BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120015-EI

In re: Petition for rate increase
by Florida Power & Light Company.
_____________________________________/

TELEPHONE DEPOSITION OF: ROBERT E. BARRETT, JR.

TAKEN ON BEHALF OF: Office of Public Counsel

DATE: August 9, 2012

TIME: Commenced at 3:05 p.m.
Concluded at 4:38 p.m.

LOCATION: 111 West Madison Street
Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL, RPR, FPR
Notary Public, State
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I N D E X

PROCEEDINGS

The following deposition was taken on oral examination, pursuant to notice, for purposes of discovery, for use as evidence, and for such other uses and purposes as may be permitted by the applicable and governing rules. Reading and signing of the deposition transcript by the witness was not waived.

* * *

MR. REHWINKEL: We can go on the record. My name is Charles Rehwinkel with the Public Counsel's Office, and we're here for the deposition of Robert Barrett pursuant to notice.

Mr. Butler, if you could ask the notary to administer the oath.

MR. BUTLER: I will do so. Let me have the notary introduce herself, and then she will administer the oath.

THE NOTARY: My name is Pamela Springer, and I'm a notary duly appointed and commissioned here in the State of Florida.

Robert E. Barrett, Jr., in the matter of Petition for rate increase by Florida Power & Light Company, Docket Number 120015-EI, do you solemnly swear that the testimony that you're about to give will be the truth, the whole truth, and nothing but the truth?

THE WITNESS: I do.

MR. BUTLER: All right. We have the email address that you sent, Charles, and Ms. Springer will send that to -- scan it and send it there.

MR. REHWINKEL: Thank you very much.

Let's take appearances, starting with the deponent and FPL.

MR. BUTLER: This is John Butler appearing on behalf of Florida Power & Light Company. Here with me are Mr. Barrett, the deponent, and Melissa Linton and Sol Stamm, and we've just had join us Jeff Stuart.

MR. REHWINKEL: Okay. Could you spell the names of the first two?

MR. BUTLER: It's Melissa, M-e-l-i-s-s-a, Linton, L-i-n-t-o-n, and Sol Stamm, S-o-l, and a separate word, S-t-a-m-m. And then Jeff Stuart, J-e-f-f, S-t-u-a-r-t, and John Butler, J-o-h-n, B-u-t-l-e-r.

MR. REHWINKEL: Thank you. Any other FPL personnel on the line?

Okay. Let's go -- from the Public Counsel's Office, anyone else calling in?

MS. MERCHANT: Tricia Merchant.

MR. REHWINKEL: Thank you. FIPUG?

MR. MOYLE: Jon Moyle on behalf of FIPUG.

MR. REHWINKEL: Okay. Hospital Association?

MS. PURDY: This is Lisa Purdy for the South Florida Hospital and Healthcare Association.

MR. REHWINKEL: Retail Federation?

Okay. Public Service Commission?

MR. HARRIS: Larry Harris on behalf of the staff, and with me is David Dowds and Sue Ollila.

MR. REHWINKEL: Okay. Other parties? Other persons on the line?

All right. Mr. Butler, before we get started with the questioning, I understand that we'll follow the normal convention of reserving all objections except as so form of the question?

MR. BUTLER: That's right. And also, we will want to read and sign the deposition at the end of it.

MR. REHWINKEL: Okay. Thank you.

All right. Those are all the preliminary matters I have. Anyone else?

Then we will commence the disposition.

Thereupon,

ROBERT E. BARRETT, JR.

the witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. REHWINKEL:

Q. Mr. Barrett, thank you for making yourself available on short notice in this matter.

A. You're welcome.

Q. Could you state your name, occupation, job title, and employer for the record?

A. Yes. It's Robert E. Barrett, Jr., Vice President of Finance, Florida Power & Light Company.

Q. And do you have with you your direct and rebuttal testimony and whatever exhibits you filed?

A. I do.

Q. Okay. With respect to the testimony that you've filed on both direct and rebuttal, at this time have you identified any changes or corrections that need to be made to either the testimonies or the exhibits?

A. No.

Q. Okay. Mr. Barrett, I have indicated to your counsel, and I intend to adhere to this commitment, to only -- I only have a need to ask you questions directly related to Section III of your rebuttal testimony, which is page 11 through parts of 13.

A. Okay.

Q. And so I would ask you to turn to that. I may need to refer to related portions of your direct testimony, but that remains to be seen.

So if I could ask you to turn to page 11, the Q and A there, and ask you to review that Q and A starting on line 16 and continuing on page 12, line 2.

A. Continuing on to line 2 of page 12?

Q. Yes, sir.

A. Yes.

Q. You reference a variance beginning in the -- in the sentence beginning on line 23 of page 11 and on to line 1 of page 12. Do you see that?

MR. BUTLER: Charles, if you're speaking, you are fading out.

MR. REHWINKEL: I am? I'm very close to the speaker here.

Let me restate the question.

MR. BUTLER: Okay.

BY MR. REHWINKEL:

Q. On line 23 of page 11, continuing on to line 1 of page 12, you have the concept of variance. Do you see that?

A. Yes.

Q. Okay. Can you tell me, in that context, what was the projected depreciation surplus for 2010?

MR. BUTLER: You mean the projected

amortization of it for 2010?

MR. REHWINKEL: Yes, sir.

A. Let me find that, if I could.

I believe the budget for 2010 was 139 million.

Q. So in the context of your testimony, the projected amortization of depreciation surplus would have been 139 million?

A. In the budget for 2010, yes.

Q. So just to be sure, when you say the budget for 2010, that amount is the same as what you intended when you talked about projected on line 1 of page 12?

A. Yes.

MR. REHWINKEL: Did someone else join the call?

MR. KELLIHER: Yes, Tom Kelliher.

MR. REHWINKEL: Are you a party?

MR. BUTLER: He's an FPL employee.

MR. REHWINKEL: Oh, I apologize.

MR. KELLIHER: Yes, I'm an FPL employee.

MR. REHWINKEL: Yes, sir. Thank you for identifying yourself.

MR. BUTLER: Sorry.

MR. REHWINKEL: No problem.

BY MR. REHWINKEL:

Q. Mr. Barrett, what is your definition of extreme weather?

A. In this context, it -- well, my definition of extreme would be a low probability of occurrence, I guess would be kind of a layman's way of thinking of it. And 2010, that was certainly the case.

Q. Would you consider that to be a subjective definition?

A. Well, I guess I would -- if I could further define it, I'll make it less subjective.

Q. Okay.

A. The winter that we experienced in 2010 was the coldest in 60 years, and the summer I believe was also the warmest over that same time period. So that's a little less subjective, and that's what I would consider extreme.

