

EXHIBIT B

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1 *The appropriate amount of jurisdictional accumulated depreciation is \$11,921,986,000, which
2 reflects an increase to the reserve of \$20,275,000.*

3 **ISSUE 27: Is FPL's requested Construction Work in Progress in the amount of**
4 **\$501,676,000 (\$514,978,000 system) for the 2013 projected test year appropriate?**

5 *No. CWIP should be reduced by \$4,234,000 (\$4,685,000 system) per EXH 64.*

6 **ISSUE 30: Should the Commission approve FPL's request to include the Fort Drum,**
7 **McDaniel, and Hendry County proposed generation sites in Plant Held For Future Use?**

8 *No. In its MFRs, FPL quietly increased PHFFU by \$160 million from its last case. Much of
9 the increase relates to FPL's proposal to have *alternative* "primary" and "secondary" sites
10 (Hendry and Fort Drum) totaling 15,367 acres for future base load generation in the "other
11 production" category. In the aggregate, all six potential generators require no more than 1,000
12 acres. Moreover, the Hendry tract is the subject of a speculative and convoluted transaction
13 involving sensational profits to the seller (with whom FPL appears to also have a business
14 relationship) during a time of weak land prices, title disputes, rezoning that is the subject of
15 litigation, unexercised options, vague commitment to purchase, potential loss of future resale
16 proceeds. [REDACTED] (with FPL having
17 uncertain occupancy rights), and [REDACTED]. In
18 discovery responses, FPL indicated no specific plans for the property. The attempted
19 justifications appearing suddenly in FPL's rebuttal testimony do not meet the requirements of
20 Commission policy concerning prudence and reasonableness.*

21 **ARGUMENT:**

22 Rather than identify and address its enormous increase in the Plant Held for Future Use
23 (PHFFU) account directly, FPL silently added \$160 million in land and land-like amounts to the
24 PHFFU balance in the MFRs (with no accompanying testimony). This represents 15,367 acres
25 to serve the potential of six combined cycle units that are proposed as unprecedented "primary"
26 and "alternative" scenarios (with each site capable of hosting three large combined cycle units).²
27 In a conventional setting, six combined cycle units would need less than 1,000 acres TOTAL for
28 proper siting.

² There is some confusion on this issue. FPL witness Silva claims that there are two equally viable sites; Hendry/McDaniel is "Primary" and Ft. Drum is "Alternative." Under this approach the alternative site is acquired because the Company needs to hold on to it until they are sure that the primary will be used (and useable). (TR 4209-4210). This is troubling enough and outside the scope of any Commission precedent. Astonishingly, FPL seems to also be advancing the argument that they can "mix-and-match" the sites as well. (EXH 122, pp.78-79)

By comparison, FPL included a total of approximately \$70 million for PHFFU in its prior rate case 3 short years ago. In the current case, FPL left it to the intervenors and staff to inquire about and place it at issue. Of the \$160 million jurisdictional increase in the requested level of PHFFU to include in rate base, \$108 million is in the Other Production Future Use category.

OPC witness Ramas challenged the inclusion of the land and other parcels within the Other Production Future Use category of PHFFU as having non-existent or distant potential in-service dates.

The actual properties that OPC challenges from the Other Production Future Use category amount to \$129.7 million on a total Company basis. This balance is higher than the amount included in the average 2013 test year, as a result of the Hendry County site not being included at the full \$70 million "cost" for the entire 2013 test year. The impact on the test year is \$108.9 million (or \$108 million jurisdictional) on a 13-month average basis.

Description	Total Company Amount
Fort Drum Site	\$ 17,754,918
McDaniel Site	\$ 41,975,443
Hendry County Site	\$ 70,000,000
Total Other Production Future Use	\$ 129,730,361

(TR 2763)

The Commission should focus its decision-making around the total cost (\$129 million) because that is ultimately the cost that customers will bear over the long term. Since land is not depreciated, the full impact would continue in rates and would earn a return year after year if the transactions are allowed to stand as FPL proposes.

