

FLORIDA PUBLIC SERVICE COMMISSION

SPECIAL COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Wednesday, January 13, 2010, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: December 24, 2009

NOTICE

To obtain a copy of staff's recommendation for any item on this agenda, contact the Office of Commission Clerk at (850) 413-6770. There may be a charge for the copy. The agenda and recommendations are also accessible on the PSC Website, at <http://www.floridapsc.com>, at no charge.

Any person requiring some accommodation at this conference because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least 48 hours before the conference. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD). Assistive Listening Devices are available in the Office of Commission Clerk, Betty Easley Conference Center, Room 110.

An audio version of the conference is available and can be accessed live on the PSC Website on the day of the Conference. The audio version is available through archive storage for up to three months after the conference.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

Critical Date(s): 03/18/2010 (12-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Klement

Staff: ECR: Prestwood, Barrett, D. Buys, Dowds, Draper, Gardner, Hewitt, Higgins, Kummer, Laux, D. Lee, P. Lee, Lester, Matlock Maurey, Ollila, Piper, A. Roberts, Salnova, Springer, Stallcup, Thompson

GCL: Bennett, Brown, Cowdery, Williams, Young

RAD: Clemence, Garl, K. Lewis, Webb

SSC: Vickery, C. Lewis, Moses

(Participation is limited to Commissioners and Staff.)

Issue 1: Does the Commission have the legal authority to approve a base rate increase using a 2010 projected test year?

Recommendation: Yes. The Commission has the legal authority to approve a base rate increase using a 2010 projected test year. The Supreme Court has long-settled the issue of the use of projected test years and the Commission has exercised its authority to use projected test years where appropriate.

Issue 2: Is FPL's projected test period of the 12 months ending December 31, 2010, appropriate?

Recommendation: Yes. Staff recommends that the Commission use the projected 2010 year proposed by FPL with the adjustments recommended by staff, as the test year in this case.

Issue 3: Are FPL's forecasts of customers, kWh, and kW by revenue and rate classes for the 2010 projected test year appropriate?

Recommendation: Yes. FPL's forecasts of customers, kWh, and kW by revenue and rate classes for the 2010 projected test year are appropriate.

Issue 4: Does the Commission have the legal authority to approve a subsequent year base rate adjustment using a 2011 projected test year?

Recommendation: Yes. The Commission has the legal authority pursuant to statute, rule and case law, to grant a subsequent year adjustment if the facts warrant such an adjustment. Issue 5 addresses the policy of granting a subsequent year adjustment in this docket. Issue 6 addresses whether there is factual support for a subsequent year adjustment in this docket.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 5: Should the Commission approve in this docket FPL's request to adjust base rates in January 2011?

Recommendation: No. Staff recommends that FPL's request for a subsequent increase in January 2011 be denied. While staff is recommending that the 2011 subsequent test year be denied, numerous issues contained in this recommendation address adjustments to the 2011 subsequent test year. In issues that address the subsequent test year, staff has included the amount of the adjustments for illustrative purposes.

Issue 6: Is FPL's projected subsequent year test period of the 12 months ending December 31, 2011, appropriate?

Recommendation: No. FPL's projected subsequent test year of 2011 is not appropriate. Staff recommends that FPL's request for a subsequent increase in January 2011 be denied. While staff is recommending that the 2011 subsequent test year be denied, numerous issues contained in this recommendation address adjustments to the 2011 subsequent test year. In issues that address the subsequent test year, staff has included the amount of the adjustments for illustrative purposes.

Issue 7: Are FPL's forecasts of customers, kWh, and kW by revenue and rate classes for the 2011 projected test year appropriate?

Recommendation: No. Staff believes that FPL's forecasts of customers, kWh, and kW by revenue and rate classes for the 2011 projected test year are too speculative and are therefore not appropriate for rate setting purposes. However, should the Commission decide to implement the subsequent year rate increase in 2011, staff recommends that, of the options available in the record, FPL's projections be used.

Issue 8: Should the Commission approve a Generation Base Rate Adjustment (GBRA) mechanism which would authorize FPL to increase base rates for revenue requirements associated with new generating additions approved under the Power Plant Siting Act, at the time they enter commercial service?

Recommendation: No. The GBRA should expire as scheduled when new rates are established in January, 2010. The existing ratemaking procedure provided by Florida Statutes and Commission rules provides for a more rigorous and thorough review of the cost and earnings associated with new generating units.

Issue 9: If the Commission approves a GBRA mechanism for FPL, how should the cost of qualifying generating plant additions be determined? (**Note: If the Commission does not approve a GBRA mechanism for FPL in Issue 8, Issue 9 is moot.**)

Recommendation: Staff recommends that the current method of using the generating plant additions, considered in the Florida Power Plant Siting Act (PPSA), pursuant to which a need determination is granted by the Commission, be continued.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 10: Intentionally Blank

Issue 11: If the Commission approves a GBRA mechanism for FPL, how should the GBRA be designed? (**Note: If the Commission does not approve the continuation of a GBRA mechanism for FPL in Issue 8, Issue 11 is moot.**)

Recommendation: Staff recommends the use of the current design, as defined in the Company's 2005 rate settlement agreement, with the exception of the return on equity. FPL's return on equity and adjusted equity ratio should be made consistent with the Commission's decisions in Issues 71 and 80.

Issue 12: If the Commission approves a GBRA mechanism for FPL, should the maximum amount of the base rate adjustment associated with a qualifying generating facility be limited by a consideration of the impact of the new generating facility on FPL's earned rate of return ("earnings test")? If so, what are the appropriate financial parameters of the test, and how should the earnings test be applied? (**Note: If the Commission does not approve the continuation of a GBRA mechanism for FPL in Issue 8, Issue 12 is moot.**)

Recommendation: No. If the Commission approves a GBRA mechanism for FPL, staff recommends that no "earnings test" be put into place to limit the maximum amount of base rate adjustment.

Issue 13: If the Commission approves a GBRA mechanism for FPL, how should FPL be required to implement the GBRA? (**Note: If the Commission does not approve the continuation of a GBRA mechanism for FPL in Issue 8, Issue 13 is moot.**)

Recommendation: If the Commission approves the continuation of a GBRA mechanism for FPL, staff recommends that the current method of implementing the GBRA through the Capacity Clause projection filing for the year that the plant is to go into service should be continued.

Issue 14: If the Commission chooses not to approve the continuation of the GBRA mechanism, but approves the use of the subsequent year adjustment, what is the appropriate adjustment to FPL's rate request to incorporate the revenue requirements reflected in the West County Unit 3 MFR Schedules?

Recommendation: If the GBRA is not approved, Plant in Service and Accumulated Depreciation should be increased by \$456,830,000 and \$8,229,000 respectively for the 2011 test year. Also, Other Expenses, and Depreciation Expense should be increased by \$5,129,000 and \$26,749,000 respectively, for the 2011 test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 15: Does FPL's methodology of including its transmission-related investment, costs, and revenues of its non-jurisdictional customers when calculating retail revenue requirements properly and fairly identify the retail customers' appropriate revenue responsibility for transmission investment? If no, then what adjustments are necessary?

Recommendation: No, all costs and revenue associated with long-term firm non-jurisdictional transmission service contracts should be separated. The Commission should make the following jurisdictional adjustments for 2010: reduce plant in service by \$386,896,000; reduce accumulated depreciation by \$144,299,000; reduce plant held for future use by \$4,200,000; reduce construction work in progress by \$18,623,000; increase working capital by \$3,700,000; decrease operating revenues by \$33,639,000; decrease O&M expenses by \$10,462,000; decrease depreciation and amortization by \$10,352,000; decrease taxes other than income by \$4,918,000 and increase amortization of regulatory asset by \$17,000.

The Commission also should make the following jurisdictional adjustments for 2011: reduce plant in service by \$410,264,000; reduce accumulated depreciation by \$154,424,000; reduce plant held for future use by \$3,934,000; reduce construction work in progress by \$30,829,000; increase working capital by \$3,809,000; decrease operating revenues by \$34,658,000; decrease O&M expenses by \$10,061,000; decrease depreciation and amortization by \$11,278,000; decrease taxes other than income by \$5,411,000 and decrease amortization of regulatory asset by \$96,000.

