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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160021-EI

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 160061-EI

PETITION FOR APPROVAL OF
2016-2018 STORM HARDENING PLAN
BY FLORIDA POWER & LIGHT COMPANY

DOCKET NO. 160062-EI

2016 DEPRECIATION AND
DISMANTLEMENT STUDY BY, FLORIDA
POWER & LIGHT COMPANY.

DOCKET NO. 160088-EI

PETITION FOR LIMITED PROCEEDING
TO MODIFY AND CONTINUE INCENTIVE
MECHANISM, BY FLORIDA POWER &
LIGHT COMPANY.

VOLUME 8
PAGES 785 - 97X

9-12-16
(CNO)

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, August 23, 2016

TIME: Commenced at 4:30 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

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REPORTED BY: DEBRA KRICK
Court Reporter
(850) 894-0828

APPEARANCES: (As heretofore noted.)

PREMIER REPORTING
114 W 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 I N D E X

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WITNESSES

4 NAME:

PAGE NO.

5 MARLENE SANTOS

6 Further Examination by Mr. Rubin

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8 Examination by Mr. Donaldson

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9 Examination by Ms. Brownless

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2	NUMBER:			
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3	601	Previously identified	966	966
	602-607	Previously identified	966	966
4	608-611	Previously identified	967	967
	597	Previously identified	794	794
5	599	FPL's response to OPC's 22nd Interrogatory No. 414	830	(M)
6	600	FPL's response to Staff's 6th Interrogatory No. 153	830	
7	601	Capital Expansion Projects	849	
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1 P R O C E E D I N G S

2 CHAIRMAN BROWN: Well done, thank you.

3 THE WITNESS: Okay.

4 CHAIRMAN BROWN: Redirect.

5 MR. RUBIN: Just very briefly.

6 EXAMINATION

7 BY MR. RUBIN:

8 Q Ms. Santos, you were asked by Mr. Moyle about
9 the assistance programs, including the Care To Share
10 program. Do you remember those questions?

11 A Yes.

12 Q And you described the Care To Share program is
13 a program that is funded by the contributions from a
14 number of different sources, including employees and
15 customers, correct?

16 A Yes.

17 Q Would FPL's Care To Share programming accept
18 contributions from FIPUG members?

19 A We would love to do that.

20 Q And if Mr. Moyle would identify the FIPUG --
21 the FIPUG members, would you be willing to contact them,
22 reach out to them to request those contributions?

23 A Personally, yes.

24 Q Thank you very much. I have no other
25 questions.

1 CHAIRMAN BROWN: Thank you.

2 MR. MOYLE: He didn't ask about their counsel.

3 MR. RUBIN: Wouldn't presume to.

4 CHAIRMAN BROWN: Mr. Rubin, my apologies. We
5 do have a Commissioner that wanted a follow-up
6 question.

7 MR. RUBIN: Certainly.

8 CHAIRMAN BROWN: Okay. Commissioner Brisé.

9 COMMISSIONER BRISE: Sure. Thank you, Madam
10 Chair.

11 And, Ms. Santos, one follow-up question. When
12 the line transfers occur, what is the wait time --
13 what is the average wait time at each escalation
14 step?

15 THE WITNESS: I don't -- I don't have that
16 data with me, but I can tell you that it's -- we
17 monitor that, and so we do keep very strong metrics
18 and eyes on that to be sure that there are not long
19 wait times on that.

20 Our overall average speed of answer for our
21 call centers is in the 30-ish seconds, and we know
22 the customers don't want to hold to do that, so we
23 usually make sure that that's as short as possible.

24 We actually -- if we see that it's going to be
25 too long, we will tell the customer -- ask us

1 actually if they want us to call back instead.

2 COMMISSIONER BRISE: Okay. Considering that
3 you don't have that off the top of your head --

4 THE WITNESS: I don't.

5 COMMISSIONER BRISE: -- is there anywhere in
6 the documentation that I can find that?

7 THE WITNESS: Not that specific. I mean, you
8 are looking for wait times to the supervise -- to a
9 transferred all to a supervisor, am I understanding
10 you correctly?

11 COMMISSIONER BRISE: The initial transfer, you
12 are going from the IBR to the representative, and
13 that's --

14 THE WITNESS: Yes, that's in the 30 some --
15 that's in the 30 some seconds. And that's the
16 overall metric that we look at, but our call
17 centers are also looking at exactly what you are
18 talking about, but I just don't know that number.

19 COMMISSIONER BRISE: Okay.

20 THE WITNESS: Yep.

21 COMMISSIONER BRISE: Thank you.

22 CHAIRMAN BROWN: Thank you, Commissioner
23 Brisé.

24 Exhibits.

25 MR. RUBIN: FPL moves Exhibits 47 through 51.

1 CHAIRMAN BROWN: Seeing no --

2 MR. MOYLE: Wait, hold on, please.

3 CHAIRMAN BROWN: Okay. 40 -- it's 47 through
4 51 attached to Ms. Santos' prefiled testimony.

5 MR. MOYLE: So we would object to MMS-2 with
6 respect to hearsay on all of these awards that
7 says, here's what these people consider when they
8 make their award. Nobody from these companies are
9 here to say, here's how we determine to award this
10 or that, so it's all based on hearsay, and I don't
11 think there is any other witness to --

12 MS. BROWNLESS: So you object to exhibit --
13 what's been marked as Exhibit 48?

14 CHAIRMAN BROWN: Well, that -- is that
15 correct?

16 MR. MOYLE: I think it's MMS-2, as I
17 understand it.

18 CHAIRMAN BROWN: Yeah, that's 48.

19 MS. BROWNLESS: That's identified as 48 on the
20 composite exhibit list.

21 MR. MOYLE: If that's what it is, then I would
22 object to it.

23 CHAIRMAN BROWN: All right. It's Exhibit 48.

24 Mr. Rubin, any response?

25 MR. RUBIN: Well, the witness testified at

1 length about the awards, and everything that's
2 contained within this document. I --

3 MR. MOYLE: But it's all based on what other
4 people told her, or some criteria that's somewhere,
5 so --

6 CHAIRMAN BROWN: Mr. Moyle, your objection is
7 noted. We will -- if there are no other
8 objections, we will move Exhibits 47 through 51
9 into the record.

10 (Whereupon, Exhibit Nos. 47 through 51 were
11 received into evidence.)

12 CHAIRMAN BROWN: Now, there are just two --
13 there are just two additional exhibits that were
14 added to this for this witness, and that was
15 Exhibit 597 from FIPUG, and 598.

16 MR. MOYLE: So we move 597. And given her
17 answer, that these metrics are all provided by a
18 third-party, to be consistent with my hearsay --

19 CHAIRMAN BROWN: Your own hearsay objection?

20 MR. MOYLE: -- I will withdraw 598.

21 CHAIRMAN BROWN: 598.

22 MR. MOYLE: But I admit 597.

23 MR. RUBIN: No objection.

24 CHAIRMAN BROWN: No objection.

25 Okay, we will move into the record 597.

1 (Whereupon, Exhibit No. 597 was received into
2 evidence.)

3 CHAIRMAN BROWN: All right. Would you like
4 your witness to be excused?

5 MR. RUBIN: Yes, Madam Chair. In fact, Ms.
6 Santos didn't file any rebuttal testimony, so she
7 would -- we would ask that she be excused for the
8 rest of the hearing.

9 CHAIRMAN BROWN: Oh, absolutely. Go home to
10 Juno Beach, and safe travels.

11 THE WITNESS: Thank you.

12 (Witness excused.)

13 CHAIRMAN BROWN: All right. Would you like to
14 call your next witness?

15 MR. BUTLER: Certainly, yes. It would be
16 Ms. Kennedy.

17 CHAIRMAN BROWN: Please. Got it. Thank you.

18 MS. CSANK: Madam Chair, if I may ask if there
19 is any possibility of changing the order in which
20 we do cross for this witness since I was --

21 CHAIRMAN BROWN: Can you speak up a little?

22 MS. CSANK: Yes. I was asking for permission
23 to go last with respect to this witness, if
24 possible. I had to go earlier than my turn in the
25 queue for the last witness, and I could use a

1 little bit of extra time, please.

2 CHAIRMAN BROWN: Are -- is anybody opposed to
3 Sierra Club going last in the cross rotation? That
4 would bump up the Larsons, AARP and Wal-Mart.

5 MR. MOYLE: No objection.

6 MR. DONALDSON: No objection.

7 CHAIRMAN BROWN: Okay. All right. I cannot
8 hear you.

9 MS. BROWNLESS: Sorry. I am sorry. With the
10 understanding that if staff has any questions, they
11 would go at the very end.

12 CHAIRMAN BROWN: Yes, that is the
13 understanding.

14 MS. BROWNLESS: Thank you.

15 CHAIRMAN BROWN: No problem.

16 MS. BROWNLESS: Thank you, Madam Chair.

17 CHAIRMAN BROWN: You are welcome.

18 MR. DONALDSON: Good afternoon. Kevin
19 Donaldson on behalf of Florida Power & Light.

20 CHAIRMAN BROWN: Good afternoon.

21 MR. DONALDSON: Thank you.

22 May I proceed?

23 CHAIRMAN BROWN: Please.

24 Whereupon,

25 ROXANE KENNEDY

1 was called as a witness, having been first duly sworn to
2 speak the truth, the whole truth, and nothing but the
3 truth, was examined and testified as follows:

4 EXAMINATION

5 BY MR. DONALDSON:

6 Q Ms. Kennedy, have you been sworn?

7 CHAIRMAN BROWN: Mic, please. Push the
8 button. It will go green when it's on. Thank you.

9 MR. DONALDSON: So I will ask the question
10 again.

11 BY MR. DONALDSON:

12 Q Ms. Kennedy, have you been sworn?

13 A Yes, sir, I have.

14 Q Please state your name and business address.

15 A Roxane Kennedy, 700 Universe Boulevard, Juno
16 Beach, Florida.

17 Q By whom are you employed, and in what
18 capacity?

19 A Florida Power & Light, the Vice-President of
20 Power Generation FPL Operations.

21 Q Okay. Have you prepared and caused to be
22 filed 26 pages of prepared direct prefiled testimony in
23 this proceeding?

24 A Yes, sir, I have.

25 Q On August 16th of this year, did you also file

1 an errata to your direct prefiled testimony?

2 A Yes, sir, I have.

3 Q Okay. Beyond those filed in the errata, do
4 you have any other further changes to your direct
5 prefiled testimony?

6 A No, sir, I do not.

7 Q Okay. If I were to ask you the same questions
8 contained within your direct prefiled testimony,
9 including your errata, would your answers be the same?

10 A Yes, sir, they would be done.

11 MR. DONALDSON: Madam Chair, I would ask that
12 Ms. Kennedy's direct prefiled testimony be inserted
13 into the record as though read.

14 CHAIRMAN BROWN: We will insert Ms. Kennedy's
15 direct prefiled testimony into the record as though
16 read.

17 MR. DONALDSON: Thank you.

18 (Prefiled direct testimony inserted into the
19 record as though read.)

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ERRATA SHEET**WITNESS: ROXANE R. KENNEDY – DIRECT TESTIMONY**

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
21	21	Change “RRK-5” to “RRK-6”

I. INTRODUCTION

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Q. Please state your name and business address.

A. My name is Roxane R. Kennedy, and my business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida, 33408.

Q. By whom are you employed, and what is your position?

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as the Vice President of Power Generation Operations in the Power Generation Division (“PGD”) Business Unit.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for the overall management and direction of the non-nuclear power plants for the Company. This fleet consists of approximately 22,000 megawatts (“MW”) of electric generating capability including traditional fossil fuel-fired steam boilers, combined cycles, aero-derivative and large frame simple cycle combustion turbine (“CT”), and solar technologies.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor’s Degree in Chemical Engineering from the University of Florida in 1985. I am a Registered Professional Engineer in Florida and have held my license for more than 17 years.

My 30-year professional background with FPL involves technical, managerial and commercial experience in progressively more demanding assignments.

1 Between 1985 and 2008, I held various staff, technical, maintenance,
2 operational and business management roles at several FPL and NextEra
3 Energy Resources sites. In March 2009, I became the FPL Power Generation
4 Division Director, and subsequently Vice President of Production Assurance
5 and Business Services, where I was responsible for providing production
6 standardization and commercial management of PGD's generating fleet.
7 Since January 2010, I have held my current position as Vice President of
8 FPL's Power Generation Operations, which is responsible for more than 600
9 employees and 75 generating units. FPL's fossil generating fleet is the largest
10 and most fuel-efficient utility fossil fleet in the country.

11 **Q. Are you sponsoring any exhibits in this case?**

12 **A. Yes. I am sponsoring the following exhibits:**

- 13 • RRK-1 MFRs Sponsored and Co-sponsored by Roxane R. Kennedy
- 14 • RRK-2 FPL Fossil Generating Capability and Technology Changes
- 15 • RRK-3 FPL Fossil Performance Improvements
- 16 • RRK-4 FPL Fossil Heat Rate Comparison
- 17 • RRK-5 Cumulative Benefits from FPL's Modernized Fossil Fleet since
18 2001
- 19 • RRK-6 FPL Fossil Forced Outage Rate Comparison
- 20 • RRK-7 FPL Fossil Total Non-Fuel O&M Production Cost Comparison
- 21 • RRK-8 FPL Fossil Capacity Managed per Employee Improvements
- 22 • RRK-9 FPL Combustion Turbine Technology Upgrades

- 1 • RRK-10 Total Expenditure Comparison (Average \$/kW)

2 **Q. Are you sponsoring or co-sponsoring any Minimum Filing Requirements**
3 **(“MFRs”) in this case?**

4 A. Yes. Exhibit RRK-1 contains a list of the MFRs that I am sponsoring or co-
5 sponsoring.

6 **Q. What are the purpose and key points of your testimony?**

7 A. The purpose of my testimony is to support the reasonableness of FPL fossil
8 non-fuel operating and maintenance expenses (“O&M”) and capital
9 expenditures (“CAPEX”) in providing service to its customers. My testimony
10 addresses three major areas: (1) FPL’s fossil generating fleet performance, (2)
11 FPL’s fossil fleet non-fuel O&M and all operating plant
12 maintenance/reliability CAPEX, and (3) an overview of the 1,633 MW
13 Okeechobee Clean Energy Center (“Okeechobee Unit”) for which FPL has
14 proposed the 2019 Okeechobee Unit Limited Scope Adjustment (“2019
15 Okeechobee LSA”). I demonstrate that FPL’s fossil fleet has provided and,
16 with appropriate rate relief covering our projected costs, will continue to
17 provide efficient, reliable and cost-effective service for our customers.

18
19 PGD is responsible for the operation and maintenance of FPL’s fossil power
20 plants. Through its leadership and management practices, PGD has helped
21 successfully avoid costs by improving the operating performance of FPL’s
22 existing fossil fleet for the benefit of customers. FPL’s fossil fleet
23 performance has consistently exceeded fossil industry performance averages

1 and frequently ranks top decile or best-in-class among its large electric utility
2 fossil fleet peers (Federal Energy Regulatory Commission (“FERC”) reporting
3 utility fossil fleets 5,000 MW or greater in size).

4 **Q. Please summarize your testimony.**

5 A. Since 1990, as FPL transformed its fossil generating fleet, the Company
6 substantially improved its operating performance across key indicators
7 integral to generating electricity for its customers. The cost reductions and
8 performance improvements achieved by FPL’s fossil generating fleet provide
9 substantial benefits to the Company’s customers. These performance
10 improvements include (as shown on Exhibit RRK-3):

- 11 • reducing heat rate (fuel use) by 25 percent
- 12 • reducing EFOR by 60 percent
- 13 • reducing air emission rates by 33 percent for CO₂, 94 percent for NO_x
14 and 99 percent for SO₂
- 15 • reducing total non-fuel O&M per kilowatt (“kW”) by 39 percent

16

17 These improvements have produced tremendous value for FPL customers.
18 Since 2001, these improvements have saved approximately \$8 billion
19 cumulatively in fuel cost avoidance for customers. In 2015 alone, the
20 Company saved \$1 billion in combined fuel cost and non-fuel O&M through
21 heat rate and non-fuel O&M improvements. These one year savings are
22 illustrative of the significant recurring value that customers are experiencing

1 each year. Our excellent fossil fleet performance has been top decile or best-
2 in-class over the last decade.

