently operating under the 2012 Stipulation and Settlement approved in Docket No. 120015-EI (2012 Rate Settlement) that expires December 31, 2016. The Company's petition requests an increase in base rates at the expiration of the 2012 Rate Settlement, effective January 1, 2017. Accordingly, 2017 is the most appropriate year to evaluate the Company's projected revenue requirements to afford the appropriate match between revenues and revenue requirements for 2017. (Barrett)

ISSUE 25: Do the facts of this case support the use of a subsequent test year ending December 31, 2018 to adjust base rates?

Yes. The facts of this case support the use of a subsequent test year ending December 31, 2018 to adjust base rates. (Barrett)

ISSUE 26: Has FPL proven any financial need for rate relief in any period subsequent to the projected test period ending December 31, 2017?

Yes. FPL has proven financial need for rate relief for subsequent test year ending December 31, 2018 and for the Okeechobee limited scope adjustment, with an in-service date of the Okeechobee generating unit scheduled for June 1, 2019. (Barrett)

ISSUE 27: Is FPL's projected subsequent test period of the 12 months ending December 31, 2018, appropriate?

Yes. The Company has requested an additional increase in base rates effective January 1, 2018 to avoid the need for a lengthy and costly additional base rate proceeding in 2017 and to mitigate a significant decline in the Company's financial performance. Without the additional rate adjustment, the Company's return on equity is projected to decline greater than 100 basis points from the 11.50% requested for 2017. The Company's forecast of 2018 revenue requirements was developed, reviewed and approved using the same rigorous process as was used for the 2017 test year. It is reasonable and reliable for setting rates. (Barrett)

ISSUE 28: Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class, for the 2017 projected test year appropriate?

Yes. FPL's forecast of customers, kWh and kW by Rate Schedule and Revenue Class for the 2017 projected test year are appropriate. FPL relies on statistically sound forecasting methods and reasonable input assumptions. Consistent with Commission precedent, FPL's forecast assumes normal weather conditions.

Additionally, the forecast of customers, kWh, and kW by rate schedule is consistent with the sales and customer forecast by revenue class and reflects the billing determinants specified in each rate schedule. (Morley, Cohen)

ISSUE 29: Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class, for the 2018 projected test year appropriate, if applicable?

Yes. FPL's forecast of customers, kWh and kW by Rate Schedule and Revenue Class for the 2018 subsequent test year are appropriate. FPL relies on statistically sound forecasting methods and reasonable input assumptions. Consistent with Commission precedent, FPL's forecast assumes normal weather conditions. Additionally, the forecast of customers, kWh, and kW by rate schedule is consistent with the sales and customer forecast by revenue class and reflects the billing determinants specified in each rate schedule. (Morley, Cohen)

ISSUE 30: Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class, for the period June 2019 to May 2020, appropriate, if applicable?

Yes. FPL's forecast of customers, kWh and kW by Rate Class and Revenue Class for the June 2019 to May 2020 projected period is appropriate. FPL relies on statistically sound forecasting methods and reasonable input assumptions. Consistent with Commission precedent, FPL's forecast assumes normal weather conditions. Additionally, the forecast of customers, kWh, and kW by rate schedule is consistent with the sales and customer forecast by revenue class and reflects the billing determinants specified in each rate schedule. (Morley, Cohen)

ISSUE 31: Are FPL's projected revenues from sales of electricity by rate class at present rates for the 2016 prior year and projected 2017 test year appropriate?

Yes. FPL has correctly estimated the 2016 and 2017 revenues from sales of electricity at present rates. The revenue calculations for 2017 are detailed in Test Year MFRs E-13b, E-13c, and E-13d and summarized in E-13a as sponsored by FPL witness Cohen. (Cohen)

ISSUE 32: Are FPL's projected revenues from sales of electricity by rate class at present rates for the projected 2018 test year appropriate, if applicable?

Yes. FPL has correctly estimated the 2018 revenues from sales of electricity at present rates. The revenue calculations for 2018 are detailed in Subsequent Year MFRs E-13b, E-13c, and E-13d and summarized in E-13a as sponsored by FPL witness Cohen. FPL also submitted updated revenues from sales of electricity by rate class at present rates for the First Notice of Identified Adjustments in response to Staff's 13th Request for Production of Documents No. 75c. (Cohen)

ISSUE 33: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2017 test year budget?

The appropriate inflation factor for forecasting the 2017 test year budget is a 2.5% increase in the consumer price index (CPI) for 2017. This projected CPI increase is consistent with the long-term average rate of inflation and with projections by leading industry experts. The appropriate customer growth and trend factors are those included in the MFRs. These represent reasonable expectations regarding projected customer growth and other trend factors. (Morley, Barrett)

ISSUE 34: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2018 test year budget, if applicable?

The appropriate inflation factor for forecasting the 2018 test year budget is a 2.6% increase in the consumer price index (CPI) for 2018. This projected CPI increase is consistent with the long-term average rate of inflation and with projections by leading industry experts. The appropriate customer growth and trend factors are those included in the MFRs. These represent reasonable expectations regarding projected customer growth and other trend factors. (Morley, Barrett)

ISSUE 35: Are FPL's estimated operating and tax expenses, for the projected 2017 test year, sufficiently accurate for purposes of establishing rates?

Subject the adjustments on FPL witness Ousdahl's Exhibit KO-20, FPL's estimated operating and tax expenses for the projected 2017 test year are sufficiently accurate for purposed of establishing rates. (Ousdahl, Barrett)

ISSUE 36: Are FPL's estimated operating and tax expenses, for the projected 2018 subsequent year, sufficiently accurate for purposes of establishing rates, if applicable?

Subject the adjustments on FPL witness Ousdahl's Exhibit KO-20, FPL's estimated operating and tax expenses for the projected 2018 subsequent year are sufficiently accurate for purposes of establishing rates. (Ousdahl, Barrett)

ISSUE 37: Are FPL's estimated Net Plant in Service and other rate base elements, for the projected 2017 test year, sufficiently accurate for purposes of establishing rates?

Subject the adjustments on FPL witness Ousdahl's Exhibit KO-20, FPL's estimated Net Plant in Service and other rate base elements, for the projected 2017 test year, sufficiently accurate for purposes of establishing rates. (Ousdahl, Barrett)

ISSUE 38: Are FPL's estimated Net Plant in Service and other rate base elements, for the projected 2018 subsequent year, sufficiently accurate for purpose of establishing rates, if applicable?

Subject the adjustments on FPL witness Ousdahl's Exhibit KO-20, FPL's estimated Net Plant in Service and other rate base elements, for the projected 2018 subsequent year, sufficiently accurate for purpose of establishing rates. (Ousdahl, Barrett)

QUALITY OF SERVICE

ISSUE 39: Is the quality of the electric service provided by FPL adequate taking into consideration: a) the efficiency, sufficiency and adequacy of FPL's facilities provided and the services rendered; b) the cost of providing such services; c) the value of such service to the public; d) the ability of the utility to improve such service and facilities; e) energy conservation and the efficient use of alternative energy resources; and f) any other factors the Commission deems relevant.