Issue 16: What is the appropriate jurisdictional separation of costs and revenues between the wholesale and retail jurisdictions?

Recommendation: Staff recommends that, with the exception noted in issue 15, FPL appropriately separated costs and revenues between the wholesale and retail jurisdictions.

Issue 17: Is the quality and reliability of electric service provided by FPL adequate?

Recommendation: Yes. The quality and reliability of the electric service provided by FPL is adequate as determined by the analysis of customer complaints, an analysis of the distribution system metrics that included the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI), the Customer Average Interruption Duration Index (CAIDI), and the analysis of the metrics for the transmission system – System Average Restoration Index (SARI) and SAIDI. Vegetation related outages and momentary power interruptions caused by vegetation do appear to be increasing and staff will continue to monitor.

Issue 18: Intentionally Blank

Issue 19: Intentionally Blank

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 19A: What are the appropriate capital recovery schedules?

Recommendation: Staff recommends approval of the capital recovery schedules contained in Table 19A-1 of staff's memorandum dated December 23, 2009. Staff also recommends that a portion of existing reserve surplus discussed in Issues 19E and 19F be used to offset the recovery schedule expenses.

Issue 19B: Is FPL's calculation of the average remaining life appropriate?

Recommendation: No. Staff believes that FPL's calculation of remaining life leads to questionable results. Staff recommends a remaining life calculation based on using the average age of the given account with the selected survivor curve. Staff's recommended remaining lives addressed in Issues 19C and 19D are based on this recommended calculation.

Issue 19C: What are the appropriate depreciation parameters (remaining life, net salvage percentage and reserve percentage) and resulting rates for each production unit (including but not limited to, coal, steam, combined-cycle, etc.)?

Recommendation: Staff's recommended depreciation parameters and resulting depreciation rates for production plant are shown on Table 19C-2 of staff's memorandum dated December 23, 2009. The reserve positions shown incorporate the effects of the staff recommended reserve allocations addressed in Issue 19F. The resultant test year depreciation expenses based on the staff recommendation in this issue and in Issue 19D are addressed in Issue 131.

Issue 19D: What are the appropriate depreciation parameters (remaining life, net salvage percentage and reserve percentage) and resulting rates for each transmission, distribution, and general plant account?

Recommendation: Staff recommends the remaining life, net salvage percent, allocated reserve percent, amortizations, and resulting rates for each transmission, distribution, and general plant account contained in Table 19D-3 of staff's memorandum dated December 23, 2009.

Issue 19E: Based on the application of the depreciation parameters that the Commission has deemed appropriate to FPL's data, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?

Recommendation: Using the life and salvage parameters staff recommends in Issues 19C and 19D, a reserve surplus of \$1.2 billion results.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 19F: What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 19E?

Recommendation: Staff recommends that each account's book reserve be brought to its calculated theoretically correct level. Staff recommends that \$314.2 million of the bottom line reserve surplus of \$1,208.8 million be used to offset the unrecovered costs associated with the capital recovery schedules of near-term retiring investments recommended in Issue 19A. For the remaining reserve surplus of \$894.6 million, staff recommends that \$500 million be amortized over a 4-year period, with the remaining \$394.6 million amortized over the remaining life of the embedded investments of 22 years. Such actions result in an annual depreciation expense credit of \$142.9 million and debit to the bottom line reserve surplus. As part of FPL's next depreciation study, to be filed no later than March 16, 2013, FPL's reserve position will be reviewed and assessed for any other action.

Issue 19G: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

Recommendation: The implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules should be January 1, 2010.

Issue 20: Intentionally Blank

Issue 21: Is FPL's proposed accelerated capital recovery appropriate?

Ruling: Subsumed in Issue 19A.

Issue 22: What life spans should be used for FPL's coal plants?

Ruling: Subsumed in Issue 19C.

Issue 23: What life spans should be used for FPL's combined cycle plants?

Ruling: Subsumed in Issue 19C.

Issue 24: What are the appropriate depreciation rates?

Ruling: Subsumed in Issues 19C and 19D.

Issue 25: Has FPL applied appropriate life spans to categories of production plant when developing its proposed depreciation rates? (Note: To date, the parties have identified the following categories of production plant as sub issues.)

Coal-fired production units

Large steam oil or gas-fired generating facilities

Combined cycle generating facilities

Ruling: Subsumed in Issue 19C.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 26: Has FPL applied the appropriate methodology to calculate the remaining life of production units?

Ruling: Subsumed in Issue 19B.

Issue 27: Has FPL appropriately quantified the level of interim retirements associated with production units? If not, what is the appropriate level, and what is the related impact on depreciation expense for generating facilities?

Ruling: Subsumed in Issue 19C.

Issue 27A: Has FPL appropriately calculated the remaining life of its plant?

Ruling: Subsumed in Issue 19B.

Issue 28: Has FPL incorporated the appropriate level of net salvage associated with the interim retirements that are estimated to transpire prior to the final termination of a generating station or unit? If not, what is the appropriate level?

Ruling: Subsumed in Issue 19C.

Issue 29: Has FPL quantified the appropriate level of terminal net salvage in its request for dismantlement costs? If not, what is the appropriate level?

Ruling: Subsumed in Issue 19C.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 30: Has FPL applied appropriate life characteristics (curve and life) to each mass property account (transmission, distribution, and general plant) when developing its proposed depreciation rates? (Note: To date, the parties have identified the following accounts as sub issues)

- a. 350.2 Transmission Easements
- b. 353 Transmission Substation Equipment
- c. 353.1 Transmission Substation Equipment Step-Up Transformers
- d. 354 Transmission Towers & Fixtures
- e. 356 Transmission Overhead Conductor
- f. 359 Transmission Roads and Trails
- g. 362 Distribution Substation Equipment
- h. 364 Distribution Poles, Towers & Fixtures
- i. 365 Distribution Overhead Conductors
- j. 367.6 Underground Conductors
- k. 367.7 Distribution Underground Conductions and Devices-Direct Buried
- l. 368 Distribution Line Transformers
- m. 369.7 Distribution Services-Underground
- n. 370 Distribution Meters
- o. 373 Distribution Street Lighting and Signal Systems
- p. 390 General Plant Structures
- q. 392.01 General Plant Aircraft-Fixed Wing
- r. 392.-2 General Plant Aircraft-Rotary Wing

Ruling: Subsumed in Issue 19D.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 31: Has FPL applied appropriate net salvage levels to each mass property (transmission, distribution, and general plant) account when developing its proposed depreciation rates? (Note: To date, the parties have identified the following accounts as sub issues)

- a. 353 Transmission Station Equipment
- b. 354 Transmission Tower & Fixtures
- c. 355 Transmission Poles & Fixtures
- d. 356 Transmission Overhead Conductors
- e. 364 Distribution Poles, Towers & Fixtures
- f. 365 Overhead Conductors & Devices
- g. 366.6 Underground Conduit – Duct System
- h. 367.6 Underground Conductor – Duct System
- i. 368 Distribution Line Transformers
- j. 369.1 Distribution Services – Overhead
- k. 369.7 Distribution Services – Underground
- l. 370 Distribution Meters
- m. 370.1 Distribution Meters – AMI
- n. 390 General Structures & Improvements

Rulings: Subsumed in Issue 19D.

Issue 32: What are the appropriate depreciation rates for FPL, and what amount of annual depreciation expense should the Commission include in Docket 080677-EI for ratemaking purposes?

Ruling: Subsumed in Issues 19C, 19D, and 131.

Issue 33: Intentionally Blank

Issue 34: Intentionally Blank

Issue 35: What steps should the Commission take to restore generational equity?

Ruling: Subsumed in Issue 19F.

Issue 36: What considerations and criteria should the Commission take into account when evaluating the time frame over which it should require FPL to amortize the depreciation reserve imbalances that it determines in this proceeding?

Ruling: Subsumed in Issue 19F.

Issue 37: What would be the impact, if any, of the parties' respective proposals with respect to the treatment of the depreciation reserve imbalances on FPL's financial integrity?

Ruling: Subsumed in Issue 19F.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 38: What is the appropriate disposition of FPL's depreciation reserve imbalances?

Ruling: Subsumed in Issue 19F.

Issue 39: Intentionally Blank

Issue 40: Should the currently approved annual dismantlement provision be revised?

