Dorothy Menasco 080677-EI

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Subject: 080677- EI SFHHA Prehearing Statement
Attachments: SFHHA PREHEARING STATEMENT.pdf

Electronic Filing

a. Person responsible for this electronic filing:
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b. Docket No. 080677-EI.

c. Document being filed on behalf of South Florida Hospital and Healthcare Association (SFHHA).

d. There is a total of 37 pages.

e. The document attached for electronic filing is SFHHA 's Prehearing Statement
(See attached SFHHA PREHEARING STATEMENT.pdf)

Thank you for your attention and cooperation to this request.

Regards.
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Power & Light Company	§ § § § § §	**Docket No.: 080677-EI** **Filed: August 6, 2009**

PREHEARING STATEMENT OF THE
SOUTH FLORIDA HOSPITAL AND HEALTHCARE ASSOCIATION

Pursuant to Order No. SPC-09-0159-PCO-EI.

A. APPEARANCES:

Kenneth L. Wiseman, Andrews Kurth LLP, 1350 I Street NW, Suite 1100, Washington, D.C. 20005; **Mark F. Sundback,** Andrews Kurth LLP, 1350 I Street NW, Suite 1100, Washington, D.C. 20005; **Jennifer L. Spina,** Andrews Kurth LLP, 1350 I Street NW, Suite 1100, Washington, D.C. 20005; **Lisa M. Purdy** Andrews Kurth LLP, 1350 I Street NW, Suite 1100, Washington, D.C. 20005; **Lino Mendiola**, Andrews Kurth LLP, 111 Congress Avenue, Suite 1700, Austin, Texas 78701; and **Meghan E. Griffiths**, Andrews Kurth LLP, 111 Congress Avenue, Suite 1700, Austin, Texas 78701.

On Behalf of the South Florida Hospital and Healthcare Association

B. WITNESSES:

Witness	Subject Matter	Issues
Stephen J. Baron	Cost of service and rate design	See below.
Richard A. Baudino	Cost of capital	See below.
Lane Kollen	2011 proposed subsequent year test period; GBRA, rate base, cost of capital, net operating income, revenue requirements;	See below.

WAS:153928.3

DOCUMENT NUMBER-DATE
08145 AUG-6 8
FPSC-COMMISSION CLERK

C. EXHIBITS:

Exhibits	Witness	Description
SJB-1	Stephen J. Baron	List of Expert Testimony Appearances
SJB-2	Stephen J. Baron	Florida Power & Light Co.'s ("FPL's") Ten Year Power Plant Site Plan
SJB-3	Stephen J. Baron	National Assoc. of Regulatory Utility Commissioners: Electric Utility Cost Allocation Manual
SJB-4	Stephen J. Baron	FPL's Response to SFHHA's Interrogatory Number 137
SJB-5	Stephen J. Baron	Selected Rate Case Application of Distribution Minimum System: Classification of Non-lighting Distribution Plant
SJB-6	Stephen J. Baron	FPL Response to Staff's Interrogatory Number 19
SJB-7	Stephen J. Baron	Cost of Service; Single CP Production and Distribution Minimum System
SJB-8	Stephen J. Baron	FPL Response to SFHHA's Interrogatory Number 19
SJB-9	Stephen J. Baron	Gradualism - Increases to Equal Rate of Return with "1.5 Times" Limitation
SJB-10	Stephen J. Baron	Gradualism - FPL Proposed Rate Schedule Increases with "1.5 Times" Limitation

Exhibits	Witness	Description
RAB-1	Richard A. Baudino	Resume
RAB-2	Richard A. Baudino	Historical Bond Yields Average Public Utility Bond VS 20 Year Treasury Bond.