OPC witness Ramas challenged these sites and their high costs because, at the time her testimony was filed, there was no designated generation unit for any of the properties. (TR 2763-2765) In responses to OPC's early discovery requests, the company said "FPL does not currently have a specific expected in-service date for generation facilities at these sites." (Emphasis added) (TR 2763-2764) Likewise, staff was told:

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FPL does not currently have a specific expected in-service date for generation facilities at this site. Rather, FPL acquired the site in order to have definite, secure access to a desirable location to support future generation expansion. As such, FPL does not currently have a proposed date of construction or determination of need.

(Emphasis added) (TR 2764)

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The South Florida Hospital and Healthcare Association (SFHHA) was similarly told that the Fort Drum and McDaniel sites were purchased to construct a power generation facility in "future periods," and that [REDACTED] on the McDaniel site. In short, FPL felt no obligation to be forthcoming with details about the reasons why the enormous costs of these parcels were proposed for inclusion in rate base. (TR 2764)

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OPC fundamentally opposes the inclusion of the parcels in Hendry County. Central to OPC's concern is that the entire transaction seems to revolve around a seller -- Eddie Garcia -- who bought a [REDACTED] tract for \$15.5 million at the height of the real estate market in 2005 (TR 4354; EXH 609, Bates No. 4722) and [REDACTED] after only 5 years of holding the property. Mr. Garcia first approached FPL to provide a solar PPA to FPL. He then was approached by FPL to buy exactly the same number of acres -- 3,126 -- that Mr. Garcia happened to own, to house FPL's 300-acre, three-unit combined cycle farm. [REDACTED]

[REDACTED] that Mr. Garcia appears to have a business interest in providing. [REDACTED]

[REDACTED] The fundamental facts of the Hendry transactions, elicited through testimony and exhibits at hearing and referenced by OPC witness Ramas (TR 2826-2827) are that:

1. Prior to searching for the Hendry sites, FPL had first entered into a business relationship of some degree with the nominal owner/seller of both parcels of the Hendry County property (TR 4347-4349; EXH 612, Bates Nos. 4677-4678);

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2. Eddie Garcia, a/k/a ESG, a/k/a McDaniel Reserve Realty Holdings, LLC (collectively "Garcia") are one and the same and the purported owners, and potential sellers, of the 3,126 and 9,409-acre properties in Hendry County, Florida (TR 4309-4310; EXH 601; EXH 609, Bates Nos. 4684, 4702, 4707, 4718, 4723-4724; EXH 614, Bates Nos. 4783-4797);

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3. FPL apparently approached Garcia (the seller) subsequently after some degree of ongoing business discussions and expressed an interest in acquiring the property. (TR 4347-4348; EXH 612, Bates Nos. 4677-4678) This sequence of events undermines the "extensive search and detailed evaluation" process that FPL claims had occurred (TR 4198; EXH 599);

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4. Not surprisingly (and because it appears that FPL approached the seller), the "RFP" related to the Hendry property and described in FPL witness Silva's testimony received only two responses. (EXH 599) Mr. Silva could not tell the Commission who the other respondent was (TR 4347), even though under the clouded circumstances of these transactions it would have been important to know the identity of the other potential seller to dispel any notion of a less-than-open procurement process;

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5. FPL acquired far more land than was needed for conventional generation. FPL witness Silva testified that only 300 acres were needed for the combined cycle units on the McDaniel site. In the schematic for the property's designated uses, after accounting for preservation land, [REDACTED] would be allocable to solar generation. (EXH 609, Bates No. 4749) Mr. Silva testified that at least 1,500 acres would be needed for the solar aspect (200 MW) alone. Also, he further conceded that solar would not be cost effective by itself and thus would not qualify for PHFFU treatment (TR 4378-4380);