Recommendation: Yes. Staff recommends that the current-approved annual dismantlement provision be revised to reflect the company's updated base cost estimates of dismantlement, inflation rates, and contingency costs. Any revised annual fossil dismantlement accrual should take effect January 1, 2010.

Issue 41: What, if any, corrective reserve measures should be approved?

Recommendation: Staff recommends that the corrective reserve reallocations shown in Table 41-1 of staff's memorandum dated December 23, 2009, be approved.

Issue 42: What is the appropriate annual provision for dismantlement?

Recommendation: The appropriate system annual provision for dismantlement is \$18,468,387 (including solar), and the retail annual accrual amounts for 2010 is \$17,660,832 (excluding solar). This reflects an increase of \$2,640,568 over the amounts from FPL's last dismantlement study and results in adjustments to accumulated depreciation and depreciation expense. If applicable, the appropriate retail annual accrual amount for 2011 is \$17,666,354, which represents an increase of \$2,641,393 over the amount from FPL's last study and results in adjustments to accumulated depreciation and depreciation expense. These accruals reflect current estimates of dismantlement costs on a site-specific basis, inflation estimates as of February 2009, a 16 percent contingency factor, and changes in retirement dates in accord with staff's recommendation in Issue 19C.

Issue 43: Does FPL employ reasonable depreciation parameters and costs when it assumes that it must restore all generation sites to "greenfield" status upon their retirement?

Recommendation: Yes. Staff believes that the assumptions made by FPL in its 2008 dismantlement study with regards to site restoration are reasonable.

Issue 44: In future dismantlement studies filed with the Commission, should FPL consider alternative demolition approaches?

Recommendation: Staff recommends that FPL consider in future studies whether alternative demolition approaches are reasonable, as it has in the past. However, at this time staff does not believe that FPL should be required to submit analyses of alternative demolition approaches with its next study.

Issue 45: Intentionally Blank

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 46: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of working capital allowance for FPL?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. The net over-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses should be included in the calculation of FPL's calculation of working capital allowance. However, the net under-recovery should be removed from the calculations in accordance with Commission policy.

A. Staff recommends an increase of \$101,971,000 for over-recovery of fuel and conservation costs in the calculation of the 2010 projected test year working capital allowance.

B. If applicable, staff recommends an increase of \$45,644,000 to FPL's net clause over-recovery for 2011 subsequent projected test year in the calculation of working capital allowance.

Issue 47: Are the costs associated with Advanced Metering Infrastructure (AMI) meters appropriately included in rate base?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. The costs for AMI have been properly included in rate base for each of the test years. The implementation of AMI is expected to increase efficiency and may provide information to customers allowing them to better manage their energy usage. FPL should provide a progress report on implementation of smart meters in the Energy Conservation Cost Recovery docket, annually. The report should include a detailed description of how FPL intends to utilize smart meters to allow customers to better manage their energy consumption, including new programs or rate offerings associated with smart meters.

Issue 48: Is FPL's proposed base rate adjustment formula regarding the application of the Commission's Nuclear Cost Recovery Rule appropriate?

Ruling: Subsumed in Issue 173.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 49: Should FPL's estimated plant in service be reduced to reflect the actual capital expenditures implemented in 2009 on an annualized basis carried forward into the projected test Year(s) and for reductions of a similar magnitude?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Ruling: Subsumed in Issue 50.

Issue 50: Are FPL's requested levels of Plant in Service appropriate?

A. For the 2010 projected test year in the amount of \$28,288,080,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$29,599,965,000?

Recommendation: No. FPL's requested levels of Plant in Service are appropriate as shown in A and B.

A. Staff recommends for the 2010 projected test year Plant in Service of \$27,036,862,606, which is a reduction of \$1,251,217,394.

B. If applicable, staff recommends for the 2011 subsequent projected test year, Plant in Service of \$28,709,991,635, which is a reduction of \$889,973,365.

Issue 51: Are FPL's requested levels of accumulated depreciation appropriate?

A. For the 2010 projected test year in the amount of \$12,590,521,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$13,306,984,000?

Recommendation: No. The appropriate levels of accumulated depreciation are shown in A and B.

A. Staff recommends for the 2010 projected test year accumulated depreciation of \$11,530,030,688, which is a reduction of \$1,060,490,312.

B. If applicable, staff recommends for the 2011 subsequent test year accumulated depreciation is \$12,004,483,735, which is a reduction of \$1,302,500,265.

Issue 52: Is FPL's proposed adjustment to CWIP for the Florida EnergySecure Line (gas pipeline) appropriate?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. The Company's proposed adjustment to Construction Work In Progress (CWIP) for the Florida EnergySecure Line (gas pipeline) is not appropriate for the 2010 and 2011 test years. Staff does not believe that the capital expenditures for the gas pipeline should be reflected in CWIP - Allowance for Funds Used During Construction (AFUDC) nor reported to the Commission on the Company's Monthly Earning Surveillance report.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 53: Has FPL removed any Environmental Cost Recovery Clause (ECRC) capital cost recovery items from the ECRC and placed them into rate base? (Category 2 Stipulation)

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Approved Stipulation: No. FPL has not removed any ECRC capital cost recovery items from the ECRC and placed them in base rates.

Issue 54: Should FPL be permitted to record in rate base the incremental difference between Allowance for Funds Used During Construction (AFUDC) permitted by Section 366.93, F.S. for nuclear construction and FPL's most currently approved AFUDC for recovery when the nuclear plants enter commercial operation? (Category 1 Stipulation)

Approved Stipulation: The parties agree that this issue will be decided in a different docket.

Issue 55: Are FPL's requested levels of Construction Work in Progress (CWIP) appropriate?

A. For the 2010 projected test year in the amount of \$707,530,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$772,484,000?

Recommendation: No. The appropriate levels of Construction Work in Progress (CWIP) are shown in A and B.

A. Staff recommends that the appropriate level of Construction Work in Progress for the 2010 projected test year is \$686,815,000, which is a reduction of \$20,715,000 from FPL's requested level.

B. If applicable, staff recommends that the appropriate level of Construction Work in Progress for the 2011 subsequent projected test year is \$768,973,000, which is a reduction of \$3,511,000 from FPL's requested level.

Issue 56: Are FPL's requested levels of Property Held for Future Use appropriate?

A. For the 2010 projected test year in the amount of \$74,502,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$71,452,000?

Recommendation: No. Staff recommends that the appropriate level of Property Held for Future Use for 2010 is \$70,302,000 and if applicable, the 2011 subsequent test year is \$67,518,000. The proposed levels of Property Held for Future Use for 2010 and 2011 should be reduced by \$4,200,000 and \$3,934,000, respectively.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 57: Should any adjustments be made to FPL’s fuel inventories? (Category 2 Stipulation)

Approved Stipulation: No. Subject to the adjustments listed on FPL witness Ousdahl’s Exhibit KO-16, the 2010 and 2011 projections of FPL’s fuel inventories are appropriate.

Issue 58: Is FPL's proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends that the 2010 accrual of Nuclear End of Life Materials and Supplies and Last Core Nuclear Fuel is appropriate based on FPL’s 2005 Rate Case Settlement. Also, staff recommends that the additional expense for 2010 and 2011 in the amount of \$6 million for last core and \$137,000 nuclear end of life materials and supplies should be removed from this base rate proceeding and addressed when the Company files its 2010 Nuclear Decommissioning Study.

Issue 59: Should nuclear fuel be capitalized and included in rate base due to the dissolution of FPL Fuels, Inc.?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends that the nuclear fuel assets should be capitalized and included in rate base for the 2010 projected test year. If the Commission approves the Company’s request for a 2011 subsequent test year, nuclear fuel assets should be capitalized and included in the 2011 subsequent test year.

Issue 60: Are FPL's requested levels of Nuclear Fuel appropriate?

A. For the 2010 projected test year in the amount of \$374,733,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$408,125,000?

Recommendation: No. Staff recommends that the appropriate level of Nuclear Fuel for 2010 should be \$370,962,000. If the Commission approves the Company’s request for a 2011 subsequent projected test year, the appropriate level of Nuclear Fuel for 2011 should be \$404,334,000. This will result in reductions of \$3,771,000 and \$3,791,000 as supported by FPL’s Exhibits 358, 378, and 477, respectively.