Yes; it is far better than adequate. FPL has delivered superior reliability and excellent customer service. FPL's fossil fleet continues to be among industry leaders for reliability, availability, and generating efficiency, while reducing emissions through the use of cleaner, highly efficient combined cycle technology. In addition, Distribution and Transmission reliability has been the best among Florida investor-owned utilities for the tenth consecutive year and in 2015 FPL received PA Consulting's National Excellence Award, one of the most prestigious awards in the industry. FPL's Customer Service continues to be recognized nationally with several awards for outstanding customer satisfaction and providing superior customer service. In 2016, the nuclear fleet received the Top Industry Practice Award for Leadership and Innovation from the Nuclear Energy Institute, one of the most prestigious awards in the industry. Nationally, FPL is out-performing similarly sized companies across an array of financial and operating metrics, further demonstrating the efficiency of its service and the value of its service to customers. (Santos, Miranda, Kennedy, Goldstein, Reed)

DEPRECIATION STUDY

ISSUE 40: What, if any, are the appropriate capital recovery schedules?

The appropriate capital recovery schedules are reflected on FPL's Exhibit KF-3 filed on March 15, 2016. (Ferguson)

ISSUE 41: What is the appropriate depreciation study date?

FPL believes that the Commission could appropriately approve depreciation rates to be effective January 1, 2017, based upon the depreciation study using either year-end 2016 or 2017 plant balances and reserve balances. (Allis, Ferguson)

ISSUE 42: If the appropriate depreciation study date is not December 31, 2017, what action should the Commission take?

If the Commission decides not to use the proposed rates based on year-end 2017 plant and reserve balances, the Commission should use the proposed rates based on year-end 2016 plant and reserve balances reflected in FPL's Second Notice of Identified Adjustments filed on June 16, 2016. The supplemental tables included in Attachment 2 to that filing present all of the applicable information regarding changes in the proposed depreciation rates resulting from the use of the year-end 2016 balances. (Allis, Ferguson)

ISSUE 43: Should accounts 343 and 364 be separated into subaccounts and different depreciation rates be set for the subaccounts using separate parameters? If so, how should the accumulated depreciation reserves be allocated and what parameters should be applied to each subaccount?

Yes, separate subaccounts, depreciation parameters and depreciation rates should be established for Account 343 (Capital Spare Parts (CSP) vs. non-CSP) and Account 364 (wood vs. concrete poles). The depreciation rates and parameters are those identified in the supplemental depreciation schedules as filed in the Second Notice of Identified Adjustments on June 16, 2016. The reserves should be allocated to each subaccount in proportion to the calculated theoretical reserves, as set forth in the supplemental depreciation study filed on June 16, 2016. (Allis)

ISSUE 44: What are the appropriate depreciation parameters (e.g., service lives, remaining lives, net salvage percentages, and reserve percentages) and resulting depreciation rates for the accounts and subaccounts related to each production unit?

The appropriate depreciation parameters and resulting rates for each production units are incorporated in the supplemental depreciation schedules as filed in the Second Notice of Identified Adjustments on June 16, 2016. (Allis)

ISSUE 45: What are the appropriate depreciation parameters (e.g., service lives, remaining lives, and net salvage percentages) and resulting depreciation rates for each transmission, distribution, and general plant account, and subaccounts, if any?

The appropriate depreciation parameters and resulting rates for each transmission, distribution, and general plant account are incorporated in the supplemental depreciation schedules as filed in the Second Notice of Identified Adjustments on June 16, 2016. (Allis)

ISSUE 46: Based on the application of the depreciation parameters and resulting depreciation rates that the Commission deems appropriate, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?

Based on the application of depreciation rates and principles previously approved by the Commission, FPL's theoretical reserve imbalances are those identified in the supplemental depreciation schedules as filed in the Second Notice of Identified Adjustments on June 16, 2016, which total $80.4 million (total system). (Allis)

ISSUE 47: If the Commission accepts FPL's depreciation study for purposes of establishing its proposed depreciation rates and related expense, what adjustments, if any, are necessary?

The Commission should accept the changes and depreciation rates as reflected on the supplemental 2016 Depreciation Study as presented in FPL's Second Notice of Adjustments filed on June 16, 2016. (Ferguson)

ISSUE 48: What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 46?

The remaining life technique should be used, and no other corrective reserve measures should be taken at this point. (Allis, Barrett)

ISSUE 49: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

The implementation date should be January 1, 2017. (Ferguson)

ISSUE 50: Should FPL's currently approved annual dismantlement accrual be revised?

Yes. The current-approved annual dismantlement accrual is $18,468,387 (total system). The accrual should be increased to $26,181,218 (total system) based on FPL's 2016 corrected dismantlement study made as part of FPL's First Notice of Identified Adjustments. (Ferguson, Kopp)

ISSUE 51: What, if any, corrective dismantlement reserve measures should be approved?

The reserve reallocations proposed in FPL's 2016 corrected dismantlement study made as part of FPL's First Notice of Identified Adjustments should be approved. FPL first allocated its forecasted dismantlement reserve amortization authorized by Order No. PSC-13-0023-S-EI to the units with excess theoretical reserve balances as identified in the current study and, in doing so, brought the reserve to its appropriate level. This included units that have been retired and dismantled since the 2009 dismantlement study. Next, FPL allocated the remaining dismantlement reserve amortization to the units with the longest remaining lives. In doing so, FPL minimized the calculated incremental dismantlement accrual. (Ferguson)

ISSUE 52: What is the appropriate annual accrual and reserve for dismantlement

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate annual provision for dismantlement is $26,181,218 (total system) based on FPL's 2016 corrected dismantlement study made as part of FPL's First Notice of Identified Adjustments, which is included in FPL witness Ousdahl's Exhibit KO-19. The total dismantlement reserve is ($239,918,805) for the 2017 projected test year and ($264,571,334) for the 2018 subsequent projected test year (jurisdictional adjusted). (Ferguson)

RATE BASE

ISSUE 53: Should the revenue requirement associated with West County Energy Center Unit 3 currently collected through the Capacity Cost Recovery Clause be included in base rates?

Yes. Consistent with FPL's 2012 Rate Settlement, revenues associated with WCEC3 are forecasted and reflected as base revenues, and therefore should be included in base rates. (Ousdahl)

ISSUE 54: Has FPL appropriately accounted for the impact of the Cedar Bay settlement agreement

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. Pursuant to Order No. PSC-15-0401-AS-EI, Docket No. 150075-EI, FPL has appropriately accounted for the Cedar Bay settlement in the 2017 Projected Test Year and the 2018 Subsequent Test Year. (Barrett)

ISSUE 55: Has FPL made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation and Working Capital

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. All non-utility activities have been appropriately removed from rate base. (Ousdahl)

ISSUE 56: What is the appropriate amount of Plant in Service for FPL's Large Scale Solar Projects?

The appropriate amount of plant in-service, including AFUDC, for FPL's large scale solar projects is $408,230,000 as shown on MFR Schedule B-11. (Barrett)

ISSUE 57: Is FPL's replacement of its peaking units reasonable and prudent?