Q. Okay. Do you have any definition that would be related to cooling degree days, for example?

A. I don't have that handy.

Q. Did a variance from normal cooling degree days by X percent factor into the definition of extreme as used in your testimony?

A. Again, I think the way I referred to extreme was, you know, kind of the coldest winter on record and the warmest summer on record. I'm sure I could probably get the cooling degree days and heating degree days, but that's not what I used to define it.

Q. Okay. Fair enough.

You used the phrase -- in that same line that I cited on the bottom of 11 and the top of 12, you used the phrase "almost all," and you're referring to the variance. Can you tell me what "almost all" means?

A. Well, actually, when I look at the data, it's more than all, so "almost all" probably should have said "more than all." We actually quantified -- if I can elaborate, we qualified the impact of weather on revenues in 2010 of $180 million, $182 million. That was submitted in discovery. So it was bigger than the variance.

Q. What discovery was that submitted in?

A. South Florida Hospital Number 44. I don't know what that was.

Q. Okay. Interrogatory 44?

A. Yes.

Q. So by that last answer, you would say there were no other factors that contributed to the variance; is that fair?

A. I would say that's probably fair, although there probably were things moving in both directions. But clearly, this overwhelmed all of the other variances.

Q. Was there a particular objective basis for measuring the impact of extreme weather as it relates to your testimony?

A. Yes. The objective basis is normal weather, which is the way we plan and budget for our revenues. I think witness Morley talks a lot about weather and how we define normal weather over a 20-year period.

Q. Okay. Was the same basis for measuring weather's impact on revenues used for 2011 and 2012 to date?

A. Yes, the same approach, 20 years of cooling and heating degree days, again as further described by witness Morley. Obviously, as you roll forward in time, it's a different 20 years, but it's the same approach.

Q. Okay. On page 12, line 7, you indicate that the 2013 forecast was developed using a rigorous forecast with proven performance; is that right?

A. Yes.

Q. And on lines 7 and 8 of page 12, you also indicate that the 2012 forecast was developed using the same rigorous forecast process; is that right?

A. Yes.

Q. Was the rigorous forecast process that you used with respect to the 2012 and 2013 forecasts also used to develop the 2010 budget?

A. Yes.

Q. If I asked you the same question with respect to the 2011 budget, what would your answer be?

A. Yes.

Q. Would the results for 2010 and 2011 be part of the proven performance which you rely on in determining that the 2012 and 2013 forecasts are reasonable?

A. Yes. And we would look at a number of years, but certainly it would include 2010 and '11.

Q. Okay. Can I get you to look at the answer to the question that is posed on lines 20 and 21, that begins on line 22 of your rebuttal testimony and continues on to page 9 of -- line 9 of page 13?

A. Yes.

Q. Could you just review that for a second?

A. Okay.

Q. I want to ask you a hypothetical, and I want to know if you could clarify for me what would happen in 2013 if hypothetically the unamortized reserve as of 12/31/2012 was 265 million instead of 191 million, by explaining what the company would propose to be done with the extra 74 million if, as you state, FPL would not amortize any additional reserve surplus in subsequent years?

A. Okay. Our proposal would be that we would amortize the 191, and that's what would be reflected in the revenue requirements in this case for purposes of setting revenues. And then in your case -- I forget exactly what number you used. Was it like 265?

Q. Yes.

A. You're testing my math here. So 73, 78, 74 -- the attorney is doing better math than me -- that would be left over at the end of 2013. We would propose to do nothing with that and have it to be considered -- well, I should say, we are scheduled to file a depreciation study March of next year, at which point we'll be taking a fresh look at our theoretical reserve imbalance situation. And so it would be captured in that and whatever future decision the Commission would make regarding surplus or deficit, et cetera. So we would stop at 191, and whatever is left would be considered as part of the next comprehensive study.

Q. Okay. So on page 13, in the sentence that begins on line 2, "FPL's proposal" -- do you see that?

A. Yes.

Q. And it concludes on line 5. There is a phrase "not to amortize any additional reserve surplus in the subsequent years in which the newly approved base rates remain in effect." Do you see that?

A. Yes.

Q. Okay. What is the meaning of the phrase "any additional reserve surplus"?

A. Well, let me, if I may, refer to your hypothetical. In your case, it was the 74 million.

Q. Okay. So you're not referring to any amount of a depreciation reserve surplus that would be different from what was contained in the $894 million identified in the last rate case?

A. Correct. I'm not addressing that at all in the lines we're talking about. I'm addressing the 894. And whatever may be left at the end of 2013, we just stop there.

Q. I know that I did not ask your attorney to have you review a discovery request as a part of this deposition, but I think a supplemental response to staff interrogatory 434 from the 14th set was filed. Are you familiar with that?

A. If you could give me a moment to pull it up.

MR. REHWINKEL: And I apologize, John. I just saw this this morning.

MR. BUTLER: That's all right. Just give us a moment. I'm going to put it on mute here for a moment and let Mr. Barrett have an opportunity to review it.

THE WITNESS: Before you do that, which one is it again?

BY MR. REHWINKEL:

Q. It's 14-434, supplemental, and it relates to the depreciation reserve surplus.

A. Okay. Just give me a moment to review it, if you would.

Q. Yes, sir.

A. Okay. I've got it.

Q. And I had a series of questions that started with this question: Has the amortization forecast for 2012 been updated? And by "amortization forecast" I mean of the depreciation surplus.

A. Yes.

Q. And how has it been updated?

A. How processwise?

Q. In what manner has the update manifested itself?

MR. BUTLER: Do you mean by that the process that was gone through to update it?

MR. REHWINKEL: Well, let's do that first.

A. Okay. Each month we do a forecast of our expected results for the year. As we roll through the year, we do that. And so the most recent one we have is from June, and we have a new forecast of what we expect 2012's surplus amortization requirement to be.

Q. And in what form does that forecast exist now?

MR. BUTLER: You mean what documentation is there of it?

MR. REHWINKEL: Yes, sir.

A. We report it to management in our monthly management, operating, and performance review session. It's on a page in a book.

Q. Can you tell me what the amount is?

A. 506 million.

Q. So that would be compared to the 526?

A. Yes.

Q. Okay. The document I asked you about, is it related to that forecast? And I mean interrogatory number 434, supplemental response.

A. Yes and no. The "no" part is because the number I just gave you is a 12 months ended December of 2012 projection. To the extent there's the same actual information in this interrogatory response as is reflected there, which I think is through June, then there would be consistent information. But one is a forecast and one is a comparison of actual.

Q. Okay. And as a part of your testimony, I think you described -- in your direct testimony, you described your -- on page 3 of your direct, lines 10 through 12, you described your duties and responsibilities as Vice President of Finance.