Issue 61: Should the unamortized balance of the FPL Glades Power Park (FGPP) be included in rate base?

Recommendation: Yes. Staff recommends that the unamortized balance of FPL Glades Power Park (FGPP) in the amount of \$34.1 million should be included in rate base and amortized over five years.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 62: Are FPL's requested levels of Working Capital appropriate?

A. For the 2010 projected test year in the amount of \$209,262,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$335,360,000?

Recommendation: No. Staff recommends that the appropriate 2010 test year level of Working Capital is \$112,121,000. If the Commission approves the Company's requested 2011 subsequent projected test year, the appropriate 2011 test year level of Working Capital is \$282,604,000. Also, the appropriate adjustments for 2010 and 2011 projected test year to the working capital allowance calculations should be reductions of \$97,141,000 and \$52,756,000, respectively.

Issue 63: Is FPL's requested rate base appropriate?

A. For the 2010 projected test year in the amount of \$17,063,586,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$17,880,402,000?

Recommendation: No. The appropriate levels of rate base are appropriate as shown in A and B.

A. Staff recommends that the appropriate 2010 projected test year rate base should be \$16,747,031,918, which is a reduction of \$316,554,082 from FPL's requested level.

B. If applicable, staff recommends that FPL's appropriate 2011 subsequent test year rate base should be \$18,228,936,900 which is an increase of \$348,534,900 from FPL's requested level.

Issue 64: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate amount of accumulated deferred taxes to include in the capital structure is \$2,885,287,055 for the projected 2010 test year. If applicable, the appropriate amount of accumulated deferred taxes is \$2,887,005,778 for 2011.

Issue 65: Should FPL be required to use the entire amount of customer deposits, ADIT, and ITC related to utility rate base in its capital structure?

Ruling: Subsumed in Issue 69.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 66: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate jurisdictional balance of unamortized investment tax credits to include in FPL’s capital structure is \$5,416,335 at a cost rate 8.64 percent for the projected 2010 test year. If applicable, the appropriate jurisdictional balance of unamortized investment tax credits is \$2,585,079 at a cost rate 8.65 percent for 2011.

Issue 67: What is the appropriate cost rate for short-term debt?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate cost rate for short-term debt is 2.11 percent for the 2010 projected test year. If applicable, the appropriate cost rate for short-term debt is 3.51 percent for 2011.

Issue 68: What is the appropriate cost rate for long-term debt?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate cost rate for long-term debt is 5.49 percent for the projected 2010 test year. If applicable, the appropriate cost rate for long-term debt is 5.65 percent for 2011.

Issue 69: Have rate base and capital structure been reconciled appropriately?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. For the sole purpose of setting rates in this case only, rate base and capital structure have been reconciled appropriately.

Issue 70: Has FPL appropriately described the actual 59.6% equity ratio that it proposes to use for ratemaking purposes as an "adjusted 55.8% equity ratio" on the basis of imputed debt associated with FPL's purchased power contracts?

Recommendation: Yes. The equity ratio reflected in FPL’s original MFR filing for purposes of setting rates in this proceeding is 59.6 percent as a percentage of investor capital. The 55.8 percent “adjusted” equity ratio is just that, the Company’s equity ratio as a percentage of investor capital expressed on an S&P-adjusted basis.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 71: What is the appropriate equity ratio that should be used for FPL for ratemaking purposes in this case?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate equity ratio for FPL for ratemaking purposes for the projected 2010 test year is 47.0 percent as a percentage of total capital which equates to an equity ratio of 59.1 percent as a percentage of investor capital. If applicable, the appropriate equity ratio for the projected 2011 subsequent test year is 47.4 percent as a percentage of total capital which equates to an equity ratio of 58.5 percent as a percentage of investor capital.

Issue 72: Do FPL's power purchase contracts justify or warrant any changes to FPL's capital structure in the form of imputed debt or equity for ratemaking purposes?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Ruling: Subsumed in Issues 70 and 71.

Issue 73: What is the appropriate capital structure for FPL for the purpose of setting rates in this docket?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate capital structures for the 2010 projected test year, and if applicable, the 2011 subsequent test year, are shown on Schedules 2A and 2B of staff's memorandum dated December 23, 2009, respectively.

Issue 74: Has the fuel adjustment clause decreased FPL's cost of equity and, if so, by how many basis points?

Ruling: Subsumed in Issue 80.

Issue 75: Has the nuclear cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points?

Ruling: Subsumed in Issue 80.

Issue 76: Has the conservation cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points?

Ruling: Subsumed in Issue 80.

Issue 77: Has the environmental cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points?

Ruling: Subsumed in Issue 80.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 78: Has the Generation Base Rate Adjustment reduced FPL’s cost of equity and, if so, by how many basis points?

Ruling: Subsumed in Issue 80.

Issue 79: Is it appropriate to adjust the equity cost rate for flotation costs?

Ruling: Subsumed in Issue 80.

Issue 80: What return on common equity should the Commission authorize in this case?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate return on equity (ROE) for the projected 2010 test year is 10.75 percent with a range of plus or minus 100 basis points. If applicable, staff recommends the same ROE and range be used for the 2011 subsequent test year.

Issue 81: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate weighted average cost of capital for the projected 2010 test year is 7.00 percent. If applicable, the appropriate weighted average cost of capital for the 2011 subsequent projected test year is 7.18 percent.

Issue 82: What are the appropriate inflation and customer growth for use in forecasting?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation:

A. The inflation and customer growth factors for 2010 provided in MFR Schedule F-8 are appropriate.

B. The inflation and customer growth factors for 2011 provided in MFR Schedule F-8 are too speculative to be used for rate setting purposes. However, should the Commission decide to implement the subsequent year rate increase in 2011, staff recommends that, of the options available in the record, FPL’s inflation and customer growth factors be used.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 83: Should FPL's proposal to transfer capacity charges and capacity-related revenue associated with the St. John's River Power Park from base rates to the Capacity Cost Recovery Clause be approved?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. FPL's proposal to transfer capacity charges and capacity-related revenue associated with the St. John's River Power Park from base rates to the Capacity Cost Recovery Clause should be approved.

A. Staff recommends no further adjustments related to this issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 84: Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends that FPL's proposal to transfer revenue, expenses and investment associated with the fuel clause from base rates to the Fuel Adjustment Clause, per past Commission practices, be approved.

A. Staff recommends no further adjustments related to this issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 85: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. FPL's proposal to transfer revenue, expenses and investment associated with the conservation cost recovery from base rates to the Conservation Cost Recovery Clause, per past Commission practices, should be approved.

A. Staff recommends no further adjustments related to this Issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 86: 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 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. FPL's proposal to transfer revenue, expenses and investment associated with capacity cost recovery from base rates to the Capacity Cost Recovery Clause, per past Commission practices, should be approved.

A. Staff recommends no further adjustments related to this Issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 87: 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 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. FPL's proposal to transfer revenue, expenses and investment associated with the environmental cost recovery from base rates to the Environmental Cost Recovery Clause, per past Commission practices, should be approved.

A. Staff recommends no further adjustments related to this Issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 88: Should an adjustment be made to operating revenue to reflect the incorrect forecasting of FPL's C/I Demand Reduction Rider Incentive Credits and Offsets?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. FPL's adjustment to operating revenue to include the effects of the C/I Demand Reduction Rider Incentive Credits should be accepted.

A. Staff recommends no further adjustments related to this Issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 89: Is an adjustment appropriate to FPL's Late Payment Fee Revenues if the minimum Late Payment Charge is approved in Issue 145?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. First, staff recommends that FPL's corrections to the forecast for Late Payment Revenues from Exhibit 358 be made. Second, staff recommends that OPC's adjustment to the forecast of Late Payment Revenues based on 2007 and 2008 actual experience be accepted.

A. Staff recommends a net adjustment to increase Late Payment Revenues by \$18,390,146, for the 2010 test year.

B. If applicable, staff recommends a net adjustment to increase Late Payment Revenues by \$19,809,684, for the 2011 test year.

Issue 90: Are any adjustments necessary to FPL's Revenue Forecast?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Staff recommends no adjustment.

A. For the 2010 projected test year?

Staff recommends no further adjustments related to this issue for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 91: Are FPL's projected levels of Total Operating Revenues appropriate?