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6. [REDACTED] acquired the McDaniel parcel at the bottom of the real estate market [REDACTED] while [REDACTED] (Eddie Garcia/ESG/McDaniel Reserve Realty Holdings, LLC (MRRH) (with whom FPL appears to have an unspecified potential business relationship) [REDACTED] even though Mr. Garcia had acquired the property only 5 years earlier (TR 4311-4314; EXH 609, Bates No. 4724);

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7. FPL acquired [REDACTED] acres when the need for the baseload generation portion was about 300 acres (EXH 122, p. 77) while assumedly providing excess property for photovoltaics - which just happens to be the business that the seller appears to be in. (EXH 612, Bates No. 4677) Moreover, FPL witness Silva could not tell the Commission that FPL did not have an ongoing relationship with the seller (TR 4348-4349);

- 1 8. Public and Company documents indicate that FPL and the seller have an ongoing
2 relationship that goes as far as making Mr. Garcia or his business a co-developer of the
3 Hendry generation project (EXH 606, pp. 1-2; EXH 609, Bates No. 4723), [REDACTED]
4 [REDACTED] (EXH 614, Bates No. 4793),
5 [REDACTED]
6 [REDACTED] (EXH 610, Bates No. 3285; EXH 614, Bates No. 4794);

- 7 9. The business relationship is further demonstrated by the seller (Mr. Garcia) representing to
8 the Hendry County zoning authorities that he is developing the McDaniel site with FPL.
9 (EXH 609, Bates Nos. 4684-4685). The same representation was apparently made to the
10 McDaniel land appraiser (EXH 609, Bates No. 4723);

- 11 10. [REDACTED] or perhaps
12 economical, water rights to fully support 3 combined cycle units, even though the
13 McDaniel site is purportedly the "primary" of the two alternative sites (the other being Ft.
14 Drum). [REDACTED] was criticized in
15 internal company documents as being substantially more expensive than typical combined
16 cycle water costs (EXH 612, Bates No. 4667) (obscured in the "Con" section of the center
17 column - but see Bates No. 3576) (EXH 613, Bates No. 3576);

- 18 11. [REDACTED]
19 [REDACTED] (TR
20 4308; EXH 609, Bates No. 4736);

- 21 12. [REDACTED]
22 [REDACTED], and that potentially there were
23 Federal tax incentives for on-site generation that would expire in 2011 (TR 4352-4355;
24 EXH 609, Bates Nos. 4732, 4736);

- 25 13. [REDACTED] (TR 4298;
26 EXH 610, Bates No. 3284), and FPL could not testify that the tax incentives had
27 materialized (TR 4352-4355);

- 28 14. [REDACTED]
29 [REDACTED] (TR 4298, 4332; EXH 610, Bates No. 3284) [REDACTED]
30 [REDACTED]; thus, [REDACTED]
31 [REDACTED]
32 [REDACTED]
33 [REDACTED] (EXH 613, Bates Nos.
34 3565-3566) [REDACTED] re (TR 4290) [REDACTED]

1 [REDACTED]. These prices are consistent with the Hendry County real
2 estate values to which FPL witness Silva testified (TR 4335-4336; EXH 602);

3 15. [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED] (EXH 614, Bates No. 4793; EXH 610, Bates
7 No. 3286); and

8 16. [REDACTED]
9 [REDACTED] (EXH 610, Bates
10 No. 3284), [REDACTED]
11 (TR 4356-4357), [REDACTED]
12 (EXH 613, Bates No. 3563); [REDACTED]
13 [REDACTED] (EXH
14 610, Bates Nos. 3279, 3281-3286)).