3
4 The doubling of FPL's fossil generating capacity over the last two decades to
5 serve its customers' electricity needs as well as the transformation of the
6 Company's generating technology to cleaner and highly efficient combined
7 cycle units (as shown on Exhibit RRK-2) are both key drivers of FPL's fossil
8 fleet non-fuel O&M and plant maintenance/reliability CAPEX. FPL's
9 management of non-fuel O&M and CAPEX continues to play a significant
10 role in helping the Company achieve exceptional generating fleet
11 performance. FPL's outstanding fossil fleet performance provides customers
12 with clean, cost-effective and fuel-efficient generation. FPL's continued
13 CAPEX and non-fuel O&M are essential to providing these performance
14 benefits.

15

16 **II. FPL's FOSSIL GENERATION FLEET PERFORMANCE**

17

18 **Q. What indicators does FPL use to measure the operating performance of**
19 **its fleet of fossil generating units?**

20 **A.** FPL uses a number of indicators to measure the performance of its fossil fleet.
21 These indicators include, among others shown on Exhibit RRK-3: heat rate to
22 measure the amount of fuel used to produce a unit of electricity; EFOR to
23 measure reliability; and non-fuel O&M in dollars per installed kW of capacity

1 (“\$/kW”) to measure resource management cost effectiveness. As shown in
2 several exhibits to my testimony, FPL’s fossil fleet performance compares
3 very favorably with the fossil energy industry as well as with FPL’s long-term
4 historical performance.

5 **Q. Please describe the indicator FPL uses to measure generating efficiency.**

6 A. FPL’s indicator of generating efficiency, is heat rate expressed in British
7 Thermal Units per kilowatt-hour (“Btu/kWh”), which is calculated by dividing
8 the total heat input in Btu (from fuel burned) by the net kWh of electricity
9 produced by those units. The lower the heat rate, the less fuel is required to
10 generate the same amount of electricity, and the greater the customer savings
11 in fuel costs.

12 **Q. Has the generating efficiency of FPL’s fossil fleet improved over time?**

13 A. Yes. The trend in the generating efficiency of FPL’s fossil fleet is shown in
14 Exhibit RRK-4. Between 1990 and 2015, FPL has reduced the heat rate of its
15 fossil fleet from 10,214 Btu/kWh to 7,617 Btu/kWh representing a 25 percent
16 improvement in efficiency. As shown on that exhibit, the greatest
17 improvement in fossil heat rate (i.e., 21 percent) occurred between 2001 and
18 2015, representing approximately \$8 billion in fuel cost avoidance for
19 customers over that timeframe, and more than half a billion dollars in 2015
20 alone. Although fuel prices vary, FPL customers will always have lower fuel
21 charges because of FPL’s generating efficiency improvements.

1 **Q. What actions has FPL taken to achieve and maintain its fossil fleet heat**
2 **rate performance improvements to date?**

3 A. As shown in Exhibit RRK-4, system heat rate performance gains have been
4 achieved by constructing new, highly efficient gas-fired combined cycle units
5 and by converting older power plants into modern combined cycle units.
6 These new units provide significant fuel cost savings to customers and
7 reduced air emissions while re-utilizing existing sites.

8
9 Power plant equipment wears and deteriorates over time. FPL works
10 diligently to minimize heat rate degradation, and to restore generating unit
11 performance. Sustaining the operational performance of this growing fleet of
12 fuel-efficient facilities requires ongoing CAPEX to support equipment
13 maintenance.

14 **Q. How does FPL's fossil fleet heat rate performance compare to that of**
15 **others in the industry?**

16 A. As shown on Exhibit RRK-4, FPL's fossil fleet heat rate compares extremely
17 favorably to the industry. Between 2001 and 2014, the industry average for
18 heat rate for fossil units improved only six percent (from 10,472 Btu/kWh to
19 9,795 Btu/kWh). In contrast, FPL's fossil fleet heat rate improved 22 percent
20 (from 9,635 Btu/kWh to 7,549 Btu/kWh) in the same period. FPL's fossil
21 fleet heat rate performance also has been best-in-class every year over the last
22 ten years (2005 – 2014).

1 **Q. Please explain how FPL's modernized gas-fired combined cycle fleet**
2 **benefits FPL's customers.**

3 A. FPL's increased natural gas use and improved heat rate performance, provided
4 by FPL's modernized fossil fleet, benefits customers in three important ways:
5 avoiding fuel cost, avoiding oil use and avoiding air emissions. As shown on
6 Exhibit RRK-5 since 2001, these benefits cumulatively are as follows:

- 7 • \$8 billion of fuel costs avoided
- 8 • 400 million barrels of oil burn avoided
- 9 • 95 million tons of CO₂ emissions avoided

10

11 In simple terms, a 21 percent heat rate improvement in FPL's fossil fleet since
12 2001 represents more than half a billion dollars in fuel cost savings in 2015
13 alone (using FPL's \$3 billion in fossil fuel cost in 2015). Since 1990, FPL has
14 reduced its fossil CO₂ emission rate by 33 percent and reduced fossil SO₂ and
15 NO_x emission rates by more than 94 percent each (as shown on Exhibit RRK-
16 3). This impressive achievement has resulted in a reduced rate of greenhouse
17 gas and other air emissions, thereby contributing to a cleaner environment.

18

19 FPL's fossil fleet fuel cost savings and emission benefits from efficiency
20 improvements will continue to grow as new and modernized units are placed
21 in service. The planned Port Everglades Clean Energy Center ("PEEC") and
22 the Okeechobee Unit, with even better heat rates than FPL's current system

1 heat rate, further exemplify the Company's commitment both to fuel cost
2 reduction and environmental sustainability.

3 **Q. Please describe the indicator that FPL uses to measure plant reliability.**

4 A. EFOR represents generating plant reliability and is a measure of a unit's
5 inability to provide electricity when required to operate. EFOR is reported as
6 the percentage of hours when a generating unit could not deliver electricity
7 relative to all the hours during which that unit was called upon to operate.
8 FPL continually strives for -- and has achieved -- a low fossil fleet EFOR.
9 This results in greater availability of efficient generating capacity for
10 customers.

11 **Q. Has the EFOR of FPL's fossil fleet also improved over time?**

12 A. Yes. As shown on Exhibit RRK-6, the EFOR of FPL's fossil fleet has been
13 exceptionally low, which signifies a highly reliable generating fleet. Even
14 though FPL's fossil fleet EFOR has been excellent, EFOR has continued to
15 improve, averaging approximately three percent during the 1990s, two percent
16 during 2000-2009, and one percent since 2010.

17 **Q. How does the EFOR of FPL's fossil fleet compare to that of others in the
18 industry?**

19 A. FPL's fossil fleet EFOR performance has significantly outperformed the
20 industry, as shown on Exhibit RRK-6. Over the decade ending in 2014, FPL's
21 fossil fleet EFOR averaged 1.6 percent compared to the fossil industry EFOR
22 average of more than seven percent. FPL's fossil fleet EFOR performance

1 has also been either top decile or best-in-class for nine of the last 10 years
2 through 2014.

3 **Q. How does FPL's improved fossil fleet EFOR performance benefit**
4 **customers?**

5 A. With the progressive transformation of its fossil fleet to combined cycle units,
6 FPL's excellent fossil fleet EFOR performance represents better reliability
7 and provides more opportunity for our highly efficient capacity to operate and
8 minimize customer fuel costs and air emissions.

9 **Q. Please summarize the operating performance of FPL's fossil fleet.**

10 A. The transformation of FPL's generating fleet since 1990 (as shown on Exhibit
11 RRK-2) has enabled significant performance improvement across key
12 indicators (as shown on Exhibit RRK-3) integral to generating electricity for
13 our customers. These performance improvements include:

- 14 • reducing heat rate (fuel use) by 25 percent
- 15 • reducing EFOR by 60 percent
- 16 • reducing air emission rates by 33 percent for CO₂, 94 percent for NO_x
17 and 99 percent for SO₂
- 18 • reducing total non-fuel O&M per kilowatt ("kW") by 39 percent (see
19 Section III below)

20 In brief, FPL's fossil fleet progress has resulted in industry-leading
21 performance, either top decile or best-in-class.

22

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III. FPL's FOSSIL FLEET NON-FUEL O&M AND CAPEX

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Q. What is FPL's fossil fleet non-fuel O&M performance experience?

A. FPL has worked aggressively to reduce and contain expenses over the last 25 years despite an 80 percent cumulative increase in the Consumer Price Index ("CPI") through 2015. Over that 25-year period, total non-fuel fossil O&M per unit of installed capacity has been reduced nearly 39 percent, from \$18.5/installed kilowatt ("\$/kW") in 1990 to \$11.4/kW in 2015 (as shown on Exhibit RRK-7). Another indication of our excellent performance is that FPL's 2015 cost is also two-thirds less than the latest (2014) fossil industry average cost of \$34.1/kW. In addition, if FPL's 1990 fossil fleet cost of \$18.5/kW were escalated by CPI to 2015, it would be \$33.6/kW, or three times higher than FPL's \$11.4/kW actual cost. In either case, for an FPL fossil fleet of approximately 22,000 MW, this approximate \$22/kW difference represents significant annual fossil non-fuel O&M avoidance of about half a billion dollars in 2015 alone.

Over the last decade, FPL's fossil fleet has been best-in-class in total non-fuel O&M per kW among its large electric utility fossil fleet peers. FPL witness Reed's Productive Efficiency O&M comparison (page 14 of Exhibit JJR-6) further supports FPL's fossil fleet non-fuel O&M performance excellence. Contributing to this excellent cost performance is PGD's improving resource management trend (as shown on Exhibit RRK-8), indicating that by 2019,

1 FPL's fossil fleet capacity-managed per employee (23 MW per employee) is
2 projected to be nearly five times better than the rate in 1990 (5 MW per
3 employee).

4 **Q. How do FPL's 2017 Test Year and 2018 Subsequent Year projected levels**
5 **of base non-fuel O&M for the Steam and Other Production functions**
6 **compare to the Commission's benchmarks on MFR C-41?**

7 A. The Steam and Other Production levels of base non-fuel O&M for both the
8 2017 Test Year and the 2018 Subsequent Year are well below the MFR C-41
9 O&M benchmark levels on either a portfolio or functional basis. This is an
10 impressive accomplishment given the addition of two combined cycle
11 generating units (Riviera Beach Clean Energy Center ("Riviera Beach") and
12 PEEC) and three large scale solar sites since 2013, the base year of the O&M
13 benchmark calculation.

14
15 As shown on Exhibit RRK-2, FPL's fossil fleet portfolio has distinctively
16 evolved from a FERC "Steam" to an "Other" Production generating fleet.
17 This modernization and transformation of FPL's fossil fleet and FPL's
18 aggressive efforts to reduce and contain expenses have avoided significant
19 O&M costs for its customers, reduced air emissions, reduced reliance on
20 foreign oil, significantly improved fossil fleet performance and made FPL an
21 industry leader in low cost fossil generation.

1 **Q. Comparing the 2017 Test Year to the 2016 Prior Year, are there any**
2 **accounts in which the change to PGD fossil non-fuel O&M exceed the**
3 **threshold defined in MFR C-8?**

4 A. PGD has three accounts (506, 512 and 553) that exceed the defined thresholds
5 referenced in MFR C-8, but this is not unusual given the cyclical nature of
6 these expenditures. I will address each such account.

7
8 Decrease of Fossil FERC Steam Production Account 506 - Miscellaneous
9 Steam Power Expenses: The \$13.8 million decrease is primarily attributable
10 to reductions at Cedar Bay. Cedar Bay is an existing plant in 2016 that is
11 planned to be retired in early 2017, and this represents approximately \$10.9
12 million of the variance.

13
14 Decrease of Fossil FERC Steam Production Account 512 - Maintenance of
15 Boiler Plant: The \$11.8 million decrease is primarily attributable to Scherer
16 Unit 4 boiler overhaul maintenance that occurs every two years. The current
17 cycle places a boiler outage in 2016, and no boiler outage in 2017. This is
18 approximately \$10 million of the variance.

19
20 Increase of Fossil FERC Other Production Account 553 - Maintenance of
21 Generating Plant: This \$15.1 million increase in O&M is primarily
22 attributable to planned outage work including: Ft. Myers Unit 2 steam turbine
23 major and generator minor overhauls; Manatee Unit 3 steam turbine and

1 generator major overhauls; Martin Unit 8 generator-related overhaul; West
2 County Unit 3 CT major overhauls; and Martin Unit 4 generator and steam
3 turbine overhauls. The forecasted expenses for 2017 relate to the maintenance
4 associated with the first scheduled major outage of units constructed in the
5 early to mid-2000s. These outages are required to repair and refurbish plant
6 equipment to sustain the heat rate, reliability and availability of FPL's fleet.
7 Even with this increase in Account 553 expenses, total Other Production
8 O&M is below the O&M benchmark for the 2017 Test Year.

9
10 **Q. Regarding FPL's CAPEX for its fossil fleet, are there any significant**
11 **long-term infrastructure capacity additions or replacements from 2014**
12 **through 2017 (Test Year) that will deliver improved system reliability,**
13 **growth and/or economic benefits?**

14 A. Yes, as mentioned in the direct testimony of FPL witness Barrett, there are
15 three specific generation upgrade projects that FPL is undertaking to provide
16 cumulative present value revenue requirement ("CPVRR") benefits (i.e.,
17 lower costs) for customers, totaling approximately \$286 million.

18 • CT Compressor (.05 technology) Upgrades: Currently, FPL is
19 implementing the .05 upgrade project to enhance the "Compressor"
20 section of FPL's 26 General Electric ("GE") 7FA CTs and is finalizing the
21 .04 upgrade project to improve the "Combustor" section of these CTs.
22 Both of these upgrade projects are shown on Exhibit RRK-9. These
23 upgraded components offered by the Original Equipment Manufacturer

1 (“OEM”) include new designs not available at the time of original
2 construction. The upgrades are being installed during FPL’s scheduled
3 planned outages from 2015 to 2017. This project provides operational
4 benefits such as greater generating efficiency (i.e., lower heat rate), and
5 power output (i.e., more megawatts), thereby providing overall fuel
6 savings. The project also enhances CT maintainability (including field
7 replacement of compressor blades, parts life and maintenance extensions).
8 As mentioned by FPL witness Barrett, the compressor upgrades are
9 expected to provide a CPVRR benefit of approximately \$57 million.

- 10 • Peaker Replacement/Upgrade Project: Consistent with FPL’s 2015 Ten
11 Year Site Plan, FPL projects the retirement of a number of its existing gas
12 turbines (“GTs”), including 22 of 24 GTs at the Lauderdale site, all 12
13 GTs at the Port Everglades site, and 10 of 12 GTs at the Fort Myers plant
14 site. Two of the existing GTs at the Lauderdale site and two of the
15 existing GTs at the Ft. Myers site will be retained for black-start
16 capability. In conjunction with the retirement of these peaking units, FPL
17 is adding a number of new, larger and more efficient CTs: five at the
18 Lauderdale site and two at the Fort Myers site. Also, the two existing CTs
19 at the Ft. Myers site will undergo capacity upgrades. The total effect of all
20 these changes is the replacement of approximately 1,700 MW of peaking
21 capability with new/upgraded CTs by the end of 2016. From an
22 operational benefits perspective, upgrading FPL’s gas turbine peaking
23 fleet with new, highly efficient combustion turbine technology is essential

1 for maintaining the reliability of FPL's critical peaking units given
2 equipment parts availability issues. FPL projects that these new CTs will
3 provide 35 to 40 percent heat rate efficiency improvement resulting in
4 lower fuel usage and better air emission rates. The new units will also
5 alleviate the replacement parts availability issue on the existing 45-year
6 old equipment. As mentioned by FPL witness Barrett, this project is
7 expected to provide a CPVRR benefit of \$203 million over the operating
8 life of the units.

- 9 • Large Scale Solar ("LSS") Project: Consistent with FPL's 2015 Ten Year
10 Site Plan, FPL currently plans to add three new photovoltaic ("PV")
11 facilities that will triple the Company's current solar capacity by the end
12 of 2016. Each of the PV facilities will be 74.5 MW (nameplate rating,
13 AC). As a result, FPL's solar generation capacity will increase to
14 approximately 334 MW from its current 110 MW. The new PV
15 installations are sited near existing electric infrastructure in Manatee,
16 Charlotte, and DeSoto counties. From an operational benefits perspective,
17 since the new large solar sites require no fuel to operate, they entirely
18 avoid fuel costs and emissions for customers. As mentioned by FPL
19 witness Barrett, these advantages provide customer savings and lead to an
20 expected customer CPVRR benefit of \$26 million.