Yes. The replacement of the peaking units is essential to maintain system reliability given parts availability issues of the current equipment. The project is prudent in that FPL projects to generate $203 million of CPVRR savings for customers over the life of the units. (Barrett)

ISSUE 58: If adjustments are made to FPL's proposed depreciation and dismantling expenses, what is the impact on rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Other than the adjustments listed on FPL witness Ousdahl's Exhibit KO-20, no other adjustments are appropriate. (Ferguson)

ISSUE 59: What is the appropriate level of Plant in Service (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Plant in Service is $43,118,337,000 (jurisdictional adjusted) for the 2017 projected test year and $45,506,093,000(jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

ISSUE 60: What is the appropriate level of Accumulated Depreciation (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Accumulated Depreciation is $13,062,032,000 (jurisdictional adjusted) for the 2017 projected test year and $14,190,224,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

ISSUE 61: Are FPL's proposed adjustments to move certain CWIP projects from base rates to the Environmental Cost Recovery Clause appropriate?

Yes, FPL's proposed adjustments to move CWIP balances associated with Commission approved ECRC projects from rate base to clause is appropriate. The adjustment removes these projects from CWIP in rate base and reflects them in ECRC throughout its lifecycle. (Ousdahl)

ISSUE 62: Are FPL's proposed adjustments to move certain CWIP projects from base rates to the Energy Conservation Cost Recovery Clause appropriate?

Yes, FPL's proposed adjustments to move CWIP balances associated with Commission approved ECCR projects from rate base to clause is appropriate. The adjustment removes these projects from CWIP in rate base and reflects them in ECCR throughout its lifecycle. (Ousdahl)

ISSUE 63: Is the company's proposed adjustment to remove Fukushima-related costs from the rate base and recover all Fukushima-related capital costs in the Capacity Cost Recovery Clause appropriate?

Yes, the Company's proposed adjustment to remove Fukushima-related costs from rate base and recover all Fukushima-related capital costs solely in the Capacity Cost Recovery Clause is appropriate. (Ousdahl)

ISSUE 64: What is the appropriate level of Construction Work in Progress to be included in rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of CWIP is $747,902,000 (jurisdictional adjusted) for the 2017 projected test year and $807,556,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

ISSUE 65: Are FPL's proposed reserves for Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. FPL's proposed accruals for Nuclear End of Life ("EOL") Material and Supplies and Last Core Nuclear Fuel for both the 2017 projected test year and 2018 subsequent projected test year is in accordance with Commission Order No.

PSC-16-0250-PAA-EI, which was made final by Order No. PSC-16-0293-CO-EI. The appropriate amount of EOL material and supplies reserve is ($22,298,000) (jurisdictional) for the 2017 projected test year and ($24,221,000) (jurisdictional) for the 2018 subsequent projected test year. The appropriate amount of EOL last core nuclear fuel reserve is ($102,591,000) (jurisdictional) for the 2017 projected test year and ($113,369,000) (jurisdictional) for the 2018 subsequent projected test year. (Ferguson)

ISSUE 66: What is the appropriate level of Nuclear Fuel (NFIP, Nuclear Fuel Assemblies in Reactor, Spent Nuclear Fuel less Accumulated Provision for Amortization of Nuclear Fuel Assemblies, End of Life Materials and Supplies, Nuclear Fuel Last Core)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate amount of Nuclear Fuel for the 2017 projected test year is $630,075,000 (jurisdictional) and $606,781,000 (jurisdictional) for the 2018 subsequent projected test year. Note, these amounts do not include EOL materials and supplies or nuclear fuel last core as these items are reflected in different FERC Accounts and included in working capital. See Issue 65 for the requested balances for EOL materials and supplies and nuclear fuel last core reserves. (Barrett, Ousdahl)

ISSUE 67: What is the appropriate level of Property Held for Future Use

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Property Held for Future Use is $233,289,000 (jurisdictional adjusted) for the 2017 projected test year and $242,882,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Kennedy, Miranda, Barrett, Ousdahl, Deason)

ISSUE 68: What is the appropriate level of fossil fuel inventories

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The 2017 and 2018 projections for FPL's fossil fuel inventories are appropriate and reflect the necessary levels FPL must maintain at each plant to sustain operations during transit time and to cover contingencies that may delay delivery,

such as weather, port delays, and plant-specific delivery infrastructure risks. (Kennedy)

ISSUE 69: Should the unamortized balance of Rate Case Expense be included in Working Capital and, if so, what is the appropriate amount to include

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year

Yes. FPL's proposed adjustments to include the unamortized balance of rate case expenses of $4,309,000 (jurisdictional) for the 2017 projected test year and $3,078,000 (jurisdictional) for the 2018 subsequent projected test year in Working Capital are appropriate in order to avoid a disallowance of reasonable and necessary costs. Full recovery of necessary rate case expenses is appropriate but will not occur unless FPL is afforded the opportunity to earn a return on the unamortized balance of those expenses. (Ousdahl)

ISSUE 70: What is the appropriate amount of injuries and damages (I&D) reserve to include in rate base?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year

The appropriate amount of Injuries & Damages reserve is $18,962,000 (jurisdictional) for the 2017 projected test year and $18,880,000 (jurisdictional) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

ISSUE 71: What is the appropriate amount of deferred pension debit in working capital for FPL to include in rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Based on the adjustment listed on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of deferred pension debit in working capital for FPL to include in rate base is $1,286,690,000 (jurisdictional) for the 2017 projected test year and $1,346,625,000 for the 2018 subsequent projected test year. (Ousdahl)

ISSUE 72: Should the unbilled revenues be included in working capital

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. FPL incurs costs to deliver energy to customers, all of which have been accrued or paid. Delivery of that energy gives rise to both customer accounts receivables and a receivable for unbilled revenues. FPL must finance the costs of delivering energy, whether or not the energy sales have yet been billed. For this reason, the Commission has a long-standing practice of including unbilled revenues in working capital. (Ousdahl)

ISSUE 73: What is the appropriate methodology for calculating FPL's Working Capital

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The balance sheet approach is the appropriate methodology for calculating Working Capital for the 2017 projected test year and 2018 subsequent projected test year. This Commission authorized this methodology in the early 1980s and has been consistently applied since then. This approach reasonably measures the investment in current operations that FPL must make to deliver electric service and is therefore appropriate for calculating Working Capital. No witness has presented a viable, internally consistent calculation of Working Capital using an alternative methodology. (Ousdahl)

ISSUE 74: 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

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Other than the adjustments listed on FPL witness Ousdahl's Exhibit KO-20, no other adjustments are appropriate. (Ousdahl)

ISSUE 75: Should FPL's requested change in methodology for recovering nuclear maintenance outage costs from accrue-in-advance to defer-and-amortize be approved? If so, are any adjustments necessary

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes, FPL's requested change in methodology for recovering nuclear maintenance outage costs from accrue-in-advance to defer-and-amortize should be approved. No other adjustments are necessary. (Ousdahl)

ISSUE 76: What is the appropriate level of Working Capital (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Working Capital for the 2017 projected test year is $790,373,000 (jurisdictional adjusted) and for the 2018 subsequent projected test year is $920,407,000 (jurisdictional adjusted). (Barrett, Ousdahl)

ISSUE 77: What is the appropriate level of rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Rate Base for the 2017 projected test year is $32,457,944,000 (jurisdictional adjusted) and for the 2018 subsequent projected test year is $33,893,496,000 (jurisdictional adjusted). (Barrett, Ousdahl)

