



John T. Butler
Managing Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5639
(561) 691-7135 (Facsimile)
john.butler@fpl.com

May 29, 2009

-VIA HAND DELIVERY -

Ms. Ann Cole, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED--FPSC
09 MAY 29 PM 3:26
COMMISSION
CLERK


Re: Docket Nos. 080244-EI and 070231-EI

Dear Ms. Cole:

On behalf of Florida Power & Light Company ("FPL"), I am enclosing for filing in the above dockets an original and fifteen (15) copies of the prefiled supplemental rebuttal testimony and exhibits of FPL witness, Thomas R. Koch.

If there are any questions regarding this transmittal, please contact me at 561-304-5639.

Sincerely,


for John T. Butler

Enclosure
ee: Counsel for Parties of Record (w/encl.)

5
1
2
1
1

DOCUMENT NUMBER-DATE

05372 MAY 29 08

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE
Docket Nos. 080244-EI and 070231-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic delivery on the 29th day of May, 2009, to the following persons:

Ralph Jaeger, Esq.
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
rjaeger@psc.state.fl.us
esayler@psc.state.fl.us


Robert Scheffel Wright, Esq.
Jay T. LaVia, III, Esq.
Young van Assenderp, P.A., Esq.
225 South Adams Street
Suite 200
Tallahassee, Florida 32301
Email: swright@yvlaw.net
jlavia@yvlaw.net

Brian P. Armstrong, Esq.
Marlene Stern, Esq.
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive
Suite 200
Tallahassee, Florida 32308
Telephone: (850) 224-4070
Facsimile: (850) 224-4073
dtucker@ngnlaw.com
barmstrong@ngnlaw.com

Scott E. Simpson, Esq.
Korey, Sweet, McKinnon, Simpson
and Vukelja
Granada Oaks Professional Building
595 West Granada Boulevard, Suite A
Ormond Beach, FL 32174-9448
Telephone: (386) 677-3431
Facsimile: (386) 673-0748
simpson66@bellsouth.net

MUUC/City of Coconut Creek
Thomas G. Bradford, Deputy Town Mgr
c/o Town of Palm Beach, Florida
360 South County Road
Palm Beach, FL 33480
Telephone: (561) 838-5410
Facsimile: (561) 838-5411
Tbradford@TownofPalmBeach.com

City of South Daytona
Joseph W. Yarbrough
P.O. Box 214960
South Daytona, FL 32121
Telephone: (386) 322-3010
Facsimile: (386) 322-3008
jyarbrough@southdaytona.org

By: 
John T. Butler

BEFORE THE FLORIDA PUBLIC
SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

SUPPLEMENTAL REBUTTAL
TESTIMONY & EXHIBITS
OF
THOMAS R. KOCH

DOCKET NOS. 070231-EI & 080244-EI

MAY 29, 2009

DOCUMENT NUMBER DATE

05372 MAY 29 09

FPSC-COMM-100

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **FLORIDA POWER & LIGHT COMPANY**
3 **SUPPLEMENTAL REBUTTAL TESTIMONY OF THOMAS R. KOCH**
4 **DOCKET NOS. 070231-EI AND 080244-EI**
5 **MAY 29, 2009**

6
7 **Q. Please state your name and business address.**

8 A. My name is Thomas R. Koch. My business address is Florida Power & Light
9 Company, 9250 W. Flagler Street, Miami, Florida 33174.

10 **Q. Did you previously submit direct and rebuttal testimony in this proceeding?**

11 A. Yes.

12 **Q. Are you sponsoring any exhibits as part of your supplemental rebuttal**
13 **testimony in this case?**

14 A. Yes. I am sponsoring following exhibit, which is attached to my supplemental
15 rebuttal testimony.

16 ● TRK-12 – MUUC Late-Filed Deposition Exhibit No. 2

17 **Q. What is the purpose of your supplemental rebuttal testimony?**

18 A. I will respond to the Late-Filed Deposition Exhibit No. 2 (LFD Ex-2) submitted
19 on behalf of the Municipal Underground Utilities Consortium (MUUC) by
20 Witness Peter J. Rant on May 22, 2009 in response to FPL's request for the
21 specific utility data used to develop the MUUC's operations and maintenance
22 (O&M) costs contained in the Updated MUUC Study Table C-7.

1 **Q. What is your overall view of the LFD Ex-2 submitted by MUUC witness**
2 **Rant?**

3 A. LFD Ex-2 further confirms the position in my earlier rebuttal testimony that there
4 is no credible justification for substituting the averaged O&M costs from two
5 small cooperatives (A&N Electric Cooperative and Brunswick EMC) for FPL's
6 actual O&M costs. Therefore, I continue to conclude that the cost figures on
7 Updated MUUC Study Table C-7 (as revised on LFD Ex-2) are not appropriate
8 for consideration as a basis for any adjustments to FPL's approved non-storm
9 operational cost differential.