A. For the 2010 projected test year in the amount of \$4,114,727,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$4,175,024,000?

Recommendation: No.

A. For the 2010 projected test year, the appropriate amount is \$4,099,478,146.

B. If applicable, the appropriate amount for the 2011 subsequent projected test year is \$4,160,175,684.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 92: Has FPL made the appropriate adjustments to remove charitable contributions?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Staff believes, with the exception of the matters discussed in Issue 93, the Company has accounted for charitable contributions consistent with established Commission policy and recommends no adjustments to FPL's filing for this Issue.

A. Staff recommends no further adjustments related to this issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 93: Should an adjustment be made to remove FPL's contributions recorded above the line for the historical museum?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends that OPC's proposed adjustment to treat the contributions to the historical museum as charitable contributions and remove them from revenue requirements be approved.

A. For the 2010 projected test year?

Staff recommends other expenses be reduced by \$45,470 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends other expenses be reduced by \$46,764 for the 2011 subsequent projected test year.

Issue 94: Should an adjustment be made for FPL's Aviation cost for the test year?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The Commission approved FPL's motion to withdraw all aviation costs included in the 2010 test year and the 2011 subsequent test year. Staff recommends that the adjustments shown below be made to the Company's original filing to accomplish the removal of the aviation costs from the appropriate cost categories.

A. For the 2010 projected test year?

FPL's removal of aviation costs reduced Operating Expenses and Depreciation Expense by \$1,633,916 and \$2,092,009, respectively for the 2010 test year. It also reduced Plant in Service and Depreciation Reserve by \$53,268,205 and \$27,853,907, respectively for the 2010 test year.

B. For the 2011 subsequent projected test year?

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

FPL's removal of aviation costs reduced Operating Expenses and Depreciation Expense by \$1,763,686, and \$2,457,834, respectively for the 2011 subsequent test year. It also reduced Plant in Service and Depreciation Reserve by \$62,126,176 and \$28,809,341, respectively for the 2011 test year.

Issue 95: Are the cost savings associated with AMI meters appropriately included in net operating income?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. The cost savings associated with the AMI meters are appropriately included in net operating income for both test years.

Issue 96: What is the appropriate level of Bad Debt Expense?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Staff recommends that FPL's corrections to increase the forecast for Bad Debt Expense from Exhibit 358 be approved.

A. Staff recommends an increase in Bad Debt expense of \$3,805,000 for the 2010 test year.

B. If applicable, staff recommends an increase in Bad Debt expense of \$1,984,000 for the 2011 subsequent test year.

Issue 97: Should an adjustment be made to remove the portion of Bad Debt Expense associated with clause revenue that is currently being recovered in base rates and include them as recoverable expenses in the respective recovery clauses?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. Staff recommends that FPL's proposal to remove the portion of Bad Debt Expense associated with clause revenue and include them as recoverable expenses in the respective recovery clauses be denied.

A. Staff recommends that FPL's proposed adjustment be denied and bad debt expense be increased by \$16,893,000 for the 2010 test year.

B. If applicable, staff recommends that FPL's proposed adjustment be denied and bad debt expense be increased by \$13,875,000 for the 2011 subsequent test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 98: Should an adjustment be made to advertising expenses? (Category 2 Stipulation)

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Approved Stipulation: No. An adjustment is not necessary as advertising expenses included in 2010 and 2011 are utility related and informational, educational or related to consumer safety.

Issue 99: Has FPL made the appropriate adjustments to remove lobbying expenses? (Category 2 Stipulation)

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Approved Stipulation: FPL has reflected the amounts applicable to lobbying expenses below the line for the projected test year 2010 and for the subsequent test year 2011. Therefore, no adjustment to remove lobbying expenses from net operating income is required.

Issue 100: Are any adjustments necessary to FPL's payroll to reflect the historical average level of unfilled positions and jurisdictional overtime?

Recommendation: Yes. Staff recommends that OPC's proposed adjustment to reduce the Company's projected payroll expenses be adopted. This adjustment is necessary to reflect the projected positions that will be unfilled for the 2010 test year and the 2011 subsequent test year.

A. Staff recommends that FPL's proposed O&M expense be reduced by \$9,245,011, on a jurisdictional basis and Taxes other than Income Taxes be reduced by \$530,188 on a jurisdictional basis for the 2010 test year.

B. If applicable, staff recommends that FPL's proposed O&M expense be reduced by \$9,653,912, on a jurisdictional basis and Taxes other than Income Taxes be reduced by \$577,328 on a jurisdictional basis for the 2011 test year.

Issue 101: Should FPL reduce expenses for productivity improvements given the Company's lower historical rate of growth in payroll costs?

Recommendation: No. Staff does not believe that the record in this case supports an adjustment for productivity.

A. Staff recommends no further adjustments related to this issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 102: Is it appropriate for FPL to increase its forecasted Operating and Maintenance Expenses due to estimated needs for nuclear production staffing?

Recommendation: Yes. Staff recommends that the Commission find that the Company has met its burden of proof with respect to the number of additional employees.

A. Staff recommends no further adjustments related to this issue for the 2010 test year.

B. If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 103: Should an adjustment be made to FPL's requested level of Salaries and Employee Benefits?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends the following adjustments:

A. For the 2010 projected test year?

Staff recommends O&M expenses 1) be reduced by \$757,282 for executive raises, 2) be reduced by \$12,226,189 for executive incentive compensation payout ratios, 3) be reduced by \$15,282,736 for 50 percent of the remaining executive incentive compensation, 4) be reduced by \$2,122,947 for non-executive incentive compensation payout ratios, and 5) be reduced by \$3,538,246 for the 2010 test year. The total recommended reduction is \$33,927,400 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends O&M expenses 1) be reduced by \$2,044,622 for executive raises, 2) be reduced by \$13,066,628 for executive incentive compensation payout ratios, 3) be reduced by \$16,333,285 for 50 percent of the remaining executive incentive compensation, 4) be reduced by \$2,489,989 for non-executive incentive compensation payout ratios, and 5) be reduced by \$4,149,982 for the 2010 test year. The total recommended reduction is \$38,084,506 for the 2011 test year.

Issue 104: Should an adjustment be made to FPL's level of executive compensation?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Ruling: Subsumed in Issue 103.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 105: Should an adjustment be made to FPL's level of non-executive compensation?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Ruling: Subsumed in Issue 103.

Issue 106: Should an adjustment be made to Pension Expense?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Staff recommends no adjustment.

A. For the 2010 projected test year?

Staff recommends no further adjustments related to this issue for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 107: Is a test year adjustment necessary to reflect FPL's receipt of an environmental insurance refund in 2008?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. Staff recommends no adjustment for FPL's receipt of an environmental insurance refund in 2008.

A. For the 2010 projected test year?

Staff recommends no further adjustments related to this issue for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 108: Is a test year adjustment appropriate to reflect the expected settlement received from the Department of Energy?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. The test year adjustments presented in Exhibit 358 and detailed in Exhibit 477 are appropriate to reflect the expected settlement received from the Department of Energy.

A. Staff recommends that FPL's O&M Expenses, Depreciation Expense and Taxes Other Than Income Taxes be reduced by \$6,084,000, \$747,000, and \$109,000, respectively, for the 2010 test year. Staff also recommends that Plant in Service, Depreciation Reserve and CWIP be reduced by \$25,866,000, \$252,000, and \$828,000, respectively, for the 2010 test year.

B. If applicable, staff recommends that FPL's O&M Expenses, Depreciation Expense and Taxes Other Than Income Taxes be reduced by \$5,327,000, \$1,542,000, and \$928,000, respectively, for the 2011 subsequent test year. Staff also recommends that Plant in Service, Depreciation Reserve and CWIP be reduced by \$52,713,000, \$1,516,000, and \$1,375,000, respectively, for the subsequent 2011 test year.

Issue 109: Should adjustments be made for the net operating income effects of transactions with affiliated companies for FPL?

Recommendation: Staff recommends that 1) the Company's proposed adjustment for the forecast data be accepted, 2) that no adjustment be made for stale allocation drivers as recommended by OPC, 3) that no adjustment be made for the Massachusetts Formula as recommended by OPC, 4) that no adjustment be made for FPL Energy Services as recommended by OPC, 5) that OPC's recommended adjustment to the charges from FiberNet to FPL be accepted, and 6) that no adjustment be made for the power monitoring revenue as recommended by OPC. The dollar amounts associated with staff's recommendation are shown below.