1 **Q. Are there any additional CAPEX projects that generate customer**
2 **savings?**

3 A. Yes. Riviera Beach came into service in April 2014, and PEEC is projected to
4 be in-service by April 1, 2016, and both will benefit customers in many ways.
5 They are projected to improve the fuel efficiency of generation by
6 approximately 35 percent -- reducing customers' electricity costs over the life
7 of the plant. Riviera Beach and PEEC will also improve the environmental
8 profile of FPL's system and provide reliable generating capacity to serve
9 concentrated areas of FPL's customer base. Riviera Beach and PEEC will
10 achieve all of these benefits without using new land or water resources
11 dedicated to plant use while preserving the use of existing infrastructures,
12 including electric transmission facilities and rights of way, thereby saving
13 customers millions of dollars.

14 **Q. What are FPL's actual and projected fossil fleet non-construction**
15 **CAPEX over the 2014-2018 period?**

16 A. FPL's fossil fleet average non-construction CAPEX over the 2014 to 2018
17 timeframe is approximately \$480 million annually. Approximately 85% of
18 that CAPEX is comprised of overhaul-related costs, and those expenditures
19 are essential in maintaining reliability and minimizing fuel usage. For
20 purposes of this comparison, "non-construction" refers to all operating plant
21 overhaul and non-overhaul maintenance/reliability capital expenditures.

1 **Q. Why is the 2017 level of fossil fleet non-construction CAPEX of \$649**
2 **million higher than the 2014-2018 average of fossil fleet non-construction**
3 **CAPEX of approximately \$480 million?**

4 A. The 2017 level of fossil fleet non-construction CAPEX is higher than the
5 2014-2018 average due primarily to the increased number of Other Production
6 major overhauls scheduled in 2017.

7 **Q. Why are there a number of the major overhauls scheduled for 2017?**

8 A. With the growth of FPL's fossil fleet and a number of units added in the early
9 to mid-2000s, numerous major overhauls are required to be performed in
10 2017. In fact, there are more major overhauls in 2017 than any other year
11 during 2014-2018.

12

13 From 2001 through 2017, FPL will have added more than 13,000 MW of
14 combined cycle units at nine different sites. These include 46 new CTs and
15 their associated major components – generators, heat recovery steam
16 generators (“HRSG”) and steam turbine generators – along with the balance
17 of plant equipment (motors, fans, valves, etc.). Each of these major
18 components ultimately require a major overhaul, but the cycle varies
19 depending upon the manufacturer of the equipment and the type of
20 component. To secure the operational benefits of this growing fleet of fuel-
21 efficient facilities, ongoing maintenance CAPEX is necessary.

22

1 In 2017, there is simply a confluence of major overhauls that needed to be
2 executed. Several units that came into service in the early to mid-2000s will
3 experience major overhauls of some of their components at the same time.
4 For instance, Manatee Unit 3 and Martin Unit 8, which employ the same type
5 of generator and were added to the system at roughly the same time are both
6 due for a generator-related major overhaul in 2017. Ft Myers Unit 2 is also
7 scheduled for a steam turbine and generator related overhaul in 2017. Cape
8 Canaveral Unit 3 is also due for a generator-related overhaul and West County
9 Unit 3 is due for a CT-related major overhaul. Major overhauls are necessary
10 to maintain unit and system efficiency, performance and reliability.

11 **Q. What steps has FPL taken to reduce fossil fleet O&M and CAPEX**
12 **associated with operating and maintaining the fleet?**

13 A. FPL has implemented and continues to undertake multiple actions to reduce
14 costs, including:

- 15 • Retiring older, less efficient generating units over the 2013 to 2017
16 timeframe, such as Port Everglades Units 3 & 4; Turkey Point Units 1 &
17 2; Putnam Units 1 & 2; Cedar Bay; and Peaking GTs at Lauderdale, Port
18 Everglades, and Fort Myers sites.
- 19 • Optimizing overhaul cycle intervals as a cost-effective approach to
20 manage spending while maintaining PGD's excellent reliability
21 performance, shown on Exhibit RRK-5. This is achieved by applying
22 condition-based maintenance principles to extract optimum life from
23 equipment by focusing on equipment conditions rather than calendar, or

- 1 cycle-based, maintenance programs. This is undertaken through the
2 collaboration of FPL's centralized engineering experts with the equipment
3 manufacturers to prudently extend the timing of overhauls without
4 impacting reliability.
- 5 • Deploying real-time, "24/7/365" operational monitoring and diagnostic
6 technologies at PGD's Fleet Performance and Diagnostics Center
7 ("FPDC") to detect issues in advance of failure to enable timely, lower
8 cost corrective actions and maintain high reliability.
 - 9 • Developing advanced analytical tools that provide increased awareness
10 and daily feedback to the operators regarding: startup timing, accuracy of
11 response to the system operator, and other critical parameters that affect
12 fuel costs and equipment performance.
 - 13 • Centralizing services, including overhaul work planning and execution, as
14 well as engineering and technical services, around equipment fleet teams.
 - 15 • Obtaining more favorable pricing and contract terms and conditions.
 - 16 • Standardizing operational processes and procedures for sharing and
17 replication across the generating fleet.
 - 18 • Improving fuel oil management efficiency including: in-sourcing fuel
19 terminal/pipeline operations and maintenance, and consolidating fuel
20 terminal control rooms.
 - 21 • Employing Six Sigma quality tools and techniques, driving continuous
22 improvements.

- 1 • Improving resource management/productivity (fossil fleet capacity-
2 managed per employee) by nearly four percent from 2013 to 2017 alone
3 based on the projections shown on Exhibit RRK-8.

4 **Q. Are FPL's fossil fleet O&M and CAPEX forecasts reasonable?**

5 **A.** Yes. FPL is committed to low-cost operations while maintaining excellent,
6 industry-leading reliability and efficiency performance.

7

8 First, FPL has the leadership and management practices for managing and
9 sustaining excellent generating fleet performance through its above-mentioned
10 condition-based maintenance, centralized overhaul services, contract
11 leveraging, process standardization, Six Sigma quality program, FPDC, and
12 equipment fleet teams.

13

14 Second, in regard to O&M, PGD's commitment to low-cost, reliable fossil
15 fleet performance has been demonstrated by holding fossil non-fuel O&M
16 \$/kW cost essentially level for the last 15 years despite inflation, resulting in
17 best-in-class performance over that timeframe. As shown on Exhibit RRK-7,
18 FPL's 2018 fossil Total non-fuel O&M \$/kW cost of \$11.6/kW is projected to
19 remain two-thirds below its 1990 CPI-adjusted cost of \$36.1/kW and at least
20 one-third below FPL's 1990 non-escalated cost of \$18.5/kW. This represents
21 significant O&M cost avoidance of hundreds of millions of dollars annually
22 for FPL customers.

23

1 Third, regarding CAPEX, FPL's investments provide long-term customer
2 benefits through: direct operating or maintenance costs savings, increasing
3 generating efficiency, providing fuel and air emission avoidance, and/or
4 enabling the Company to maintain or improve system reliability. These
5 expenditures are essential for both maintaining the reliability of the growing
6 fossil fleet and minimizing fuel usage. This fossil generating fleet reflects
7 more than 13,000 MW of combined cycle units added or projected to be added
8 from 2001 to 2017 at nine different sites, involving 46 new CTs and their
9 associated generators, HRSGs, and steam turbine generators, along with the
10 balance of plant equipment (motors, fans, valves, etc.). Securing the
11 operational benefits of this growing fleet of fuel-efficient facilities requires
12 both upfront and ongoing CAPEX maintenance in the form of additional
13 reliability overhauls and spare parts.

14
15 Fourth, in addition to FPL's proven track record of providing cost-effective,
16 reliable, efficient power, PGD's combined Total non-fuel O&M and CAPEX
17 cash flow compare well to industry combined cycle technology costs
18 developed by the U.S. Department of Energy's Energy Information
19 Administration ("EIA"). Comparisons against both the FPL fossil fleet's
20 projected four-year (2014-2017) average cost, and three-year (2016-2018)
21 average cost per installed kW are shown on Exhibit RRK-10.

22

1 FPL outperforms the industry, whether one compares FPL's total non-fuel
2 O&M of \$11.2/kW to industry total non-fuel O&M of \$34.1/KW in 2014
3 (Exhibit RRK-7) or compares FPL's fossil fleet combined total non-fuel
4 O&M and CAPEX Major Maintenance expenditures of \$33.8/kW for 2014 to
5 2017 to EIA's industry combined cycle technology-based \$36.9/kW cost for
6 2014-2017 (Exhibit RRK-10). In either case, FPL's fossil fleet non-fuel
7 O&M and CAPEX are lower.

8

9

IV. OKEECHOBEE UNIT

10

11 **Q. Please provide a brief description of the Okeechobee Unit.**

12 A. As discussed in FPL's September 2015 Need Determination filing with the
13 Commission, the Okeechobee Unit is an important part of FPL's long-term
14 infrastructure investment, both to meet the growing resource needs of its
15 customers cost-effectively and to enhance system efficiency. This planned
16 1,633 MW, highly fuel-efficient combined-cycle plant, expected to come
17 online in June 2019, will be the most efficient unit in FPL's already highly
18 efficient system. The Okeechobee Unit's projected heat rate of approximately
19 6,249 Btu/kWh at 75° is much lower than conventional 10,000 Btu/kWh heat
20 rate steam units and other combined cycle plants with typical heat rates of
21 7,000 Btu/kWh. The addition of the Okeechobee Unit continues FPL's long
22 history of improving the fleet's fuel efficiency. The new plant is projected to
23 have three nominal 350-MW GE 7HA.02 combustion turbines and three

1 HRSGs that will reuse the CTs' waste heat to produce steam to be utilized in
2 the new steam turbine generator. The estimated installed cost of the
3 Okeechobee Unit per the Commission's recent need determination in Order
4 No. PSC-16-0032-FOF-EI is \$1.232 billion.

5

6 The associated fuel savings will begin flowing directly to FPL customers
7 through the fuel clause as soon as the new plant enters service. Highly
8 efficient combined cycle plants like the Okeechobee Unit also continue to
9 transform Florida's generating capacity to environmentally cleaner
10 technology.

11 **Q. Does this conclude your direct testimony?**

12 **A.** Yes, it does.

1 BY MR. DONALDSON:

2 Q Ms. Kennedy, do you have any exhibits -- well,
3 I see some of them behind you, but do you have any
4 exhibits identified as RRK-1 through RRK-10 to your
5 direct prefiled testimony?

6 A Yes, sir, I do.

7 Q All right. Were these prepared under your
8 direction and supervision?

9 A Yes, sir, they were done.

10 MR. DONALDSON: Madam Chair, I would also like
11 to note that these have been pre-identified on
12 staff's comprehensive exhibit list as Exhibits 52
13 through 61.

14 CHAIRMAN BROWN: Thank you. And I will note,
15 for the record, that there appears to be
16 demonstrative exhibits behind Ms. Kennedy at this
17 time.

18 MR. DONALDSON: Thank you, Chair.

19 BY MR. DONALDSON:

20 Q Ms. Kennedy, would you please provide your
21 summary --

22 CHAIRMAN BROWN: Actually, sir, if you don't
23 mind, I would love staff to be given an opportunity
24 to walk through authenticating the exhibits.

25 MR. DONALDSON: Okay.

1 MS. BROWNLESS: Yes, ma'am. I would love to.

2 MR. DONALDSON: Before her summary?

3 CHAIRMAN BROWN: Before her summary.

4 EXAMINATION

5 BY MS. BROWNLESS:

6 Q Mrs. Kennedy -- Ms. Kennedy, have you had an
7 opportunity to review Staff Exhibit 579 with regard to
8 the staff premarked exhibits associated with your
9 testimony?

10 A Yes, ma'am, I have.

11 Q Thank you. And did you prepare these
12 exhibits, or were they prepared under your supervision?

13 A Yes, ma'am, they were.

14 Q Okay. Are they true and correct to the best
15 of your knowledge and belief?

16 A Yes, ma'am.

17 Q And would your answers be the same today as
18 when they were prepared?

19 A Yes, ma'am.

20 Q And I note that there are some portions of
21 your exhibits, 470 and 479, that have confidential
22 portions, is that correct?

23 A I have listed here that it was the part that I
24 am representing was under 426 and 470.

25 Q Thank you. And have you reviewed the

1 **confident portions as well as the nonconfidential**
2 **portions?**

3 A I have. They were not on the CD, but I have
4 reviewed the nonconfidential information on the CD.

5 **Q And the confidential as well -- the entire**
6 **response, you have reviewed?**

7 A Yes, ma'am.

8 MR. MOYLE: But she -- it's been asked
9 answered. She said, I think, as I understand it,
10 there is nothing on the CD that has confidential
11 stuff --

12 MS. BROWNLESS: With all due respect, Mr.
13 Moyle, we did not ask about the CD. We asked if
14 she had reviewed the staff exhibits in their
15 entirety, and she answered our question.

16 CHAIRMAN BROWN: All right. Mr. Moyle, I am
17 going to allow her to continue.

18 MR. MOYLE: That's fine. I just -- if there
19 is confidential stuff coming in, I would like to
20 know.

21 CHAIRMAN BROWN: You would like a heads up.
22 All right. Please proceed, Ms. Brownless.

23 MS. BROWNLESS: Those are all the questions we
24 have. Thank you very much.

25 CHAIRMAN BROWN: Okay. Thank you.

1 And Mr. -- sorry -- Donaldson at this time.

2 MR. DONALDSON: Thank you, Madam Chair.

3 EXAMINATION (continued)

4 BY MR. DONALDSON:

5 **Q Ms. Kennedy, could you please provide your**
6 **summary to the Commission?**

7 A Yes, sir.

8 Good afternoon, Commissioners. Thank you for
9 the opportunity to testify before you today. The
10 purpose of my testimony is to share with you the
11 superior operational performance and benefits our FPL
12 fossil fleet is providing our customers, and demonstrate
13 that the current O&M and CAPEX request are prudent and
14 reasonable.

15 Since 1990, FPL has been transforming its
16 fossil fleet from oil-fired steam generating units to
17 cleaner, more efficient natural gas-fired combined
18 cycled units. This transformation has provided, and
19 continues to provide, substantial benefits to our
20 customers, the environment and the state of Florida.

21 Since 2001, this transformation has saved our
22 customers approximately eight billion cumulatively in
23 fuel costs avoidance. A summary of the operational
24 improvements realized since 1990 are shown on my exhibit
25 RRK-3. Highlights include a 25-percent improvement in

1 fuel efficiency measured through heat rate; a 60 percent
2 improvement in reliability, represented by E4; a
3 39-percent improvement in nonfuel O&M per kW, all
4 providing savings which support lower bills.

5 Significant improvement in air emission rates
6 have also been realized, which makes for cleaner
7 environments in our communities.

8 The O&M and CAPEX funds being requested will
9 be been used to maintain our generating assets and
10 improve our service to our customers. The O&M requests
11 are well below the PSC benchmark levels. This is an
12 impressive accomplishment, given the addition of two
13 combined cycle generating units, Riviera and Port
14 Everglades, and three large-scale solar sites since
15 2013.

16 In comparing to the industry, our nonfuel O&M
17 is 66 percent lower than the industry average.
18 Furthermore, our total expenditures, nonfuel O&M and
19 CAPEX, compare favorably to estimates published by the
20 Department of Energy on the combined cycle industry.

21 FPL has consistently demonstrated its ability
22 to cost effectively and reliably construct and operate
23 plants that save our customers money over their project
24 lives. Our Okeechobee Unit is expected to continue this
25 favorable trend for our customers.

1 In addition, FPL fossil fleet has consistently
2 exceeded industry averages, and is frequently ranked top
3 decile or best-in-class amongst FPL peers. In 2015
4 alone, one billion in O&M cost avoidance was realized
5 through fuel and nonfuel improvements.

6 With world class skills, and a culture of
7 continuous improvement, FPL maximizes the value of our
8 existing and new assets to provide cost-effective
9 superior service to our customers.

10 This concludes my summary.

11 CHAIRMAN BROWN: Thank you.

12 MR. DONALDSON: Thank you, Ms. Kennedy.

13 I tender her for cross.

14 CHAIRMAN BROWN: Thank you.

15 Good afternoon, Ms. Kennedy.

16 THE WITNESS: Good afternoon.

17 CHAIRMAN BROWN: Office of Public Counsel.

18 MS. CHRISTENSEN: Good afternoon. We do have
19 some exhibits to be passed out.

20 CHAIRMAN BROWN: Thank you.

21 MS. CHRISTENSEN: And I am not exactly sure
22 what the last exhibit number was that was.

23 CHAIRMAN BROWN: Well, we will be on now 599.

24 MS. BROWNLESS: Madam Chair, I believe that
25 FIPUG withdrew what was identified as 598.

1 CHAIRMAN BROWN: But it was already marked.
2 It was already marked as 598, so we are just going
3 to move on to 599.

4 MS. BROWNLESS: Okay, thank you.

5 CHAIRMAN BROWN: You may proceed while they
6 are handing those out, unless you want to wait.

7 MS. CHRISTENSEN: That's fine. I don't know
8 if you want to mark them as they come in.

9 CHAIRMAN BROWN: As you prefer.

10 MS. CHRISTENSEN: We can -- if we can go ahead
11 and give 599 to the --

12 CHAIRMAN BROWN: Just wait, then.

13 MS. CHRISTENSEN: Okay.

14 CHAIRMAN BROWN: All right. I just want to
15 confirm we have got two exhibits before us,
16 correct?

17 MS. CHRISTENSEN: That's correct. One is the
18 Florida Power & Light response to Public Counsel's
19 22nd set of interrogatories, No. 414. And the
20 other one is the response to Commission staff's
21 sixth set of interrogatories, No. 153.