A. Correct.

Q. And the results that you described, the updated forecast of 506 million, is that something that would have been developed in your shop, so to speak?

A. Yes.

Q. Okay. What about -- I think Kim Ousdahl signed the interrogatory supplemental 434, but the information that is contained in 434, was that also produced by your shop?

A. I believe that 434 is -- hang on a second. Let me just scroll down a little bit. I'm looking at it online, so pardon me.

Q. No problem.

A. Yes. This contains information through June of this year, I believe; correct?

Q. Yes.

A. That would be the actual books and records of the company. I don't produce that, other than the fact that accounting reports to me. But Kim Ousdahl is the witness that would be attesting to these numbers.

MR. BUTLER: These being the actuals?

THE WITNESS: The actuals, yes.

BY MR. REHWINKEL:

Q. Let's just talk about 434 for a second, if I can just ask you. There are numbers in here that are actual that show that the variance -- well, tell me what the $13.261 million that's contained at the table on 434 supplemental represents, if you can.

A. $13.2 million is the difference in the surplus amortization that has been recorded from July of '11 through June of '12 in actual versus what was in the rate case forecast.

Q. Okay. So the numbers in here that went actual since the time that you forecasted 2012, those would be inputs to the forecast that yielded the $506 million number; is that fair?

A. I'm sorry. Could you repeat that?

Q. Yes, sir. At the time you filed your case and prepared your filing that showed $526 million to be amortized in 2012, there were months in 2012 that were not actual. They were forecasted; correct?

A. All of 2012 was forecasted.

Q. Okay. So in that time frame, six months of 2012 have become actual, so those are known facts to the company; right?

A. Correct.

Q. Okay. Is the knowledge of those actuals through 2012 part of what made up the revision to the forecast that yielded the 506 million that you have now presented to management?

A. Yes, and if I could explain.

Q. Please.

A. The 506 is an annual number, and it's comprised of, obviously, a 13-month average rate base and a 12 months ended NOI for 2012.

I want to point out that the surplus numbers that you're seeing on this interrogatory response, as is explained in the response, is influenced by more than just that month's activity, because each time we determine how much surplus to book in a given month, it's based on a trailing 12-month view. So I will say that my 506 -- I think this is where you want to go. The 506 includes actuals through June.

Q. Okay. Now, if the -- is it the company's intention that there not be -- well, let me strike that and start over again.

If you end up in 2012 at $506 million of depreciation amortization surplus, would the company consider it to be appropriate or inappropriate to increase the amortization that's included in the filing for 2013 by $20 million?

A. Well, if I could -- let me revisit your question, because I think your question was if we end up the year at 506.

Q. Yes.

A. We're not going to know where we end up the year at the time that we are going through the hearings next week or two weeks from now and the Commission is making a decision. So I don't know if that's what you meant when you said "if we end the year at 506," so if you could clarify that.

Q. Okay. That's a fair point. You won't know how the year is going to end up until after the hearing.

A. Yes. We actually won't know until we do a surveillance report that includes December actuals, which would be early February of 2013.

Q. Okay. Is there a difference in the quality of the forecast that yields the 506 from the one that yielded the 526 that is included in the filing?

A. I guess I would answer that a couple of ways. One is that they're within 1 percent of each other. I will admit that the 506 includes six months of actual. That doesn't necessarily mean that the year-to-date variance would be expected to be there at year-end. There could be the timing of things that have happened in expenses. There could be weather effects that impact us over the balance of the year. So I don't believe the 526 is a reasonable estimate for the year, despite the fact that my current best view is 506.

Q. Okay. Is there anything qualitatively with respect to the process that yielded the 506 that is inferior to the process that yielded the 526? And when I say process, I mean the forecasting process.

A. The only thing that's really different -- and I'm sorry to pause so long. The process that yielded the 526 is a complete budget review process. Each month we go through a re-estimating process for the balance of year that, you know, is our best guess at that point in time, our best forecast, but it doesn't necessarily have the same rigor around it that an annual planning process would result in.

Q. But nevertheless, this is the number you presented to management for their use?

A. Right. As we are reviewing the operations of the company, it's my best view today. I will say that there's probably -- well, again, I don't look at -- I know that 506 and 526 are different by 20. Again, that's within 1 percent, so I think that's pretty good from a forecasting perspective. And the 506 could bounce around throughout the remainder of the year based on variables that we have influence over, and some that we don't, such as weather.

Q. On line 12 of page 12 --

A. Are we in direct or rebuttal?

Q. I apologize. We can put the direct aside and go back to rebuttal.

MR. BUTLER: Charles, are you leaving your discussion of interrogatory 434?

MR. REHWINKEL: Yes, I am.

MR. BUTLER: Before you do, I want to point out that we don't believe that is a supplemental response. We think it is the response. It is supplementing an earlier question that was asked at a point where we didn't have as much actual data. The update is to the 434 response, not a supplement to 434.

MR. REHWINKEL: I apologize. I was just looking at the word "supplemental" in the first line, and that's my mistake. Thank you for the clarification.

MR. BUTLER: Certainly.

BY MR. REHWINKEL:

Q. On page 12 of your rebuttal, line 12, you use the term "reasonable." Do you see that?

A. I do.

Q. What is the range in criteria for the use of that term as it applies to your claim in your testimony that the projected amortization level is still reasonable?

A. Well, I don't have a specific objective criterion. When I looked at this particular variance, seeing that we were about 1 percent off of the original projection, I thought that to be pretty reasonable.

Q. Okay. At the time you filed your testimony -- I think it was on July 31st, is that right, your rebuttal?

A. I don't have it. Yes, July 31st.

Q. Okay. Had you developed the $506 million forecast that we just talked about?

A. Let me get my dates together. Hang on.

Yes. That would have been our June review, so that would have been -- yes, it would have been done in early to mid July.

Q. Okay. So is this review done monthly?

A. Yes.

Q. When will the July review be done?

A. Actually, the July review won't be done because we'll be in hearings. We've put off the July review of FPL's operations because it actually falls during the week that we'll be in Tallahassee.

Q. Okay. Are you preparing -- whether you do the review or not -- are you just not doing the documentation either?

A. We will be preparing the documentation.

Q. When will that documentation be done?

A. Hang on. If I could do some quick math here.

Based on my calculations of when I think the material is going to go out, it's mid next week.

Q. Okay. Is the forecast -- do you have any preliminary estimates of where this forecast of the surplus utilization or amortization in 2012 stands?

A. No, I don't. It's part of a process we go through after we've closed the books and begun our review of all the variances and all of that. So literally, our forecast gets done about the day that the book goes out, which, as I said, will be about mid next week.