RAB-3	Richard A. Baudino	FPL Investor Presentations and Other Documents Concerning Its Financial Position
RAB-4	Richard A. Baudino	Comparison Group - Dividend Yields
RAB-5	Richard A. Baudino	Comparison Group - DCF Analysis
RAB-6	Richard A. Baudino	Capital Asset Pricing Model Analysis: Supporting Data for CAPM Analyses.
RAB-7	Richard A. Baudino	Capital Asset Pricing Model Analysis: Historic Market Premium.
RAB-8	Richard A. Baudino	FPL Capital Structure
RAB-9	Richard A. Baudino	Comparison Group Capital Structure
RAB-10	Richard A. Baudino	FPL Shareholder Presentations
RAB-11	Richard A. Baudino	FPL DCF Analysis Using Dividend Growth Rates
RAB-12	Richard A. Baudino	FPL Investor Presentations - Current Market Conditions

Exhibits	**Witness**	**Description**
LK-1	Lane Kollen	Resume
LK-2	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 112.
LK-3	Lane Kollen	Settlement Documents in Dockets Nos. 050045-EI, *et al.*
LK-4	Lane Kollen	FPL's 10-Q for the Quarter Ending March 31, 2009
LK-5	Lane Kollen	FPL's April 28, 2009 Press Release - Announcing Solid First Quarter Earnings
LK-6	Lane Kollen	**CONFIDENTIAL - FPL's March, 2009 Monthly Operating Performance Report**

LK-7	Lane Kollen	**CONFIDENTIAL - FPL Group's October 17, 2008 Board of Director's Meeting Presentation**
LK-8	Lane Kollen	**CONFIDENTIAL - FPL Group's December 12, 2008 Board of Director's Meeting Presentation**
LK-9	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 119
LK-10	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 297
LK-11	Lane Kollen	SFHHA's Adjustments to Reflect Productivity Gains
LK-12	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 240
LK-13	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 291
LK-14	Lane Kollen	SFHHA's Adjustments to Eliminate Nuclear Staff Increases
LK-15	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 237
LK-16	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 120
LK-17	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 289
LK-18	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 290
LK-19	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 283
LK-20	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 243
LK-21	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 287

LK-22	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 288
LK-23	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 284
LK-24	Lane Kollen	SFHHA's Adjustments to Reflect Deferral of Customer information System O&M Expense
LK-25	Lane Kollen	SFHHA's Adjustments to Reflect FPL's Capital Expenditure Reductions
LK-26	Lane Kollen	Depreciation Study - Comparison of Theoretical Reserve and Book Reserve Based on Plant in Service as of Dec. 31, 2009
LK-27	Lane Kollen	SFHHA Amortization of Depreciation Reserve Surplus
LK-28	Lane Kollen	SFHHA's Adjustments to FPL's Proposed Capital Costs Recovery Over Four Years
LK-29	Lane Kollen	FPL's 2008 FERC Form No. 1
LK-30	Lane Kollen	Depreciation Study - Putnam Combined Cycle Plant
LK-31	Lane Kollen	PacifiCorp - 2008 Integrated Resource Plan.
LK-32	Lane Kollen	SFHHA's Adjustments to FPL's Proposed Service Lives For Combined Cycle Gas Turbine Units
LK-33	Lane Kollen	April 20, 2009 Article Concerning Florida's SmartMeter Project
LK-34	Lane Kollen	SFHHA Adjustment to Reflect Effects of Economic Stimulus Bill
LK-35	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 279
LK-36	Lane Kollen	FPL's Cost of Capital

LK-37	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 278
LK-38	Lane Kollen	FPL Response to SFHHA's Interrogatory Number 280

South Florida Hospital and Healthcare Association reserves the right to identify additional exhibits for purposes of cross-examination.

D. STATEMENT OF BASIC POSITION:

FPL's rates do not reflect the existing cost of service. Effective January 1, 2010, FPL's rates should be reduced by $336.338 million.

2010 PROPOSED TEST PERIOD

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

SFHHA: No position at this time.

Whether the FPSC has jurisdiction under Florida law at Sections 366.06(1) and 367.08(2) to consider FPL's petition for a rate increase based on FPL's projected 2010 test-year period of the 12 months starting January 1, 2010 and ending December 31, 2010 supported by future speculative projections of costs and investments used and useful in the public service? (Saporito's version of the issue)

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: No position at this time.

2011 PROPOSED SUBSEQUENT YEAR TEST PERIOD

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

SFHHA: No.

Whether the FPSC has jurisdiction under Florida law at Sections 366.06(1) and 367.08(2) to consider FPL's petition for a rate increase based on FPL's projected 2011 test-year period of the 12-months starting January 1, 2011 and ending December 31, 2011 supported by future speculative projections of costs and investments used and useful in the public service? (Saporito's version of the issue)

SFHHA: No position at this time.

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

SFHHA: No.