22 CHAIRMAN BROWN: Which one do you want 599?

23 MS. CHRISTENSEN: 414.

24 CHAIRMAN BROWN: Okay.

25 MS. CHRISTENSEN: And the 153 --

1 CHAIRMAN BROWN: That will be 600. Thank you.

2 (Whereupon, Exhibit Nos. 599 and 600 were
3 marked for identification.)

4 CHAIRMAN BROWN: You may proceed.

5 MS. CHRISTENSEN: Okay.

6 EXAMINATION

7 BY MS. CHRISTENSEN:

8 Q Good evening, Ms. Kennedy.

9 A Good afternoon.

10 Q You are the witness responsible for the
11 operation of FPL's fossil fleet, correct?

12 A Yes, ma'am.

13 Q Okay. And you testified that, since 2001,
14 improvements in FPL's fossil fleet -- fossil fuel fleet
15 have saved about \$8 billion, is that correct?

16 A Yes, ma'am. That's correct.

17 Q Okay. You would agree that approximately, I
18 think it's 69 to 72 percent of FPL's generation fleet is
19 natural gas; is that correct?

20 A Yes, ma'am.

21 Q Okay. So is it fair to say that the majority
22 of FPL's fleet fuel source is natural gas?

23 A Yes, ma'am.

24 Q Okay. Now, you would agree that over the last
25 20 years, FPL has been replacing its older, more

1 **inefficient fossil fuel units with newer technology;**
2 **correct?**

3 A Yes, ma'am.

4 Q Okay. And you would also agree that as new
5 **generation needs have occurred over the last 20 years,**
6 **FPL has added the most efficient fossil fuel units**
7 **available for those sites?**

8 A Yes, ma'am.

9 Q Okay. Now, would you also agree that a
10 **reasonably prudent utility manager should add the most**
11 **efficient units for the sites?**

12 A The -- with all aspects being considered, I
13 would assume that would be the correct answer, but there
14 are numerous things -- factors that go into the decision
15 for siting the technology, the location and other
16 aspects of a plant; but in general, yes, ma'am.

17 Q Okay, fair enough.

18 And would it be true that this change to
19 newer, more efficient technology, results about a 33- to
20 35-percent more fuel efficient fleet?

21 A Yes, ma'am.

22 Q Now, let me direct you to page 20 of your
23 **direct testimony, and starting at line four through line**
24 **six.**

25 A I am not quite there yet.

1 Q Okay.

2 A Excuse me. Page --

3 Q 20.

4 A -- page 20?

5 Q Correct.

6 A Yes, ma'am.

7 Q Okay. And I am specifically looking at lines
8 four through six. And in that part of your testimony,
9 you say that the fossil fuel -- or the fossil fleet
10 non-construction CAPEX is higher in 2017 than the 2014
11 through '18 average; is that correct?

12 A That's what it states. Yes, ma'am.

13 Q Okay. And on page 19, specifically looking at
14 lines 17th through 18, I just want to refer you there.
15 You testified that approximately 85 percent of the CAPEX
16 is comprised of overall related cost; is that correct?

17 A Yes, ma'am.

18 Q Okay. And looking back at page 20, you say
19 that the increase in, I believe it was 2017 -- the 2017
20 level of fossil fuel fleet non-construction CAPEX is
21 primarily due to an increase in the number of other
22 production major overall schedule for 2017; is that
23 correct?

24 A Yes and no, in that I would like to add an
25 explanation that, since 2001, we have added over 13,000

1 megawatts, and so this is a -- something that you can
2 expect that we will be climbing. We have added 46 new
3 combustion turbines, over 13 steam turbines and 39 heat
4 recovery steam generators. So this is representative of
5 some of those units that are coming that went in
6 commercial in that earlier period of time.

7 **Q Okay. But that doesn't change your response**
8 **that the 2017 has, in fact, a higher level than that**
9 **2014 through '18 timeframe?**

10 A I -- yes, I do not agree with that -- I agree
11 with your analogy of that comparison. Yes, ma'am.

12 **Q Okay. Just wanted to make sure I am**
13 **discussing that correctly.**

14 And FPL, in its projected costs for the 2017
15 overhaul in its test year used the cost generation for
16 overhaul for 2017; is that correct?

17 A The actual projected expenditures, yes, ma'am.

18 **Q Okay. The Okeechobee Unit, is that scheduled**
19 **to come into service in mid-2019, correct?**

20 A June 2019, yes, ma'am.

21 **Q And on page 25 of your testimony, you testify**
22 **that the Okeechobee Unit will be the most efficient unit**
23 **that's in FPL's already -- and I think you describe it**
24 **highly efficient system, is that correct?**

25 A Yes, ma'am.

1 Q Okay. Is FPL asking the customers to pay a
2 return on the investment in rates for the Okeechobee
3 plant for this new highly efficient plant?

4 A Yes, ma'am, that is part of this hearing.

5 Q Okay. And I think part of your testimony also
6 is that FPL has replaced its peaking units, is that
7 correct?

8 A Yes, ma'am.

9 Q Okay. And you would agree that those peaking
10 units are replacing older 1970s vintage peaking units,
11 is that correct?

12 A Yes, ma'am.

13 Q Okay. And is it correct that these new
14 peaking units are more efficient than the units they are
15 replacing?

16 A Yes, ma'am, that is correct.

17 Q Okay. And you are also asking to place those
18 units into base rate and earn a return on the
19 investment, is that correct?

20 A Yes, ma'am.

21 Q Okay. Now, before I change to my next line of
22 questioning, I wanted to ask, do you have a copy of your
23 deposition available at the stand with you?

24 A No, ma'am, I do not.

25 Q Okay.

1 A And it has not been edited it. It had
2 numerous errors in it.

3 **Q Okay.**

4 MS. CHRISTENSEN: I handed out some deposition
5 exhibits and -- or some exhibits, and I have some
6 questions that relate to the deposition of Ms.
7 Kennedy. As traditionally has been the case, the
8 witness usually has a copy of their deposition, but
9 given that this was taken last week, what I would
10 ask to do is maybe withdraw the exhibits that were
11 passed out and I will address this line of
12 questioning through rebuttal, and I will make
13 exhibits of the deposition excerpts that I wish to
14 cross-examine on, if that would be -- I think that
15 would be more appropriate than trying to do it here
16 when she doesn't have a copy of to the transcript
17 available to her.

18 COMMISSIONER EDGAR: FPL.

19 MR. DONALDSON: So I'm a little as far as what
20 the use of the depositions are going to be used
21 for, whether or not Ms. Kennedy just stated
22 something different than she stated in deposition,
23 that would be my only inclination of why you would
24 be using a deposition transcript at this point in
25 time.

1 MS. CHRISTENSEN: And that would be correct,
2 but in case she does answer inconsistently, I can
3 show her my copy, but I think that might be a more
4 cumbersome process than just having it available
5 for her to look at the passage that I am referring
6 to, or having her deposition available. That was
7 all I was trying to get at.

8 MR. DONALDSON: Yeah, well, we need to first
9 see if it's inconsistent. And, second of all, I
10 don't believe the deposition is actually final
11 since Ms. Kennedy has not had an opportunity to
12 make whatever erratas there may or may not be in
13 order to -- for you to be able to use it at this
14 point in time.

15 But can ask her a question, if it ends up
16 being inconsistent, maybe we can -- we can show it
17 to her, but I don't think reserving your right to
18 question her on your deposition in rebuttal, this
19 is her direct case, and so that's -- unless you are
20 going to be questioning her on her rebuttal
21 testimony, that's where I think it should be
22 limited to.

23 MS. CHRISTENSEN: Well, I think she covers the
24 subject in both testimonies, so I am not sure that
25 it makes much of a difference as to whether I cover

1 it through direct or rebuttal testimony. I was
2 just trying to do it for ease of the record and
3 ease of the process. So, you know, I will leave
4 that up to the Chair's preference. I can try and
5 plow through now or we can wait until rebuttal and
6 then she will have an opportunity to look at the
7 deposition and make any errata that needs to be
8 done, and I will adjust that and make it an
9 exhibit.

10 COMMISSIONER EDGAR: I understand. I know
11 that FPL prior, at the prehearing, and also at the
12 beginning of this had expressed the desire to have
13 all direct and any intervenor witnesses, and then
14 rebuttal testimony for cross. So my understanding
15 is that you are trying to keep those separate to
16 the extent those all kind of co-mingle.

17 MR. DONALDSON: That's correct. So I think
18 she should be afforded the opportunity to ask
19 direct testimony, and if she has any --

20 COMMISSIONER EDGAR: Mr. Moyle -- Mr. Moyle,
21 shush.

22 MR. DONALDSON: -- if she has some questions
23 that she's going to be asking that are going be to
24 be inconsistent, then we can certainly provide it
25 to her and show her, and we will make that

1 determination at that point in time, but to reserve
2 it, I don't think that's appropriate.

3 MS. CHRISTENSEN: I can plow through if that's
4 their preference.

5 COMMISSIONER EDGAR: Okay. Thank you.

6 BY MS. CHRISTENSEN:

7 Q Okay. In this case, FPL is requesting amounts
8 for fossil plant overhaul expense based on projected
9 operating budgets for 2017 -- in 2017 test year and
10 2018 -- and the subsequent 2018 test year, is that
11 correct?

12 A Yes, ma'am, that is correct.

13 Q Okay. And under FPL's proposal, the revenue
14 requirements for 2017 would be in effect for 2017, and
15 then would be increased on January 1st, 2018; is that
16 correct?

17 A I am not the witness that represents that, but
18 yes, ma'am, that is my understanding. That is correct.

19 Q Okay. And in 2018, the revenue requirement
20 requested by FPL includes the company's 2018 budgeted
21 expense for 2018 fossil fuel plant overhaul expense; is
22 that correct?

23 MR. DONALDSON: I believe the witness said
24 that she's not the witness dealing with revenue
25 requirements.

1 MS. CHRISTENSEN: She also was able to respond
2 to the question, and if she knows the answer, I
3 would ask that she respond to the question, Madam
4 Chair.

5 COMMISSIONER EDGAR: I agree.

6 THE WITNESS: Can you repeat the question?

7 BY MS. CHRISTENSEN:

8 Q Absolutely.

9 In 2018 -- the 2018 revenue requirement
10 request by FPL includes the company's 2018 budgeted
11 expense for 2018 fossil plants overhaul expense; is that
12 correct?

13 A That question would be best represented to
14 Witness Barrett.

15 Q Barrett? Okay.

16 All right. And are you -- well, let me ask
17 the next question, and if you can respond to these
18 questions, or if you need to direct them to another
19 witness, if you could indicate who would be better to
20 ask these questions, that would be helpful.

21 And the 2018 revenue requirement proposed by
22 FPL would continue beyond 2018? If you know.

23 A Again, all revenue requirements, I would be --
24 it would be directed to Witness Barrett.

25 Q Okay. To the extent that you know -- and I

1 think you testified earlier that the 2018 revenue
2 requirement, you have requested the actual expenses for
3 the 2018 generation overhaul. Would those costs
4 continue in 2019 and 2020?

5 A Again, that question would be best answered by
6 Witness Barrett.

7 Q Okay. Well, let's go to a question that I
8 think you are qualified --

9 A Thank you.

10 Q -- to know the answer to.

11 The fossil plant overhaul costs are incurred
12 for each unit on a cyclical basis, is that correct?

13 A On a single what basis?

14 Q Cyclical -- a cycle basis, a cyclical basis.

15 A They are on a cycle basis.

16 Q Okay. And do you recall taking a deposition,
17 I believe it was last Tuesday?

18 A Yes, ma'am.

19 Q Okay. Do you recall in taking that deposition
20 that you testified that you provide the budget for a
21 three-year and a five-year window on an annual basis?

22 MR. DONALDSON: Let me object. Again, if this
23 is supposed to be impeachment, she hasn't even
24 asked a question directly right whether or not
25 she's had any kind of cycle costs during a three-

1 or five-year. So referring to a deposition is
2 actually an improper use of a deposition in a
3 proceeding. It's not being used for an impeachment
4 purpose. It's just reciting a question and answer
5 that was posted in the deposition.

6 MR. MOYLE: I will rephrase.

7 COMMISSIONER EDGAR: Okay.

8 BY MS. CHRISTENSEN:

9 Q Do you budget for a three- and a five-year
10 window on an annual basis, with a three-year window
11 being O&M and a five-year window being capital?

12 A Yes, ma'am. That is correct.

13 Q Okay. And so have you -- you have budgets for
14 three years of fossil fuel plant overhaul O&M expenses,
15 is that correct?

16 A We have what was last submitted, which would
17 have been '16, '17 and '18.

18 Q Okay. And that's a three -- okay. And you
19 said -- what three years did that include?

20 A '16, the current year we are in, '17 and '18.

21 Q Okay. And would '19 be in a different
22 three-year cycle for fossil plant overhaul expenses,
23 '19 -- would the next cycle --

24 A That would be the next cycle, which would be
25 what we submit this current year.

1 **Q Okay. And that -- and those three years for**
2 **the next cycle, what would those be?**

3 A '17, '18 and '19.

4 **Q Okay. And you said that that was what would**
5 **be submitted this year?**

6 A It will be submitted this year, and when we
7 submit our forecast.

8 **Q Okay. You -- I think you have already**
9 **discussed this, I am going to skip over that.**

10 Can you tell us what units in 2017 are part of
11 major overhaul maintenance?

12 A It was answered in an interrogatory, and we
13 can reference that if you would like.

14 **Q If you need that to refresh your recollection,**
15 **please.**

16 A I am referring to interrogatory that was to
17 staff, No. 152.

18 **Q Okay. And I believe we may have -- no, I**
19 **passed out 153, so --**

20 A And in there, we talk -- the first one that's
21 listed there, we have Manatee 3 --

22 **Q Okay.**

23 A -- which is -- went commercial in 2005. So 12
24 years into its life cycle, we are performing a generator
25 major.

1 Would you like me to read down the entire
2 list?

3 **Q Of the units that are in for major overhauls**
4 **or maintenance for 2017, yes, if you could, please.**

5 A Okay. These are the ones that we identified
6 as majors. And majors were the ones that we identified
7 as outages with greater than 21-day type duration.

8 **Q Okay.**

9 A So it would be Manatee 3 and Martin 8, Ft.
10 Myers 2 and West County 3, Cape Canaveral 3. And I am
11 speaking as a -- as the site or the unit, and it may be
12 a component of it, and I am not breaking it down that if
13 it's the alpha machine or the steam turbine.

14 **Q Okay. And is Martin Unit 4 also included in**
15 **2017 major overhauls?**

16 A I don't have it listed here.

17 **Q Okay. So that was just Cape Canaveral was the**
18 **last one, Cape Canaveral 3?**

19 A Cape Canaveral was the last one.

20 **Q Okay. Now, you -- Ft. Myers has a steam**
21 **turbine minor overhaul in 2011, and had a major one six**
22 **years later, is that correct, to your recollection?**

23 A Steam -- Ft. Myers had a steam turbine outage
24 in 2000, I would believe it would have been '11, it had
25 a major, and now it's coming due for a steam turbine

1 minor in 2017.

2 Q Okay. And Manatee is another example that --
3 both of those units went into commercial operation in
4 2005, so I think you discussed this earlier, adding 12
5 years, which would make it 2017, would make them due for
6 major overhauls. So has FPL budgeted substantial fuel
7 plant overhaul cost for those units in 2017?

8 A I am not sure I totally understood your
9 question, but if I -- if I did, I am going to ask -- I
10 will repeat it in terms that you asked if we budgeted
11 for Unit 3 for Manatee in 2017 for the steam turbine
12 major, yes, ma'am, we did, on a 12 year cycle.

13 I would like to also point out that the OEM,
14 their recommendation is that's on a six-year cycle. And
15 with us going on a 12-year cycle with our experience --
16 our maintenance, knowledge and experience -- we are
17 saving the customer half the cost in terms of over that
18 lifespan of a 12-year period.