A. For the 2010 projected test year?

Staff recommends 1) that O&M expense and Taxes Other Than Income Taxes be decreased by \$3,373,000 and \$510,000, respectively, for the 2010 test year, 2) no adjustment, 3) no adjustment, 4) no adjustment, 5) that O&M expenses be reduced by \$1,182,224 for the 2010 test year, and 6) no adjustment. The total recommended reduction for O&M expense and Taxes Other Than Income Taxes is \$4,555,224 and \$510,000, respectively, for the 2010 test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

B. For the 2011 subsequent projected test year?

If applicable, staff recommends 1) that O&M expense and Taxes Other Than Income Taxes be decreased by \$3,592,000 and \$543,000, respectively, for the 2010 test year, 2) no adjustment, 3) no adjustment, 4) no adjustment, 5) that O&M expenses be reduced by \$1,182,224 for the 2010 test year, and 6) no adjustment. The total recommended reduction for O&M expense and Taxes Other Than Income Taxes is \$4,774,224 and \$543,000, respectively, for the 2011 test year.

Issue 110: Is an adjustment appropriate to the allocation factor for FPL Group's executive costs?

Ruling: Subsumed in Issue 109.

Issue 111: Are any adjustments necessary to FPL's Affiliate Management Fee Cost Driver allocation factors?

Ruling: Subsumed in Issue 109.

Issue 112: Are any adjustments necessary to FPL's Affiliate Management Fee Massachusetts Formula allocation factors?

Ruling: Subsumed in Issue 109.

Issue 113: Are any adjustments necessary to the costs charges to FPL by FiberNet?

Ruling: Subsumed in Issue 109.

Issue 114: Should an adjustment be made to allow ratepayers to receive the benefit of FPLES margins on gas sales as a result of the sale of FPL's gas contracts to FPLES?

Ruling: Subsumed in Issue 109.

Issue 115: Is an adjustment appropriate to recognize compensation for the services that FPL provides to FPLES for billing on FPL's electric bills?

Ruling: Subsumed in Issue 109.

Issue 116: Is an adjustment appropriate to recognize compensation for the services that FPL provides to FPLES to the extent that FPL service representatives provide referrals or perform similar functions for FPLES?

Ruling: Subsumed in Issue 109.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 116A: Is an adjustment necessary to reflect the gains on sale of utility assets sold to FPL's non-regulated affiliates?

Recommendation: Staff recommends that no adjustments for this issue be made.

A. For the 2010 projected test year?

Staff recommends no adjustments related to this issue for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends no adjustments related to this issue for the 2011 subsequent projected test year.

Issue 117: Is an adjustment appropriate to increase power monitoring revenue for services provided by FPL to allow customers to monitor their power and voltage conditions?

Ruling: Subsumed in Issue 109.

Issue 118: Intentionally Blank

Issue 119: Should the Commission order notification requirements to report the future transfer of the FPL-NED assets from FPL to a separate company under FPL Group Capital?

Recommendation: Staff recommends that OPC's recommendation be denied. Staff does believe that the Commission should be notified when this transfer is ready to take place and supplied with the details of the entries the Company intends to make. However, staff believes that this transaction does not affect the revenue requirements of this case and does not need to be addressed by the Commission in this docket.

Issue 120: Should an adjustment be made to FPL's requested storm damage reserve, annual accrual of \$150 million, and target level of \$650 million?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends that the reserve target level for Storm Damage be set at \$650 million and the annual accrual level for Storm Damage be set at \$50 million.

A. For the 2010 projected test year?

Staff recommends an adjustment to decrease O&M expense by \$99,111,000 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends an adjustment to decrease O&M expense by \$99,110,700 for the 2011 subsequent test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 121: What adjustment, if any, should be made to the fossil dismantlement accrual?

Recommendation: The appropriate adjustment for fossil dismantlement accrual are shown in A and B.

A: Staff recommends that the appropriate system annual provision for dismantlement for 2010 projected test year should be increased by \$3,147,274 (including solar) and the retail annual accrual should be increased by \$2,640,568 (excluding solar).

B: If applicable, staff recommends that the appropriate system annual provision for dismantlement for the 2011 subsequent test year should be increased by \$3,147,274 (including solar) and the retail annual accrual should be increased by \$2,641,393 (excluding solar).

Issue 122: What is the appropriate amount and amortization period of Rate Case Expense?

Recommendation: Staff recommends that the Commission reduce the Company's total rate case expense as originally filed, by the \$450,000 for overtime and or bonuses for salaried employees. Total rate case expense as adjusted is \$3,207,000. Staff recommends that total rate case expense be amortized over a four year period at an amortization of \$801,750 per year. Finally, staff recommends that the unamortized balance of rate case expense be excluded from working capital.

A. For the 2010 projected test year?

Staff recommends an adjustment to reduce rate case amortization expense by \$217,250 for the 2010 test year. Staff also recommends an adjustment to reduce jurisdictional working capital by \$2,948,000 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends an adjustment to reduce rate case amortization expense by \$417,250 for the 2011 subsequent test year. Staff also recommends an adjustment to reduce jurisdictional working capital by \$1,829,000 for the 2011 subsequent test year.

Issue 123: Should an adjustment continue to be made to Administrative and General Expenses to eliminate "Atrium Expenses per Order No. 10306, Docket No. 810002-EU? (Category 2 Stipulation)

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Approved Stipulation: No. The atrium has been retired and the adjustment is no longer necessary.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 124: Should FPL's request to move payroll loading associated with the Energy Conservation Cost Recovery Clause (ECCR) payroll currently recovered in base rates to the ECCR be approved?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. Staff recommends that the Company's proposed adjustment to remove FICA and unemployment taxes, associated with payroll through the ECCR, from base rates and to recover those cost through the ECCR clause be denied.

A. For the 2010 projected test year?

Staff recommends that O&M expenses be increased by \$1,582,000 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends that O&M expenses be increased by \$1,449,000 for the 2011 subsequent test year.

Issue 125: Should an adjustment be made to remove payroll loadings on incremental security costs that are currently included in base rates and include them in the Capacity Cost Recovery Clause?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. Staff recommends that the Company's proposed adjustment to remove FICA and unemployment taxes, associated with payroll recovered through the capacity clause, from base rates and to recover those cost through the capacity clause be denied.

A. For the 2010 projected test year?

Staff recommends that O&M expenses be increased by \$427,000 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends that O&M expenses be increased by \$502,000 for the 2011 subsequent test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 126: Should an adjustment be made to move the incremental hedging costs that are currently being recovered through the Fuel Cost Recovery Clause to base rates?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Staff recommends that the Company's proposal to reduce incremental hedging costs due to its update in Exhibit 358 be accepted. Staff also recommends that the Company's adjustment to transfer incremental hedging costs from the fuel clause to base rates be accepted.

A. For the 2010 projected test year?

Staff recommends that expenses be increased by \$650,000 (\$702,000-\$52,000) for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends that O&M expenses be increased by \$670,000 (\$722,000-\$52,000) for the 2011 subsequent test year.

Issue 127: Should the Commission adjustment in FPL's 1985 base rate case, Docket No. 830465-EI, for imputed revenues associated with orange groves be reversed? (Category 2 Stipulation)

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Approved Stipulation: Yes. The adjustment is no longer necessary as FPL leases the property and has included the lease revenue in operating revenues.

Issue 128: Is FPL's requested level of O&M Expense appropriate?

A. For the 2010 projected test year in the amount of \$1,694,367,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$1,781,961,000?

Recommendation: No.

A. For the 2010 projected test year, the appropriate amount is \$1,546,305,729.

B. If applicable, the appropriate amount for the 2011 subsequent projected test year is \$1,630,193,958.

Issue 129: Should FPL be permitted to collect depreciation expense for its new Customer Information System prior to its implementation date?

Recommendation: No. Staff recommends a reduction to the 2010 depreciation expense of \$435,000, and if applicable, a reduction to the 2011 subsequent test year depreciation expense of \$4,216,000.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 130: Should FPL's depreciation expenses be reduced for the effects of its capital expenditure reductions?