Q. Okay. Fair enough.

Just so I understand the nature of your rebuttal testimony, in the Q and A that starts on page 12, lines 3 through 19, you reference the rebuttal testimony of FPL witnesses Slattery and Hardy. Do you see that on line 13?

A. I do.

Q. And you're referencing their rebuttal of the actual accounting adjustments proposed by OPC witness Schultz; is that fair?

A. Yes. I believe he makes some adjustments to 2013, and they address those specifically, so I'm referring to their rebuttal of his positions, because he then just extrapolates those back to 2012.

Q. Correct. So are you making a substantive rebuttal to Mr. Schultz's adjustments to 2013 as extrapolated into 2012, or are you merely referring the reader to Slattery and Hardy's rebuttal?

A. I guess the approach I took was -- his objection to our forecast was the same for both years, and they were the appropriate witnesses to rebut it in 2013. So my approach was, if his reasoning was not appropriate, if his logic was faulty, then that would carry back into 2012 as well. So I was kind of hinging off of that rather than rebutting 2012 specifically, because I think, you know, he didn't develop 2012 kind of bottoms-up. He started with his observations of '13 and then by inference said those same things apply to 2012. That's why I took the approach I did in my rebuttal.

Q. To the extent the Commission were to agree with some or all of the adjustments recommended by Mr. Schultz related to employee complement, tree trimming, pole inspection, et cetera, do you agree that it would be appropriate to reduce the 2012 amortization by the corresponding dollar amount that related to 2012?

A. I don't necessarily agree with that. I think that we have to look at 2012 kind of holistically and not look at, you know, an item here, an item there. And I still believe that the 2012 forecast is reasonable and reflective of the costs that we're going to incur.

So I guess if the Commission were to decide that they didn't believe that, I would still believe that we're still going to spend those dollars, and we're still going to amortize that amount of surplus in 2012, and it would be not be available for 2013. So I would respectfully disagree with the Commission's decision about 2013, but I believe that I have a good sense of what we will probably spend in 2012.

Q. Okay. Turning to page 13 and back to the statements in your testimony that go from lines 2 to 9, are you opposed to a true-up of the actual difference between the 894 million and the actual amortization?

A. Would you explain how that would work?

Q. Well, outside of the rate case.

A. I'm still not following you. Can you give me a hypothetical?

Q. Well, let's take that 74 million. Are you opposed to -- let me start again. Let's take that 74 million in my hypothetical. Do you recall that, the 265 minus 191?

A. Yes.

Q. Okay. If that was the actual difference between what you projected to use and what you actually used, would it be inappropriate for the Commission to make a true-up in 2013 or 2014 based on actual amortization of the depreciation surplus?

MR. BUTLER: Charles, just for clarification, are you proposing that it would work whichever direction the difference turned out to be?

MR. REHWINKEL: Yes, a credit or a surcharge.

A. Just to make sure I'm crystal clear before I give a preference here, you're suggesting that when we get through the end of 2012, we end up having 265 left over?

Q. Yes.

A. And you're asking would I believe it's appropriate for us to amortize 265 and have an adjustment to our already-determined rates to bring them down that 74 to match that additional amortization?

Q. Yes. It's just a question. It's not a suggestion that it be done that way. I'm just exploring your view on whether that should be done or not.

A. Well, the mechanics matter, and I just wanted to make sure before I respond that I kind of have a view of what you're thinking.

Q. You've factually stated what my question was, which is, would you adjust rates another $74 million on a one-time basis beyond where the Commission set rates?

A. So I guess my response to that would be, 191 is already a pretty big number, and to increase it to 265 would mean that going into '14, we would have a $265 million hole rather than the $191 million hole which we're already anticipating. So I think we're kind of -- no. I would suggest the Commission not do that and consider it in the context of our next depreciation study that. You know, 50, 70, $100 million is not a lot in the context of $30 billion in assets that will be considered in the next depreciation study.

So that's my long-winded way of saying I would not suggest that we make a true-up to either raise or lower rates. In fact, the whole purpose behind my position here was to get some certainty around rates for customers and the company so that we can plan and know what our level of revenues are going to be. So I would not propose that we do any kind of true-up. I think the next depreciation study is a very fine place to do any kind of truing up of all accounts, depreciation related.

Q. So it sounds to me like your answer was in the context of a true-up that would be a recurring reduction to rates rather than a one-time credit. Did I miss --

A. I guess I'm not sure how it would work. So are you suggesting -- let's again go to your example -- that if we end up having 75 or $74 million more than what we projected available for 2013, that we lower rates in 2013 to match a bigger credit, and then raise rates by that 74 million or 265 million in 2014?

Q. I'm just exploring whether there was a sensitivity on the company's part about doing it as a one-time credit or reducing rates on a going-forward basis.

A. I don't think that we think that would be a good thing to do. Quite frankly, we think $191 million rolling off at the end of '13 is going to be a big enough challenge for us.

Q. Okay. Again referring to that -- the statement on page 13, lines 2 through 9, focusing on the lines that begin on page -- 5 through 9, that starts "This will ensure a proper matching." Do you see that?

A. Yes.

Q. Would that statement be true if the Commission adopted Mr. Schultz's adjustments and reflected those adjustments in the 2013 revenue requirements?

A. If the Commission -- let me walk it through, and correct me if I don't understand your question. But if the Commission were to make available 40 million more of surplus in 2013 by virtue of making some adjustments in 2012?

Q. Yes.

A. And if they ordered us to amortize 231 -- I'm going to use 40 as a round number -- and reflected that in rates, this statement would still be true.

Q. Okay.

A. However, it's the same situation that we just discussed. The bigger we make that number, the more aberrant that number appears in the context of setting rates for a normal test year.

Q. Okay. Are you aware of circumstances in the past where FPL agreed to amortize as a credit to income excess reserve or surplus reserve amounts?

A. As part of settlement agreements, yes.

Q. Do you think that was fair when you did that?

A. I think that -- again, I wasn't part of the settlement agreement, so I don't view my opinion as of -- you know, my position today. It was in the context of an overall settlement agreement that was deemed to be fair to both company and customers. It was one component of an overall agreement.

Q. Okay. That's fair.

Do you believe the Commission was wrong when it ordered FPL to amortize the $894 million of excess reserve?

A. "Wrong" is a strong word, because the Commission has a lot of latitude as to what they decide they feel is in the customers' best interests. I don't feel it's prudent to have amortized that much over such a short period of time, but I understand the pressures that they were under to try to hold rates down. But it did diverge a bit from, you know, what we had seen in the past.