19 Q Okay. Let me -- and I guess, just as an
20 example of how your fossil plant overhauls occur.
21 Assuming that you are talking about, let's say the
22 Manatee plant that would be looked at in 2017 as an
23 example, six years later, you would have a minor fossil
24 overhaul, and that would be 2023, and then 12 years
25 later, you would have another major overhaul, and that

1 **would be around the period of 2029; is that correct?**

2 A That's how you could describe the steam
3 turbines, yes, ma'am.

4 **Q Okay.**

5 A That would not necessarily work for combustion
6 turbines.

7 **Q Okay. Let me refer you to what we have handed**
8 **out, and I guess have these in backward order, but**
9 **Exhibit 600, which I believe is a FPL's response to**
10 **staff's sixth set of interrogatories No. 153.**

11 CHAIRMAN BROWN: Ms. Kennedy, do you have that
12 in front of you?

13 THE WITNESS: I am checking. I have
14 Interrogatory 414, and I have Interrogatory 153.

15 BY MS. CHRISTENSEN:

16 **Q That's correct, and I am referring to 153?**

17 A 153.

18 CHAIRMAN BROWN: So, Ms. Kennedy, 414 is
19 Exhibit 599. That's what we labeled it as. You
20 want to put that on there? And then 153 is labeled
21 as Exhibit 600.

22 Proceed, please.

23 MS. CHRISTENSEN: Okay.

24 BY MS. CHRISTENSEN:

25 **Q Ms. Kennedy, specifically looking at**

1 Interrogatory 153, which we have now marked for hearing
2 Exhibit 600, you are familiar with this hearing exhibit,
3 is that correct?

4 A Yes, ma'am, I am familiar with it.

5 Q Okay. Looking at the columns at the end of
6 the document, labeled 2017 and 2018. Do you see those
7 columns?

8 A Yes, ma'am.

9 Q Okay. And specifically looking at the top
10 line on the base O&M overhaul steam plants, I am looking
11 at Scherer Unit 4.

12 A Yes, ma'am.

13 Q In 2017, FPL had zero overhaul cost for
14 Scherer, is that correct?

15 A Yes, ma'am.

16 Q Okay. And then looking at 2018, FPL is
17 projecting overhaul cost of 9.842 million, is that
18 correct?

19 A Yes, ma'am, that is correct.

20 Q Okay. And if we look back at 2016, Scherer
21 also had 9.1 million, is that correct, in overhaul cost?

22 A Yes, ma'am.

23 Q And then 2015 was zero --

24 A Yes, ma'am.

25 Q -- is that correct?

1 And you would agree that the '16 and '18 are
2 essentially two years apart?

3 A Yes, ma'am. The Scherer plant, which is not
4 operated and maintained by us. They are operated and
5 maintained by Georgia-Pacific -- conducts their
6 maintenance on a every -- their maintenance on a every
7 two year basis.

8 **Q Okay.**

9 A That's their boiler. Their steam turbine is
10 different.

11 **Q Okay. And let's look at the bottom of the**
12 **columns, then. And then looking at the bottom of the**
13 **column under '18, you have a total expense of**
14 **\$54,723,001, is that correct?**

15 A Yes, ma'am.

16 **Q Okay. And then for 2017, at the bottom of the**
17 **column, you have \$48,538,514, correct?**

18 A Yes, ma'am. And these are
19 non-jurisdictionalized --

20 **Q Okay.**

21 A -- just to make sure that we understand that.

22 **Q And you would agree that the difference, or**
23 **roughly the difference between those two years is**
24 **approximately 602 million; is that correct?**

25 A Yes, ma'am.

1 Q Okay. And would you agree, one of the primary
2 reasons that 2018 is showing as higher total overhaul
3 expense is partly that \$908 million expense for the
4 Scherer Unit 4?

5 A I would say that's a component of it. But I
6 would also say, a large component of it is that since
7 2001, as I explained earlier, to 2016, we have added
8 13,000 megawatts to our fleet. So there is 46 more
9 combustion turbines, generators and steam turbines that
10 need to be maintained, so this number is growing.

11 Q Well, in looking at that, I am really looking
12 at the comparison between '17, which has zero --

13 A Yes, ma'am.

14 Q -- expense for Scherer, and '18, which has
15 expense included for Scherer. And I think you already
16 may have testified to this, but Scherer 4 is operated by
17 Georgia Power, is that correct?

18 A Yes, ma'am.

19 Q Okay. Do you -- are you aware of when Georgia
20 Power Company's next rate case is?

21 A No, ma'am, I am not.

22 Q Okay. And -- let me -- hold one second.

23 I think I have -- let me just read these last
24 two questions. I may have exhausted my questions for
25 you, just give me one moment, please.

1 MS. CHRISTENSEN: That would be all my
2 questions. Thank you, Commissioner.

3 CHAIRMAN BROWN: Thank you, Ms. Christensen.
4 Did you use 599 with this witness?

5 MS. CHRISTENSEN: No, I didn't end up using
6 that one.

7 CHAIRMAN BROWN: Okay. Thank you.
8 All right. On to FIPUG.

9 MR. MOYLE: Madam Chair, I have an exhibit.

10 CHAIRMAN BROWN: Yes, thank you. Staff, Mr.
11 Moyle has an exhibit, can you please assist him.

12 I just want to give you guys a little -- we
13 will take about a 15-minute break at 5:30, so I
14 suggest that you all get some snacks and things of
15 that nature, and some drinks, and stretch. Just
16 want to give you a heads up.

17 MR. MOYLE: Okay. Thanks.

18 CHAIRMAN BROWN: Mr. Moyle, we will be at 601
19 with our first.

20 MR. MOYLE: Okay. Thank you.

21 CHAIRMAN BROWN: You are welcome.

22 Thank you.

23 (Whereupon, Exhibit 601 was marked for
24 identification.)

25 CHAIRMAN BROWN: Mr. Moyle.

1 MR. MOYLE: Thank you.

2 EXAMINATION

3 BY MR. MOYLE:

4 Q John Moyle on behalf of the Industrial Power
5 Users Group. Good afternoon.

6 I have handed you an exhibit, it's been marked
7 as 601. Do you recognize this exhibit?

8 A I recognize some of the numbers that are --
9 the projects that are listed on there, but, no, I have
10 not seen this exact exhibit.

11 Q Okay. And there is an answer to an
12 interrogatory, and then I guess on the third page, is
13 that the projects that you are familiar with that you
14 testified to; is that right?

15 A The projects that are highlighted, yes, sir.

16 Q Okay. And you have testimony in your direct
17 about these projects, correct?

18 A Yes, sir, I do.

19 Q Okay. So do you have familiarity with the
20 cost? I am going to ask you this way: Do these numbers
21 look out of line to you for these projects?

22 MS. BROWNLESS: Objection as to form of the
23 question. I don't understand what it is. Can you
24 please rephrase?

25 CHAIRMAN BROWN: Mr. Moyle.

1 BY MR. MOYLE:

2 Q Do you know that FPL has suggested that the
3 .05 CT parts will cost \$418.4 million?

4 A I think it would be best if I reference some
5 other documents, but, yes, that sounds approximately
6 right. But I can reference some other documents if
7 you --

8 Q If you are comfortable, I am comfortable. We
9 can move on.

10 Same question with respect to the peaker
11 upgrades, that the total for the peaker upgrades is
12 725,600,000?

13 A Yes, sir.

14 Q And with respect to the solar, the solar costs
15 are 394,800,000; is that right?

16 A Yes, sir.

17 Q Are you -- you are familiar with these
18 projects?

19 A Yes, sir.

20 Q Okay. I am going to come back to them.

21 A Yes, sir.

22 Q Can I refer you to your exhibit, RRK-3? Tell
23 me when you are there.

24 MR. DONALDSON: It's the one behind her.

25 MR. MOYLE: Okay.

1 BY MR. MOYLE:

2 Q Now, did you do all the calculations that are
3 in this exhibit?

4 A They were under my direction.

5 Q You didn't -- you didn't do them?

6 A I didn't do them, no, sir. They were under my
7 direction.

8 Q And the same -- same for all the other
9 exhibits, that you didn't do the calculations that are
10 in there; is that right?

11 CHAIRMAN BROWN: Mr. Moyle, can you please be
12 specific about all the other exhibits? Do you mean
13 all the --

14 MR. MOYLE: Well, we will just take it
15 through.

16 CHAIRMAN BROWN: No, you could say all the
17 other exhibits attached to her testimony.

18 BY MR. MOYLE:

19 Q Right, exhibits attached to your testimony,
20 you didn't do any of the calculations in any of the
21 exhibits; is that correct?

22 A I did not do the calculations. But have I
23 cross-checked it? Yes, I have cross-checked it with my
24 team.

25 Q Okay. And in some cases, you rely on

1 third-party sources for the information in your
2 exhibits, correct? Like a number RRK-4, you cite
3 Platts; is that right?

4 A Counsel, since we are comparing to the
5 industry, I have to rely on outside sources for this
6 information.

7 Q Okay. So that would be a yes, right?

8 A Yes.

9 Q I have heard a few different numbers about the
10 percentages of FPL's generation fleet since the hearing
11 has started. Maybe -- are you the right witness maybe
12 to help us nail that down since you are responsible for
13 operating and maintaining them all?

14 A Could you be more specific about what
15 percentage you are talking about?

16 Q Sure. What percent of FPL's generation fleet
17 is made up of natural gas? Is it 69.9?

18 A Well, we can go to the -- there is an
19 interrogatory that I believe answered that, and we
20 can -- and it's in the 10-year site plan that we can
21 reference back to.

22 Q Well, if you know -- do you know off the top
23 of your head, or you need to look at something?

24 A Right now, it's just around 68 percent.

25 Q Okay.

1 MR. DONALDSON: Well, I think she said she was
2 going to go and show you an interrogatory.

3 MR. MOYLE: Okay. All right. Go ahead. All
4 I want to do is just get the right number. I have
5 heard Mr. Reed had --

6 THE WITNESS: This was answered in
7 Interrogatory No. 41 from OPC, and in 2015, it is
8 shown as 69.9 percent.

9 CHAIRMAN BROWN: There you go.

10 BY MR. MOYLE:

11 Q Okay. And there has also been discussion
12 about solar, I think someone said one-tenth of one
13 percent currently on solar, do you agree with that?

14 A If you look at the 10-year site plan in this
15 interrogatory, it is .1 percent, yes, sir.

16 Q Okay. And then what's nuclear?

17 A Nuclear reads at 23 percent.

18 Q Okay. On page five, line 14, you use the term
19 "limited scope adjustment".

20 A On page five of my direct?

21 Q Yes, ma'am.

22 A On line 13?

23 Q I have it on 14.

24 A Okay. Yes, sir.

25 Q So is that the same meaning, as you know it,

1 as a generation based rate adjustment?

2 A I think it would have comparisons to it, yes,
3 sir.

4 Q Okay. Did you make the choice of calling this
5 a limited scope adjustment?

6 A No, sir.

7 Q Somebody said that's what we are going to call
8 it to you; is that right? I mean, how did you come up
9 with the information to call it a limited scope
10 adjustment?

11 A This was the term that was given and utilized.

12 Q Who gave it to you?

13 A I don't know the basis of that selection.

14 Q Do you remember who told you to use this term?

15 CHAIRMAN BROWN: Asked and answered. She said
16 she didn't know.

17 THE WITNESS: I don't know.

18 BY MR. MOYLE:

19 Q Page 10, line five --

20 A Yes, sir.

21 Q -- the question is, explain about how FPL's
22 gas-fired combined fleet benefits customers. And in all
23 your testimony there about the three important ways, you
24 would agree that all of those are important
25 considerations?

1 A If you are talking about how it's benefited
2 the fleet, the fuel cost avoidance, the avoiding oil use
3 and the avoiding air emissions, yes, sir.

4 **Q Why is avoiding oil use a benefit?**

5 A I think, as a country, not having dependency
6 on foreign countries for our resources here in this
7 country is a very important aspect that needs to be
8 considered. And we were significantly at risk, I can
9 remember very much, I am certain like you, the
10 challenges we had back in the '70s and the '80s.

11 **Q Do you know how much of FPL's generation fleet**
12 **is fueled by oil as we sit here today?**

13 A We have our combined cycle mix -- I would have
14 to go back and reference to get the percentage, but
15 primary fuel would be our 800-megawatt units and our
16 one -- our one 400-megawatt unit, they are the
17 conventional burning steam generating units. And we do
18 distillate backup, though, for our combustion turbines
19 on a majority of them.

20 **Q So I had asked you the question about you had**
21 **said avoiding oil use, that that was -- that's an**
22 **important benefit to the customers. Is there any other**
23 **reason that you think it's an important benefit to the**
24 **customers besides we don't have to buy it from foreign**
25 **countries?**

1 A I think it's called emissions. And a classic
2 example of that is look at the CO benefits that we just
3 got from the Port Everglades facility, a 54-percent
4 reduction in greenhouse gases associated with that
5 siting going -- transforming from conventional to
6 combined cycle. Similarly, our peaker units that have
7 been modernized have also seen that type environmental
8 improvement.

9 **Q So you said emissions, is that right? Did I**
10 **hear you correctly?**

11 A Air emissions. Yes, sir.

12 **Q And so, as a layman, oil is dirtier with**
13 **respect to air emissions than natural gas? Yes, no, and**
14 **explain if you need to.**

15 A Yes. I think that oil conventional firing
16 units are -- have more emissions than our conventional
17 cleaner natural gas-fired combined cycle units.

18 **Q Page 15, line 20 --**

19 A Yes, sir.

20 **Q -- the question asks you about a threshold,**
21 **and asks if there are counts that exceed a threshold.**
22 **What threshold do you understand you are being asked**
23 **about?**

24 A This threshold is on the top of the MFR, if we
25 want to refer to it. So why don't we look at the top of

1 MFR C-8, and you have to define the plus or minus
2 associated with that threshold. And again, it's written
3 at the top of the MFR, and it states there, if you would
4 like me to read it to you.

5 **Q Go ahead.**

6 A It says, to explain changes in the primary
7 counts that exceed one-twentieth of one percent, .0005,
8 of the total operating expense and 10 percent of the
9 prior year to the test year. And then it asks you to
10 explain.

11 **Q So with respect to an exceedance, it's not a**
12 **positive thing if you are over, if you exceed over; is**
13 **that right?**

14 A These are just explanations for the variance
15 in the FERC account. They are not representative of
16 what I was speaking to in terms for -- that's under MFR
17 C-41, which is the PSC benchmark levels, of which were
18 10 percent below.

19 **Q Okay. So this doesn't have anything to do**
20 **with the PSC benchmark level?**

21 A This is an explanation on accounts, and the --
22 and you explain the account change in terms of the
23 ferculization (sic), but in comparison to the benchmark
24 levels, that's performed on MFR C-41.

25 **Q Did you exceed the PSC benchmark level in any**

1 **areas? And if so, which ones?**

2 A On C-41 or C --

3 **Q In any way, shape or form in anything?**

4 A In terms for on C-41, no, sir. Okay, in terms
5 of going back to having to provide explanations for the
6 MFR that we were just talking about, yes, we had to
7 provide explanations.

8 **Q Okay. So again -- and I don't need to get**
9 **into the weeds on it, but you exceeded the PSC benchmark**
10 **with respect to FERC account 553; is that right?**

11 MR. DONALDSON: Object to the form. It
12 misstates her testimony. She did not say there was
13 a benchmark for C-8 MFR.

14 CHAIRMAN BROWN: I don't think the witness did
15 either. If you would like to ask the witness to
16 clarify, that may be helpful.

17 BY MR. MOYLE:

18 **Q Could you clarify, please?**

19 A Could we start at the beginning, please, in
20 terms of specifically so I can answer?

21 **Q So just -- let's try to come at it this way.**
22 **I understand the PSC has an O&M benchmark device that**
23 **they use; is that right? I don't know that much about**
24 **it, so I will confess that, but I understand they have a**
25 **benchmark; is that right?**

1 A Yes, they have a benchmark.

2 Q Okay. And professional staff presumably puts
3 that together to say, here's what we think you should be
4 spending to maintain your plants, is that right?

5 A Yes, sir, and that's done on MFR C-41.

6 Q Okay. And so with respect to that benchmark,
7 if you go over what they think should be the number to
8 maintain the plant, then that's not positive, all other
9 things being equal; correct?

10 A That's correct. And in MFR C-41, we did not.
11 We were 10 percent below.

12 Q Okay. Was there any area anywhere that you
13 exceeded the PSC's benchmark?

14 A Not in accordance to MFR C-41. We had to
15 explain threshold -- threshold differences on MFR C-8,
16 and those were threshold difference that we had to
17 provide explanation.

