

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

DOCKET NO.: 160021-EI

In re: Petition for approval of 2016-2018  
storm hardening plan by Florida Power &  
Light Company

DOCKET NO.: 160061-EI

In re: 2016 depreciation and  
dismantlement study by Florida Power &  
Light Company

DOCKET NO.: 160062-EI

In re: Petition for limited proceeding to  
modify and continue incentive mechanism  
by Florida Power & Light Company

DOCKET NO.: 160088-EI

FILED: August 5, 2016

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**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S  
PREHEARING STATEMENT**

The Florida Industrial Power Users Group ("FIPUG"), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-16-0125-PCO-EI, issued March 25, 2016, hereby submits its Prehearing Statement.

**APPEARANCES:**

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**1. WITNESSES:**

Jeff Pollock

Mr. Pollock addresses issues related to the following topics: FPL's multi-year rate plan; performance return on equity incentive; construction work in

progress and inclusion in base rates; cost of capital (long-term debt, cost of equity and capital structure); class revenue allocation; class cost-of-service study; and GSLD/CILC rate design.

All witnesses listed by other parties

**2. EXHIBITS:**

The following exhibits are offered by FIPUG witness Jeff Pollock:

- JP-1 Analysis of Historical and Projected Weather Normalized Retail Sales and Number of Customers
- JP-2 2017 Cost of Long-Term Debt Adjusted for Lower Interest Rates
- JP-3 Average Authorized Return on Equity for Vertically Integrated Electric IOU's In Rate Cases Decided in 2012-March 2016
- JP-4 Average of the Last Authorized Financial Equity Ratio and Return on Equity For Each Vertically Integrated Electric IOU In Rate Cases Decided in 2012-March 2016
- JP-5 Proposed Base Revenue Increase by Rate Class
- JP-6 FPL's Application of Gradualism
- JP-7 FPL's Proposed Class Revenue Allocation Measured as a Percent of Sales Revenues Including Clauses
- JP-8 Class Revenue Allocation Based on FPL's Class Cost-of-Service Study Gradualism Applied on Sales Revenues Including Clauses
- JP-9 Summary of FPL's Class Cost-of-Service Study Results At Present and Proposed Rates Applying Gradualism To Total Revenues Including Clauses
- JP-10 NARUC Electric Utility Cost Allocation Manual Excerpt
- JP-11 Utilities that Classify a Portion of their Distribution Network Investment as Customer-Related
- JP-12 Illustration of Different Types of Delivery Service
- JP-13 FIPUG's Class Cost-of-Service Study
- JP-14 Recommended Class Revenue Allocation
- JP-15 Summary of FIPUG's Class Cost-of-Service Study Results At Present and Recommended Rates
- JP-16 Comparison of Present and Proposed Tariff Changes

All exhibits listed by other parties; all impeachment exhibits; all exhibit used during cross-examination.

### **3. STATEMENT OF BASIC POSITION:**

#### **FIPUG**

#### **FIPUG'S Statement of Basic Position:**

The best defense is a good offense. That adage applies to FPL's current rate case. FPL, which has earned at the top its authorized return for years, is asking the Commission to award it more than \$1.3 billion dollars over three years. This FPL "offense" should not detract from the point that FPL simply does not need rate relief at this time. FPL's customers, as pointed out respectively by witnesses sponsored by the Office of Public Counsel and the South Florida Hospitals and Healthcare Systems, should receive a rate decrease between \$800 million and \$200 million dollars. FPL's requested revenue requirements are greatly overstated. Further, FPL's cost of service study and rate design proposals contain numerous flaws which should be corrected.

#### **Return on Equity**

FPL's request for a return on equity (ROE) of 11.00% is unreasonable and should be rejected. Its request for an 11.00% ROE plus a 50 basis point "adder" for good service should be summarily dismissed. FPL's inflated request is outside the bounds of reasonableness in light of today's financial conditions and well surpasses the ROEs this Commission has recently awarded to other utilities. Further, FPL's ROE should not be increased for "good" service. As a monopoly provider, it is part of FPL's regulatory compact to provide the most efficient and economical service since FPL has no market competition. FPL should not be "rewarded" for doing what it is required to do. FPL's ROE should be set no higher than 10%.

#### **Capital Structure**

A 50/50 capital structure should be adopted. The structure FPL has requested, approximately 60% equity and 40% debt, is unreasonable and unjustified. Because common equity costs more than debt, the capital structure FPL proposes is unreasonably expensive and will simply increase what ratepayers will pay for the utility to earn the ROE the Commission allows. Further evidence of the unreasonableness of the capital structure that FPL has requested is that the vast majority of regulated electric companies have a less equity laden capital than that sought by FPL. FPL's proposed 60% equity 40% debt capital structure should be rejected.

#### **Cost of Service**

Important cost allocation issues are presented in this rate case. They determine how a revenue increase, if any, is distributed among the classes. Any increase approved must be distributed fairly and not violate the principles of gradualism. The Commission has interpreted the principal of gradualism to mean that no class should receive an increase greater than 1.5 times the system average percentage. Only base rates should be considered, not clause recovery

because clause recovery changes every year and is not the subject of this case.