MR. REHWINKEL: Okay. Mr. Barrett, I appreciate your time today. Those are all the questions I have. Thank you for your answers.

THE WITNESS: Thank you.

MR. REHWINKEL: Does anyone else want to ask questions?

MR. MOYLE: FIPUG has some.

MR. REHWINKEL: Okay.

THE WITNESS: Mr. Moyle, if you could get a little closer to your speaker.

MR. MOYLE: How's this?

THE WITNESS: A little bit better.

MR. BUTLER: It's only okay, Jon. If you can either get closer or turn up your volume, it would help. There's a pretty big difference from the level we were hearing Charles at.

MR. MOYLE: Okay. Let's go off the record for a minute.

(Discussion off the record.)

CROSS-EXAMINATION

BY MR. MOYLE:

Q. Mr. Barrett, good afternoon. Jon Moyle on behalf of FIPUG. I have some questions for you about your direct. And I think the easiest way to do it would be just to walk through your direct testimony.

A. Okay.

Q. Certain portions. You have that in front of you; correct?

A. I do.

Q. Okay. On page 9, line 6, you indicate you have overall responsibility for a number of things, including the capital expenditure budget.

A. Yes.

Q. Okay. Can you just -- again, you can either refer me to a document or give me your understanding. But with respect to the capital expenditure budget for Florida Power & Light, how far out into the future do you project those?

A. Five years. I should say it's a one-year budget and a four-year forecast.

Q. So with respect to what is currently being forecast, what is the amount of CAPEX spend in your current forecast, your current five-year forecast?

MR. BUTLER: For all five years, is that what you're asking, Jon?

MR. MOYLE: Yes.

THE WITNESS: Let me see if I have that real handy here.

I don't think I have the whole five years.

MR. BUTLER: Hey, Jon, it doesn't look like we have that readily accessible. If you've got some place you're thinking it is and can point us to it, I'm certainly happy to have Mr. Barrett look at it. But in terms of the MFRs and the discovery responses we've got here at hand, I don't think we've got --

THE WITNESS: I know it's in the 10-K, but I don't have that with me right here.

BY MR. MOYLE:

Q. Well, do you know what the one-year forecast is?

A. I believe for this year it's about 4 billion.

Q. Four billion?

A. For 2012. Hang on one second.

3.7 billion.

Q. Yesterday in a deposition, Mr. Avera used a $9 billion number as a CAPEX spend. Does that sound right to you?

A. That was over a three-year period. I believe that was probably '10, '11, and '12.

Q. I think it was not clear. I'll tell you what. Not to hold you to it, I'll look in the 10-K, but can you give me a ballpark as to what you think the five-year CAPEX spend is?

A. If you can -- can one of y'all pull it up?

We're going to try to pull it up here, Mr. Moyle.

Q. Thank you. And do you know, have you produced it in any discovery to date or filed it as part of the MFRs?

A. I don't know that it has been produced, because that goes out beyond the test year.

MR. BUTLER: This would have been the 10-K available at point where -- (inaudible).

MR. REHWINKEL: John and Jon, the court reporter is having a hard time with the dialogue. Do you want to go off the record and get it sorted and then get it back on?

MR. MOYLE: Yes. I think for purposes of a clean record, let's just take it back to the point where I asked him, you know, can you tell me what the five-year CAPEX spend is. I know we've had a lot of back-and-forth as to where it it, but it sounds like it can be located. I just want it on the record. So if the witness -- John Butler, if you're comfortable, if he comes back on and says it's X based on Y, then I'm good.

MR. BUTLER: That's fine. I think that's a good solution, Jon.

THE WITNESS: Can we have just a moment for me to -- I'm sorry. I'm frantically flipping through the 10-K. I don't have --

MR. MOYLE: That's fine. Take your time.

MR. REHWINKEL: Let's go off the record. John Butler, when you all are ready, come back on.

(Recess from 4:00 p.m. to 4:02 p.m.)

BY MR. MOYLE:

Q. The pending question related to the capital expenditure program for Florida Power & Light, and, Mr. Barrett, I had asked you if you knew what the five-year capital expenditure program for Florida Power & Light currently was. Do you have that information?

A. I do. Based upon our 10-K filing for 2011, the forecast for '12 through '16 is a total of 10.7 billion.

Q. That's for --

A. 2012 through 2016.

Q. What is the amount sought in the test year?

A. 2.3 billion. And again, it's not being sought, quote, as CAPEX. It's either as CWIP, you know, in rate base, or as plant in service that closes to rate base, et cetera. So giving you the CAPEX number is just one piece of information.

Q. Okay. Is it fair to say that the average is approximately 2 billion per year on a five-year?

A. I would -- it depends which five years you take. If you go the '12 through '16, it's a little over 2 billion, 2.2 billion.

Q. Average per year?

A. Right. Now, I will say that in the table that was here in the 2011 10-K, we did not include any expenditures for the Port Everglades plant because we hadn't gotten all the approvals yet, so that would be out there in '15 and '16 and is not reflected here. But this is what we published in the 10-K.

Q. Thank you. On page 10, you're asked about the process to develop the forecast underlying the filing, and you reference a longstanding process that you go through and that ultimately is reviewed by a, quote, unquote, Review Committee.

A. Yes.

Q. Were there any changes to the longstanding process that took place between the last rate case and this rate case?

A. No.

Q. Okay. And that longstanding process, is that written down somewhere?

A. I believe as part of my testimony, one of the exhibits is the budget guidelines, and I think it's Exhibit 2. We set out, kind of lay out how we expect that process to be followed and when the meetings would be. It sort of details out that process.

Q. So when you about reference the longstanding process, you're referencing what's set forth on Exhibit 2, the capital budgeting and the five-year capital forecast, REB-2; is that right?

A. Yes.

Q. And the Review Committee, who is on the Review Committee?

A. It is me. It is the budget director, the Director of Corporate Budget. Actually, I think that's in my testimony on page 9. The FPL president.

Q. Are you referring to something?

A. I'm sorry. If you go to page 9 of my testimony, the prior page, starting on line 8.

Q. Okay. Are there any others besides these people that you've identified?

A. Others would participate, but this is the actual committee. Again, the business unit heads would come in and present, but they're presenting to this committee.

Q. Okay. And are minutes kept of these meetings?

A. Not formal minutes, no. It's more of a working session.

Q. And decisions that are made by the committee, how are those captured?

A. Ultimately we present the recommendations to the board of directors in December for the O&M and capital levels that we would seek approval for.

Q. And has this Review Committee been in place for a long period of time? Was it recently formed? Tell me about that as far as you know.

A. I can only speak to the five years I've been in this job, and it's been in place since then, and probably before that.