18 Q So stated, you know, with a yes, no convention
19 that we are trying to use here, if I ask you the
20 question, did the Florida Public Service Commission,
21 benchmarks, did FPL exceed them at any point in time,
22 you would say no; correct?

23 A That is correct, no.

24 MR. DONALDSON: I will -- okay, well, since
25 she answered it.

1 CHAIRMAN BROWN: I was waiting for an
2 objection.

3 MR. DONALDSON: Yeah, really, really well.

4 BY MR. MOYLE:

5 **Q Page 20, line 10 -- we are supposed to stop**
6 **now right? I think.**

7 CHAIRMAN BROWN: Mr. Moyle, how many questions
8 do you have?

9 MR. MOYLE: More than probably you would be
10 happy with before we took a break.

11 CHAIRMAN BROWN: All right. So now seems like
12 a nice time.

13 It's about 5:35. Let's give it -- we will
14 reconvene here at 5:55. So please, I encourage the
15 parties to get something to eat and drink, because
16 we are going to stay here a lot later than we did
17 last night.

18 Thank you. See you soon.

19 (Brief recess.)

20 ***START SECOND AUDIO FILE***

21 CHAIRMAN BROWN: Thank you all for coming back
22 so promptly, and I hope you all were well
23 nourished.

24 So at this time, we are reconvening, and Mr.
25 Moyle has the floor.

1 MR. MOYLE: Thank you.

2 BY MR. MOYLE:

3 Q So, Ms. Kennedy, you are Vice-President of
4 Power Generation Operations, is that right?

5 A Yes, sir.

6 Q What's the group that, for FPL, that figures
7 out when a new power plant is needed and what kind of
8 power plant that would be?

9 A That would be handled through our resource
10 planning organization.

11 Q Does it have -- is that the name of it, the
12 resource planning organization or does it have a more
13 official name than that?

14 A It's Resource Planning, and it's under Witness
15 Barrett.

16 Q So with respect who's most knowledgeable about
17 that in this case, it's Witness Barrett?

18 A Witness Barrett would maybe represent -- ask
19 some of his -- the other witnesses that are here, but I
20 would recommend Witness Barrett as a starting point.

21 Q Okay. Mr. Silagy said, well, he oversees it
22 at a high level. Are there other people that are more
23 detailed with respect to planning four-year generation?

24 A These are the -- this is the team that puts
25 together the 10-year site plan forecasting that is

1 shared with the operating committee that Mr. Silagy was
2 talking about.

3 **Q Who leads the 10-year site plan process?**

4 A The individual that we are supplying
5 information to from power generation -- and I don't know
6 that he leads it or not -- is Steve Simms. So I do not
7 know exactly who is leading that, but the person we
8 supply input to is Steve Simms.

9 **Q Okay. And Mr. Simms not here, right?**

10 A Dr. Simms is not here.

11 **Q Dr. Simms. I am sorry.**

12 CHAIRMAN BROWN: Don't call him mister.

13 MR. MOYLE: Yeah.

14 BY MR. MOYLE:

15 **Q So I want to go back to the exhibit that you**
16 **have before you, 601?**

17 A Yes, sir.

18 **Q And let's talk for a minute about the peaker**
19 **upgrades.**

20 A Yes, sir.

21 **Q Are these the same peakers that FPL brought**
22 **before this commission a couple years ago in the**
23 **environmental cost recovery clause?**

24 A These are part of the peakers that were in --
25 that were -- yes, they were.

1 **Q Thank you.**

2 And in that case, FPL was asking the
3 Commission to review these peakers for consideration and
4 approval, correct? They filed a petition to do that?

5 **A There was a petition filed, yes, sir.**

6 **Q And ultimately that petition was withdrawn,**
7 **correct?**

8 **A Withdrawn without prejudice, yes, sir.**

9 **Q Okay. And is it your understanding that the**
10 **request for peakers is back before the Commission in**
11 **this proceeding, that this is their first shot at**
12 **looking at the peaker project with witnesses and**
13 **testimony?**

14 **A I am not sure that I would agree with your**
15 **characterization of it, but, yes, this is the -- we are**
16 **bringing back forth, for base rate recoveries, the**
17 **peaker projects.**

18 **Q Okay. And I know in that petition, there was**
19 **a lot of suggestion that this had to be done because of**
20 **environmental reasons. There was an environmental law**
21 **that required it to be done. I don't see anything in**
22 **your testimony about that, so I am assuming that that**
23 **reason is not being put forward, is that correct?**

24 **A That was one of several reasons, and it was**
25 **considered to be the most pressing at that time in terms**

1 for our commitment to meet the new EPA rule for the
2 1-hour NOx.

3 Q Okay. And do you have anything in your
4 testimony about a need to meet that one hour requirement
5 as it relates to when you are asking this commission to
6 review it in this case?

7 A No, sir. Like I said, that was just one
8 component of it, and that is not in this direct
9 testimony.

10 Q And that's one component, you don't know
11 whether it applies or it doesn't apply, correct, as we
12 sit here today?

13 A I know that the test data did not substantiate
14 that requirement.

15 Q That the test data did not substantiate the
16 requirement, is that what you said?

17 A Yes, sir.

18 Q Okay. So on the peakers, I -- there are three
19 sites, as I understand it, for the peakers; is that
20 right?

21 A Yes, sir.

22 Q Okay. So the Ft. Lauderdale peakers, how many
23 megawatts are represented by the Ft. Lauderdale peakers?

24 A Let me get to that particular page.

25 Again, these are -- this is information from

1 the 10-year site plan, and the -- Ft. Myers would
2 represent a summer rating of 648 megawatts.

3 Q That's Ft. Myers?

4 A It's Ft. Myers.

5 Q And how about Ft. Lauderdale?

6 A Lauderdale, the summer rating would be 840.

7 Q All right. And then there is also a site at
8 Port Everglades, as I understand it; is that right?

9 A Yes, sir. That's 420 megawatts.

10 Q And the Port Everglades site is different than
11 the Ft. Lauderdale site, right? They are different
12 sites?

13 A They are in close proximity, within about
14 10 miles of each other, but they are different sites.
15 Yes, sir.

16 Q Right. They are not contiguous?

17 A Correct.

18 Q So I assume you did -- as part of your
19 decision to bring these plants forward and put them in,
20 you did a need study, a need analysis to make sure that
21 this was something that, if you are going to ask the
22 ratepayers to pay for it, you determined that it was
23 needed; is that right?

24 A The -- as part of --

25 Q Yes? No?

1 A Yes.

2 Q **You did a need study, a need analysis for**
3 **these?**

4 A In terms of what would be referenced as a
5 needs in terms of this context, I think that would be
6 inappropriate to use, but in terms that there was
7 these -- this equipment was obsolete and getting
8 cost-effective to maintain, and no longer cost-effective
9 for our customers, yes, that type of needs was
10 performed.

11 Q **Okay. I am sorry, I was not clear in my**
12 **question with respect to need. You didn't do any kind**
13 **of need determination that would be associated with**
14 **something that would be filed at the commission in a**
15 **Power Plant Siting Act, am I right?**

16 A That's right. The statutes do not require
17 that.

18 Q **And you heard Mr. Silagy say FPL always does**
19 **the right thing. I assume that's whether the statute**
20 **requires it or not, correct?**

21 MR. DONALDSON: Object to the form.

22 CHAIRMAN BROWN: Mr. Moyle, please.

23 MR. MOYLE: I will just withdraw the question.

24 CHAIRMAN BROWN: Good.

25 BY MR. MOYLE:

1 Q So in response to my question, you said, no,
2 we think there is a need because the equipment is
3 obsolete and not cost-effective; is that right?

4 A It is not cost-effective, and there are better
5 alternatives for our customers.

6 Q Okay. So then, I guess when you say better
7 alternatives with respect to your decision to replace
8 the peakers, you decided to come up with new peaking
9 units, correct, and install new peaking units?

10 A New combustion turbines were put in their
11 place.

12 Q And those are what we call, shorthand, CTs?

13 A Yes, sir.

14 Q And just explain briefly what a CT is, as
15 compared to a combined cycle.

16 A It is -- a CT is a component of a combined
17 cycle. For example, when they say a combined cycle is a
18 three-on-one, that means there is three combustion
19 turbines to one steam turbine.

20 Q Okay. And then these combustion turbines,
21 they run on gas, right?

22 A Yes, sir.

23 Q And your plan, with respect to how these
24 combustion -- well, let me ask you this: How are the
25 peakers going to be fueled -- what's the plan for

1 **fueling the peakers at Ft. Myers? Are you going to run**
2 **them primarily on gas?**

3 A They are dual fuel.

4 Q **Right. So if you have dual fuel, one is**
5 **primary and one's secondary, right?**

6 A Well, I will say currently, the CT -- the GTs
7 that are over there are dispatched on distillate.

8 Q **So that means that the CTs that are over there**
9 **that you are going to retire are going are dispatched on**
10 **oil?**

11 A Distillate is an oil, and if it -- if we
12 follow suit with what has historically occurred, I would
13 expect that the new CTs would be dispatched quite a bit
14 on oil as well.

15 Q **And you would dispatch them on oil even if you**
16 **have natural gas?**

17 A If gas is available, you are going to go to
18 the cheapest fuel source that's available, and you are
19 going to put the cheapest fuel source in to your most
20 economical units first. System operations tells us
21 how -- what fuel source to put into the units and how to
22 dispatch the units based upon economic models.

23 Q **All right. You are not capacity strained**
24 **based on natural gas in Ft. Myers, are you?**

25 A It would be best to ask Witness Forrest.

1 **Q Okay. Do you have an understanding?**

2 MR. DONALDSON: I think she just said that ask
3 Witness Forrest.

4 MR. MOYLE: Well, she didn't say she didn't
5 know. I mean, she's told me, in her deposition,
6 that she's capacity strained in Ft. Lauderdale.

7 THE WITNESS: You asked Ft. Myers. You didn't
8 have Lauderdale.

9 MR. MOYLE: Right --

10 CHAIRMAN BROWN: Ms. Kennedy. I will let the
11 witness answer the question.

12 MR. MOYLE: Okay.

13 CHAIRMAN BROWN: If she knows, she knows; if
14 she doesn't, she doesn't.

15 THE WITNESS: Ft. Myers, it would be best that
16 you asked Forrest -- Witness Forrest.

17 BY MR. MOYLE:

18 **Q So does that mean you don't know?**

19 A I do not know.

20 **Q Okay. It's okay to give that answer if you**
21 **don't know. But you do know that it is capacity**
22 **constrained in Broward County, correct?**

23 A Yes, sir. That is correct.

24 **Q And so what that means is, with all the**
25 **planning and everything, there is not enough natural gas**

1 available to run all these peakers in Broward County --
2 and when I say Broward County, that means that the
3 840 megawatts at the Ft. Lauderdale site and the
4 420 megawatts at Port Everglades; is that right?

5 A Yes and no. The condition is no different
6 than the condition that we have currently with those --
7 with the peaker units, and they can operate, that's why
8 they are dual fuel, and we will not be relieved of this
9 until the Florida Southeast Connection, the third
10 pipeline comes in.

11 Q I -- do you, with respect to emissions --
12 emissions is an important topic in this case, correct?

13 A Yes, sir, they are.

14 Q Do you make dispatch decisions that factor in
15 emissions?

16 A There are costs associated with it that I know
17 that are factored in, but that would be best to
18 reference to Witness Miranda, who oversees system
19 operations.

20 Q Did -- with respect to the peaker projects,
21 have any of them been retired, as we sit here today, the
22 current peakers?

23 A Yes, sir. We had to retire the gas -- No. 8
24 at Ft. Myers last August because of the long lead time
25 in trying to acquire a torque converter. It had failed,

1 and it had a long lead time of over 12 months, and was
2 going to have to be reverse engineered.

3 We have similar issues over on our gas turbine
4 power park, which is the Lauderdale and Port Everglades
5 sites, as well.

6 **Q Have those been retired?**

7 A We have not yet had to retire it, but we are
8 getting close.

9 **Q Are you aware of a rule that requires the**
10 **utility company to come in and ask for this commission**
11 **to review proposed retirements before you retire them?**

12 A I am not aware of that. No, sir.

13 **Q So if I showed you a copy of the Rule**
14 **24-6.0436 -- I will just give it to her.**

15 MR. DONALDSON: Well, she objects -- I am
16 going to object. She says she's not familiar with
17 the rule, so --

18 CHAIRMAN BROWN: Mr. Moyle, she said she was
19 not familiar with the rule. I don't see the
20 rationale for continuing it with this line of
21 questioning.

22 MR. MOYLE: Well, I guess I can tie it
23 together.

24 BY MR. MOYLE:

25 **Q But as far -- you haven't come in -- you**

1 didn't ask the Commission to -- for permission, or have
2 the Commission review the retirement of the site in Ft.
3 Lauderdale -- in Ft. Myers, did you?

4 A I have not. And if it's part of what our
5 requirements will be, I am certain that we will meet all
6 of our legal obligations.

7 Q And if there was -- if there was an obligation
8 that required you to seek approval before making a
9 decision and acting, would you do that?

10 A Yes, sir.

11 Q So just -- so with respect -- because we have
12 had a lot of testimony about emissions and oil, and the
13 benefits. I mean, you said one of the three reasons is
14 oil is not so good. That's one of the things you say in
15 your testimony. Do you find it ironic that, with
16 respect to the Ft. Lauderdale and the Port Everglades
17 peakers, that you are going to be forced to run them on
18 oil because there is not enough natural gas available?

19 A Can I give some clarification in terms of the
20 definition of oil? In terms of the definition of oil
21 that's talked about on the exhibits, we are talking
22 about residual oil. The oil that we are talking about
23 for these units is a ultra low sulfur distillate, and
24 significantly different in terms of its emissions
25 concerns.

1 **Q** **Okay. So with that understanding, would you**
2 **please answer my question?**

3 MR. DONALDSON: Well, let me just object for a
4 quick second because I think you threw in Port
5 Everglades with regards to the new CTs, and I don't
6 believe she testified and said that there are new
7 CTs at Port Everglades, so with that caveat.

8 CHAIRMAN BROWN: Mr. Moyle.

9 MR. MOYLE: With counsel's kind correction, if
10 she would answer the question, I would appreciate
11 it.

12 CHAIRMAN BROWN: Could you restate it?

13 THE WITNESS: Yes, please.

14 CHAIRMAN BROWN: Can you restate it?

15 MR. MOYLE: Sure.

16 BY MR. MOYLE:

17 **Q** **So given the situation, as I understand it,**
18 **FPL, with these new peakers at Ft. Lauderdale, they are**
19 **going to be running on oil, as you clarified, not**
20 **residual oil, but distillate oil; is that right?**

21 A It's a distillate ultra low sulfur, yes.

22 **Q** **Okay. That's not better than natural gas, is**
23 **it, in terms of emissions? Yes? No?**

24 A Natural gas is better.

25 **Q** **And are there plans to try to get enough**

1 natural gas so that -- to the extent environmental
2 emissions were are important -- are important to you,
3 because I know they are, that you would have that put in
4 place to run the Ft. Lauderdale peakers on natural gas?

5 MR. DONALDSON: I am going to object, I don't
6 believe any of that line of questioning is in Ms.
7 Kennedy's testimony.

8 CHAIRMAN BROWN: Mr. Moyle.

9 MR. MOYLE: I think she's about the only
10 witness that talks about the peakers in much
11 detail, and it's a \$725 million item. If she's the
12 one most knowledgeable about it, I think I should
13 have some room.

14 CHAIRMAN BROWN: Mr. Donaldson.

15 MR. DONALDSON: Well, yes, she is one of the
16 witnesses that talks about peakers, but your
17 question was about getting natural gas down into
18 that area. And, again, that is not her testimony,
19 so if you could point to that page and line, that
20 would be great.

21 MR. MOYLE: Maybe she could tell me if she's
22 not the witness to tell me that's a Mr --

23 CHAIRMAN BROWN: That sounds fair enough.

24 BY MR. MOYLE:

25 Q Can you talk about plans on natural gas? You

1 **did in your deposition a little bit, correct?**

2 A I will say that, just two questions earlier, I
3 commented that when we get the Florida Southeast
4 Connection, that that would be relieving some of the gas
5 pressures that are there. And I would also reference
6 you to Witness Forrest for additional information on
7 this topic.

8 Q Okay, Witness Forrest. And you said that
9 **southeast connection?**

10 A That's the third gas pipeline coming into the
11 state. Yes, sir.

12 Q Does it have another name, they call it Sabal
13 **Trail?**

14 A Our portion of it, taking out -- taking over
15 after the Kissimmee Hub is called the Florida Southeast
16 Connection.