COST OF CAPITAL

ISSUE 78: What is the appropriate amount of accumulated deferred taxes to include in the capital structure and should a proration adjustment to deferred taxes be included in capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of accumulated deferred taxes included in capital structure for the 2017 projected test year is $7,297,546,000 (jurisdictional adjusted) and $7,665,944,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. A proration adjustment to deferred taxes has been included in capital structure in order to comply with treasury regulations when calculating rates using a projected test year. (Ousdahl)

ISSUE 79: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of unamortized investment tax credits and cost rate included in capital structure for the 2017 projected test year is $108,530,000 (jurisdictional adjusted) and 8.81%, respectively, and $103,505,000 (jurisdictional adjusted) and 8.88%, respectively, for the 2018 subsequent projected test year. The determination of the cost rate should only include the long-term sources of capital; common and preferred stock and long-term debt. (Ousdahl)

ISSUE 80: What is the appropriate amount and cost rate for short-term debt to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount and cost rate for short-term debt for the 2017 projected test year is $512,545,000 (jurisdictional adjusted) and 1.99%. As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount and cost rate for short-term debt in the 2018 subsequent projected test year is $458,463,000 (jurisdictional adjusted) and 2.39%. (Dewhurst)

ISSUE 81: What is the appropriate amount and cost rate for long-term debt to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount and cost rate for long-term debt for the 2017 projected test year is $9,420,954,000 (jurisdictional adjusted) and 4.60%. As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount and cost rate for long-term debt in the 2018 subsequent projected test year is $9,895,307,000 (jurisdictional adjusted) and 4.80%. (Dewhurst)

ISSUE 82: What is the appropriate amount and cost rate for customer deposits to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount and cost rate for customer deposits for the 2017 test year is $414,102,000

(jurisdictional adjusted) and 2.04%. As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount and cost rate for customer deposits for the 2018 subsequent projected test year is $399,496,000 (jurisdictional adjusted) and 2.04%. (Santos, Barrett)

ISSUE 83: What is the appropriate equity ratio to use in the capital structure for ratemaking purposes

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

FPL's equity ratio should remain at approximately 59.6% as a percentage of investor sources based on a rolling 13-month average throughout the four-year period. This equity ratio appropriately reflects FPL's business risk profile and FPL's strategy of maintaining a "stronger than average" financial position, which has served customers well over an extended period of time. Maintaining FPL's capital structure will provide the financial flexibility and strength needed to absorb unexpected financial shocks, such as a major hurricane, support FPL's substantial capital investment and construction requirements, and indicate to capital markets the Commission's continued commitment to support the financial integrity of the Company. Weakening FPL's capital structure, on the other hand, would result in degradation of credit and likely downgrades to the Company's credit ratings, damaging customers' long term interests. (Dewhurst, Hevert)

ISSUE 84: Should FPL's request for a 50 basis point performance adder to the authorized return on equity be approved?

Yes. The requested incentive is an appropriate means to recognize FPL's superior service, including its low bills, high reliability, low emissions, award-winning customer service, "top-decile" fossil fleet reliability, "best-in-class" fossil heat rates and low non-fuel O&M. It will also encourage all electric investor-owned utilities in Florida to strive to improve performance for the benefit of all Floridians. The requested incentive is consistent with past Commission decisions, in which an authorized ROE was either incrementally increased (or decreased) in recognition of performance. (Dewhurst; Cohen, Miranda, Silagy, Santos, Kennedy, Goldstein and Reed address FPL's superior service)

ISSUE 85: What is the appropriate authorized return on equity (ROE) to use in establishing FPL's revenue requirement

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The Commission should authorize 11.5%, including the 50 basis point performance adder, as the return on common equity. Granting FPL's requested return on equity will appropriately take into account FPL's company-specific risk factors which are additive to those risks of the typical vertically-integrated electric utility, such as the Company's operation of nuclear plants and FPL's uniquely high level of hurricane risk exposure both in terms of geographical distribution of assets and likelihood of hurricane strikes. The requested rate also addresses the risk of the Company's proposed multi-year stay-out. Granting FPL's requested return on common equity is critical to maintaining FPL's financial strength and flexibility, and will help FPL attract the large amounts of capital necessary to serve its customers on reasonable terms. (Dewhurst, Hevert)

ISSUE 86: What is the appropriate weighted average cost of capital to use in establishing FPL's revenue requirement?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The associated components, amounts and cost rates are reflected on FPL witness Ousdahl's Exhibit KO-20 for the 2017 projected test year and 2018 subsequent projected test year. Based on those amounts, the appropriate after-tax weighted average cost of capital for the 2017 projected test year is 6.63% and 6.70% for the 2018 subsequent projected test year. (Dewhurst, Ousdahl)

NET OPERATING INCOME

ISSUE 87: What are the appropriate projected amounts of other operating revenues

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Other Operating Revenues is $194,123,000 (jurisdictional adjusted) for the 2017 projected test year and $200,391,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

ISSUE 88: What is the appropriate level of Total Operating Revenues

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Total Operating Revenues is $5,926,640,000 (jurisdictional adjusted) for the 2017

projected test year and $5,971,633,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett)

ISSUE 89: Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove fuel revenues and expenses recoverable through the Fuel Adjustment Clause. (Ousdahl)

ISSUE 90: Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove capacity revenues and expenses recoverable through the Capacity Cost Recovery Clause. (Ousdahl)

ISSUE 91: Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove environmental revenues and expenses recoverable through the Environmental Cost Recovery Clause. (Ousdahl)

ISSUE 92: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. FPL has made the appropriate test year adjustments to remove conservation revenues and expenses recoverable through the Energy Conservation Cost Recovery Clause. (Ousdahl)

ISSUE 93: Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. All non-utility activities have been appropriately removed from operating revenues and expenses. (Ousdahl)

ISSUE 94: What is the appropriate percentage value (or other assignment value or methodology basis) to allocate FPL shared corporate services costs and/or expenses to its affiliates

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Corporate Services Charges are allocated using specific drivers and the Massachusetts Formula, pursuant to which 35% of FPL Corporate Service Charges are forecasted to be allocated to affiliates for the 2017 projected test year and 36% for the 2018 subsequent projected test year. (Ousdahl)

ISSUE 95: What is the appropriate amount of FPL shared corporate services costs and/or expenses (including executive compensation and benefits) to be allocated to affiliates

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate amount of FPL Corporate Service Charges to be allocated to affiliates is $85,724,000 for the 2017 projected test year and $89,198,000 for the 2018 subsequent projected test year. (Ousdahl)

ISSUE 96: Should any adjustments be made to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

No adjustments are required to be made to FPL's forecasted operating revenues or operating expenses for the effects of transactions with affiliated companies for either the 2017 projected test year or 2018 subsequent projected test year. (Ousdahl)

ISSUE 97: What is the appropriate amount of FPL's vegetation management expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

FPL's vegetation management expenses of $65,645,000 (total system) for the 2017 projected test year and $69,648,000 (total system) for the 2018 subsequent projected test year are appropriate. These expenses were developed in a rigorous budget process by knowledgeable experts who understand FPL's program and system. (Miranda)

ISSUE 98: What is the appropriate level of generation overhaul expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate level of generation overhaul expense is $46,048,000 (jurisdictional adjusted) for the 2017 projected test year and $51,927,000 (jurisdictional adjusted) for the 2018 subsequent projected test year.