ISSUE 6: Is FPL's projected subsequent year test period of the 12 months beginning January 1, 2011 and ending December 31, 2011, appropriate?

SFHHA: No. The Commission cannot determine at this time what the reasonable revenues and costs will be in 2011. Further, there is no evidence that there will be actual savings to ratepayers resulting from avoidance of a separate proceeding sometime in 2010 for rates that would be effective in 2011.

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

SFHHA: No. FPL's forecasts are too speculative at this point.

GENERATION BASE RATE ADJUSTMENT

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

SFHHA: No. Under the GBRA, FPL effectively would implement base rate increases without the normal scrutiny and resulting cost-control discipline of a comprehensive base rate case. Further, the GBRA would allow FPL to over recover its costs because it fails to consider cost reductions that FPL may achieve in other areas, such as, increases in accumulated depreciation or retirement of existing plant. The GBRA would allow FPL to retain savings from ongoing recoveries of existing plant investment through depreciation, the cost free capital resulting from ongoing accelerated tax depreciation, increases in revenues due to customer and usage growth and capital expenditure and expense cost reductions.

ISSUE 9: If the Commission approves a GBRA for FPL, how should the cost of qualifying generating plant additions be determined?

SFHHA: No position at this time.

ISSUE 10: INTENTIONALLY BLANK

ISSUE 11: If the Commission approves a GBRA for FPL, how should the GBRA be designed?

SFHHA: The Commission should require that the GBRA revenue requirement methodology be set forth in a formula and in the form of a GBRA tariff. In the formula, the Commission should require the use of a capital structure, cost of debt and return on equity that is consistent with the SFHHA recommendations to adjust these components for base ratemaking purposes. Depreciation expenses also should be adjusted to reflect a more reasonable service life for new generation facilities than proposed by FPL.

ISSUE 12: If the Commission approves a GBRA 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?

SFHHA: Yes. The GBRA is exceptional form of ratemaking and should not be used to circumvent the comprehensive review of all revenue and cost components in a base rate proceeding. An earnings test provides a real-time proxy to capture any other revenue increases and cost reductions in the absence of a comprehensive base rate proceeding. Any earnings in excess of the authorized return on equity, as measured by the Company's earnings reported on its surveillance reports, should be used to reduce the GBRA.

ISSUE 13: If the Commission determines it appropriate to adopt the use of a GBRA mechanism, how should FPL be required to implement the GBRA?

SFHHA: FPL should be required to include in its tariff a detailed explanation of the procedures by which the costs of new facilities may be included in the GBRA, along with a detailed description of and formula for the revenue requirement computations. The parties should have an opportunity to review the descriptions and proposed computations before such a tariff is approved, particularly given the failure of the Company to propose such a tariff or the detailed computations and the deficiencies in the Company's computations of the West County Energy Center Unit 3 included in the filing.

ISSUE 14: If the Commission chooses not to approve the continuation of the GBRA mechanisms, 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?

SFHHA: FPL's proposed capital structure, cost of debt and return on equity should be adjusted, consistent with the SFHHA recommendations to adjust these components for base ratemaking purposes. Depreciation expenses also should be adjusted to reflect a more reasonable service life for new generation facilities than proposed by FPL.

JURISDICTIONAL SEPARATION

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?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

QUALITY OF SERVICE

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

SFHHA: No position at this time.

DEPRECIATION STUDY

ISSUE 18: Should the current-approved depreciation rates, capital recovery schedules, and amortization schedules be revised?

SFHHA: Yes.

ISSUE 19: What are the appropriate depreciation rates, capital recovery schedules, and amortization schedules?

SFHHA: FPL should not be permitted to collect depreciation expense for its new Customer Information System until the new System is placed in service. Its depreciation expenses should be reduced for the effects of its capital expenditure reductions. Its existing depreciation reserve surplus of $1.245 billion should be amortized over five years. Recovery of the remaining net book value of the Cape Canaveral and Rivera facilities should not be accelerated by amortizing the balance over four years. The Commission should direct FPL to cease depreciation of the Cape Canaveral and Rivera facilities, add the remaining net book value to the costs of the modernization of the facilities, and then depreciate these costs along with the modernization costs over the estimated service lives of the modernized facilities. FPL's nuclear uprate costs should be depreciated over the remaining extended license lives of the units, not depreciated over four years as proposed by FPL. FPL's existing meter investment costs also should not be depreciated over four years. The Commission should use the same depreciation or amortization rate for the costs of the existing meters as it adopts for the remaining existing meter investment that will not be replaced by AMI meters. The Company's investment in combined cycle generating facilities should reflect a minimum of 40 year lives, not the proposed 25 year lives.