17 Q Okay. Up above that, is it called Sabal
18 **Trail?**

19 A Yes, sir.

20 Q Okay. Do you track that, or know how that's
21 **coming along?**

22 A That would be best represented, I believe, by
23 Witness Forrest.

24 Q **Forrest?**

25 A Yes.

1 Q So if I had a question about the impact of a
2 lawsuit that has been filed in the Eleventh Circuit
3 Court of Appeals, you wouldn't be the witness to answer
4 that?

5 A I would not be the witness for that.

6 MR. DONALDSON: Okay. Thank you.

7 BY MR. MOYLE:

8 Q So given -- given that -- well, we will see
9 how Mr. Forrest answers the gas question for Ft. Myers,
10 but if you assume Ft. Myers has the -- is not
11 constrained on natural gas -- I mean, Ft. Lauderdale is
12 constrained on natural gas, correct?

13 A At times, it is constrained. It's not always
14 constrained. It's on peak operating days.

15 Q Okay. And why don't you just tell the
16 Commission what that means and why you are forced to run
17 on oil as compared to natural gas. I know you did in
18 your deposition, but if you would explain that, that
19 would be helpful.

20 A Okay. And that is because gas is being placed
21 in our most efficient base-loaded units at that time.
22 And these are the higher heat rate, last type of
23 dispatch units, and so that's where they fall in in the
24 order.

25 Q Okay. And do you know -- or did you look and

1 say, well, wait a minute, maybe we should slot these in
2 and go and build Ft. Myers peakers first, because they
3 can run on natural gas, and defer our Ft. Myers -- Ft.
4 Lauderdale peakers, did you look at scheduling the
5 peaker upgrades in subsequent years or no?

6 A I believe we discussed this in the depo, and
7 that was not part of the strategy that was put forward.
8 We talked about the costs that are associated when you
9 do these in one large collective time, or whether --
10 when you stager them.

11 Q Right. And so the answer was, no, you didn't
12 consider it; correct?

13 A I do not think it was considered, yes.

14 Q Okay. That was not something that you were
15 involved in? You don't know whether it was considered
16 or not?

17 A I was not involved in that.

18 Q Okay. Well, I don't -- sorry, I shouldn't ask
19 you questions if you don't have any knowledge of it.

20 CHAIRMAN BROWN: That's true.

21 MR. DONALDSON: I have been saying that all
22 day.

23 BY MR. MOYLE:

24 Q So counsel, I think, said that the Port
25 Everglades project -- what's going in at the port at

1 **Port Everglades?**

2 A In reference to what?

3 **Q With respect to your planned new power plants**
4 **there.**

5 A That plant went commercial April 1st.

6 **Q And that's the 420-megawatt plant?**

7 A No, sir. That was the combined cycle
8 three-on-one.

9 **Q Okay. And in response to my question, you**
10 **identified 420 megawatts at Port Everglades, correct?**

11 A No, sir, I did not say that. Those are being
12 retired.

13 **Q Are you going to replace them?**

14 A There are none going back at the Port
15 Everglades site.

16 **Q They are all going to Ft. Lauderdale?**

17 A Five combustion turbines are going at
18 Lauderdale, two more at Ft. Myers.

19 **Q Okay. So when I had asked you that question**
20 **about the three sites, and you said 420 megawatts at**
21 **Port Everglades, what were you communicating?**

22 A The existing megawatts that were there for the
23 peakers that are there.

24 **Q Okay. Thank you.**

25 So at the top of this exhibit, there is the

1 .05 CT Parts that have a cost of 418 million; do you see
2 that?

3 A Yes, sir.

4 **Q Are new megawatts resulting from this project?**

5 A At 75 degrees, there is over a 600 -- let me
6 double check myself, but over 600 megawatts; and at
7 summer peak, it's only like a -- like 26 megawatts.

8 **Q And how can there be that big of a variability**
9 **with respect to a machine that, at 75 degrees, it will**
10 **generate 600 megawatts, and then in the summer, it only**
11 **gets you --**

12 A It's called physics in the design of the
13 machine.

14 **Q That explains it. That's all I need. Thank**
15 **you.**

16 There was no need analysis done with respect
17 to the megawatts represented -- I say need, I am talking
18 about a need analysis like, you know, how it relates to
19 the reserve margin as it relates to the .05 CT Parts
20 projects, correct?

21 A This was done because it was beneficial to our
22 customers in terms of providing a 1.1 percent heat rate
23 improvement. Again we are always striving for
24 continuous improvement in bringing lower bills to our
25 customers.

1 Q Okay. So that wasn't my -- you didn't answer
2 my question as to whether a need determination was done
3 with respect to looking at the reserve margin.

4 MR. DONALDSON: I'm going to object, counsel.
5 You actually did not say need determination. You
6 said need analysis.

7 BY MR. MOYLE:

8 Q Well, need analysis as to type done, and then
9 need determination. If you could answer yes, no, it
10 would move us along.

11 CHAIRMAN BROWN: Do you need the question
12 restated?

13 THE WITNESS: Please.

14 CHAIRMAN BROWN: Mr. Moyle.

15 BY MR. MOYLE:

16 Q Do you know if any type of need analysis was
17 done with respect to the additional megawatts that the
18 .05 CT Parts project would provide? And I say need
19 analysis as it compares to reserve margin requirements.
20 Yes or no?

21 A No.

22 CHAIRMAN BROWN: I do want to remind the
23 witness that she's allowed an opportunity to
24 explain her answer, so you are not limited to just
25 yes or no.

1 THE WITNESS: Thank you.

2 BY MR. MOYLE:

3 Q Okay. And I need an explanation on that. Are
4 you saying you don't know, or that you know and none was
5 done?

6 A There was an analysis performed in terms of if
7 this project was beneficial for our customer, and it
8 proved that it was -- had a CPVRR that was a value add
9 to our customer, hence we proceeded with it.

10 Q Okay. So under that analysis you proceeded,
11 but there was not an analysis related to reserve margin,
12 correct?

13 A No, sir, not to my knowledge.

14 Q Let's move to the solar projects. Do you know
15 what the megawatts for each of the solar projects is?

16 A Each of the sites are 74.5 megawatts.

17 Q And do you have an understanding about when
18 something has to come in and be reviewed by the
19 Commission to determine whether it's needed in
20 accordance with the reserve criteria?

21 A I am aware of the statute. Yes, sir.

22 Q And that is at 75 megawatts or above, is that
23 right?

24 A It's 75 megawatts or above.

25 Q So these are sized just under the need

1 **determination statute, is that correct?**

2 A Yes, sir.

3 Q **Okay. Do you know if that was done in**
4 **consideration of where FPL's reserve margin was, and**
5 **whether the plants would be determined needed or not?**

6 MR. DONALDSON: I am going to object for a
7 quick second. These questions seem to be resource
8 planning questions, and I believe Ms. Kennedy
9 already said that she's not the resource planning
10 witness, and Mr. Moyle continues to ask these need
11 determination resource planning questions, so --

12 MR. MOYLE: I think she's the best we got for
13 this case.

14 MR. DONALDSON: No, she's not. She has
15 pointed to other witnesses in this case --

16 CHAIRMAN BROWN: Mr. Moyle.

17 MR. DONALDSON: -- especially Mr. Barrett.

18 CHAIRMAN BROWN: Mr. Moyle, do you think that
19 it would be better to direct these particular
20 questions, because I am not going to allow unduly
21 repetitious evidence being asked, so do you think
22 that the most appropriate witness is the resource
23 planning witness?

24 MR. MOYLE: Yes, I hope so. I mean, if she
25 can't answer, then she can't answer.

1 CHAIRMAN BROWN: Can you move along with your
2 questions, then?

3 MR. MOYLE: Yes.

4 MS. CSANK: Madam Chair, if I may interrupt
5 for a moment, because this is of great interest to
6 the Sierra Club, who is the resource planning
7 witness? Is it Mr. Barrett?

8 MR. DONALDSON: Mr. Barrett.

9 MS. CSANK: Thank you.

10 CHAIRMAN BROWN: Mr. Moyle.

11 MR. MOYLE: Can I have a minute --

12 CHAIRMAN BROWN: Sure.

13 MR. MOYLE: -- and let me go over my notes and
14 see if I can bring us in for a landing.

15 CHAIRMAN BROWN: Sure.

16 BY MR. MOYLE:

17 **Q That CPVRR analysis, you didn't do that**
18 **analysis, did you?**

19 A Those are performed by resource planning.

20 **Q So, no, you did not perform the analysis?**

21 A No, I did not.

22 **Q Page 21, you have testimony that you retired**
23 **older, less efficient generating fleets in there; do you**
24 **see that?**

25 A On line 15, yes, sir.

1 Q Okay. The Putnam units, what kind -- they are
2 combined cycle units, correct?

3 A Yes, sir.

4 Q Do you know what their life was? Do they have
5 any remaining life with respect to the net book value,
6 do you know?

7 A That would be best directed to, what book
8 value remained, to probably Kim Ousdahl.

9 Q Okay. Were you involved in the decision to
10 retire the Putnam units?

11 A Involved in the aspect that I provided
12 maintenance and operating schedules to continue to
13 operate those units for the evaluation for its
14 retirement.

15 Q So who -- I take it that's, no, right? You
16 weren't involved, like, in a meeting where they said,
17 like, let's retire it?

18 A No, I was not involved in let's retire it. I
19 it provide information only for that decision.

20 Q Okay. And who makes the decision in the --
21 who make the decision, let's retire it?

22 A It comes out through evaluations and
23 recommendations through resource planning and our
24 operating committee.

25 Q And operating committee, is that chaired by

1 **Mr. Silagy?**

2 A He would be a member of that.

3 **Q Do you know who chairs it?**

4 A The operating committee is chaired by
5 Mr. Robo.

6 **Q So on -- you are aware sometimes in the
7 regulatory world that things are normalized, correct?
8 You have heard the term weather normalization?**

9 A Yes, sir.

10 **Q Okay. On --**

11 CHAIRMAN BROWN: You did say you were bringing
12 it in for a landing.

13 MR. MOYLE: I know.

14 CHAIRMAN BROWN: You are going down a
15 different road here.

16 MR. MOYLE: On page -- yeah, cloudy whether.

17 BY MR. MOYLE:

18 **Q Page 20, line 10.**

19 A Page 21, line 10?

20 **Q No, 20.**

21 A Page -- oh, line 20?

22 **Q Page 20, line 10.**

23 A Page 20.

24 **Q You say, quote, in fact, there are more major
25 overhauls in 2017 than any other year during 2014 to**

1 **2018; is that correct?**

2 A Yes, sir. That's what it says.

3 **Q And with respect to that timeframe, anyway,**
4 **that period in 2017 is not normal if you just look at**
5 **those years, correct?**

6 A I would disagree with your characterization of
7 that statement.

8 **Q Okay. That's fine.**

9 A I would say that it is indicative of the
10 growth that we have seen in our fleet that I discussed
11 earlier, about adding 13,000 megawatts to our fleet
12 since 2001.

13 **Q And it's just a coincidence that all these**
14 **things had to be coming in for O&M in '17?**

15 MR. DONALDSON: I am going to object --

16 THE WITNESS: I take exception to your
17 characterization again.

18 MR. DONALDSON: Same here. I was going to
19 object. Thank you.

20 CHAIRMAN BROWN: I am sorry, when there is an
21 objection lodged by your counsel, if you could just
22 hold off on answering, that will make the record
23 much more clear.

24 THE WITNESS: Yes, ma'am.

25 CHAIRMAN BROWN: Go ahead, Mr. Moyle.

1 MR. MOYLE: I think the question was along the
2 lines of if it's a coincidence or happenstance that
3 the unusual number of O&M repairs -- or I don't
4 know what you call it -- O&M services had to come
5 in in 2017. She said, I think, no.

6 MR. DONALDSON: Well, let me just object.
7 First of all, this was covered by OPC. I also
8 object to the characterization, and it's
9 repetitive.

10 CHAIRMAN BROWN: All of the above, I agree.

11 Mr. Moyle, please continue with your line of
12 questions.

13 MR. MOYLE: And I think -- I think that will
14 wrap it up. Thank you.

15 CHAIRMAN BROWN: Thank you.

16 Okay. On to hospitals, Mr. Wiseman.

17 MR. WISEMAN: Thank you, Madam Chair. We have
18 a number of exhibits. And actually I have a
19 question for you on -- a couple of questions.

20 Number one, one of them, somewhere in the
21 pack, is identical to Exhibit 600.

22 CHAIRMAN BROWN: Okay.

23 MR. WISEMAN: So that will be in the stack,
24 and I guess we will just skip over that one.

25 CHAIRMAN BROWN: Okay.

1 MR. WISEMAN: The other one -- I don't want to
2 say problematic, but there is one exhibit that has
3 confidential information in it. We have it in a
4 red file, but I don't know who has signed
5 confidential -- or who is entitled to receive that
6 information.

7 CHAIRMAN BROWN: Okay. I know our counsel can
8 advise us of that.

9 MS. BROWNLESS: Yes, ma'am. My understanding
10 is the procedure that we explained at the
11 prehearing conference was you should have 40 copies
12 of that. They should all be in red folders, and
13 the parties are entitled to see that, as well as
14 the Commissioner, and obviously the witness and the
15 attorneys.

16 MR. DONALDSON: However, I believe that not
17 all parties signed a nondisclosure agreement with
18 FPL regarding certain confidential information, and
19 thus those parties I don't believe would be
20 receiving -- right, to be sure who actually has not
21 signed a confident agreement.

22 CHAIRMAN BROWN: Do -- FPL, do we know who has
23 not signed the confidentiality?

24 MR. DONALDSON: We are checking right now.

25 CHAIRMAN BROWN: Okay.

1 MR. DONALDSON: Thank you.

2 CHAIRMAN BROWN: Mr. Wiseman --

3 MR. WISEMAN: Yes.

4 CHAIRMAN BROWN: -- you said you had other
5 questions.

6 MR. WISEMAN: I am sorry. That was all of
7 them.

8 CHAIRMAN BROWN: Okay. So they will be
9 handing out how many exhibits?

10 MR. WISEMAN: That's a good question.

11 CHAIRMAN BROWN: All right.

12 MS. BROWNLESS: We need to wait to hand these
13 out so we can understand which parties are supposed
14 to get the confidential documents and which are
15 not.

16 CHAIRMAN BROWN: And that is fine. If you
17 want to start with a different exhibit, though, we
18 will be beginning at 602.

19 MR. WISEMAN: Okay.

20 CHAIRMAN BROWN: So you can proceed. Why
21 don't you all just figure that out, and Mr. Wiseman
22 man can proceed with his cross.

23 MR. WISEMAN: Do you want to mark these now?

24 CHAIRMAN BROWN: No.

25 MR. WISEMAN: Okay. Fine?

1 CHAIRMAN BROWN: We will mark them as you
2 introduce them.

3 MR. WISEMAN: Very good, and we may skip over
4 some.

5 CHAIRMAN BROWN: Okay.

6 EXAMINATION

7 BY MR. WISEMAN:

8 Q Good evening, Ms. Kennedy.

9 A Good evening.

10 Q I seem to always be talking to you around
11 dinnertime.

12 A I had some strawberries, better than the other
13 night.

14 Q That's a good thing.

15 Can you refer to page six of your testimony,
16 please? Do you have that?

17 A Yes, sir.

18 Q All right. Starting on line five, you
19 testified there that FPL has transformed its fossil
20 generating fleet since 1990; do you see that?

21 A Yes, sir.

22 Q All right. And as you continue that
23 discussion down through about line 18 or so, or maybe
24 19, you assert that, since 2001, improvements, as a
25 result of the transformation of the FPL fleet, have

1 **resulted in eight point -- I am sorry -- \$8 billion**
2 **cumulatively in fuel cost avoidance; is that correct?**

3 A Yes, sir.

4 Q **All right. And is the fleet transformation**
5 **that you are talking about since 2001, is that the**
6 **installation of combined cycle units primarily?**

7 A Yes, sir.

8 Q **All right. Now, would you agree that the**
9 **capital investment in those combined cycle units, since**
10 **2001 through 2015, has been approximately \$7.1 billion?**

11 A That's the capital investment. Yes, sir.

12 Q **All right.**

13 MR. WISEMAN: At this time, I would like
14 marked for identification as the next exhibit, and
15 I think you said it's 602. This would be the --
16 FPL's response to SFHHA Interrogatory No. 151. So
17 it was the second document in the stack I gave you.