### **Class Revenue Allocation**

1. FPL's proposed class revenue allocation ignores the impact of reducing the CILC/CDR credits by \$23 million or 37%. A 37% reduction would result in CILD and CDR customers experiencing substantial rate shock. It would result in these classes receiving increases that exceed 1.5 times the system average increase, including clause revenues.

### **Cost of Service Study**

FPL has made the following errors in its Cost of Service Study which should be corrected:

1. There is no evidence supporting FPL's proposal the rejects the Commission's long-standing production demand cost allocation method (*i.e.*, 12CP+1/13<sup>th</sup> AD) in light of the fact that this method is currently being used in determining base rate and clause recoveries by Duke Energy Florida, Gulf Power Company, and Tampa Electric Company.

2. None of the costs of FPL's distribution network (FERC Account Nos. 364-368) have been classified as customer-related costs and as a consequence, distribution costs are being seriously misallocated. The practical effect of FPL's proposal is that it allocates less than 1 pole, less than 20 feet of overhead conductors and less than 5 feet of underground conductors to serve each Residential and General Service Non-Demand customer, which is clearly contrary to actual FPL distribution operations. Consistent with accepted industry practice and the current practices of Gulf Power Company, and Tampa Electric Company distribution network costs, FPL should use the Minimum Distribution System (MDS) method to classify these costs. The MDS study would result, more appropriately, in classifying about 26% of the distribution network as a customer-related cost.

3. FPL serves customers directly from distribution substations, but it fails to recognize the lower costs of this service in its CCOSS. Accordingly, FPL should be ordered to file a cost-based Distribution Substation tariff within 90 days after a final order is issued in this case.

### **Rate Design**

Several changes are also required to FPL's proposed rate design:

1. FPL's proposed GSLD/CILC rate design should be rejected because the Energy charges would recover substantially more than energy-related costs, thereby resulting in intra-class subsidies. Accordingly, consistent with cost-based ratemaking (*i.e.*, setting rates that reflect cost subject to gradualism concerns), the Energy charges should not be increased by more than 50% of the corresponding increase in the Demand charges.

2. FPL is proposing to reduce the incentive payments to CILC/CDR customers by \$23 million or 37%. FPL has provided no study supporting a 37% reduction in the CILC/CDR incentive payments. The Commission has previously determined in FPL's 2015 Demand Side Management case that CILC/CDR were cost-effective at the current level of incentive payments. Accordingly, no further change can or should be made in this case.

### **Long-Term Debt**

FPL's projected cost of long-term debt is overstated because it fails to recognize that interest rates are less likely to increase due to recent changes in global economic and financial markets in part due to Brexit. The Commission should find that FPL's cost of long-term debt in 2017 is not greater than 4.5489%.

### **CWIP In Rate Base**

Only costs associated with facilities that is used and useful in providing electricity should be recovered in rates. CWIP is investment that is not used and useful in providing electricity service, and pursuant to Rule 25-6.0141 F.A.C. it should be removed from rate base to help mitigate the impact on rates.

### **Multi-Year Rate Plan**

From a factual perspective, the requests for a Subsequent Year Adjustment is an objectionable pancaking of two separate rate cases in a single proceeding. Pancaked rate increases are bad policy because they fail to properly balance the utility's needs with the needs of its customers, they rely on speculation rather than known and reasonably predictable revenues and costs to set base rates, and they would unnecessarily bind a future commission by prematurely setting rates now for 2018. Setting rates for 2018 is highly speculative because (1) the proposed increase was based on a budget that was developed and approved in October 2015, which is 26 months prior to the effective date and (2) FPL's sales and revenue forecasts assume negative growth in 2017 and only 0.3% per growth over the period 2016-2018 (which are in stark contrast to the 1% per year growth that FPL has experienced since 2011 and the much higher growth rates in prior years).

## **4. STATEMENT OF FACTUAL ISSUES AND POSITIONS**

### **LEGAL ISSUES**

**ISSUE 1:** Does the Commission possess the authority to grant FPL's proposal to continue utilizing the storm cost recovery mechanism that was part of the settlement agreements approved in Order Nos. PSC-11-0089-S-EI and PSC-13-0023-S-EI?

**FIPUG:** No

**ISSUE 2:** Does the Commission have the authority to approve FPL's requested limited

scope adjustment for the new Okeechobee Energy Center in June of 2019?

**FIPUG:** No

**ISSUE 3:** Does the Commission possess the authority to adjust FPL's authorized return on equity based on FPL's performance?

**FIPUG:** No

**ISSUE 4:** Does the Commission have the authority to include non-electric transactions in an incentive mechanism?

**FIPUG:** No

**ISSUE 5:** Does the Commission have the authority to approve proposed depreciation rates to be effective January 1, 2017, based upon a depreciation study that uses year-end 2017 plant balances?

**FIPUG:** No

**ISSUE 6:** Are Commercial Industrial Load Control (CILC) and Commercial/Industrial Demand Reduction (CDR) credits subject to adjustment in this proceeding?