ISSUE 20: INTENTIONALLY BLANK

ISSUE 21: Is FPL's proposed accelerated capital recovery appropriate? (FIPUG)

SFHHA: No position at this time.

ISSUE 22: What life spans should be used for FPL's coal plants? (FIPUG)

SFHHA: No position at this time.

ISSUE 23: What life spans should be used for FPL's combined cycle plants? (FIPUG)

SFHHA: FPL's combined cycle plants should have minimum forty year service lives for depreciation purposes.

ISSUE 24: What are the appropriate depreciation rates? (City SD)

SFHHA: No position at this time.

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 (OPC)

SFHHA: No. The Company has systematically overstated depreciation rates and expense by understating the life spans of its generating units.

ISSUE 26: Has FPL applied the appropriate methodology to calculate the remaining life of production units? (OPC)

SFHHA: No. The Company has systematically overstated depreciation rates and expense by understating the life spans of its generating units.

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? (OPC)*

SFHHA: No position at this time.

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? (OPC)*

SFHHA: No position at this time.

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? (OPC)*

SFHHA: No position at this time.

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 (OPC)

SFHHA: No position at this time.

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 (OPC)

SFHHA: No position at this time.

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? (OPC)

SFHHA: No position at this time.

ISSUE 33: 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 FPL's *theoretical* reserve imbalances?

SFHHA: No position at this time.

ISSUE 34: What, if any, corrective reserve measures should be taken with respect to the theoretical reserve imbalances identified in the prior issue?

SFHHA: The theoretical reserve surplus should be amortized to ratepayers as a reduction of depreciation expense over no more than 5 years.

ISSUE 35: What steps should the Commission take to restore generational equity? (FIPUG)

SFHHA: No position at this time.

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? (OPC)

SFHHA: The Commission should attempt to refund this surplus over a reasonably short period (five years) to as closely as possible return the amounts to ratepayers who overpaid for depreciation expense in prior years.

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? (OPC)

SFHHA: There will be no earnings effect of amortizing the depreciation reserve surplus over 5 or fewer years because the revenues to recover depreciation expense will be set at the level of depreciation expense, including the amortization of the reserve surplus.

ISSUE 38: What is the appropriate disposition of FPL's depreciation reserve imbalances? (OPC)

SFHHA: The depreciation reserve imbalances should be amortized over five or fewer years.

ISSUE 39: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

SFHHA: Such revisions should be made concurrent with the change in base rates on January 1, 2010.

FOSSIL DISMANTLEMENT COST STUDY

ISSUE 40: Should the current-approved annual dismantlement provision be revised?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

RATE BASE

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 45: Has the Company removed all non-utility activities from rate base?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No. The Company has failed to reflect grants available from the U.S. Department of Energy as a reduction in the AMI meter costs.

ISSUE 48: Is FPL's proposed base rate adjustment formula regarding the application of the Commission's Nuclear Cost Recovery Rule appropriate? (City SD)

SFHHA: No position at this time.

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? (SFHHA)

SFHHA: Yes. FPL has cut its planned capital expenditures in the test year and a rate base adjustment is necessary to reflect these cuts. Therefore, FPL's plant investment included in rate base should be reduced to reflect these capital expenditure reductions on an annualized basis, both for the annualized 2009 reductions carried forward into 2010 and for reductions of similar magnitude in 2010 carried forward into 2011.

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?

Whether FPL's petition for a rate increase is prudent and necessary to make investments used and useful in the public service? (Saporito's version of the issue)

SFHHA: No. FPL has cut its planned capital expenditures in 2009 and a rate base adjustment is necessary to reflect these cuts. Therefore, FPL's plant investment included in rate base should be reduced to reflect these capital expenditure reductions on an annualized basis, both for the annualized 2009 reductions carried forward into 2010 and for reductions of similar magnitude in 2010 carried forward into 2011. This results in a $784 million reduction to rate base for the 2010 test year and an additional $523 million reduction to rate base in the 2011 subsequent projected test year, assuming the annualized 2009 and 2010 reductions carried forward into 2011 and reductions of similar magnitude in 2011.