ISSUE 99: What is the appropriate amount of FPL's production plant O&M expense

A. For the 2017 projected test year?
B. If applicable, for the 2018 subsequent projected test year?

FPL's production plant O&M expense of $532,533,000 (jurisdictional adjusted) for the 2017 projected test year and $547,977,000 (jurisdictional adjusted) for the 2018 subsequent projected test year are appropriate. The non-nuclear O&M request in 2017 ($224,824,000) and in 2018 ($232,280,000) is commensurate with the transformation to a clean, highly efficient combined cycle technology fleet that includes new Cape Canaveral Energy Center, Riviera Beach Energy Center and Port Everglades Energy Center capacity. The non-nuclear O&M expense excludes non-recoverable fuel O&M expense in 2017 ($13,317,000) and in 2018 ($13,112,000). The nuclear O&M expense is $307,709,000 (jurisdictional adjusted) for the 2017 projected test year and $315,697,000 (jurisdictional adjusted) for 2018 subsequent projected test year are necessary to maintain nuclear facilities in order to maximize fuel savings, enhance system fuel diversity, and permit the safe and reliable operation of its nuclear units into their renewed license terms. (Kennedy, Goldstein)

ISSUE 100: What is the appropriate amount of FPL's transmission O&M expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

FPL's transmission O&M expense of $59,903,000 (jurisdictional adjusted) for the 2017 projected test year is appropriate (MFR C-4, pg. 7, line 2). FPL's transmission O&M expense of $61,211,000 (jurisdictional adjusted) for the 2018 projected subsequent year is appropriate (MFR C-4, pg. 7, line 14). (Miranda)

ISSUE 101: What is the appropriate amount of FPL's distribution O&M expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

FPL's distribution O&M expense of $294,243,000 (jurisdictional adjusted) for the 2017 projected test year is appropriate (MFR C-4, pg. 7, line 28). FPL's distribution O&M expense of $317,186,000 (jurisdictional adjusted) for the 2018 projected subsequent year is appropriate (MFR C-4, pg. 8, line 7). (Miranda)

ISSUE 102: Should the Commission approve FPL's proposal to continue the interim storm cost recovery mechanism that was part of the settlement agreements approved in Order Nos. PSC-11-0089-S-EI and PSC-13-0023-S-EI?

Yes. While the Company continues to believe that the best practice is to contribute to a storm reserve on an on-going basis, in the interest of minimizing the number of disputed issues in this proceeding, FPL requested to continue the storm cost recovery mechanism that was approved in the 2010 Rate Settlement and continued by the 2012 Rate Settlement. (Dewhurst)

ISSUE 103: What is the appropriate annual storm damage accrual and storm damage reserve

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

FPL has not requested an annual storm damage accrual or a target reserve level in this proceeding. FPL is requesting that if FPL incurs storm costs related to a named tropical storm or hurricane, the Company may begin collecting up to $4 per 1,000 kWh beginning 60 days after filing a petition for recovery. (Dewhurst)

ISSUE 104: What is the appropriate amount of Other Post Employment Benefits expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate amount of Other Post Employment Benefits Expense, excluding amounts forecasted to be included in capital expenditures and charged to affiliates, for the 2017 projected test year is $8,307,000 (jurisdictional) and for the 2018 subsequent projected test year is $8,389,000 (jurisdictional). (Ousdahl, Slattery)

ISSUE 105: What is the appropriate amount of FPL's requested level of Salaries and Employee Benefits

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

One hundred percent of the 2017 and 2018 projected test year level of Salaries and Employee Benefits expense are appropriate, other than portions of incentive compensation already excluded. The reasonableness of salary and benefit expense is demonstrated in a number of ways, including comparison of: FPL's salaries, annual pay increase program, and non-executive variable incentive pay to the relevant comparative market; FPL's salary cost and efficiency to those of similar utilities; and the relative value of benefits programs to other utility and general industry companies. (Slattery)

ISSUE 106: What is the appropriate amount of Pension Expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on MFR C-17, the appropriate amount of Pension Cost for the 2017 projected test year is ($60,529,000) (total system) and ($62,555,000) (total system) for the 2018 subsequent projected test year. (Ousdahl)

ISSUE 107: What is the appropriate amount and amortization period for Rate Case Expense

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate amount of FPL's rate case expense is $4,925,000, and amortization period is four years. (Ousdahl)

ISSUE 108: What is the appropriate amount of uncollectible expense and bad debt rate

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Based on the adjustments listed on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of uncollectible expense is $6,845,000 for the 2017 projected test year and $6,992,000 for the 2018 subsequent projected test year. The appropriate bad debt rate is 0.066% for the 2017 projected test year and for the 2018 subsequent projected test year, as reflected on FPL witness Ousdahl's Exhibit KO-20. (Santos, Barrett)

ISSUE 109: Has FPL included the appropriate amount of costs and savings associated with the AMI smart meters

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Yes. The smart meter deployment has been completed and the appropriate amount of cost and savings associated with smart meters has been included in the 2017 projected test year and the 2018 subsequent projected test year. (Santos)

ISSUE 110: If the proposed change in accounting to defer and amortize the nuclear maintenance reserve is approved, is the company's proposed adjustment to nuclear maintenance expense appropriate?

Yes, the company's proposed adjustment to nuclear maintenance expense is appropriate. (Ousdahl)

ISSUE 111: What are the appropriate expense accruals for: (1) end of life materials and supplies and 2) last core nuclear fuel

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

The appropriate amount of expense accruals for the 2017 Test Year for the EOL M&S and last core nuclear fuel is $1,871,000 and $10,504,000 (jurisdictional), respectively. The appropriate amount of expense accruals for the 2018 Subsequent Year for the EOL M&S and last core nuclear fuel is $1,871,000 and $10,505,000 (jurisdictional), respectively. (Ferguson)

ISSUE 112: What are the appropriate projected amounts of injuries and damages (I&D) expense accruals

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

Based on the adjustment listed on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Injuries & Damages expense accruals for the 2017 projected test year and 2018 subsequent projected test year, as reflected on MFR B-21, is $10,065,000 (jurisdictional) and $11,328,000 (jurisdictional), respectively. (Barrett, Ousdahl)

ISSUE 113: What is the appropriate level of O&M Expense (Fallout Issue)

B. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of O&M Expense is $1,348,392,000 (jurisdictional adjusted) for the 2017 projected test year and $1,398,044,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett)

ISSUE 114: What is the appropriate amount of depreciation, amortization, and fossil dismantlement expense (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of depreciation and amortization expense is $1,643,740,000 (jurisdictional adjusted) for the 2017 projected test year and $1,714,341,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl, Ferguson)

ISSUE 115: What is the appropriate level of Taxes Other Than Income (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Taxes Other Than Income Taxes is $578,106,000 (jurisdictional adjusted) for the 2017 projected test year and $615,358,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

ISSUE 116: What is the appropriate level of Income Taxes

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Income Taxes is $716,478,000 (jurisdictional adjusted) for the 2017 projected test year and $653,722,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Ousdahl)

ISSUE 117: What is the appropriate level of (Gain)/Loss on Disposal of utility property

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl' s Exhibit KO-20, the appropriate amount of (Gain)/Loss on Disposal of Plant is ($5,759,000) (jurisdictional adjusted) for the 2017 projected test year and ($5,730,000) (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett)

ISSUE 118: What is the appropriate level of Total Operating Expenses? (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Total Operating Expenses is $4,280,956,000 (jurisdictional adjusted) for the 2017 projected test year and $4,375,642,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett)

ISSUE 119: Is the company's proposed net operating income adjustment to remove Fukushima-related O&M expenses from base rates and recover all Fukushima-related expenses in the capacity cost recovery clause appropriate?