15 Only when rebuttal was filed, and three weeks before the technical hearing began, did
16 any "specifics" suddenly appear in FPL's presentation to the Commission. In contrast to the
17 discovery answers, Company witness Silva testified that FPL does have a "clear plan" for these
18 sites totaling 6,385 megawatts. (TR 4199) [REDACTED]

19 [REDACTED]
20 [REDACTED]
21 [REDACTED]

22 [REDACTED] and (2) for which regulatory approvals are not a certainty in the near or perhaps even
23 distant future. All this was done to belatedly provide an explanation for the proposed PHFFU
24 balances that soar far above what the Commission approved in the last rate case just 2 years
25 earlier, and which vastly exceed the balances that have been the subject of Commission orders
26 establishing precedent in these situations. Mr. Silva was not knowledgeable about many details
27 of the Hendry property transactions; yet, he attempted to justify the transactions. None of his
28 attempts at justification (shown below in bold) pass muster, for the reasons stated:

- "The company has a clear plan for the sites." If the plan is so clear, why does FPL require a "belt and suspenders approach" that no other utility has? Commissioner Balbis questioned this at hearing. (TR 4371-4378) Nowhere is this "primary and alternative"

1 scheme documented in the Commission's precedent or cited orders. Uncertainty seems
2 the rule of the day. [REDACTED]

3 [REDACTED] One suspects that FPL characterizes the Hendry site as "primary" only to assist
4 it into rate base in this proceeding with its numerous faults and still burden the customers
5 with the cost. Grade: F/Failed;

6 • [REDACTED]
7 [REDACTED] When the [REDACTED]
8 [REDACTED] related to the
9 Hendry properties are evaluated in the harsh light of day, [REDACTED]
10 [REDACTED] Grade: F/ Failed (for Hendry);

11 • "It is essential that FPL hold and maintain both a primary and an alternate site for
12 future firm generating capacity additions because there is never enough certainty
13 regarding FPL's ability to construct and operate new generation until all required
14 approvals and permits are obtained." FPL seeks to introduce a new standard: to have
15 the customers guarantee multiple sites just so FPL can be sure (while also having a
16 stalled Turkey Point 6 & 7 option as well) that they have no risk and perhaps the benefit
17 of an undisclosed side transaction at the same time. Considering [REDACTED]
18 [REDACTED] Grade: F-/ Utter
19 failure;

20 • "The sites were selected after an extensive search and detailed evaluation, and the
21 sites were the best sites FPL could find and acquire." With respect to the Hendry site,
22 the Company documents show this NOT to be the case. The search was not extensive
23 and appeared to be based on a pre-existing and ongoing business relationship that had
24 more to do with non-firm and [REDACTED] that would not qualify for PHFFU
25 treatment. FPL went to the seller first, and they did not truly respond to an RFP that
26 included only two respondents. Grade: F/Failed; and

27 • "If the properties are not allowed in rate base, FPL will be in a position to need to
28 urgently acquire 'more costly, less favorable sites' and not be able to 'take
29 advantage of opportunities to acquire sites on beneficial terms when those
30 opportunities present themselves.'" [REDACTED]
31 [REDACTED] (perhaps by half),

1 indicating that any truly needed market-based land for an alternative – if any is actually
2 needed – to Ft. Drum would likely not be as costly as the Hendry County land. Grade:
3 F/Failed.

4 Practically everything about the [REDACTED]
5 [REDACTED], fails to comport
6 with the Commission's standards. [REDACTED]
7 [REDACTED]. FPL's report card on the entire PHFFU issue is a dismal failure.
8 The only parcel that is even remotely consistent with the Commission's policies in this area is
9 the Ft. Drum site, despite its excessive size and the late provision of generation information by
10 FPL witness Silva.

11 In its belated defense of the excesses in the land accounts, FPL asked non-FPL employee
12 witness Deason to advance selective citations to language contained in some old Commission
13 orders that offered no controversial or disputed holdings regarding straight-forward, purchase
14 transactions that shared none of the troublesome baggage attendant to the FPL Hendry County
15 transactions. OPC also recommends that the Commission look at these orders; however, the
16 Commission should do so on a more comprehensive basis. OPC submits it is instructive to look
17 at some of the passages NOT touted by FPL.