10 **Q. Please summarize your observations regarding the data provided in LFD Ex-**
11 **2?**

12 A. The two cooperatives whose O&M costs appear on LFD Ex-2 have no relevant
13 characteristics that would make those costs a reasonable substitute for FPL's
14 actual O&M costs. These Virginia and North Carolina utilities have miniscule
15 customer bases relative to FPL's (less than 1% and 2% respectively). Their
16 comparative reported line miles and O&M costs are similarly very low.

17
18 In his deposition Mr. Rant stated that these companies were selected based on
19 their more recently-installed underground distribution facilities, which he believes
20 is responsible for the lower O&M costs that appear on LFD Ex-2 for those
21 facilities. The Updated MUUC Study Table C-1 also has a footnote alleging that
22 these costs represent "...improved O&M cost for underground based on improved
23 technology..." However, LFD Ex-2 concedes that no facility age data is available

1 for either cooperative, so any asserted correlation between the age of facilities and
2 the reported O&M cost data is totally unsubstantiated.

3
4 In addition, the cost data provided on LFD Ex-2 represents only one year: 2005.
5 FPL's experience is that there are substantial swings in the reported O&M costs
6 for distribution facilities (overhead and underground) from year to year; that is
7 why FPL's operational cost differential relies on a five-year average. This
8 tendency for wide cost swings likely would be exacerbated for small utilities such
9 as these, where the total recorded in the relevant FERC accounts is a mere
10 hundreds of thousands of dollars. An extra expenditure in one particular account
11 of only a \$100,000 would radically alter the differential cost results.

12
13 Finally, I must point out that once again, Mr. Rant has corrected or altered
14 information from what he had previously submitted in his testimony. This pattern
15 of frequent revisions further calls into question the overall accuracy of Mr. Rant's
16 data.

17 **Q. Based on these observations, what conclusions have you reached on LFD Ex-**
18 **2?**

19 **A.** While Mr. Rant's testimony contends that FPL's actual overhead and
20 underground O&M costs should be abandoned and replaced with the O&M costs
21 of the two cooperative utilities, Mr. Rant still has failed to provide any specific
22 support, explanation or justification for this approach. Therefore, the O&M costs
23 provided in the Updated MUUC Study should continue to be rejected as a

1 substitute for FPL's actual data as well as a basis for adjusting FPL's approved
2 non-storm operational cost differential.

3 **Q. Does this conclude your supplemental rebuttal testimony?**

4 **A. Yes.**

LATE-FILED DEPOSITION EXHIBIT NO. 2
 PETER J. RANT, P.E.
 REQUESTED BY FPL
 May 22, 2009

**Utility Data Used to Support PowerServices O&M Cost Analysis (2006 MUUC Report, Table C-7)
 and Other Requested Information**

Name of Utility A&N Electric Cooperative
 Location of Utility Onley, Va
 Number of Customers 34,920 (end of 2008)

		Cost Per Mile	Differential
Overhead Line Miles	890		
Underground Line Miles	355		

O&M Costs (Excluding tree trimming, storm restoration, & UG Locates)

Overhead	583	\$133,472		
	593	\$840,859		
Subtotal		\$974,331	\$1,096	

Underground	584	\$71,611		
	594	\$121,766		
Subtotal		\$193,577	\$545	\$549

Relative Vintage Precise age data is not available at this time. However, the utility is in a coastal environment subject to conditions similar to those found on the FPL system.

Note: A&N data used in the 2006 MUUC Study was originally obtained by telephone from the Engineering Department. The updated values shown above are audited values verified with the A&N Accounting Department from 2005 year end reports.

Name of Utility Brunswick EMC
 Location of Utility Charlotte, NC
 Number of Customers 78,111 (end of 2008)

		Cost Per Mile	Differential
Overhead Line Miles	2987		
Underground Line Miles	2589		

O&M Costs (Excluding tree trimming, storm restoration, & UG Locates)

Overhead	583	\$969,586		
	593	\$884,592		
Subtotal		\$1,854,178	\$621	

Underground	584	\$726,169		
	594	\$305,983		
Subtotal		\$1,032,152	\$384	\$237

Relative Vintage Precise age data is not available at this time. However, the utility is in a coastal environment subject to conditions similar to those found on the FPL system.

Note: BEMC data used in the 2006 MUUC Study was originally obtained by telephone survey. The updated values shown above are audited values verified with the BEMC Accounting Department from 2005 year end reports.

A&N Differential	\$549
BEMC Differential	\$237
Average Differential	\$393

General Notes:

1. All of the values shown above exclude tree trimming, storm restoration, and UG Locates.
2. All values are from 2005 except the number of customers as noted above.