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?

SFHHA: No. FPL's rate base should be reduced by the net effects of SFHHA recommendations to adjust depreciation expense.

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?

SFHHA: No position at this time.

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

A. For the 2010 projected test year?

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

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

ISSUE 57: Should any adjustments be made to FPL's fuel inventories?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No.

A. FPL's rate base for the 2010 projected test year should be reduced by $552 million based on SFHHA recommendations.

B. FPL's rate base for the 2011 subsequent projected test year should be reduced by an additional $523 million based on SFHHA recommendations.

COST OF CAPITAL

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

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?

SFHHA: FPL should include $3,313.373 million of accumulated deferred income taxes in its jurisdictional capital structure for the 2010 projected test year.

ISSUE 65: Should FPL be required to use the entire amount of customer deposits and ADIT related to utility rate base in its capital structure? (SFHHA)

SFHHA: Yes. These amounts a jurisdictional to the FPL retail ratepayers and should not be reduced for "prorate adjustments" to reconcile the Company's capitalization to rate base.

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?

SFHHA: The appropriate amount is $63.212 million.

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?

SFHHA: The appropriate cost rate for short term debt is 0.60%.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

ISSUE 70: Has FPL appropriately described the actual 59% 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?

SFHHA: No position at this time.

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?

SFHHA: FPL should be using a 41.07% equity ratio for ratemaking purposes in this proceeding after consideration of other non-investor supplied cost-free or lower cost sources of 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? (FIPUG and FRF)

SFHHA: No position at this time.

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?

SFHHA: The appropriate capital structure for FPL in this proceeding is 41.07% common equity; 32.38% Long Term Debt; 3.62% Customer Deposits; 3.44% Short Term Debt; 19.13% Deferred Income Taxes; 0.36% Investment Tax Credits.

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

SFHHA: No position at this time.

ISSUE 75: *Has the nuclear cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points? (City of SD)*

SFHHA: No position at this time.

ISSUE 76: *Has the conservation cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points? (City of SD)*

SFHHA: No position at this time.

ISSUE 77: *Has the environmental cost recovery clause decreased FPL's cost of equity and, if so, by how many basis points? (City of SD)*

SFHHA: No position at this time.

ISSUE 78: *Has the Generation Base Rate Adjustment reduced FPL's cost of equity and, if so, by how many basis points? (City of SD)*

SFHHA: No position at this time.

ISSUE 79: *Is it appropriate to adjust the equity cost rate for flotation costs? (OPC)*

SFHHA: No. It is inappropriate to use floatation cost percentages from studies of other companies to estimate a floatation cost for FPL. Further, floatation costs are already accounted for in current stock prices. Therefore, adding floatation costs amounts to double counting.

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?

SFHHA: The Commission should authorize a 10.4% return on equity in this case.

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?

SFHHA: Long Term debt should consist of 32.38% of FPL's capital structure at a cost of 5.55%, resulting in a weighted average cost of 1.80%. Customer deposits should consist of 3.62% of FPL's capital structure at a cost of 5.98%, resulting in a weighted average cost of 0.22%. Short term debt should consist of 3.44% of FPL's capital structure at a cost of 0.60%, resulting in a weighted average cost of 0.02%. Deferred Income Taxes should consist of 19.13% of FPL's capital structure at a cost of 0%, resulting in a weighted average cost of 0%. Investment tax credits should consist of 0.36% of FPL's capital structure at a cost of 9.05%, resulting in a weighted average cost of 0.043%. Common Equity should consist of 41.07% of FPL's capital structure at a cost of 10.40%, resulting in a weighted average cost of 4.27%.

NET OPERATING INCOME

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

ISSUE 82: What are the appropriate inflation, customer growth, *and other trend factors* for use in forecasting?

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

ISSUE 89: Is an adjustment appropriate to FPL's Late Payment Fee Revenues if the minimum Late Payment Charge is approved in Issue 79?

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No, FPL has failed to include the pro rata amount of estimated savings from the installation of the AMI meters.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

ISSUE 98: Should an adjustment be made to advertising expenses?

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

ISSUE 99: Has FPL made the appropriate adjustments to remove lobbying expenses?