**FIPUG:** No, unless pursuant to stipulation and agreement by the parties

### **STORM HARDENING ISSUES**

**ISSUE 7:** Does the Company's Storm Hardening Plan (Plan) comply with the National Electric Safety Code (ANSI C-2) (NESC) as required by Rule 25-6.0345, F.A.C.?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 8:** Does the Company's Plan address the extreme wind loading standards specified in Figure 250-2(d) of the 2012 edition of the NESC for new distribution facility construction as required by Rule 25-6.0342(3)(b)1, F.A.C.?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 9:** Does the Company's Plan address the extreme wind loading standards specified by Figure 250-2(d) of the 2012 edition of the NESC for major planned work on the distribution system, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule distribution facility construction as required by Rule 25-6.0342(3)(b)2, F.A.C.?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 10:** Does the Company's Plan address the extreme wind loading standards specified by Figure 250-2(d) of the 2012 edition of the NESC for distribution facilities serving critical infrastructure facilities and along major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations as required by Rule 25-6.0342(3)(b)3, F.A.C.?

**FIPUG:** **FPL must meet its burden of proof on this issue**

**ISSUE 11:** Is the Company's Plan designed to mitigate damages to underground and supporting overhead transmission and distribution facilities due to flooding and storm surges as required by Rule 25-6.0342(3)(c), F.A.C.?

**FIPUG:** **FPL must meet its burden of proof on this issue**

**ISSUE 12:** Does the Company's Plan address the extent to which the placement of new and replacement distribution facilities facilitate safe and efficient access for installation and maintenance as required by Rule 25-6.0342(3)(d), F.A.C.?

**FIPUG:** **FPL must meet its burden of proof on this issue**

**ISSUE 13:** Does the Company's Plan provide a detailed description of its deployment strategy including a description of the facilities affected; including technical design specifications, construction standards, and construction methodologies employed as required by Rules 25-6.0341 and 25-6.0342(4)(a), F.A.C.?

**FIPUG:** **FPL must meet its burden of proof on this issue**

**ISSUE 14:** Does the Company's Plan provide a detailed description of its deployment strategy as it relates to the communities and areas within the utility's service area where the electric infrastructure improvements, including facilities identified by the utility as critical infrastructure and along major thoroughfares are to be made as required by Rules 25-6.0342(3)(b)3 and 25-6.0342(4)(b), F.A.C.?

**FIPUG:** **FPL must meet its burden of proof on this issue**

**ISSUE 15:** Does the Company's Plan provide a detailed description of its deployment strategy to the extent that the electric infrastructure improvements involve joint use facilities on which third-party attachments exist as required by Rule 25-6.0342(4)(c), F.A.C.?

**FIPUG:** **FPL must meet its burden of proof on this issue**

**ISSUE 16:** Does the Company's Plan provide a reasonable estimate of the costs and benefits to the utility of making the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages as required by

Rule 25-6.0342(4)(d), F.A.C.?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 17:** Does the Company's plan provide an estimate of the costs and benefits to third-party attachers affected by the electric infrastructure improvements, including the effect on reducing storm restoration costs and customers outages realized by the third-party attachers as required by Rule 25-6.0342(4)(e), F.A.C.?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 18:** Does the Company's Plan include a written Attachment Standards and Procedures addressing safety, reliability, pole loading capacity, and engineering standards and procedure for attachments by others to the utility's electric transmission and distribution poles that meet or exceed the edition of the National Electrical Safety Code (ANSI C-2) that is applicable as required by Rule 25-6.0342(5), F.A.C.?

**FIPUG:** FPL must meet its burden of proof on this issue

#### **WOODEN POLE INSPECTION PROGRAM**

**ISSUE 19:** Does the Company's eight-year wooden pole inspection program comply with Order No. PSC-06-0144-PAA-EI, issued on February 27, 2006, in Docket No. 060078-EI, and Order No. PSC-06-0778-PAA-EU, issued on September 18, 2006, in Docket No. 060531-EU?

**FIPUG:** FPL must meet its burden of proof on this issue

#### **10 POINT STORM PREPAREDNESS INITIATIVES**

**ISSUE 20:** Does the Company's 10-point initiatives plan comply with Order No. PSC-06-0351-PAA-EI, issued on April 25, 2006; Order No. PSC-06-0781-PAA-EI, issued on September 19, 2006; and Order No. PSC-07-0468-FOF-EI, issued on May 30, 2007, in Docket No. 060198-EI?

**FIPUG:** FPL must meet its burden of proof on this issue

#### **APPROVAL OF STORM HARDENING PLAN**

**ISSUE 21:** Should the Company's Storm Hardening Plan for the period 2016 through 2018 be approved?

**FIPUG:** FPL must meet its burden of proof on this issue

## COSTS FOR STORM HARDENING AND 10 POINT INITIATIVES

**ISSUE 22:** What adjustments, if any, should be made to rate base associated with the storm hardening Rule 25-6.0342, F.A.C., and 10 point initiatives requirements?

**FIPUG:** Storm hardening investments are not required because of the amount of electric power and energy demanded. They are required because of the existence of each customer and FPL's obligation to provide a reliable connection to the grid. I recommend that approximately 26% of FPL's distribution network costs should be classified as customer-related.

**ISSUE 23:** What adjustments, if any, should be made to operating expenses associated with the storm hardening Rule 25-6.0342, F.A.C., and 10 point initiatives requirements?