Yes, the Company's proposed adjustment to remove Fukushima-related costs from net operating income and recover all Fukushima-related capital costs solely in the Capacity Cost Recovery Clause is appropriate. (Ousdahl)

ISSUE 120: What is the appropriate level of Net Operating Income (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate amount of Net Operating Income is $1,645,685,000 (jurisdictional adjusted) for the 2017 projected test year and $1,596,021,000 (jurisdictional adjusted) for the 2018 subsequent projected test year. (Barrett, Ousdahl)

REVENUE REQUIREMENTS

ISSUE 121: Is the Section 199 Manufacturer's deduction properly reflected in the revenue expansion factor?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

No. The Commission's current process and historical practice, as codified in MFR C-44, provides only for an income tax gross up of the return on equity in proposed base rates at the statutory income tax rate. Therefore, the Section 199 Manufacturer's deduction does not need to be included in the revenue expansion factor. (Ousdahl)

ISSUE 122: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the revenue expansion factor and net operating income multiplier for the 2017 projected test year and 2018 subsequent projected test year is 0.61340 and 1.63025, respectively. (Ousdahl)

ISSUE 123: What is the appropriate annual operating revenue increase or decrease (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate annual operating revenue increase is $826,212,000 for the 2017 projected test year and $269,634,000 for the 2018 subsequent projected test year. (Barrett, Ousdahl)

OKEECHOBEE LIMITED SCOPE ADJUSTMENT

ISSUE 124: Should the Commission approve or deny a limited scope adjustment for the new Okeechobee Energy Center? And if approved, what conditions/adjustments, if any should be included?

Yes. The Commission should approve a limited scope adjustment for the new Okeechobee Energy Center. (Barrett)

ISSUE 125: Has FPL proven any financial need for single-issue rate relief in 2019, based upon only the additional costs associated with the Okeechobee generating unit, and with no offset for anticipated load and revenue growth forecasted to occur in 2019?

Yes. FPL has demonstrated the need for the revenue requirements associated with the Okeechobee generating unit. Further, FPL will offset the increased revenue requirements associated with the plant with the offsetting fuel savings generated by that plant. Thus, for the single issue the 2019 Okeechobee LSA addresses, it appropriately "considers the cost reductions that the Company" achieves with respect to that issue. (Barrett)

ISSUE 126: What are the appropriate depreciation rates for the Okeechobee Energy Center?

The appropriate composite depreciation rate for the Okeechobee Energy Center is 3.66%. (Ferguson)

ISSUE 127: What is the appropriate treatment for deferred income taxes associated with the Okeechobee Energy Center?

The appropriate treatment of deferred income taxes in the 2019 Okeechobee LSA is a reduction to rate base. (Ousdahl)

ISSUE 128: Is FPL's requested rate base of $1,063,315,000 for the new Okeechobee Energy Center appropriate?

As reflected on FPL witness Ousdahl's Exhibit KO-20, FPL's requested rate base for the new Okeechobee Energy Center is $1,063,210,000. (Ousdahl)

ISSUE 129: 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 limited scope adjustment for the new Okeechobee Energy Center?

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate weighted average cost of capital to calculate the limited scope adjustment for the new Okeechobee Energy Center is 8.85%. This consists of long-term debt at a cost rate of 4.80% and common equity at a cost rate of 11.50%. (Barrett, Dewhurst, Ousdahl)

ISSUE 130: Is FPL's requested net operating loss of $33.868 million for the new Okeechobee Energy Center appropriate?

As reflected on FPL witness Ousdahl's Exhibit KO-20, FPL's requested net operating loss for the new Okeechobee Energy Center is $33,998,000. (Barrett, Ousdahl)

ISSUE 131: What is the appropriate Net Operating Income Multiplier for the new Okeechobee Energy Center? (Fallout)

As reflected on FPL witness Ousdahl's Exhibit KO-20, the appropriate Net Operating Income Multiplier for the new Okeechobee Energy Center is 1.63025. (Ousdahl)

ISSUE 132: Is FPL's requested limited scope adjustment of $209 million for the new Okeechobee Energy Center appropriate?

As reflected on FPL witness Ousdahl's Exhibit KO-20, FPL's requested limited scope adjustment for the new Okeechobee Energy Center is $208,771,000. (Ousdahl)

ISSUE 133: What is the appropriate effective date for implementing FPL's limited scope adjustment for the new Okeechobee Energy Center?

The appropriate effective date implementing FPL's limited scope adjustment for the new Okeechobee Energy Center is concurrent with the in-service date of the unit, which is currently scheduled for June 1, 2019. (Cohen)

ASSET OPTIMIZATION INCENTIVE MECHANISM

ISSUE 134: Should the asset optimization incentive mechanism as proposed by FPL be approved?

Yes. The asset optimization incentive mechanism has been successful in delivering additional value for FPL's customers while also providing FPL the opportunity to share in the benefits when certain customer-value thresholds are achieved. The proposed modifications to the customer-value threshold and the

recovery of variable power plant O&M will update the incentive mechanism to reflect current conditions and restore an appropriate balance in the sharing of benefits. The continuation of the incentive mechanism, as modified, will maintain appropriate incentives for FPL to continue identifying and acting upon opportunities for gains that create substantial value for customers. (Forrest)

COST OF SERVICE AND RATE DESIGN ISSUES

ISSUE 135: Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

Yes, subject to the adjustments listed on FPL witness Ousdahl's Exhibit KO-20, the jurisdictional separation of costs and revenues between the wholesale and retail jurisdictions filed by FPL is appropriate. The separation factors filed by FPL were developed consistent with the Commission guidance in prior rate cases and the instructions provided in MFR E-1 and with the method used in the Company's clause adjustment filings and surveillance reports. (Deaton)

ISSUE 136: What is the appropriate methodology to allocate production costs to the rate classes?

The 12 CP and 25% method reflects how FPL's generation is planned and operated as it: (1) recognizes that the type of generation unit selected is influenced by both demand and energy use that drives total costs including capital costs, operation and maintenance costs, and fuel costs; (2) reflects the influence of the summer reserve margin criterion; and (3) recognizes that capacity must be available throughout the year to meet FPL's winter reserve margin and the annual Loss of Load Probability criteria. The Commission should approve FPL's proposed 12 CP and 25% method for classification and allocation of production plant in base rates and clauses because it better aligns the allocation of production capital costs with the associated fuel savings produced by increasing level of intermediate and base load generation on FPL's system. (Deaton)

ISSUE 137: What is the appropriate methodology to allocate transmission costs to the rate classes?