Q. You were asked some questions by counsel for Public Counsel about weather and normal weather and extreme weather. Have you at this point made a determination as to the type of weather that you've experienced this summer?

A. I would probably need to refer you to Dr. Morley on that. I believe it's been fairly normal based on the kilowatt-hour sales and what we attribute to weather. Fairly normal. I don't have the exact numbers in front of me.

Q. And with respect to -- is there an industry standard as to how extreme weather is defined and how normal weather is defined?

A. I think that Dr. Morley is the best one to answer that. We selected 30 years. I think that's consistent with NOAA and -- I'm sorry. Twenty years as the definition of normal weather, and that's again consistent with others that use a weather forecasting process. But you're going to find different definitions at different places. We've used 20 years for a long time here, and it seems to have worked well. There's random variation around it to suggest that it's a good measure. But again, I'm not the expert on weather. That's a question for Dr. Morley.

Q. All right. On page 19 of your testimony, you are discussing financial information, and toward the end of the page, you talk about the rate settlement, and then you say that the revenue requirements associated with allowing FPL an opportunity to earn an appropriate equity return is 80 million. How did you calculate the 80 million? Is that the difference between an 11.0 return on equity and an 11.5 return on equity?

A. Yes.

Q. So it follows then that every percentage point or 100 basis points represents approximately 160 million in revenue requirement?

A. I believe it's actually 158-something. Yes, roughly 160.

Q. Okay. And you have some testimony about inflation and the inflation rate that was used.

MR. BUTLER: Where is that, Jon?

MR. MOYLE: Starting on page 21.

MR. BUTLER: Okay.

BY MR. MOYLE:

Q. How did it come to be -- well, you used the CPI for most all costs; is that right?

A. Yes.

Q. But then for medical and dental, you've opted not to use the CPI?

A. Yes. And let me explain that if I can. First of all, this whole analysis that I refer to as the drivers analysis is meant to be relied upon as reasonable, but more illustrative of the kinds of categories of cost drivers that we've experienced in this case since 2010. So I thought it was reasonable to use CPI for the vast majority of the costs that we face, although we know that medical has outpaced CPI quite a bit. So for that one category of costs, I used the medical trend. I believe it was around 8 percent.

Q. And how did you determine that medical and dental had outpaced the CPI? Is there a chart you look to, or some piece of paper that says, "Wow, look, medical has gone a lot higher than the CPI"?

A. Based upon the assumptions presented in the whole budget process, the folks that forecast the medical costs would suggest that in the industry -- actually, in South Florida, medical costs have trended at about 8 percent a year. Now, that's not necessarily the costs that we have occurred. And to the extent that we've been able to manage costs through good plan design and cost shifting towards employees, et cetera, to the extent we have come in less than that, I attribute that to productivity improvement. We have found ways to do better than what an average level of performance would indicate based on general inflation.

Q. Were there -- I assume medical and dental were significant costs in your cost structure.

A. They're not insignificant.

Q. Were there insignificant, to use that term -- well, were there significant other costs that may have escalated at a lower rate than CPI?

A. None that come to mind. And again, this was done for kind of an overview, for illustrative purposes, and I thought the CPI was reasonable. There are probably some of our costs that grow at less than CPI and some that may grow at more than CPI. I didn't attempt to get real granular on this particular analysis. I was trying to show the overall level and a reasonable attribution of the cost drivers to inflation.

Q. And do you know, out of the 7.2 percent that you reference up on line 16 of your testimony, how much of that can be attributed to dental and medical that have escalated above CPI?

A. Again, I think the long-term trend for medical has been around 8 percent. The 7.2 is just CPI. It was 7.2 for everything except medical and dental. The medical and dental aren't part of the 7.2. The 7.2 is just a compounding of CPI for '10, '11, '12, and '13.

Q. I may be confused. The number that you're using with respect to your rate case, is it the CPI, or is it the CPI plus you've added some costs and some projections for medical and dental that are above CPI?

A. Well, let's be clear. In our rate case filing, we are forecasting expenses for various things based upon kind of a bottoms-up view from the business units responsible for implementing the work.

This is just merely an analysis to try to carve up the need for new revenues into various cost drivers. I'm the one that attributed a 7.2 inflation rate to everything except medical, not doing any more work than that to try to understand which costs have gone up faster and which have gotten up slower. So it's really just an analytical approach to try to suggest a reasonable amount of inflation that the company has endured.

Q. So up on the top of the page, you have 162 million?

A. Yes.

Q. For inflation. Is there a back-up document that essentially shows how you to got to that number?

A. Yes. We actually filed that in discovery. I don't remember the actual -- we actually filed a model that I used to come up with this. It's basically the inflation on our O&M from 2010 forward, and then also the revenue requirement impact of the inflation on our capital expenditures. So there's a backup document. Actually, the whole model is there for your investigation as to how I came up with the 162 2.

Q. Is this a proprietary model that a third party developed, or is this a Mr. Barrett model?

A. It's a Mr. Barrett model, with some help from my friends.

Q. Do you know what the inflation factor is for the test year? You've given us a three-year -- if I understand your testimony, the 7.2 represents a cumulative number; is that right?

A. Yes, that's right. I believe in my REB-4 where I have all the assumptions -- I believe it is there. Let me see if I can find it real quick.

Okay. For 2013, I believe it's 2 percent.

Q. So back on the 162 number, did you take 2 percent and apply it, plus the medical and dental, to an expenditure figure for the test year?

A. What I did what, I said, "If I look at 2010 for each of the categories of cost, what would the inflation impact be of just growing that level of cost?" If, for instance, I had $100 of costs for a certain activity, applying a 7.2 compound inflation rate would suggest 7.2 million, or in this case, 7.2 dollars attributable to the cost of inflation. To do that same activity from 2010 and 2013 would cost me 7.2 dollars more. It's kind of as simple as that.

Q. So why did you use 2010?

A. I was trying to show how our need for new revenues has grown since the time that base rates were last set, which was 2010. So using the approved level of expenditures in 2010, I said, "If you grow that forward, that's what you would normally expect there to be in terms of cost inflation on the company."

Q. So if I'm understanding, in effect, that 7.2 percent number is the number that you used, and you multiplied the 7.2 percent against a CAPEX number and some other things to get to your 162; is that right?

A. It was as simple as that for the O&M items. Capital is a little more complicated. Basically, I took the capital from each of the years, '10, '11, '12, and '13, pulled out the implied inflation from them, in other words, kind of brought it back to 2010, and said, "Okay. How much of that CAPEX is related to inflation, and what does that mean in terms of capital revenue requirements?" So it's converting it into a capital revenue requirement. So it's a little more complicated with capital than it is with O&M, but it's the same thought process.