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: Yes. FPL has managed its O&M expenses in the past so that annual increases have been less than the rate of inflation. Such productivity gains are produced through capital investments that are already reflected in FPL's rate base. Therefore, FPL's customers should receive the benefit of any such capital investments. The Commission should reduce FPL's O&M expense by at least \$36.519 million and the revenue requirement by \$36.641 million to properly account for productivity improvements. The recognition of productivity improvements will have the effect of reducing FPL's proposed payroll expense amount by \$30.917 million. As a result, there also will be reductions of \$1.995 million in the related payroll tax expense and \$3.607 million in the related fringe benefits expense

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

SFHHA: No. The company has already increased its nuclear staffing levels in recent years to address attrition and retirements. Since, September, 2008 FPL has actually been reducing its nuclear production staffing. The Commission should reduce FPL's nuclear production O&M expense by \$21.852 million to eliminate FPL's request for increased staffing.

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?

SFHHA: Yes. The Commission should reflect a productivity adjustment and eliminate the Company's proposed increase in nuclear staffing levels.

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? (OPC)

SFHHA: No position at this time.

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? (OPC)

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: Yes. FPL will recover money from the DOE for DOE's failure to dispose of spent fuel from FPL's nuclear generating facilities. The DOE settlement results in FPL receiving ongoing reimbursements. The Commission should reduce FPL's revenue requirement by $9.030 million to reflect that recovery.

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

SFHHA: No position at this time.

ISSUE 110: Is an adjustment appropriate to the allocation factor for FPL Group's executive costs? (OPC)

SFHHA: No position at this time.

ISSUE 111: Are any adjustments necessary to FPL's Affiliate Management Fee Cost Driver allocation factors? (OPC)

SFHHA: No position at this time.

ISSUE 112: Are any adjustments necessary to FPL's Affiliate Management Fee Massachusetts Formula allocation factors? (OPC)

SFHHA: No position at this time.

ISSUE 113: Are any adjustments necessary to the costs charged to FPL by FiberNet? (OPC)

SFHHA: No position at this time.

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? (OPC)*

SFHAA: No position at this time.

ISSUE 115: *Is an adjustment appropriate to recognize compensation for the services that FPL provides to FLPES for billing on FPL's electric bills? (OPC)*

SFHHA: No position at this time.

ISSUE 116: *Is an adjustment appropriate to recognize compensation for the services that FPL provides to FLPES to the extent that FPL service representatives provide referrals or perform similar functions for FPLES? (OPC)*

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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? (OPC)*

SFHHA: No position at this time.

ISSUE 118: *What is the total operating income impact of affiliate adjustments, if any, that is necessary for the 2010 test year? (OPC)*

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: Yes. FPL should not be permitted to reestablish an annual storm damage accrual in base rates, including establishment of a storm damage reserve while it continues to collect a storm damage surcharge for these same purposes. The Commission already has determined that the surcharge approach coupled with securitization is a more cost effective means of providing the Company recovery of storm damage costs compared to base rate recovery. The Commission should not revert to the higher cost base rate approach that was in effect prior to the adoption of the securitization statute. If base rate recovery is again permitted, then the annual accrual should be $0 while the Company continues to collect the surcharge. Also, if that base rate recovery is again permitted, FPL's reserve surplus target should be set at $200 million, not at $650 million as proposed by FPL.

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

SFHHA: No position at this time.

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

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

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?

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

ISSUE 124: Should FPL's request to move payroll loading associated with the Economic Cost Recovery Clause (ECRC) payroll currently recovered in base rates to the ECRC be approved?

A. For the 2010 projected test year?
B. If applicable, for the 2011 subsequent projected test year?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

SFHHA: No position at this time.

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?

A. For the 2010 projected test year?

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

SFHHA: No position at this time.

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?

SFHHA: No. FPL's test year O&M expense should be reduced by $397.648 million. This will reduce FPL's requested test year O&M expense to the $1,306.953 million actual 2008 adjusted downward on a net basis to $1,296.719 million for the following known and measurable changes: 1) the reduction in O&M expense due to the transfer of certain expenses to various clauses for recovery ($20.880 million), 2) the increase in O&M expense for WCEC 1 and 2 ($18.918 million), and 3) the reduction due to the DOE refunds ($9.000 million), and 4) the increase due to all other Company adjustments reflected on MFR Schedule C-2, except for the storm damage expense ($0.728 million).