The Commission should approve FPL's proposed 12 CP method for allocating transmission plant-related costs to rate classes. The 12 CP method reflects FPL's transmission planning criteria and is consistent with that approved by the other Florida IOUs. (Deaton)

ISSUE 138: What is the appropriate methodology to allocate distribution costs to the rate classes?

The appropriate method to allocate distribution plant costs is that filed by FPL. FPL's allocation method reflects FPL's distribution planning criterion. Meters, pull-offs and service drops are driven by the number of customers and therefore

classified as customer-related. All other distribution plant is planned based on customer demand and therefore classified as demand-related. (Deaton)

ISSUE 139: Is FPL's proposal to recover a portion of fixed distribution costs through the customer charge instead of energy charge appropriate for residential and general service non-demand rate classes?

Yes. FPL is proposing to recover a portion of fixed distribution costs through the customer charge to more closely align recovery of fixed costs through a fixed charge. Approximately 83% and 81% of FPL's residential and general services charges, respectively, are made up of demand-related costs that are currently recovered through a variable energy charge. The proposal to increase the customer charge by $2.00, which represents approximately 10% of the fixed distribution costs being recovered through the energy charge, is a modest step in aligning fixed costs with fixed cost recovery while minimizing bill impacts. (Cohen)

ISSUE 140: How should the change in revenue requirement be allocated to the customer classes?

The increase should be allocated as shown in MFR E-8. FPL followed Commission guidance and limited revenue increases to each class to no more than 150% of the system average in total including clauses. The result is all classes are moved closer to parity to the greatest extent practical. (Cohen)

ISSUE 141: What are the appropriate service charges (initial connection, reconnect for nonpayment, connection of existing account, field collection)

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate service charges effective January 1, 2017 and January 1, 2018 are those shown in MFR E-13b and listed below. (Santos, Cohen)

	Effective Jan. 1, 2017	Effective Jan. 1, 2018
Initial Connection New Premise	$25.00	$25.00
Reconnection Charge	$13.00	$13.00
Connection Existing Premise	$12.00	$12.00
Field Collection	$49.00	$48.00

ISSUE 142: Is FPL's proposed new meter tampering penalty charge, effective on January 1, 2017, appropriate?

Yes. Tampering with electrical meters is dangerous and energy theft increases the cost to all our customers. This penalty is intended to be an additional deterrent for meter tampering and the theft of electricity. Other Florida utilities impose similar penalties/fees. (Cohen, Santos)

ISSUE 143: What are the appropriate temporary construction service charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate temporary/construction service charges for 2017 overhead ($367.48) and underground ($209.02) are those shown in 2017 Test Year MFR E-7. The appropriate temporary/construction service charges for 2018 overhead ($376.34) and underground ($215.24) are those shown in 2018 Subsequent Year MFR E-7. (Cohen, Miranda)

ISSUE 144: What is the appropriate monthly kilowatt credit for customers who own their own transformers pursuant to the Transformation Rider

A. Effective January 1, 2017?

B. Effective January 1, 2018?

Effective January 1, 2017, the appropriate monthly transformer credit is calculated to be $0.24 per kW as reflected in FPL's First Notice of Identified Adjustments, Attachment No. 1, page 2 of 2. Effective January 1, 2018, the appropriate monthly transformer credit is calculated to be $0.24 per kW as reflected on 2018 Subsequent Year MFR E-14 Attachment 2 of 6, page 36 of 42. (Cohen)

ISSUE 145: What is the appropriate monthly credit for Commercial/Industrial Demand Reduction (CDR) Rider customers effective January 1, 2017?

The appropriate monthly credit for Commercial/Industrial Demand Reduction (CDR) Rider is shown in 2017 Test Year MFR E-13c. (Cohen, Koch)

ISSUE 146: What are the appropriate customer charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate customer charges are those shown in 2017 Test Year and 2018 Subsequent Year MFR A-3. (Cohen)

ISSUE 147: What are the appropriate demand charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate demand charges are those shown in 2017 Test Year and 2018 Subsequent Year MFR A-3. (Cohen)

ISSUE 148: What are the appropriate energy charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate energy charges are those shown in 2018 Test Year and 2018 Subsequent Year MFR A-3. (Cohen)

ISSUE 149: What are the appropriate charges for the Standby and Supplemental Services (SST-1, ISST-1) rate schedules

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate charges for the Standby and Supplemental Services (SST-1, ISST-1) rate schedules are those shown in Exhibit TCC-6 of FPL witness Cohen's direct testimony. Additionally, the tariff sheets showing the charges are contained in 2017 Test Year and 2018 Subsequent Year MFR E-14, Attachment 1. (Cohen)

ISSUE 150: What are the appropriate charges for the Commercial Industrial Load Control (CILC) rate schedule

A. Effective January 1, 2017?
B. Effective January 1, 2018?

The proper venue for addressing conservation programs is in the DSM Plan docket. The appropriate charges for Commercial Industrial Load Control (CILC) rate schedule are those shown in Exhibit TCC-6 of FPL witness Cohen's direct testimony. The tariff sheets showing the charges are contained in 2017 Test Year and 2018 Subsequent Year MFR E-14, Attachment 1. (Cohen, Koch)

ISSUE 151: What are the appropriate lighting rate charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

The appropriate lighting rate schedule charges are those presented in the tariff sheets provided in 2017 Test Year and 2018 Subsequent Year MFR E-14, Attachment 1 of FPL's filing. (Cohen)

ISSUE 152: Is FPL's proposal to close the customer-owned street lighting service option of the Street Lighting (SL-1) rate schedule to new customers appropriate?

Yes. As explained in FPL witness Cohen's direct testimony, over time lighting customers have changed facilities and added equipment without notifying FPL which has resulted in billings becoming less accurate for the provision of service. Replacing this service option with a metered rate will address accuracy of billing and improve the service to customers. (Cohen, Miranda)

ISSUE 153: Is FPL's proposal to close the current Traffic Signal (SL-2) rate schedule to new customers appropriate?

Yes. As explained in FPL witness Cohen's direct testimony, over time traffic signal customers have changed facilities and added equipment without notifying FPL which has resulted in billings becoming less accurate for the provision of service. Replacing this service option with a metered rate will address accuracy of billing and improve the service to customers. (Cohen, Miranda)

ISSUE 154: Is FPL's proposed new metered Street Lighting (SL-1M) rate schedule appropriate and what are the appropriate charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

Yes. As explained in FPL's position for Issue 152, replacing the current lighting option with metered rates for lighting customers will ensure accuracy of billing and improve service to customers. (Cohen, Miranda)

The appropriate metered Street Lighting (SL-1M) rate schedule charges are those presented in the tariff sheets provided in 2018 Test Year and 2019 Subsequent Year MFR E-14, Attachment 1 of FPL's filing. (Cohen)

ISSUE 155: Is FPL's proposed new metered Traffic Signal (SL-2M) rate schedule appropriate and what are the appropriate charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

Yes. As explained in FPL's position for Issue 152, replacing the current lighting option with metered rates for traffic signal customers will ensure accuracy of billing and improve service to customers. The appropriate metered Traffic Signal (SL-2M) rate schedule charges are those presented in the tariff sheets provided in 2017 Test Year and 2018 Subsequent Year MFR E-14, Attachment 1 of FPL's filing. (Cohen)

ISSUE 156: Is FPL's proposed allocation and rate design for the new Okeechobee Energy Center limited scope adjustment, currently scheduled for June 1, 2019, reasonable?