Recommendation: Yes. Staff recommends that depreciation expense be reduced for the 2010 projected test year based on the reductions to capital expenditures. If applicable, the 2011 subsequent test year depreciation expense should also be reduced based on reductions to capital expenditures.

Issue 131: Should any adjustment be made to Depreciation Expense?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommended adjustments to reduce depreciation expense are shown in A and B.

A. For the 2010 projected test year, staff recommends a total reduction to depreciation expense of \$240,233,441, which results in an adjusted depreciation expense of \$834,031,559.

B. If applicable for the 2011 subsequent test year, staff recommends a total reduction to depreciation expense of \$238,277,441, which results in an adjusted depreciation expense of \$900,683,559.

Issue 132: Should an adjustment be made to Taxes Other Than Income Taxes for the 2010 and 2011 projected test years?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes. Staff recommends that the Company's proposed adjustment to Taxes Other Than Income Taxes be accepted. (Prestwood)

A. For the 2010 projected test year?

Staff recommends that jurisdictional Taxes Other Than Income Taxes be increased by \$972,000 for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends that jurisdictional Taxes Other Than Income Taxes be increased by \$971,000 for the 2011 subsequent test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 133: Should an adjustment be made to reflect any test year revenue requirement impacts of "The American Recovery and Reinvestment Act" signed into law by the President on February 17, 2009?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. Any grant money received from the Department of Energy for the Smart Grid Investment Grant should be used as a Contribution in Aid of Construction. The money should be used for incremental projects and should not be used to offset projects in rate base. FPL should not be able to earn a return on the investment made using the grant money. The tax adjustment proposed by FPL will be addressed by staff in Issue 64.

Issue 134: Should an adjustment be made to Income Tax Expense?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: Yes.

A. For the 2010 projected test year, Income Tax expense should be increased by \$150,360,152 resulting in a total income tax expense of \$393,698,152.

B. If applicable, for the 2011 subsequent projected test year, Income Tax expense should be increased by \$147,976,388 resulting in a total income tax expense of \$318,989,388.

Issue 135: Is FPL's projected Net Operating Income appropriate?

A. For the 2010 projected year in the amount of \$725,883,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$662,776,000?

Recommendation: No.

A. For the 2010 projected year, the appropriate net operating income is \$953,650,654.

B. If applicable, the appropriate net operating income is \$896,469,844 for the 2011 subsequent projected test year.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 136: What are the appropriate revenue expansion factors and the appropriate net operating income multipliers, including the appropriate elements and rates, for FPL?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: The appropriate revenue expansion factors and the appropriate net operating income multipliers are:

A. 61.195 percent and 1.63411, respectively, for the 2010 projected test year. The appropriate elements and rates are shown on Schedule 4A of staff's memorandum dated December 23, 2009.

B. If applicable, 61.245 percent and 1.63279, respectively, for the 2011 subsequent projected test year. The appropriate elements and rates are shown on Schedule 4B of staff's memorandum dated December 23, 2009.

Issue 137: Is FPL's requested annual operating revenue increase appropriate?

A. For the 2010 projected test year in the amount of \$1,043,535,000?

B. If applicable, for the 2011 subsequent projected test year in the amount of \$247,367,000?

Recommendation: No.

A. For the 2010 projected test year, the appropriate annual operating revenue increase is \$357,284,393.

B. If applicable, the appropriate annual operating revenue increase is \$310,771,811 for the 2011 subsequent projected test year.

Issue 138: Intentionally Blank

Issue 139: Has FPL correctly calculated revenues at current rates for the 2010 and 2011 projected test year?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation:

A. Yes. Subject to the adjustments listed in Exhibit 358, FPL has correctly calculated its revenues at current rates for the 2010 projected test year.

B. Yes, if applicable, the 2011 subsequent year adjustment revenues were calculated correctly, subject to the adjustments listed in Exhibit 358.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 140: Should FPL use a minimum distribution cost methodology (utilizing either a "zero intercept" or a "minimum size" approach) to allocate distribution plant costs to rate classes?

Recommendation: No. The minimum distribution system classification proposed by SFHHA should be rejected. Distribution costs should continue to be allocated to rate classes using the methodology proposed by FPL.

Issue 141: What is the appropriate Cost of Service Methodology to be used to allocate base rate and cost recovery costs to the rate classes?

Recommendation: The appropriate cost of service methodology for production and transmission plant, including St. Lucie Unit 2, is the 12 Coincident Peak (CP) and 1/13 methodology.

Issue 142: How should the change in revenue requirement be allocated among the customer classes?

Recommendation: If the Commission approves a rate increase, the appropriate allocation of any change, after recognizing any additional revenues realized in other operating revenues, should track, to the extent practical, each class's revenue deficiency as determined from the approved cost of service study, and move the classes to parity as practicable. No rate class should receive an increase greater than 1.5 times the system average percentage increase in total, and no class should receive a decrease. If the Commission approves a rate decrease, the decrease should be allocated to the rate classes on the basis of an equal percentage.

Issue 143: Has FPL properly adjusted revenues to account for unbilled revenues? (Category 2 Stipulation)

Approved Stipulation: Yes. The appropriate adjustment to account for the increase in unbilled revenue is that shown in MFR E-12.

Issue 144: Are FPL's proposed service charges for initial connect, field collection, reconnect for non-payment, existing connect, and returned payment charges appropriate?

Recommendation: No. If the Commission approves an increase in FPL's operating revenues, the appropriate service charges are \$75 for Initial Connection, \$19 for Field Collection, \$48 for the Reconnection Charge, \$21 for the Connect/Disconnect at an Existing Premise, and a Returned Payment Charge as allowed by Section 68.065, Florida Statute. If the Commission approves no increase, or a decrease in FPL's operating revenues, the service charges should remain at their current level.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 145: Is FPL's proposal to increase the minimum late payment charge to \$10 appropriate?

Recommendation: No. If the Commission adopts staff's recommendation in Issue 89, FPL has stated its intent to withdraw the changes to the Late Payment Charge. In an abundance of caution, staff recommends that the Commission formally deny the proposed minimum late payment charge.

Issue 146: Are FPL's proposed Temporary Service Charges appropriate? (4.030) (Category 2 Stipulation)

Approved Stipulation: Yes. The appropriate Temporary/Construction Service Charges, as shown in MFR E-14, Attachment 1, are: (1) for Overhead: \$255; and (2) for Underground: \$142.

Issue 147: Is FPL's proposed increase in the charges to obtain a Building Efficiency Rating System (BERS) rating appropriate? (4.041) (Category 2 Stipulation)

Approved Stipulation: Yes. FPL has properly calculated the proposed charges for providing BERS audits pursuant to Florida Administrative Code Rule 25-17.003(4)(a).

Issue 148: Are FPL's proposed termination factors to be applied to the total installed cost of facilities when customers terminate their Premium Lighting (PL-1) or Recreational Lighting (RL-1) agreement prior to the expiration of the contract term appropriate? (8.722 and 8.745)

Recommendation: Yes. The termination factors to be applied to the total installed cost of facilities when customers terminate their Premium Lighting (PL-1) or Recreational Lighting (RL-1) agreement prior to the expiration of the contract term are appropriate, subject to recalculation based on the Commission's decisions on prior issues.

Issue 149: Are FPL's proposed charges under the Street Lighting Vandalism Option notification appropriate? (8.717) (Category 2 Stipulation)

Approved Stipulation: Yes. The appropriate charge, as shown in MFR E-14, Attachments 1 and 3, is \$279.98.

Issue 150: Is FPL's proposed Present Value Revenue Requirement (PVRR) multiplier to be applied to the installed cost of premium lighting facilities under rate Schedule Premium Lighting (PL-1) and the installed cost of recreational lighting facilities under the rate Schedule Recreational Lighting (RL-1) to determine the lump sum advance payment amount for such facilities appropriate? (8.720 and 8.743)

Recommendation: Yes. The appropriate Present Value Revenue Requirement multiplier to be applied to the installed cost of premium lighting facilities under rate Schedule PL-1 and RL-1 is 1.3722, as proposed by FPL, subject to recalculation based on the Commission's decisions in prior issues.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 151: Is FPL's proposal to close the Wireless Internet Rate (WIES) schedule to new customers appropriate? (Category 2 Stipulation)

Approved Stipulation: Yes. As outlined in the current WIES tariff FPL is authorized to petition the Commission to close the WIES rate schedule if the kWh under the rate schedule have not reached 360,000 kWh by June 2004. For the twelve month period ending June 2009, kWh sales under the WIES have only reached 20,640 kWh.