**FIPUG:** Adopt position of OPC

## TEST PERIOD AND FORECASTING

**ISSUE 24:** Is FPL's projected test period of the 12 months ending December 31, 2017, appropriate?

**FIPUG:** Adopt position of OPC

**ISSUE 25:** Do the facts of this case support the use of a subsequent test year ending December 31, 2018 to adjust base rates?

**FIPUG:** **No. From a factual perspective, a subsequent year adjustment fails to properly balance the utility's needs with the needs of its customers, it relies on speculation rather than known and reasonably predictable revenues and costs to set base rates, and would unnecessarily bind a future commission by prematurely setting rates now for 2018.**

**ISSUE 26:** Has FPL proven any financial need for rate relief in any period subsequent to the projected test period ending December 31, 2017?

**FIPUG:** **No. Until the Commission rules on FPL's 2017 revenue requirement the need cannot be evaluated and the proposed 2018 increase may be unnecessary.**

**ISSUE 27:** Is FPL's projected subsequent test period of the 12 months ending December 31, 2018, appropriate?

**FIPUG:** **No. Setting rates for 2018 is highly speculative because (1) the proposed increase was based on a budget that was developed and approved in October 2015, which is 26 months prior to the effective date and (2) FPL's sales and revenue forecasts assume negative growth in 2017 and only 0.3% per growth**

over the period 2016-2018 (which are in stark contrast to the 1% per year growth that FPL has experienced since 2011 and the much higher growth rates in prior years).

**ISSUE 28:** Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class, for the 2017 projected test year appropriate?

**FIPUG:** No

**ISSUE 29:** Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class, for the 2018 projected test year appropriate, if applicable?

**FIPUG:** No. See response to Issue 27

**ISSUE 30:** Are FPL's forecasts of Customers, KWH, and KW by Rate Schedule and Revenue Class, for the period June 2019 to May 2020, appropriate, if applicable?

**FIPUG:** No

**ISSUE 31:** Are FPL's projected revenues from sales of electricity by rate class at present rates for the 2016 prior year and projected 2017 test year appropriate?

**FIPUG:** No

**ISSUE 32:** Are FPL's projected revenues from sales of electricity by rate class at present rates for the projected 2018 test year appropriate, if applicable?

**FIPUG:** No

**ISSUE 33:** What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2017 test year budget?

**FIPUG:** Adopt position of OPC

**ISSUE 34:** What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2018 test year budget, if applicable?

**FIPUG:** Adopt position of OPC

**ISSUE 35:** Are FPL's estimated operating and tax expenses, for the projected 2017 test year, sufficiently accurate for purposes of establishing rates?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 36:** Are FPL's estimated operating and tax expenses, for the projected 2018 subsequent year, sufficiently accurate for purposes of establishing rates, if

applicable?

**FIPUG:** No. They are based on speculative costs projected for 2018.

**ISSUE 37:** Are FPL's estimated Net Plant in Service and other rate base elements, for the projected 2017 test year, sufficiently accurate for purposes of establishing rates?

**FIPUG:** FPL must meet its burden of proof on this issue

**ISSUE 38:** Are FPL's estimated Net Plant in Service and other rate base elements, for the projected 2018 subsequent year, sufficiently accurate for purpose of establishing rates, if applicable?

**FIPUG:** FPL must meet its burden of proof on this issue

### **QUALITY OF SERVICE**

**ISSUE 39:** Is the quality of the electric service provided by FPL adequate taking into consideration: a) the efficiency, sufficiency and adequacy of FPL's facilities provided and the services rendered; b) the cost of providing such services; c) the value of such service to the public; d) the ability of the utility to improve such service and facilities; e) energy conservation and the efficient use of alternative energy resources; and f) any other factors the Commission deems relevant.

**FIPUG:** Adopt positon of OPC

### **DEPRECIATION STUDY**

**ISSUE 40:** What, if any, are the appropriate capital recovery schedules?

**FIPUG:** Adopt the position of OPC

**ISSUE 41:** What is the appropriate depreciation study date?

**FIPUG:** Adopt the positon of OPC

**ISSUE 42:** If the appropriate depreciation study date is not December 31, 2017, what action should the Commission take?

**FIPUG:** Adopt the positon of OPC

**ISSUE 43:** Should accounts 343 and 364 be separated into subaccounts and different depreciation rates be set for the subaccounts using separate parameters? If so, how should the accumulated depreciation reserves be allocated and what parameters should be applied to each subaccount?

**FIPUG:** Adopt position of OPC

**ISSUE 44:** What are the appropriate depreciation parameters (e.g., service lives, remaining lives, net salvage percentages, and reserve percentages) and resulting depreciation rates for the accounts and subaccounts related to each production unit?

**FIPUG:** Adopt position of OPC

**ISSUE 45:** What are the appropriate depreciation parameters (e.g., service lives, remaining lives, and net salvage percentages) and resulting depreciation rates for each transmission, distribution, and general plant account, and subaccounts, if any?

**FIPUG:** Adopt position of OPC

**ISSUE 46:** Based on the application of the depreciation parameters and resulting depreciation rates that the Commission deems appropriate, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?

**FIPUG:** Adopt position of OPC

**ISSUE 47:** If the Commission accepts FPL's depreciation study for purposes of establishing its proposed depreciation rates and related expense, what adjustments, if any, are necessary?