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

SFHHA: No. The new CIS is not scheduled to be completed and operational until June 2012. Depreciation should not commence until the asset is in-service. This has a revenue requirement effect of $0.506 million.

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

SFHHA: Yes. The reduction in its capital expenditures necessarily will result in less depreciation expense. Therefore, depreciation expense should be reduced by $26.883 million, which will reduce FPL's revenue requirement by $26.719 million.

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?

SFHHA: Yes. FPL should not be permitted to collect depreciation expense for its new Customer Information System until it is completed and operational in 2012. Its depreciation expenses should be reduced for the effects of its capital expenditure reductions. Its existing depreciation reserve surplus of $1.245 billion should be amortized over five years. Recovery of the remaining net book value of the Cape Canaveral and Rivera facilities should not be accelerated by amortizing the balance over four years. The Commission should direct FPL to cease depreciation of the Cape Canaveral and Rivera facilities, add the remaining net book value to the costs of the modernization of the facilities, and then depreciate the costs along with the modernization costs over the estimated service lives of the modernized facilities. FPL's nuclear uprate costs should be depreciated over the remaining extended license lives of the units, not depreciated over four years as proposed by FPL. FPL's existing meter investment costs also should not be depreciated over four years. The Commission should use the same depreciation or amortization rate for the costs of the existing meters as it adopts for the remaining existing meter investment that will not be replaced by AMI meters.

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?

SFHHA: Yes. Payroll taxes should be reduced according to the SFHHA recommendations to reduce labor expense for productivity improvements and to eliminate the Company's proposed increase in labor expense for the addition of 270 nuclear positions.

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?

SFHHA: Yes. A $20 million subsidy is available pursuant to the act for advanced meters and smart grid investment, which should be reflected in FPL's revenue requirement. In addition, there may be other benefits resulting from the stimulus bill that FPL should record as a regulatory liability. At a minimum, the Commission should reflect a $20 million grant available to FPL to reduce the costs of advanced meters and other smart grid investment.

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?

SFHHA: Yes. Income tax expense should be adjusted for the effects of all other SFHHA recommendations.

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

A. For the 2010 projected test 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?

SFHHA: No. The Company's proposed Operating Income is understated by the net effect of the revenue and operating expense issues identified by SFHHA, including the effects on income tax expense due to the rate base and capitalization issues identified by SFHHA.

REVENUE REQUIREMENTS

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

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?

SFHHA: No position at this time.

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?

SFHHA: No. Rather than increasing FPL's annual operating revenues, the Commission should reduce those revenues by $336.338 million.

ISSUE 138: Whether FPL's rates should be decreased by $1.3 billion dollars? (Saporito)

SFHHA: No position at this time.

COST OF SERVICE AND RATE DESIGN ISSUES

(A decision on the 2011-related items marked as (B) below will be necessary only if the Commission votes to approve FPL's request for a subsequent year adjustment.)

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?

SFHHA: No position at this time.

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?

SFHHA: Yes. Each of the two approaches is designed to measure a "zero load cost" associated with serving customers. For instance, the conceptual basis for the zero-intercept method is that it reflects a classification of the distribution facilities that would be required to simply interconnect a customer to the system, irrespective of the kW load of the customer. Certain distribution costs are incurred due to the presence of a customer on the system, regardless of the less of demand of such a customer. The minimum distribution system ("MDS") methodology recognizes this cost responsibility in the classification and allocation of distribution facilities and expenses to rate classes. the responsibility of customers and should be classified as customer related. A demand related classification of distribution costs overstates the cost responsibility of large general rate schedules. This is a particular problem currently on the FPL system, given the substantial number of vacant residential dwellings. FPL installed distribution equipment and incurred distribution costs to connect these dwellings to its system. Since these dwellings have limited or "0" kW demands, the costs for these facilities are shifted to other customer classes using FPL's "demand only" allocation method.

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?

SFHHA: FPL's 12 CP and 1/13th average demand methodology is inappropriate because the summer month reserve margin requirements are the binding constraint for planning FPL's system. Customer class demands during off-peak fall and spring months do not cause FPL to add new generation capacity to the system, yet that is the underlying premise of the Company's cost allocation methodology. A summer coincident peak methodology is more appropriate for allocating costs.