18 For example, in Order No. 5419, Issued December 29, 1972, at 6-7; *In re: Petition of*
19 *Florida Power Corporation for permission to increase its rates and charges so as to give the*
20 *Company an opportunity to earn a fair return on the value of its property used and useful in*
21 *servicing the public*, Docket No. 71730-EU, the Commission also said with respect to its policy
22 regarding PHFFU:

23 The availability of alternate sites, the annual carrying charges, the appreciation of
24 land values, and the apparent need within the foreseeable future are all factors,
25 among others, that enter into the consideration as to whether the purchase of a
26 given tract is a prudent and responsible investment.

27 (Emphasis added.)

28 [REDACTED]
29 attributes are evaluated against this language, the FPL proposal suffers.

1 Further, the Company fails to quote the highly instructive holding found in Order No.
2 5278, issued November 30, 1971 at 6-8; *In re: Petition of Tampa Electric Company for an*
3 *increase in rates and charges and for approval of a fair and reasonable return:*

4 It is the conclusion of this Commission that so long as the acquisition of the
5 property in question is considered a responsible and prudent investment and it
6 appears that it will be used for utility purposes in the reasonably near future, in
7 light of prevailing conditions, such land should be included in the Company's rate
8 base.

9 There is included in the Company's figures for property Held for Future Use the
10 amount of [REDACTED] concerning which the Company was able
11 to give no satisfactory information with respect to future use. In the absence of
12 such information, we find that said amount should be deducted from the
13 Company's proposed rate base.

14 (Emphasis added.) (Notably, the Commission disallowed some parcels for TECO that
15 failed to meet the criteria.)

16 As discussed below, these criteria call into question the fundamentals of the Hendry
17 County transaction, which is structured in such a way as to seriously cast doubt on its [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 Compelling evidence was adduced at hearing that leads to uncertainty as to whether the bulk of
21 the transactions even qualify to be called an "investment," when the [REDACTED]

22 [REDACTED]
23 [REDACTED] More on this point is
discussed below.

FPL also cites to Order No. PSC-93-0165-FOF, issued February 2, 1993, at 93 FPSC
2:45 *In re: Application for a rate increase by Tampa Electric Company*, Docket No. 920324, in
an effort perhaps to try to divert attention from the shortcomings in the facts surrounding the
acquisitions in Hendry County. (TR 3866) This 1993 TECO order has some language – not
cited by FPL – suggesting that the Commission looks favorably upon acquisitions included in
PHFFU when the advance purchases appreciate at a rate greater than the utility's overall rate of

1 return. (93 FPSC 2:77)³ However, [REDACTED]
 2 [REDACTED]
 3 [REDACTED] bring even that land value appreciation condition sharply into question. (EXH 610,
 4 Bates No. 3284; EXH 612, Bates Nos. 4660-4661) Furthermore, the fact that, [REDACTED]
 5 [REDACTED] (the original seller) is
 6 also of concern and is inconsistent with the fundamental proposition that ratepayers are to gain,
 7 or at least be held harmless, [REDACTED]
 8 [REDACTED] diminishes the ability of ratepayers to receive the benefit of
 9 any appreciation in value or to minimize a likely [REDACTED]
 10 [REDACTED] FPL witness Silva could not testify that the tax incentives – that ostensibly could have
 11 brought the Hendry land into the range of comparables (that were otherwise outdated and based
 on peak market values in 2007 and 2008) – ever materialized. (TR 4354-4355) It is a failure on
 the Company's part that Mr. Silva was offered only on rebuttal and was not knowledgeable about
 the tax incentive that has bearing on the legitimacy of the purchase price. See discussion below.