**FIPUG:** Adopt position of OPC

**ISSUE 48:** What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 46?

**FIPUG:** Adopt position of OPC

**ISSUE 49:** What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

**FIPUG:** Adopt position of OPC

**ISSUE 50:** Should FPL's currently approved annual dismantlement accrual be revised?

**FIPUG:** Adopt position of OPC

**ISSUE 51:** What, if any, corrective dismantlement reserve measures should be approved?

**FIPUG:** Adopt position of OPC

**ISSUE 52:** What is the appropriate annual accrual and reserve for dismantlement

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

**RATE BASE**

**ISSUE 53:** Should the revenue requirement associated with West County Energy Center Unit 3 currently collected through the Capacity Cost Recovery Clause be included in base rates?

**FIPUG:** is seeking an increase in base rates. The cost recovery clauses are not at issue in this case. Given that the cost recovery clauses are separate ratemaking mechanisms and can have positive or negative impacts on customers depending on the circumstances, any projected short-term clause changes should not be considered in setting base rates.

**ISSUE 54:** Has FPL appropriately accounted for the impact of the Cedar Bay settlement agreement

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

**ISSUE 55:** Has FPL made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation and Working Capital

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

**ISSUE 56:** What is the appropriate amount of Plant in Service for FPL's Large Scale Solar Projects?

**FIPUG:** Adopt position of OPC

**ISSUE 57:** Is FPL's replacement of its peaking units reasonable and prudent?

**FIPUG:** No. FPL did not pursue in earnest alternatives and performed no studies to determine the need for these peaking units.

**ISSUE 58:** If adjustments are made to FPL's proposed depreciation and dismantling expenses, what is the impact on rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 59:**      What is the appropriate level of Plant in Service (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 60:**      What is the appropriate level of Accumulated Depreciation (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 61:**      Are FPL's proposed adjustments to move certain CWIP projects from base rates to the Environmental Cost Recovery Clause appropriate?

**FIPUG:**      **CWIP should be removed from rate base because it is not used and useful, and it is not needed to preserve FPL's financial integrity. Further, pursuant to Rule 25-6.0141 F.A.C. it should be removed from rate base to prevent rate shock.**

**ISSUE 62:**      Are FPL's proposed adjustments to move certain CWIP projects from base rates to the Energy Conservation Cost Recovery Clause appropriate?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 63:**      Is the company's proposed adjustment to remove Fukushima-related costs from the rate base and recover all Fukushima-related capital costs in the Capacity Cost Recovery Clause appropriate?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 64:**      What is the appropriate level of Construction Work in Progress to be included in rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **A/B – None.**

**ISSUE 65:**      Are FPL’s proposed reserves for Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 66:**      What is the appropriate level of Nuclear Fuel (NFIP, Nuclear Fuel Assemblies in Reactor, Spent Nuclear Fuel less Accumulated Provision for Amortization of Nuclear Fuel Assemblies, End of Life Materials and Supplies, Nuclear Fuel Last Core)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 67:**      What is the appropriate level of Property Held for Future Use

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 68:**      What is the appropriate level of fossil fuel inventories

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 69:**      Should the unamortized balance of Rate Case Expense be included in Working Capital and, if so, what is the appropriate amount to include

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year

**FIPUG:**      **Adopt position of OPC**

**ISSUE 70:**      What is the appropriate amount of injuries and damages (I&D) reserve to include in rate base?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year

**FIPUG:**      **Adopt position of OPC**

**ISSUE 71:**      What is the appropriate amount of deferred pension debit in working capital for FPL to include in rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 72:**      Should the unbilled revenues be included in working capital

A.      For the 2017 projected test year?

B.      If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 73:**      What is the appropriate methodology for calculating FPL's Working Capital

A.      For the 2017 projected test year?

B.      If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 74:**      If FPL's balance sheet approach methodology for calculating its Working Capital is adopted, what adjustments, if any, should be made to FPL's proposed Working Capital

A.      For the 2017 projected test year?

B.      If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 75:**      Should FPL's requested change in methodology for recovering nuclear maintenance outage costs from accrue-in-advance to defer-and-amortize be approved? If so, are any adjustments necessary

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 76:**      What is the appropriate level of Working Capital (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 77:**      What is the appropriate level of rate base

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

### **COST OF CAPITAL**

**ISSUE 78:**      What is the appropriate amount of accumulated deferred taxes to include in the capital structure and should a proration adjustment to deferred taxes be included in capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 79:**      What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 80:**      What is the appropriate amount and cost rate for short-term debt to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 81:**      What is the appropriate amount and cost rate for long-term debt to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **The Commission should find that FPL's cost of long-term debt in 2017 is not greater than 4.5489%**

**ISSUE 82:**      What is the appropriate amount and cost rate for customer deposits to include in the capital structure

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 83:**      What is the appropriate equity ratio to use in the capital structure for ratemaking purposes

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 84:**      Should FPL's request for a 50 basis point performance adder to the authorized return on equity be approved?