Yes. FPL's proposed allocation of the Okeechobee Energy Center limited scope adjustment is reasonable. At the time of the Okeechobee Energy Center's in-service date, base charges, non-clause recoverable credits and CDR credits will be adjusted by an equal percentage and new fuel factors will be calculated to incorporate fuel savings. This proposed allocation and rate design is consistent with the methodology utilized for the recovery of costs of the Riviera Beach Energy Center and the Port Everglades Energy Center. (Cohen)

ISSUE 157: **S**hould FPL's proposal to file updated base rates in the 2018 Capacity Clause proceeding to recover the Okeechobee Energy Center limited scope adjustment be approved?

Yes. FPL's proposal is consistent with the methodology for cost recovery utilized by FPL for previous adjustments related to the Riviera Beach Energy Center and Port Everglades Energy Center that were part of FPL's Commission-approved 2012 Rate Settlement. (Cohen)

ISSUE 158: Should the Commission approve the following modifications to tariff terms and conditions that have been proposed by FPL:

a. Close relamping option for customer-owned lights for Street Lighting (SL-1) and Outdoor Lighting (OL-1) customers;

b. Add a willful damage clause, require an active house account and clarify where outdoor lights can be installed for the Outdoor Lighting (OL-1) tariff;

c. Clarify the tariff application to pre-1992 parking lot customers and eliminate the word "patrol" from the services provided on the Street Lighting (SL-1) tariff;

d. Remove the minimum 2,000 Kw demand from transmission–level tariffs;

e. Standardize the language in the Service section of the distribution level tariffs to include three phase service and clarify that standard service is distribution level; and

f. Add language to provide that surety bonds must remain in effect to ensure payments for electric service in the event of bankruptcy or other insolvency.

a. Yes. For the reasons outlined in witness Cohen's testimony, the relamping option should be closed for customer-owned lights for Street Lighting (SL-1). (Cohen, Miranda)

b. Yes. For the reasons outlined in witness Cohen's testimony, a willful damage clause should be added, an active house account should be required and where outdoor lights can be installed should be clarified for the Outdoor Lighting (OL-1) tariff. (Cohen, Miranda)

c. Yes. For the reasons outlined in witness Cohen's testimony, a clarification of the tariff application to pre-1992 parking lot customers and eliminate the word "patrol" from the services provided on the Street Lighting (SL-1) tariff should be approved. (Cohen, Miranda)

d. Yes. For the reasons outlined in witness Cohen's testimony, the minimum 2,000 kW demand from transmission–level tariffs should be removed. (Cohen)

e. Yes. For the reasons outlined in witness Cohen's testimony, the language in the Service section of the distribution level tariffs should be standardized to include three phase service and clarify that standard service is distribution level. (Cohen)

f. Yes. For the reasons outlined in witness Cohen's testimony, language should be added to provide that surety bonds must remain in effect to ensure payments for electric service in the event of bankruptcy or other insolvency. (Cohen)

ISSUE 159: Should the Commission require FPL to develop a tariff for a distribution substation level of service for qualifying customers?

No. As explained in witness Cohen's rebuttal testimony, FPL already offers customers two options that allow qualifying customers to take service under transmission rates and avoid all distribution costs, other than their share of substation costs. A new tariff would require FPL to incur significant costs to serve only a few, if any customers. (Cohen)

ISSUE 160: Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges effective January 1, 2017, January 1, 2018, and tariffs reflecting the commercial operation of the new Okeechobee Energy Center (June 1, 2019)?

Yes. The Commission should approve tariffs reflecting the Commission's approved rates and charges effective January 1, 2017, January 1, 2018 and tariffs reflecting the commercial operation of the new Okeechobee Energy Center. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Cohen)

ISSUE 161: What are the effective dates of FPL's proposed rates and charges?

The effective dates for FPL's proposed rates and charges are as follows:
Test Year proposal: January 1, 2017
Subsequent Year proposal: January 1, 2018
Limited Scope Adjustment proposal: June 1, 2019
(Barrett)

OTHER ISSUES

ISSUE 162: Should the Commission approve FPL's proposal to transfer the Martin-Riviera pipeline lateral to Florida Southeast Connection?

Yes. The Commission should approve the transfer of the Martin-Riviera pipeline lateral to Florida Southeast Connection as it reduces operating risk over the remaining life of the asset and provides a CPVRR benefit to customers versus FPL continuing to own the asset within rate base. (Barrett)

ISSUE 163: 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?

FPL has no objection to making such a filing. (Ousdahl)

ISSUE 164: Did FPL's Third Notice of Identified Adjustments remove the appropriate amount associated with the Woodford project and other gas reserve costs?

Yes. FPL's Third Notice of Identified Adjustments filed on June 16, 2016 removed the appropriate amounts associated with the Woodford project and other gas reserve investments. (Ousdahl)

ISSUE 165: ***What requirements, if any, should the Commission impose on FPL as a result of its affiliation with Sabal Trail Transmission, LLC (Sabal Trail)?***

This issue is not proper in FPL's rate case proceeding. FPL would not object to an issue asking whether conditions should be imposed on the proposed transfer of the Martin-Riviera lateral to Florida Southeast Connection.

ISSUE 166: Should this docket be closed?

Yes.

V. ISSUES TO WHICH THE PARTIES HAVE STIPULATED

No issues have been stipulated at this time.

VI. PENDING MOTIONS

The following Motions are pending:

1. FPL's Motion to Compel Discovery of its First Set of Interrogatories (Nos. 7-8) and First Request for Production of Documents (No. 3) filed on July 1, 2016.

2. FPL's Motion To Strike Larsons' Unauthorized Reply, filed on August 4, 2016

VII. PENDING CONFIDENTIAL REQUESTS

The following Requests for Confidential Classification are pending:

1. Florida Power & Light Company's Second Request for Confidential Classification, filed on May 23, 2016 (corrected Exhibit A was filed on July 13, 2016;
2. Florida Power & Light Company's Third Request for Confidential Classification, filed on July 1, 2016;

3. Florida Power & Light Company's Fourth Request for Confidential Classification, filed on July 11, 2016;

4. Florida Power & Light Company's Fifth Request for Confidential Classification, filed on July 22, 2016;

5. Florida Power & Light Company's Sixth Request for Confidential Classification, filed on August 4, 2016;

6. Florida Power & Light Company's Motion for Temporary Protective Order for Certain Confidential Information Provided In Its Response to OPC's Eleventh Set of Interrogatories (Nos. 294-295), filed on 5/31/2016; and

7. Florida Power & Light Company's Motion for Temporary Protective Order for Certain Confidential Information Provided In Its Response to OPC's Twelfth Set of Interrogatories (Nos. 300-304), filed on 6/6/2016.

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS

At this time, FPL has no objections to any witness qualifications.

IX. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

At this time, FPL is not aware of any requirements in the Order Establishing Procedure with which it cannot comply.

X. SEQUESTRATION OF WITNESSES

FPL does not request that the witnesses in this proceeding be sequestered.

Respectfully submitted this 5th day of August 2016.

Respectfully submitted,

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By: *s/ John T. Butler*
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 5th day of August 2016 to the following parties:

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