Q. Okay. I'm just trying to understand the rationale. To the extent you haven't filed a rate case and you stayed out for ten years, your analysis would look at inflation, and you would do a CPI type inflation analysis for the gap period of time from your last rate case to your current rate case and then seek to recover those dollars under an inflation category; is that right?

A. Two points there. One is, it's a methodology that's kind of -- it's consistent with the Commission's benchmark methodology, which looks at customer growth and inflation for most things.

But, no, we're not -- the intent here is not to say we're seeking recovery of $162 million worth of inflation. We're seeking recovery of the revenue requirements we filed in this case. What I'm trying to show here is, what are the drivers of those costs. For instance, you know, we have done some things to not allow our costs to go up that much, and those are the kind of things that fall into productivity improvements, such that we don't need to ask for the whole 162 in this case. What we have filed is lower than the sum of all these drivers because of productivity improvements that we have implemented and revenue growth.

Q. But you see how somebody like FIPUG might make an argument based on our conversation and your testimony that the inflation number, by going back and cumulatively adding a inflation number of 2 percent, give or take, for 2010, 2011, and 2012 is arguably capturing inflation that has already occurred and is not prospective?

A. I guess what I would argue is that our rates were set based on 2010 costs. We are currently experiencing 2013 costs. They are different by 7.2 percent, in my estimation. So our current rates are insufficient to recover the level of costs that we are experiencing today, because they were set three years ago.

Q. Okay. Well, I appreciate that.

Let me ask you to clarify, for me anyway, a conversation that you were having with counsel for Public Counsel related to depreciation. For my thinking, it was easier just to reference your testimony found on page 26 starting at line 22. And this is on the accelerated depreciation amortization.

A. Yes.

Q. And it flows over to page 27.

A. Yes.

Q. So if I understood the import of the discussion you had with Public Counsel, in essence, it was that your current estimate, your current best number with respect to the number found on page 26, line 23, in parentheses, 191 million -- I think you even said it's 205.

A. That's two different years. 191 is the 2013 estimate. The 206 was the -- I'm sorry. That was 506 for 2012. I don't know where the 206 number came from.

Q. I'm sorry. 205.

A. I'm not remembering a 205 number.

Q. I'm sorry. The net effect of the discussion related to the amount of depreciation. I guess it was 506 and 526; is that right?

A. Yes. That's for 2012.

Q. So that's a $20 million number. Does that change your testimony in any way based on the testimony you've laid out on page 26 and 27?

A. No. I still think 526 is a reasonable estimate. Given the uncertainty over the next six months, it's certainly within the realm of reasonableness, and it's within 1 percent of our latest forecast.

Q. If you assumed 506 rather than 526, what would that assumption do to the number found on line 3, where it says it increases the 2013 revenue requirements by 33 million?

A. I'm sorry. Line 3 of --

MR. BUTLER: He's looking at page 27.

THE WITNESS: Okay. I want to get oriented to that.

First of all, let's keep in mind that the 20 million is related to 2012, so in and of itself, it doesn't have any impact on the 191. That would be my testimony, and that would be my recommendation, that it would just change what's left over at the end of 2013. If that's the case, then it does nothing to the 33.

BY MR. MOYLE:

Q. It doesn't have an impact if you have additional depreciation that you can carry forward to impact that number?

A. Again, I'm not suggesting that the 191 change, so I would just -- under my way of thinking, we would have 20 million left over at the end of 2013 to be dealt with however -- you know, in the next depreciation study.

Q. Through the back of your testimony, you have some testimony about Cape Canaveral and the step increase.

A. Yes, sir.

Q. And I wanted to ask you -- on page 32, line 10, lines 10 through 17, I read that to, in effect, to say, "Here's what would happen if Canaveral were treated in the ordinary course of business." Is that fair?

A. Let me just rephrase that. I think it's how Canaveral would be treated if we just looked at the 2013 revenue requirements for Canaveral in 2013.

Q. But isn't it true typically in the ratemaking process that when an asset comes online or becomes available for a portion of a test year, that the moneys recovered only relate to the period of time in which the asset was available and serving customers?

A. I don't think that that's true just *a priori.* Particularly in the case of large generating units, there's precedent for giving a step increase to recover the full revenue requirement of the asset when it goes into service.

So I wouldn't say that in all cases that you would just put the 2013 portion of Canaveral in. It has clearly been the case in other situations where as the generating unit is going in, it's totally appropriate to evaluate the total cost of that unit. In fact, all the evidence is in front of the Commission to evaluate the full cost of Canaveral, and we think it makes a lot of sense to just go ahead and deal with that now, plus the fact that there will be no increase until it goes in. If you're doing it the way you're suggesting, then customers will be paying for something for the first five months of the year that they haven't received yet.

Q. So help me understand something from the standpoint of Bobwhite. You have some expenditures related to the Bobwhite transmission upgrade. Are you familiar with that?

A. Vaguely. I think Mr. Miranda is the witness probably best able to answer questions around Manatee-Bobwhite.

Q. Well, just assume a couple of facts for me, that the Bobwhite substation is a new substation that's coming online, and it's coming online in December of 2013, the last month of the test year, and assume it costs $12 million. How would that expense typically be treated, if you know, in a rate case?

A. Well, I believe that it would be considered part of the 13-month average rate base, and so there would be basically 1/13 of it in our rate base for that year for purposes of setting rates.

Q. So you would get 1/13 of $12 million?

A. Well, I think you said 12 million was the investment, so 1/13 of the revenue requirements associated with $12 million I think is the way that the rates would be set.

Q. And you're not proposing that that be done in the Canaveral situation; is that right?

A. Absolutely not. It's a totally different situation, with it being an almost billion-dollar asset that's going to immediately begin providing fuel savings to customers.

And again, the Commission has all the information in front of them to make a decision about the total revenue requirements of Canaveral. We're just asking that we get the appropriate lift in base rates that's going to correspond to the unit coming in service in June.

It's large enough to move the needle, so I think it's totally appropriate, for a large generating unit like that, to look at it in terms of trying to get it right, I guess, in terms of ratemaking. If these rates are going to be in effect longer than 2013, then they really need to reflect the kind of going-forward view from 2013. In order to do that, you've got to consider all of Canaveral.

Otherwise, as I say in my testimony, you would consign the company to not recover about 70 of the $174 million without coming back in to the Commission to seek recovery of costs that have already been presented here and shown to be reasonable. That's the reason for the step increase.

Q. Has the Commission ever awarded a step increase to Florida Power & Light such as the one being sought in this case in a non-settlement context?