**FIPUG:**      **No. The proposed 50 basis point performance incentive should be rejected because it is unnecessary to reward FPL for providing the quality service that is expected and because it would force customers to pay twice (in the form of higher rates) for the many cost-reduction measures that have been**

**implemented.**

**ISSUE 85:** What is the appropriate authorized return on equity (ROE) to use in establishing FPL's revenue requirement

A. For the 2017 projected test year?

**FIPUG:** **To recognize the much lower risk associated with a 60% equity ratio, FPL's ROE should be set no higher than 10%.**

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** **To recognize the much lower risk associated with a 60% equity ratio, FPL's ROE should be set no higher than 10%.**

**ISSUE 86:** What is the appropriate weighted average cost of capital to use in establishing FPL's revenue requirement?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** **Adopt position of SFHHA**

### **NET OPERATING INCOME**

**ISSUE 87:** What are the appropriate projected amounts of other operating revenues

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** **Adopt position of SFHHA**

**ISSUE 88:** What is the appropriate level of Total Operating Revenues

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** **Adopt position of SFHHA**

**ISSUE 89:** Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 90:**      Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 91:**      Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 92:**      Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 93:**      Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 94:**      What is the appropriate percentage value (or other assignment value or methodology basis) to allocate FPL shared corporate services costs and/or expenses to its affiliates

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 95:**      What is the appropriate amount of FPL shared corporate services costs and/or expenses (including executive compensation and benefits) to be allocated to affiliates

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 96:**      Should any adjustments be made to FPL’s operating revenues or operating expenses for the effects of transactions with affiliated companies

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 97:**      What is the appropriate amount of FPL’s vegetation management expense

- A.      For the 2017 projected test year?
- B.      If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 98:**      What is the appropriate level of generation overhaul expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 99:**      What is the appropriate amount of FPL’s production plant O&M expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 100:**    What is the appropriate amount of FPL’s transmission O&M expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 101:**    What is the appropriate amount of FPL’s distribution O&M expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 102:**    Should the Commission approve FPL’s proposal to continue the interim storm cost recovery mechanism that was part of the settlement agreements approved in Order Nos. PSC-11-0089-S-EI and PSC-13-0023-S-EI?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 103:**    What is the appropriate annual storm damage accrual and storm damage reserve

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 104:**    What is the appropriate amount of Other Post Employment Benefits expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 105:**    What is the appropriate amount of FPL’s requested level of Salaries and Employee Benefits

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 106:**    What is the appropriate amount of Pension Expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 107:**    What is the appropriate amount and amortization period for Rate Case Expense

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 108:**    What is the appropriate amount of uncollectible expense and bad debt rate

- A. For the 2017 projected test year?
- B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 109:**    Has FPL included the appropriate amount of costs and savings associated with the AMI smart meters

- A.      For the 2017 projected test year?
- B.      If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 110:**    If the proposed change in accounting to defer and amortize the nuclear maintenance reserve is approved, is the company's proposed adjustment to nuclear maintenance expense appropriate?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 111:**    What are the appropriate expense accruals for: (1) end of life materials and supplies and 2) last core nuclear fuel

- A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 112:** What are the appropriate projected amounts of injuries and damages (I&D) expense accruals

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 113:** What is the appropriate level of O&M Expense (Fallout Issue)

B. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 114:** What is the appropriate amount of depreciation, amortization, and fossil dismantlement expense (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 115:** What is the appropriate level of Taxes Other Than Income (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 116:** What is the appropriate level of Income Taxes

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 117:** What is the appropriate level of (Gain)/Loss on Disposal of utility property  
A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

**ISSUE 118:** What is the appropriate level of Total Operating Expenses? (Fallout Issue)  
A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

**ISSUE 119:** Is the company's proposed net operating income adjustment to remove Fukushima-related O&M expenses from base rates and recover all Fukushima-related expenses in the capacity cost recovery clause appropriate?

**FIPUG:** Adopt position of OPC

**ISSUE 120:** What is the appropriate level of Net Operating Income (Fallout Issue)  
A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

### **REVENUE REQUIREMENTS**

**ISSUE 121:** Is the Section 199 Manufacturer's deduction properly reflected in the revenue expansion factor?

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:** Adopt position of OPC

**ISSUE 122:** What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 123:**    What is the appropriate annual operating revenue increase or decrease (Fallout Issue)

A. For the 2017 projected test year?

B. If applicable, for the 2018 subsequent projected test year?

**FIPUG:**      **Adopt position of OPC**

**OKEECHOBEE LIMITED SCOPE ADJUSTMENT**

**ISSUE 124:**    Should the Commission approve or deny a limited scope adjustment for the new Okeechobee Energy Center? And if approved, what conditions/adjustments, if any should be included?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 125:**    Has FPL proven any financial need for single-issue rate relief in 2019, based upon only the additional costs associated with the Okeechobee generating unit, and with no offset for anticipated load and revenue growth forecasted to occur in 2019?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 126:**    What are the appropriate depreciation rates for the Okeechobee Energy Center?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 127:**    What is the appropriate treatment for deferred income taxes associated with the Okeechobee Energy Center?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 128:**    Is FPL's requested rate base of \$1,063,315,000 for the new Okeechobee Energy Center appropriate?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 129:**    What is the appropriate weighted average cost of capital, including the proper components, amounts and cost rates associated with the capital structure, to calculate the limited scope adjustment for the new Okeechobee Energy Center?

**FIPUG:**      **Adopt position of OPC**

**ISSUE 130:** Is FPL’s requested net operating loss of \$33.868 million for the new Okeechobee Energy Center appropriate?

