

**Eric Fryson**

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**Sent:** Tuesday, November 13, 2012 9:23 AM  
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**Subject:** 120001-EI OPC Post-Hearing Statement and Brief  
**Attachments:** 120001-EI Posthearing Statement and Brief of the OPC.pdf

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 120001-EI

In re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor

c. Documents being filed on behalf of the Office of Public Counsel

d. There are a total of 5 pages.

e. The document attached for electronic filing is: **120001-EI Post-Hearing Statement and Brief of the Office of Public Counsel.** Thank you for your attention and cooperation to this request.

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DOCUMENT NUMBER-DATE

07620 NOV 13 2012

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Fuel and Purchased Power )  
Cost Recovery Clause with )  
Generating Performance Incentive )  
Factor )

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DOCKET NO. 120001-EI

FILED: November 13, 2012

**POSTHEARING STATEMENT AND BRIEF OF THE OFFICE OF PUBLIC  
COUNSEL**

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-12-0061-PCO-EI, issued February 10, 2012 and the direction from the Commission at Hearing, submit this Posthearing Statement of Positions and Brief.

The OPC adopts as its Post Hearing Statement on the issues in dispute the positions on the issues 24B, 24C, 24D, 30,31,32 and 33 as they relate specifically to FPL.

**ISSUES**

**ISSUE 24B:** Should an adjustment be made to transfer incremental security costs from the Capacity Cost Recovery Clause to base rates?

**OPC:** Yes. The security costs are not the type of costs that the clause was intended to recover.

**ISSUE 24C:** If the Commission approves the Proposed FPL Rate Case Settlement Agreement, what amount should be included in the capacity cost recovery clause for recovery of jurisdictional non-fuel revenue requirements associated with West County Energy Center Unit 3 (WCEC-3) for the period January 2013 through December 2013?

DOCUMENT NUMBER-DATE

07620 NOV 13 02

FPSC-COMMISSION CLERK

**OPC:** In Docket No. 120015-EI, FPL originally proposed to move WCEC-3 revenue requirements from the capacity cost recovery clause to base rates. OPC did not oppose that proposal. OPC opposes the purported settlement agreement to which the issue refers on the grounds that it is facially invalid, and that the procedural measures that the Commission has announced for its consideration are inadequate to cure its deficiencies. OPC also opposes the purported agreement on the grounds that it is substantively a poor deal for customers. With respect to the quantification of WCEC-3 revenue requirements, OPC did not dispute the amount that FPL sponsored in the rate case when FPL's objective was to move the revenue requirements from the clause to base rates.

**ISSUE 24D:** Should FPL be permitted to recover incremental Fukushima compliance costs incurred after January 1, 2013 through the Capacity Cost Recovery Clause?

**OPC:** No. Such costs do not qualify for inclusion in the Capacity Cost Recovery Clause. They should be recovered through base rates. As FPL is aware, once base rates are set, there will be variances (upward and downward) in the categories of expenses from the levels assumed for purposes of creating a representative test year. Just as some costs may decrease or go away completely, others may increase. Earnings will fluctuate (possibly upward, possibly downward) as a result. There is no guarantee that every increase in a base rate-related expense will be flowed through a cost recovery clause between rate cases. Such a program would constitute an abuse of the limited purpose of a cost recovery clause. It would also represent a lowering of the risk on which the approved return on equity was based.

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2013 through December 2013?

**OPC:** Capacity cost recovery amounts and related factors must be based on a lawful, final order in Docket No. 120015-EI prior to FPL implementing changes in rates as a result of this Docket.

**ISSUE 31:** What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2013 through December 2013?

**OPC:** Capacity cost recovery amounts and related factors must be based on a lawful, final order in Docket No. 120015-EI prior to FPL implementing changes in rates as a result of this Docket.

**ISSUE 32:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2013 through December 2013?

**OPC:** Capacity cost recovery amounts and related factors must be based on a lawful, final order in Docket No. 120015-EI prior to FPL implementing changes in rates as a result of this Docket.

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2013 through December 2013?

**OPC:** Capacity cost recovery amounts and related factors must be based on a lawful, final order in Docket No. 120015-EI prior to FPL implementing changes in rates as a result of this Docket.

Dated this 13<sup>th</sup> day of November, 2012.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**  
**120001-EI**

I HEREBY CERTIFY that a true and foregoing Posthearing Statement of Positions and Brief has been furnished by electronic mail and U.S. Mail on this 13<sup>th</sup> day of November, 2012, to the following:

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