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

SFHHA: FPL should be required to implement a measure of gradualism because of the significant increase in its revenue requirement and the general economic environment. FPL should be required to limit increases to rates such that no rate schedule receives more than 1.5 times the average percentage increase in base rates and no rate schedule receives a rate decrease in base rates. This is consistent with prior Commission decisions in electric utility rate proceedings, including the recent Tampa Electric Company rate case, Docket No. 080317-EI.

ISSUE 143: Has FPL properly adjusted revenues to account for unbilled revenues?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: No position at this time.

ISSUE 146: Are FPL's proposed Temporary Service Charges appropriate? (4.030)

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: No position at this time.

ISSUE 150: Is FPL's proposed Present Value Revenue Requirement 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)

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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)

SFHHA: No position at this time.

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)

SFHHA: No position at this time.

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)

SFHHA: No position at this time.

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? (10.010)

SFHHA: No position at this time.

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? (10.015)

SFHHA: No position at this time.

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)

SFHHA: No position at this time.

ISSUE 158: Is FPL's proposed minimum charge for non-metered service under the GS rate appropriate?

SFHHA: No position at this time.

ISSUE 159: What are the appropriate customer charges?

SFHHA: No position at this time.

ISSUE 160: What are the appropriate demand charges?

SFHHA: No position at this time.

ISSUE 161: What are the appropriate energy charges?

SFHHA: No position at this time.

ISSUE 162: What are the appropriate lighting rate charges?

SFHHA: No position at this time.

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

SFHHA: No position at this time.

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

SFHHA: No position at this time.

ISSUE 165: Is FPL's design of the HLFT rates appropriate?

SFHHA: No. The Company's proposed revenue increases to rate Schedule HLFT for 2010 and 2011 are unreasonable, due to: 1) the use of the Company's 12 CP and 1/13th average demand cost of service methodology to determine the increase, 2) the failure of the Company to use a summer CP cost allocation methodology with a minimum distribution system classification method and 3) the failure of FPL to incorporate gradualism into its recommended rate schedule increases through the use of a 1.5 times average increase limitation to the increase applied to each rate schedule. As proposed by FPL, the HLFT-2 rate would be increased by 58.1%

ISSUE 166: Is FPL's design of the CILC rate appropriate?

SFHHA: No. The Company's proposed revenue increases to rate Schedule CILC for 2010 and 2011 are unreasonable, due to: 1) the use of the Company's 12 CP and 1/13th average demand cost of service methodology to determine the increase, 2) the failure of the Company to use a summer CP cost allocation methodology with a minimum distribution system classification method and 3) the failure of FPL to incorporate gradualism into its recommended rate schedule increases through the use of a 1.5 times average increase limitation to the increase applied to each rate schedule. As proposed by FPL, the CILC-1D rate would be increased by 58.8%.

ISSUE 167: What should the CDR credit be set at? (FIPUG)

SFHHA: No position at this time.

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

SFHHA: No position at this time.

ISSUE 169: Has FPL carried its burden of proof as to the legality and appropriateness of the proposed commercial time of use rates?

SFHHA: No position at this time.

ISSUE 170: Should FPL be directed to develop a prepayment option in lieu of monthly billing for those customers who can benefit from such an alternative? (OPC)

SFHHA: No position at this time.

ISSUE 171: What is a fair and reasonable rate for the customers of Florida Power and Light Company? (AGO)

SFHHA: No position at this time.

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

SFHHA: No position at this time.

OTHER ISSUES

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?

SFHHA: No position at this time.

ISSUE 174: Should FPL be required to reduce base rates on January 1, 2014, to recognize the change in the separation factor resulting from the increased wholesale load served under the Lee County Contract? (Staff)

SFHHA: No position at this time.

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)

SFHHA: No position at this time.

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 books and records which will be required as a result of the Commission's findings in this rate case?

SFHHA: No position at this time.

ISSUE 177: Should this docket be closed?

SFHHA: No position at this time.

F. STIPULATED ISSUES:

None.

G. PENDING MOTIONS:

There are no pending motions.

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CERTIFICATE OF SERVICE
DOCKET NO. 080677-EI

I HEREBY CERTIFY that a copy of the foregoing has been furnished by electronic mail and U.S. mail to the following parties on this 6th day of August, 2009 to the following:

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