**FIPUG:** Adopt position of OPC

**ISSUE 131:** What is the appropriate Net Operating Income Multiplier for the new Okeechobee Energy Center? (Fallout)

**FIPUG:** Adopt position of OPC

**ISSUE 132:** Is FPL’s requested limited scope adjustment of \$209 million for the new Okeechobee Energy Center appropriate?

**FIPUG:** Adopt position of OPC

**ISSUE 133:** What is the appropriate effective date for implementing FPL’s limited scope adjustment for the new Okeechobee Energy Center?

**FIPUG:** Adopt position of OPC

#### **ASSET OPTIMIZATION INCENTIVE MECHANISM**

**ISSUE 134:** Should the asset optimization incentive mechanism as proposed by FPL be approved?

**FIPUG:** No

#### **COST OF SERVICE AND RATE DESIGN ISSUES**

**ISSUE 135:** Is FPL’s proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

**FIPUG:** Adopt position of SFHHA

**ISSUE 136:** What is the appropriate methodology to allocate production costs to the rate classes?

**FIPUG:** 12CP+1/13th AD

**ISSUE 137:** What is the appropriate methodology to allocate transmission costs to the rate classes?

**FIPUG:** 12CP

**ISSUE 138:** What is the appropriate methodology to allocate distribution costs to the rate classes?

**FIPUG:** 26% of FPL's distribution network costs should be classified as customer-related costs, which is also consistent with Gulf, TECO and many other electric utilities.

**ISSUE 139:** Is FPL's proposal to recover a portion of fixed distribution costs through the customer charge instead of energy charge appropriate for residential and general service non-demand rate classes?

**FIPUG:** Adopt position of SFHHA

**ISSUE 140:** How should the change in revenue requirement be allocated to the customer classes?

**FIPUG:** Rates should move approximately the same distance closer to cost except in limited circumstances when gradualism was applied. To give appropriate recognition to gradualism, no class should receive an increase greater than 1.5 times the system average increase. Further, clause revenues should be excluded from the application of gradualism because only the base rates are being changed in this proceeding.

**ISSUE 141:** What are the appropriate service charges (initial connection, reconnect for nonpayment, connection of existing account, field collection)

A. Effective January 1, 2017?

B. Effective January 1, 2018?

**FIPUG:** Adopt position of SFHHA

**ISSUE 142:** Is FPL's proposed new meter tampering penalty charge, effective on January 1, 2017, appropriate?

**FIPUG:** Adopt position of OPC

**ISSUE 143:** What are the appropriate temporary construction service charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

**FIPUG:** Adopt position of OPC

**ISSUE 144:** What is the appropriate monthly kilowatt credit for customers who own their own transformers pursuant to the Transformation Rider

- A. Effective January 1, 2017?
- B. Effective January 1, 2018?

**FIPUG:** Adopt position of OPC

**ISSUE 145:** What is the appropriate monthly credit for Commercial/Industrial Demand Reduction (CDR) Rider customers effective January 1, 2017?

**FIPUG:** The credit should remain \$8.20 as current which was implemented following the settlement of FPL's last rate case.

**ISSUE 146:** What are the appropriate customer charges

- A. Effective January 1, 2017?
- B. Effective January 1, 2018?

**FIPUG:** Adopt position of SFHHA

**ISSUE 147:** What are the appropriate demand charges

- A. Effective January 1, 2017?

**FIPUG:** The GSLD and CILC Energy charges should move closer to unit cost. However, my analysis reveals that the GSLD and CILC Energy charges are, for the most part, already above cost. Based on this fact, coupled with recognizing gradualism, I recommend that the increase in the current GSLD and CILC standard Energy charges should not exceed 50% of the increase in the corresponding Demand charges. Any revenue shortfall resulting from this change should be recovered in the corresponding GSLD and CILC Demand Charges

- B. Effective January 1, 2018?

**FIPUG:** See above

**ISSUE 148:** What are the appropriate energy charges

- A. Effective January 1, 2017?

**FIPUG:** See Response to Issue 147A

- B. Effective January 1, 2018?

**FIPUG:** Seem above

**ISSUE 149:** What are the appropriate charges for the Standby and Supplemental Services (SST-1, ISST-1) rate schedules

A. Effective January 1, 2017?

B. Effective January 1, 2018?

**FIPUG:** Adopt position of SFHHA

**ISSUE 150:** What are the appropriate charges for the Commercial Industrial Load Control (CILC) rate schedule

A. Effective January 1, 2017?

**FIPUG:** There should be no change in the amount of the CILC credits. The Customer and Demand charges should be designed consistent with Issues 145 and 147.

B. Effective January 1, 2018?

**FIPUG:** Same as above

**ISSUE 151:** What are the appropriate lighting rate charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

**FIPUG:** Adopt position of SFHHA

**ISSUE 152:** Is FPL's proposal to close the customer-owned street lighting service option of the Street Lighting (SL-1) rate schedule to new customers appropriate?