FPL's skewed version of the policy and precedent embodied in prior Commission orders practically creates the view that there is a "presumption of correctness" surrounding the utility's decision-making related to acquiring generation sites. As previously noted, FPL witness Deason cites language in some old orders to the effect that, if the Company delays acquisition of sites, it could be seen as being imprudent. (Order 5619, at 6; and Order No. 5278, at 6) OPC does not dispute this. However, not emphasized (or even mentioned) is the requirement that the acquisition must also be *reasonable, prudent and responsible* as directed by those same orders, and that there is a requirement that the sites be used *in the foreseeable future*. FPL also aims its rebuttal attack on what it perceives as a "rigid" rule of a designated specific use or inclusion in the Ten-Year Site Plan (TYSP). (TR 3865)

The problem with FPL's two-pronged attack on OPC's position is that the actual conscience-shocking facts about the land acquisition efforts are glossed over or ignored. There is no question that FPL witness Silva was a knowledgeable and sincere witness regarding his area of expertise of resource planning; however, he did not know or reveal many of the more

³ OPC cites to the Official FPSC reporter version of the order because at hearing, FPL distributed a copy of the order during OPC witness Ramas' cross-examination (TR 2829-2831) that contains pagination that is different from the Official reporter. OPC believes that this is due to a software conversion issue and is citing to the Official reporter version as a precaution.

1 germane details of the specific land acquisitions. Nevertheless, the fact of the matter is that FPL
 2 has the burden of proof to justify the transactions and FPL is the party seeking what is likely the
 3 [REDACTED] PHFFU balance, both in volume of land and in resulting dollars, for ratepayer
 4 recovery. FPL's effort is based on a series of conjectures, contingencies, options, and
 5 expectations – in short, it is based on speculation – and utterly fails to meet established
 6 Commission standards for this or any other transaction for which FPL seeks ratepayer funds.

7 Nothing about the Hendry transactions is known and measurable. None of the
 8 Commission orders and applicable regulatory policies advanced by FPL witness Deason apply to
 9 or support FPL's view of the bizarre circumstances surrounding the 2011 actual acquisition and
 10 the projected 2012 and 2013 primary/alternative land acquisitions. Mr. Deason testified that
 11 Commission policy, as he views it, does not support imprudent or speculative land acquisitions.
 12 (TR 4003-4005) However, he apparently was not made privy to the specific facts of the
 13 transactions – especially the Hendry land “acquisitions” – nor was he proffered by the Company
 14 to testify about them. (TR 4001) Yet, these terms – imprudent and speculative – precisely
 15 describe the essence of the Hendry transactions – which, if FPL ultimately commits to, and the
 16 Commission allows, will add \$129 million to rate base and could ultimately [REDACTED]
 17 [REDACTED]
 18 [REDACTED] (TR 4326-4332; EXH 610, Bates No. 3283)⁴

19 The fact that FPL wants its customers to pay a return of nearly \$10 million annually –
 20 and for decades – [REDACTED] that can most charitably be described
 21 as a hope and a dream, and for which only [REDACTED]
 22 [REDACTED] has been actually, irretrievably paid by
 23 the Company, truly shocks the conscience. The ability to get whatever [REDACTED]
 24 [REDACTED] that would support [REDACTED] in generation
 25 assets appears to be tied up in litigation. Nothing in the prior Commission orders contemplates [REDACTED]
 26 [REDACTED] of this enormous size related to such an uncertain in-service
 27 date for one, much less three, combined cycle units when a perfectly good and relatively non-

⁴ Former Chairman Deason said in his expert opinion that speculative transactions would not pass muster. He also agreed that transactions with sellers with an ongoing business relationship should receive additional scrutiny. (TR 4010) OPC concurs.

1 controversial site already exists. In sum, there is NOTHING about the [REDACTED]
2 [REDACTED] that is consistent with the facts upon which the Commission establishes
3 policy and precedent, or that comports with the precedent cited by FPL's witnesses.