Issue 152: Should FPL's proposal to close the relamping option on the Street Lighting (SL-1) and Outdoor Lighting (OL-1) tariffs for new street light installations be approved? (8.716 and 8.725)

Recommendation: No. FPL's proposal to close the relamping option on the Street Lighting (SL-1) and Outdoor Lighting (OL-1) tariffs for new street light installations should not be approved. FPL should provide these customers with a more detailed description of FPL's maintenance responsibilities.

Issue 153: Should FPL's proposal to remove the 10 year and 20 year payment options from the PL-1 and RL-1 tariff be approved? (8.720 and 8.743) (Category 2 Stipulation)

Approved Stipulation: Yes. Removing this option will avoid collection issues that often occur when the original customer requesting the payment option (e.g., a developer) transfers payment responsibility to another party (e.g., a homeowner's association).

Issue 154: Is FPL's proposed monthly kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider appropriate? (8.820)

Recommendation: The monthly kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider proposed by FPL is appropriate, subject to recalculation based on the Commission's decisions on prior issues.

Issue 155: Is FPL's proposed monthly fixed charge carrying rate to be applied to the installed cost of customer-requested distribution equipment for which there are no tariffed charges appropriate?

Recommendation: Yes. FPL's proposed monthly fixed charge carrying rate to be applied to the installed cost of customer-requested distribution equipment for which there are no tariffed charges is appropriate, subject to recalculation based on the Commission's decisions in prior issues.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 156: Is FPL's proposed Monthly Rental Factor to be applied to the in-place value of customer-rented distribution substations to determine the monthly rental fee for such facilities appropriate?

Recommendation: Yes. FPL's proposed Monthly Rental Factor to be applied to the in-place value of customer-rented distribution substations to determine the monthly rental fee for such facilities is appropriate, subject to recalculation based on the Commission's decisions in prior issues.

Issue 157: Are FPL's proposed termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee appropriate? (10.015)

Recommendation: Yes. FPL's proposed termination factors to be applied to the in-place value of customer-rented distribution substations to calculate the termination fee are appropriate, subject to recalculation based on the Commission's decisions in prior issues.

Issue 158: Is FPL's proposed minimum charge for non-metered service under the GS rate appropriate? (Category 2 Stipulation)

Approved Stipulation: Yes, the proposed minimum charge for non-metered service under the GS rate appropriately reflects the difference between the GS customer charge and the metering costs for serving GS-1 customers.

Issue 159: What are the appropriate customer charges?

Recommendation: The methodology FPL used to calculate the customer charges is appropriate. However, the final customer charges are dependent on the final revenue requirement. FPL should recalculate the customer charges based on the revenue requirement approved by the Commission in Issue 137. The decision on the final customer charges will be presented at the Rates Agenda.

Issue 160: What are the appropriate demand charges?

Recommendation: If the Commission approves an increase, or decrease, to FPL's annual operating revenues in Issue 137, the demand (and energy) charges should be set as close to unit cost as possible, while also considering bill impacts for all customers in a rate class. FPL's method of limited adjustments to the unit cost to maintain the appropriate relationship between rate schedules appears reasonable. The final demand charges will be determined at the January 29, 2010, rates Agenda Conference.

Issue 161: What are the appropriate energy charges?

Recommendation: This is a fall-out issue and will be decided at the January 29, 2010, Agenda Conference.

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 162: What are the appropriate lighting rate charges?

Recommendation: This is a fall-out issue and will be determined at the January 29, 2010, Agenda Conference.

Issue 163: What is the appropriate level and design of the charges under the Standby and Supplemental Services (SST-1) rate schedule?

Recommendation: This is a fall-out issue and will be decided at the January 29, 2010, Agenda Conference. The standby and supplemental service charges should be designed in accordance with the Commission's prescribed methodology in Order No. 17159.

Issue 164: What is the appropriate level and design of charges under the Interruptible Standby and Supplemental Services (ISST-1) rate schedule?

Recommendation: This is a fall-out issue and will be decided at the January 29, 2010, Agenda Conference.

Issue 165: Is FPL's design of the High Load Factor Time of Use (HLFT) rates appropriate?

Recommendation: Yes, FPL's proposed design of the HLFT is appropriate.

Issue 166: Is FPL's design of the Commercial/Industrial Load Control (CILC) rate appropriate?

Recommendation: Yes. FPL had calculated the CILC rate consistent with Commission Order 22747, using fully allocated base rate costs net of the approved avoided cost credit.

Issue 167: Is FPL's Commercial/Industrial Demand Reduction Rider (CDR) credit appropriate?

Recommendation: Yes. The current CDR credit of \$4.68 is part of a tariffed demand reduction program. An appropriateness review of the CDR credit will be conducted during the program approval phase of FPL's numeric conservation goals docket (Docket No. 080407-EG).

Issue 168: What is the appropriate method of designing time of use rates for FPL?

Recommendation: FPL should set the demand charge equal to the otherwise applicable demand charge for the flat rate schedule. The off-peak charge should be the energy rate at the average system energy component from the cost of service study. The on-peak energy charge shall recover the balance of the class's demand and energy revenue requirement. FPL should also be directed to explore the option of offering a commercial time of use rate with more than two rating periods, and report back to the Commission no later than August 1, 2010 on possible options.

Issue 169: Intentionally Blank

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 170: Should FPL evaluate the merits of a prepayment option in lieu of monthly billing for those customers who can benefit from such an alternative? If so, how?

Recommendation: FPL should be required to file with the Commission a study evaluating the merits of a prepayment option in lieu of monthly billing no later than March 1, 2010. The results of the study should be brought before the Commission at a subsequent agenda conference. Interested persons should have a right to address the study and any recommendations at that time.

Issue 171: What is a fair and reasonable rate for the customers of Florida Power and Light Company?

Ruling: This issue references legal standards established by the legislature in Chapter 366, F.S. and permeates the issues in the docket.

Issue 172: What is the appropriate effective date for FPL's revised rates and charges?

Recommendation: The revised rates and charges should become effective for meter readings taken on or after 30 days following the date of the Commission vote approving the rates and charges which, under the current schedule, would mean for meter readings taken on or after March 1, 2010.

Issue 173: Should an adjustment be made in base rates to include FPL's nuclear uprates being placed into service during the projected test years if any portion of prudently incurred NCRC recovery is denied?

A. For the 2010 projected test year?

B. If applicable, for the 2011 subsequent projected test year?

Recommendation: No. Staff recommends that FPL's proposal to transfer revenue, expenses and investments associated with nuclear uprates from base rates to the NCRC be approved.

A. For the 2010 projected test year?

Staff recommends no further adjustments related to this issue for the 2010 test year.

B. For the 2011 subsequent projected test year?

If applicable, staff recommends no further adjustments related to this issue for the 2011 subsequent projected test year.

Issue 173A: Should FPL evaluate the merits of an LED street lighting alternative to its conventional street lighting rate and, if so, how?

Recommendation: Yes, FPL should evaluate the merits of an LED street lighting alternative and provide the results of its pilot program to the Commission no later than April 1, 2010.

Issue 174: Intentionally Blank

ITEM NO.

CASE

1

Docket No. 080677-EI – Petition for increase in rates by Florida Power & Light Company.

Docket No. 090130-EI – 2009 depreciation and dismantlement study by Florida Power & Light Company.

(Continued from previous page)

Issue 175: Should an adjustment be made to FPL's revenue forecast as a result of the PSC's decision in the DSM Goals Docket, Docket No. 080407-EG? If so, what adjustment should be made? (FPL)

Ruling: This issue is inappropriate for inclusion in this case. The Commission's decision on the DSM Goals Docket will not be made until after the record for this docket has been closed.

Issue 176: 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 book and records which will be required as a result of the Commission's findings in this rate case? (Category 2 Stipulation)

Approved Stipulation: Yes.

Issue 177: Should this docket be closed?

Recommendation: The docket should be closed after the time for filing an appeal has run.