**FIPUG:** Adopt position of SFHHA

**ISSUE 153:** Is FPL's proposal to close the current Traffic Signal (SL-2) rate schedule to new customers appropriate?

**FIPUG:** Adopt position of SFHHA

**ISSUE 154:** Is FPL's proposed new metered Street Lighting (SL-1M) rate schedule appropriate and what are the appropriate charges

A. Effective January 1, 2017?

B. Effective January 1, 2018?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 155:** Is FPL’s proposed new metered Traffic Signal (SL-2M) rate schedule appropriate and what are the appropriate charges

- A.      Effective January 1, 2017?
- B.      Effective January 1, 2018?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 156:** Is FPL’s proposed allocation and rate design for the new Okeechobee Energy Center limited scope adjustment, currently scheduled for June 1, 2019, reasonable?

**FIPUG:**      **Yes.**

**ISSUE 157:** Should FPL’s proposal to file updated base rates in the 2018 Capacity Clause proceeding to recover the Okeechobee Energy Center limited scope adjustment be approved?

**FIPUG:**      **Adopt position of SFHHA**

**ISSUE 158:** Should the Commission approve the following modifications to tariff terms and conditions that have been proposed by FPL:

- a.      Close relamping option for customer-owned lights for Street Lighting (SL-1) and Outdoor Lighting (OL-1) customers;
- b.      Add a willful damage clause, require an active house account and clarify where outdoor lights can be installed for the Outdoor Lighting (OL-1) tariff;
- c.      Clarify the tariff application to pre-1992 parking lot customers and eliminate the word “patrol” from the services provided on the Street Lighting (SL-1) tariff;
- d.      Remove the minimum 2,000 Kw demand from transmission-level tariffs;
- e.      Standardize the language in the Service section of the distribution level tariffs to include three phase service and clarify that standard service is distribution level; and
- f.      Add language to provide that surety bonds must remain in effect to ensure payments for electric service in the event of bankruptcy or other insolvency.

**FIPUG:** Adopt position of SFHHA

**ISSUE 159:** Should the Commission require FPL to develop a tariff for a distribution substation level of service for qualifying customers?

**FIPUG:** Yes. FPL fails to recognize that it provides distribution service to customers that take service directly at an FPL-owned distribution substation. Distribution Substation service is less costly to provide than Primary Distribution service because the customer, not FPL, provides the necessary equipment to distribute electricity to and within the customer's facilities. The only difference between Transmission and Distribution Substation services is that FPL must provide the step-down transformer and related equipment to serve the latter.

**ISSUE 160:** Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges effective January 1, 2017, January 1, 2018, and tariffs reflecting the commercial operation of the new Okeechobee Energy Center (June 1, 2019)?

**FIPUG:** Adopt position of OPC

**ISSUE 161:** What are the effective dates of FPL's proposed rates and charges?

**FIPUG:** January 1, 2017  
January 1, 2018  
Estimated June 2019

#### **OTHER ISSUES**

**ISSUE 162:** Should the Commission approve FPL's proposal to transfer the Martin-Riviera pipeline lateral to Florida Southeast Connection (FSC)?

**FIPUG:** Only if such transfer results in savings to FPL's customers

**ISSUE 163:** What requirements, if any, should the Commission impose on FPL if it approves FPL's proposed transfer of the Martin-Riviera pipeline lateral to Florida Southeast Connection?

**FIPUG:** Adopt position of SFHHA

**ISSUE 164:** Did FPL's Third Notice of Identified Adjustments remove the appropriate amount associated with the Woodford project and other gas reserve costs?

**FIPUG:** Any and all costs of Woodford as accounted for by FPL in its SAP accounting system at the work breakdown structure for Woodford should be returned to FPL's customers.

**ISSUE 165:** Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

**FIPUG:** Adopt the position of OPC

**ISSUE 166:** Should this docket be closed?

**FIPUG:** Yes

### **CONTESTED ISSUES**

**OPC ISSUE:** Does the Commission have the authority to approve rate base adjustments based upon a test year subsequent to the period ending December 31, 2017?

**FIPUG:** No

**FIPUG ISSUE:** Has FPL appropriately managed the cooling canal system at its Turkey Point Power Plant?

**FIPUG:** FPL must meet its burden of proof on this issue

**SFHHA ISSUE:** Should a mechanism be established to capture for the benefit of ratepayers savings, if any, that result from any mergers, acquisitions or reorganizations by NextEra Energy?

**FIPUG:** Yes

**SFHHA ISSUE:** What requirements, if any, should the Commission impose on FPL as a result of its affiliation with Sabal Trail Transmission, LLC (Sabal Trail)?

**FIPUG:** Adopt the position of SFHAA

### **5. STIPULATED ISSUES:**

None at this time.

### **6. PENDING MOTIONS:**

None.

**7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

None.

**8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

FIPUG objects to any expert witness not designated as an expert and expressly offered as an expert witness, with areas of expertise identified.

**9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:**

There are no requirements of the Order Establishing Procedure with which FIPUG cannot comply.

**10. SEQUESTRATION OF WITNESSES:**

In order to preserve its right to seek the sequestration of witnesses at hearing, FIPUG states that it intends to invoke at the commencement of the hearing its common law and statutory right pursuant to section 90.616, Florida Statutes, to exclude or sequester testifying witnesses in this matter.

Dated this 5<sup>th</sup> day of August, 2016

Respectfully submitted,

/s/ Jon C. Moyle

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## CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail this 5th day of August, 2016, to the following:

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