4 FPL witness Silva testified with almost indifference that the Ft. Drum site is the
5 "alternative" of the two sites (EXH 122, p. 69), but that it is next in line – indicating that it is
6 fully viable and that it can support three combined cycle units (EXH 122, pp. 38-39), though it
7 may be slightly less favorable relative to the transmission corridors. (EXH 122, p. 82) At this
8 time, this appears to be the only relative disadvantage to the Ft. Drum site under the FPL version
9 of the facts. However, due to the extreme uncertainty related to [REDACTED]
10 [REDACTED], the Ft. Drum
11 Site does not appear inferior and may well be superior to McDaniel, [REDACTED]
12 [REDACTED] having none of the negative contingencies and questionable business-dealing
13 aspects. On the positive side, [REDACTED]
14 [REDACTED] (EXH 122, p. 27) [REDACTED]. To the extent that the Company
15 satisfied its burden of proof – a contention the OPC rejects due to the lateness of the information
and the size of the property relative to the cost-effective generation needs – the Commission
could be assured that FPL has sufficient options to place needed facilities for years to come.
This assurance can exist even as the Commission rejects the entire Hendry transaction for
inclusion in rates.

OPC witness Ramas identified a standard of reasonably foreseeable use that the
Company tried to twist around and present as advocacy of a rigid or "hard and fast" rule.
However, in point of fact, Ms. Ramas was right to challenge FPL regarding these transactions.
The enormous dollar amounts and extenuating and questionable circumstances, combined with
the distant-in-time and uncertain use (if any) of the Hendry County parcels, vindicates OPC
witness Ramas' challenges of these transactions and focusing the Commission on the utter lack
of justification offered by the party having the burden of proof. FPL witness Deason
acknowledged that the burden of proof on FPL or any utility is the same, whether the transaction
at issue is coal inventory or land transactions like these. Mr. Deason testified that that burden is
not on the intervenors. (TR 4032)

1 Based on these facts, and given [REDACTED], the degree of uncertainty, the
2 questionable relationships, the lack of necessity for, and the [REDACTED]
3 [REDACTED] OPC opposes the inclusion of the Hendry property with PHFFU as one of two
 alternative sites for base load generation. OPC recommends that the Commission deny its
 recovery outright and that it send a clear signal that this kind of speculative land stockpiling is
 not prudent, reasonable, or responsible.

ISSUE 31: Should the Commission approve FPL's request to include nine proposed transmission line sites for which projected in-service dates are either 2022-2023 or indeterminate ("TBA") within Plant Held For Future Use?

No. FPL has not demonstrated that 6 of the sites warrant inclusion in rate base – either because their projected in-service dates fall outside the Ten-Year Site Plan horizon or because they have no announced in-service date. Property Held For Future Use should be reduced by \$5,337,000 (\$5,905,000 system).

ARGUMENT:

OPC also urges that the Commission remove the sites identified by OPC witness Ramas as being beyond the next ten years. Prior to hearing, FPL belatedly identified three of the questioned sites as finally having an in-service date. (TR 1378-1379) Ms. Ramas removed these from her recommended disallowances. (TR 2752-2753, 2833-2834) The identification of the in-service dates provides a contrast to the remaining sites that have no date and for which there has been no date for many years. The Company claims that NERC requirements and the studies to meet them drive the property purchase. The problem with this is that the purchases of these sites date from 1977, 1978, 1988, 1993, 1996, with only one recent purchase (2008). (EXH 44) The NERC requirements that the Company speaks of in discovery and testimony are more recent than all but the 2008 purchase. FPL's response to discovery below is indicative:

On an annual basis, FPL conducts planning studies to determine what facilities will be needed over the next ten years in order to meet NERC reliability standards. Typically, projects resulting from these studies require FPL to purchase property, which can require zoning, permitting or lengthy eminent domain proceedings. Large projects, such as Bobwhite-Manatee, are subject to the Transmission Line Siting Act which can add several years to the process. All of these processes dictate that the property is purchased ahead of the projected in-service date. Changes to