A. You would have to go all the way back into the '80s with the St. Lucie 2 nuclear unit, which I believe came online in '84, somewhere in there, early '80s. And that was a unit-specific rate increase that was a granted.

Q. So what is the distinction between the Bobwhite substation and Cape Canaveral in terms of the regulatory treatment?

A. I think one of the distinctions is that it's a large unit that has been already in front of this Commission and approved. It's a large revenue requirement for the company. Bobwhite-Manatee is not insignificant dollars, but we would probably assume that a, you know, 10 or $12 million kind of investment is the ordinary kind of investments that we make throughout a year. There are going to be some that get made early in the year, and there are going to be some that get made late in the year. And quite frankly, the big deal here is the financial impact to the company.

The other side of it, too, is that it is going to deliver fuel savings to customers immediately when it goes into service. And so it just seems appropriate, particularly with -- otherwise, you're consigning the company to underearn on this asset or to have to file a subsequent case just to recover what can already be decided now.

Q. So would it be fair to say that the chief distinguishing factor with respect to the Cape Canaveral project and some of the other expenditures you have is the order of magnitude of dollars that's represented by the facility?

A. I guess I would say the chief distinction is kind of the administrative efficiency. It wouldn't be practical to come in to the Commission and suggest base rate changes every month based on how things go into service. This is unique enough -- it doesn't happen every month. It only happens every so often that we bring in a huge unit like this with these kind of revenue requirements. And so from an administrative efficiency perspective, again, having all the evidence in front of the Commission to make the decision, it just seems the right thing for us.

Q. Do you know if the PSC has any rules related to step increases and when they're appropriate and when they're not appropriate?

A. I don't know.

Q. And other than St. Lucie, do you know if it has ever been done before in the Florida Power & Light regulatory history?

A. Well, when you go back beyond the last rate case -- we haven't had a fully litigated case almost back to St. Lucie, so I'm not sure we have a whole lot of record, if you will, related to asking for step increases. Most of the time it has been handled in the case of settlements or ordinary course.

Q. Just a final question or two on this. Explain your understanding. If the Commission were to grant this, would the fuel adjustment -- I understand you're suggesting there be a simultaneous fuel adjustment that would be sought at the same time as the rate increase; is that right?

A. Yes. We're proposing that the fuel factors be reduced to reflect the efficiency of the unit at the same time the unit goes in so that you do get kind of a nice price signal. You get the offsetting fuel to the increasing base that kind of mutes the impact to customers.

Q. And is it your company's position that that adjustment would be made regardless of what may otherwise be happening with fuel at that point in time?

A. Yes. I'm not sure what else otherwise might be happening with fuel, but we're proposing that the fuel factors prospectively from the date of in-service be reflective of the unit being online.

Q. So if fuel -- I guess where I'm going with this is, if the fuel prices went up considerably, Cape Canaveral is delinked, so to the extent that fuel prices were up, you would still come in with Cape Canaveral and make an adjustment relative to the fuel savings associated with Cape Canaveral and put aside any other things that might be going on with fuel prices above and beyond the mechanism that you're proposing; is that right?

A. I believe what we're proposing is that in this round of fuel hearings, the filings that we're going to be making in the next few weeks or months basically have two factors, a pre-Canaveral factor and a Canaveral and prospective factor. So it won't really kind of matter what's happening with fuel out in '13, because we'll have established factors, and then we'll either under-recover or over-recover, depending on what happens in the real world.

But I believe we're going to -- we're proposing to right up front know what that factor is going to be on the in-service date and have that litigated in this round of fuel hearings.

MR. MOYLE: Okay. That's all I have. Thank you.

MR. BUTLER: Okay. Hold on just one moment. Let me pause to see if I have anything to ask Mr. Barrett.

I don't think I do, so thank you both for being efficient. And we would like to get a copy of the deposition transcript. Electronic only is fine. And we would read and sign.

MR. REHWINKEL: Public Counsel would like a copy as well. Thank you, Mr. Barrett.

MR. HARRIS: Staff of the Public Service Commission would like a copy, but we also are satisfied with an electronic one only, please.

MR. REHWINKEL: Same here.

MS. PURDY: And the same goes for South Florida Hospital and Healthcare Association. Thank you.

MR. MOYLE: And FIPUG.

THE REPORTER: Okay. So you all want copies of the transcript.

MR. BUTLER: Sounds like we all want electronic ones.

MR. REHWINKEL: Yes. Anything else?

Okay. We're going to terminate the line. Thank you very much.

(Deposition concluded at 4:38 p.m.)

STATE OF FLORIDA

COUNTY OF PALM BEACH

CERTIFICATE OF OATH

I, the undersigned authority, certify that ROBERT E. BARRETT, JR. personally appeared before me at 700 Universe Boulevard, Juno Beach, Florida, 33408 and was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Juno Beach, County of Palm Beach, State of Florida, this 9th day of August, 2012.

Pamela L. Springer
COMMISSION # EE085473
EXPIRES: APR. 18, 2015
WWW.AARONNOTARY.com

Pamela L. Springer
Notary Public
State of Florida

My Commission Expires:

Personally known ✓ or who has produced ________.
Type of identification produced ________________________

CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that a review of the transcript was requested; that my shorthand notes were thereafter translated under my supervision; and that the foregoing pages numbered 1 through 58 are a true and correct record of the aforesaid proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

DATED THIS 17th day of August, 2012.

/s/ Mary Allen Neel

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August 17, 2012

JOHN T. BUTLER, ESQUIRE
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420

Dear Mr. Butler:

Re: Docket No. 120015-EI
Petition for rate increase by FPL

Enclosed is your copy of the deposition of ROBERT E. BARRETT, JR. taken in the above matter on August 9, 2012.

Since reading and signing was not waived, please make arrangements with the witness to read your copy of the transcript and make any corrections on the errata sheet on the following page.

Please forward the completed errata sheet to Charles Rehwinkel and copies to Jon Moyle, Lisa Purdy, and Larry Harris.

Thank you for your cooperation in this matter.

Sincerely,

/s/ Mary A. Neel

Mary A. Neel

cc: Charles Rehwinkel, Esq.
Jon Moyle, Esq.
Lisa Purdy, Esq.
Larry Harris, Esq.

ERRATA SHEET

Under penalties of perjury, I declare that I have read the foregoing transcript of my deposition, pages 1 through 60, and hereby subscribe to same, including any corrections and/or amendments listed below.

DATE ROBERT E. BARRETT, JR.

PAGE/LINE	ERROR OR AMENDMENT	REASON FOR CHANGE

Reporter: Mary A. Neel - Date of Deposition: 08/09/12
Petition for Rate Increase by FPL, Docket No. 120015-EI