18 CHAIRMAN BROWN: We are distributing it right
19 now.

20 MR. WISEMAN: Oh, I am sorry.

21 THE WITNESS: 151 from?

22 MR. WISEMAN: This is response to SFHHA
23 Interrogatory No. 151. It's the sixth set, if that
24 helps you.

25 CHAIRMAN BROWN: If you could just hold a sec

1 while they distribute.

2 MR. WISEMAN: Sure.

3 MS. HELTON: And, Madam Chairman, what we
4 asked our staff to do is to distribute everything
5 but the red folders until we have clarified who can
6 get the confidential information.

7 CHAIRMAN BROWN: Except to us.

8 MS. HELTON: Right. Yes, you get it.

9 CHAIRMAN BROWN: Yes.

10 MR. DONALDSON: Okay. So, Commission and
11 Chairman, I do have the list of those that have
12 signed --

13 CHAIRMAN BROWN: You have the list?

14 MR. DONALDSON: Yes.

15 CHAIRMAN BROWN: Okay.

16 MR. DONALDSON: So it's Sierra Club, FIPUG,
17 South Florida Hospital, AARP, FEA, and for OPC, we
18 did the motions for temporary protective orders, so
19 those were the parties that did sign the --

20 CHAIRMAN BROWN: So just delineate who is not
21 to receive it. That would be probably easier.

22 MR. DONALDSON: Sure. I believe that's the
23 Larsons and Wal-Mart.

24 CHAIRMAN BROWN: All right. So staff is aware
25 that only Wal-Mart and the Larsons did not sign the

1 NDA.

2 MR. DONALDSON: I don't recall Wal-Mart
3 signing it.

4 MS. ROBERTS: Yeah, we did sign it. We did
5 sign it and send it back. My colleague signed it.

6 MR. DONALDSON: I will try to find it.

7 CHAIRMAN BROWN: It's on the record.

8 All right. Let's just proceed right now while
9 they are distributing the list out. So you wanted
10 six -- you wanted the response, Interrogatory 150?

11 MR. WISEMAN: No, one -- we are -- we didn't
12 use 150. We are skipping over that one.

13 CHAIRMAN BROWN: Okay.

14 MR. WISEMAN: We are going to use the response
15 SFHHA Interrogatory 151?

16 CHAIRMAN BROWN: Okay, everyone please be
17 aware that 151 response to the interrogatory will
18 be labeled as 602.

19 (Whereupon, Exhibit No. 602 was marked for
20 identification.)

21 CHAIRMAN BROWN: Okay.

22 MR. WISEMAN: May I proceed?

23 CHAIRMAN BROWN: You may proceed, please.

24 And please, I ask all the parties and the
25 staff, please silence your hustle and bustle

1 around, please, so that Mr. Wiseman can proceed
2 smoothly.

3 MR. WISEMAN: Thank you.

4 BY MR. WISEMAN:

5 Q Ms. Kennedy, is the document that's been
6 marked for identification as Exhibit No. 602 an
7 interrogatory response that was prepared by you, or
8 under your supervision?

9 A Yes, sir.

10 Q All right. And would you agree -- if you
11 would turn to -- well, it's page one of one. There is a
12 list there of, I don't know, maybe 10 or so generating
13 units; is that correct?

14 A Yes, sir.

15 Q And would you agree that the units on this
16 page, starting with the ones that have a commercial
17 operation date of June 2012 or later, are the units that
18 comprise the \$7.1 billion in capital investments that we
19 were just discussing?

20 A I think I heard you say June 2012.

21 Q If I said June 2012, I misspoke. June 2002.

22 A Yes, sir. Subject to adding up, but, yes, I
23 think those are the units.

24 Q All right. And so those are the ones that
25 have produced the \$8 billion in fuel cost avoidance

1 **savings, correct?**

2 A Yes, year-to-date, and they have more to save
3 over their project lives.

4 **Q Well, we are going to get to that. Thank you.**

5 Now, you would agree that to keep each of
6 these plants running, you need to invest additional
7 capital investment in facilities for maintenance
8 purposes; is that right?

9 A Yes, sir. That is correct.

10 **Q And you also have to spend, on an annual
11 basis, O&M expenses, right?**

12 A Yes, sir.

13 **Q All right.**

14 MR. WISEMAN: If we could now have marked for
15 identification as Exhibit No. 603, this would be
16 FPL's response to SFHHA interrogatory, sixth set,
17 Interrogatory No. 152.

18 CHAIRMAN BROWN: We will do that.

19 (Whereupon, Exhibit No. 603 was marked for
20 identification.)

21 CHAIRMAN BROWN: Please proceed.

22 BY MR. WISEMAN:

23 **Q Ms. Kennedy, do you have the document that's
24 been marked for identification as Exhibit 603 before
25 you?**

1 A I have it in front of me. Yes, sir.

2 Q Okay. And is this also a discovery response
3 that was provided by you in this proceeding?

4 A Yes, sir, under my direction.

5 Q All right. Could you -- do you see that there
6 is -- there are a number of spreadsheets that are
7 attached to the document?

8 A Yes, sir.

9 Q Now, these expenses -- I'm sorry, the dollar
10 figures that are listed here, do you see there is a
11 column that says base capital? It's a column that runs
12 across on an annual basis from 2001 through 2000 and --

13 MR. DONALDSON: I am sorry, counselor, are you
14 on page one of the attachment?

15 BY MR. WISEMAN:

16 Q On page one of the attachment has base capital
17 figures for the years 2001 through 2004 --

18 MR. DONALDSON: Thank you.

19 BY MR. WISEMAN:

20 Q -- do you see that?

21 A Yes, sir.

22 Q Okay. And if you follow this spreadsheet
23 through to the end, there are base capital figures for
24 the generating units that are listed through 2017,
25 correct?

1 A Yes, sir.

2 Q Okay. Now, the base capital figures that are
3 in this document, that reflects the capital
4 investment -- and let's talk about 2001 through 2015
5 first, okay?

6 Is it correct that that base capital figure in
7 each instance represents the capital investment that FPL
8 made on an annual basis with respect to the applicable
9 plants in order to maintain them?

10 A It is the projected amount that is -- that has
11 occurred in the 2000 -- up to 2015 for those sites.

12 Q Well, when you say -- 2001 through 2015, those
13 are actuals?

14 A Those are actuals. Yes, sir.

15 Q Right.

16 A I was about to misspeak. Yes, sir. Thank you
17 for the correction.

18 Q And the figures for 2016 and 2017 are
19 projected capital expenses, correct?

20 A Yes, sir.

21 Q Okay. Now, if we could now move -- actually,
22 let's go back to -- do you still have Exhibit No. 600
23 that OPC introduced earlier?

24 CHAIRMAN BROWN: It is FPL's response to
25 interrogatory -- staff's Interrogatory 153, if that

1 will be helpful.

2 THE WITNESS: Yes, sir -- ma'am. Thank you.

3 BY MR. WISEMAN:

4 Q Do you have that?

5 A I have it. Yes, sir.

6 Q Okay. Now, the dollar figures that are listed
7 here are O&M expenses, correct?

8 A Yes, sir.

9 Q So they are separate and apart from the
10 capital investments that we have been talking about in
11 the prior document, right?

12 A That's correct.

13 Q And so if I wanted to know, on an annual
14 basis, the actual dollars that FPL spent to maintain the
15 projects, one of these generating plants, is it correct
16 that what I would do is I would take the dollar figures
17 from the -- that are the capital investments that are in
18 Exhibit No. --

19 A 603.

20 Q -- 603, and I would add to that the O&M
21 expenses that that are in Exhibit No. 600?

22 A That is correct.

23 Q All right. Thank you.

24 So let's just take an example, and let's look
25 at those two documents, and let's go to 2000 -- the

1 year -- I want to focus on the year 2017. Do you have
2 the -- let me know when you have the applicable page in
3 Exhibit No. 603.

4 A Yes, sir.

5 Q All right. So the projected dollars that FPL
6 anticipates it's going to spend in 2017 with respect to
7 maintaining the West County Unit 3 would be a little
8 over \$45 million in capital investment, plus about, I
9 think it's the \$6,300,000 on Exhibit 600; is that right?

10 A I am highlighting. Based upon what I
11 highlighted for West County -- are you looking for just
12 West County 3, or West County total for the --

13 Q No. I was looking for West County 3 only.

14 A Okay. West County 3, it would be the
15 45 million plus the 1.1.

16 Q These numbers are hard to read across here.
17 So for Unit 2, then, it's the one that you would project
18 O&M expenses -- West County Unit 2 -- you project O&M
19 expenses for that unit of \$6.3 million in 2017; right?

20 MR. DONALDSON: Let me -- are we changing the
21 example from West County 3 to West County 2 now for
22 both capital and O&M?

23 MR. WISEMAN: I'm going to get to the capital
24 part. I actually don't see a capital investment
25 here. I am only talking about the O&M expense on

1 West County 3 right now -- West County 2, excuse
2 me.

3 MR. DONALDSON: Okay. Well, I will lodge an
4 objection to comparing two different units that
5 have base capital in 2017 in O&M for a different
6 unit in 2017 for a different unit?

7 CHAIRMAN BROWN: Mr. Wiseman --

8 MR. WISEMAN: Let me clarify, because I'm not
9 trying to --

10 CHAIRMAN BROWN: I am getting a little
11 confused myself.

12 MR. WISEMAN: Sure. I am not trying to
13 combine the two. It's just that the numbers, as
14 you go across the page, it's a little hard to make
15 sure which line they're on.

16 MR. DONALDSON: I believe the witness said
17 that for the West County 3, the O&M was 1.5
18 million.

19 CHAIRMAN BROWN: You can ask her the question.

20 MR. WISEMAN: Yeah.

21 BY MR. WISEMAN:

22 **Q Let's just -- yeah, I want the record to be**
23 **clearer, so let's just talk about West County Unit 3**
24 **first.**

25 For that unit, if we go to Exhibit 603, you

1 are projecting that, for 2017, the capital investment to
2 maintain that unit will be about \$45.1 million, correct?

3 A Yes, sir, capital.

4 Q And to go to Exhibit 600, you are projecting,
5 for that same unit, that the O&M expenses in 2017 would
6 be \$1.5 million, approximately; is that right?

7 A Yes, sir.

8 Q All right. That's just all I wanted. Thank
9 you.

10 Now, would you agree that to derive your
11 calculations of fuel cost avoidance, you use 2001 as a
12 baseline; is that right?

13 A Yes, sir, because the majority of our combined
14 cycled transformations from conventional to combined
15 cycle or new sites occurred after the 2001 time period.

16 Q Okay. Well, is it correct that to calculate
17 your fuel cost avoidance figures, what you did is you
18 compared each year's actual combined gas and oil heat
19 rate with the 2001 baseline heat rate, and then
20 multiplied that times the associated generation-weighted
21 dispatch cost of fuel in dollars per MMBTU?

22 A There is an interrogatory that covers the
23 calculation. And I would agree that it is a delta
24 comparison year by year to the 2001 heat rate, and with
25 the average fuel cost for that -- and appropriately

1 weighted for the fuel type and the fuel price for that
2 year annually, and that's how it was calculated. Yes,
3 sir.

4 **Q Let's be clear -- let me find --**

5 MR. WISEMAN: If we could have marked for
6 identification as --

7 CHAIRMAN BROWN: 604.

8 MR. WISEMAN: Exhibit 604, this would be FPL's
9 response to staff's third set of interrogatories,
10 Interrogatory No. 126.

11 CHAIRMAN BROWN: 126. Ms. Kennedy, do you
12 have that in front of you?

13 THE WITNESS: Yes, ma'am, I do.

14 CHAIRMAN BROWN: Okay. So if you could label
15 that 604 for us.

16 (Whereupon, Exhibit No. 604 was marked for
17 identification.)

18 CHAIRMAN BROWN: All right. You may proceed.

19 MR. WISEMAN: Thank you.

20 BY MR. WISEMAN:

21 **Q Ms. Kennedy, is exhibit -- the document that's**
22 **been marked for identification as Exhibit No. 604 the**
23 **interrogatory response that you were just referring to?**

24 A Yes, sir.

25 **Q And if you look at Part A, it says there -- I**

1 am looking at the second sentence in the response. It
2 provides, "to develop the company's estimation of annual
3 fuel energy (in MMBTU) avoided, FPL compared each year's
4 actual combined gas and oil heat rate with the 2001
5 start-point heat rate and multiplied it by the
6 associated generation-weighted dispatch cost of fuel in
7 dollars per MMBTU. The sum of the resulting annual fuel
8 cost savings amounted to the cumulative \$8 billion over
9 this 2001 - 2015 timeframe."

10 So does that -- the two sentences I just read,
11 does that accurately describe how you calculated the
12 fuel cost savings?

13 A Yes, sir.

14 Q Thank you.

15 So on a year-by-year basis through 2015, you
16 compared the applicable year back to the 2001 baseline
17 as if nothing happened in the interim, isn't that right?

18 A Yes, sir. That's the comparison, the aspect
19 here as if we did nothing.

20 Q Thank you.

21 Now, would you agree that, on a prospective
22 basis, changes in oil and natural gas prices are going
23 to affect the calculations of savings?

24 A Yes, sir, they do. That's why we took in
25 consideration the price of gas for the year annually.

1 Q Okay. And would you agree that the lower the
2 fuel price is, that that makes the savings look better,
3 and the inverse, the higher the fuel prices go, that has
4 the opposite affect; is that right?

5 A Yes, sir. That's correct.

6 Q All right. Can you refer -- let's switch
7 topics, and can you refer to page 15 of your direct
8 testimony, please?

9 A Yes, sir.

10 Q All right. Take a look at line 20, if I could
11 refer you there. And at that point, you describe \$15.1
12 million increase in O&M primarily attributable to land
13 outage work, including, and then you name a number of
14 units; right?

15 A Yes, sir.

16 Q Okay. And if you go over to page 16, starting
17 on line 3, you say, the forecasted expenses for 2017
18 relate to the maintenance associated with the first
19 scheduled major outage of units constructed in the early
20 to mid-2000s; is that correct?

21 A Yes, sir. This is what I was discussing with
22 counsel earlier, for example, that our Martin and
23 Manatee plants went commercial in 2005, hence that's why
24 they are coming due with 12-year steam turbine outage
25 work.

1 **Q** **Right. And so essentially what we are talking**
2 **about are the units that you say produced these fuel**
3 **savings from 2001 through 2015; is that right?**

4 **A** **These are the units that produce the fuel**
5 **savings through that time period.**

6 **Q** **Okay. And would you agree that FPL has a**
7 **protocol with respect to the combined cycle units, that**
8 **it tries to perform major overhauls on about a 12-year**
9 **cycle?**

10 **A** **That is for the steam turbines. The**
11 **combustion turbines are driven by starts or hours of**
12 **operations.**

13 **Q** **And do you have a ballpark figure on the**
14 **starts of hours per operation?**

15 **A** **It varies whether you are -- there is a whole**
16 **combustion turbine interval cycle depending upon the**
17 **technology. If it's GE, Siemens, Mitsubishi. And there**
18 **is a variety of factors that go into that, and how much**
19 **these units are utilized.**

20 **MR. WISEMAN: Madam Chair, at this point I**
21 **would like to introduce two -- or have two exhibits**
22 **marked for identification.**

23 **CHAIRMAN BROWN: Okay. He we are at 605.**

24 **MR. WISEMAN: 60 -- now, let me explain, 605**
25 **will be the response to staff Interrogatory No.**

1 371, the public portion of that document.

2 CHAIRMAN BROWN: Okay.

3 (Whereupon, Exhibit No. 605 was marked for
4 identification.)

5 MR. WISEMAN: And then 606 will be the
6 confidential attachment to that interrogatory
7 response.

8 CHAIRMAN BROWN: Okay.

9 (Whereupon, Exhibit No. 606 was marked for
10 identification.)

11 MR. DONALDSON: And, Madam Chair, just so I am
12 clear. I verified that, with respect to Wal-Mart,
13 they signed access to the FTP site, but not
14 necessarily the NDA. So with respect to that
15 party, I would just ask that they don't look at the
16 confidential.

17 CHAIRMAN BROWN: Sorry, no dice.

18 MS. ROBERTS: That's fine.

19 CHAIRMAN BROWN: Okay. So we have got marked
20 as Exhibit 605 Interrogatory 371.

21 Ms. Kennedy, do you have that?

22 THE WITNESS: Yes, ma'am, I do.

23 CHAIRMAN BROWN: And do you also have the
24 confidential document?

25 THE WITNESS: Yes, ma'am.

1 CHAIRMAN BROWN: Thank you.

2 Please proceed.

3 MR. WISEMAN: Thank you. And, Madam Chair,
4 the confidential one is 606, correct?

5 CHAIRMAN BROWN: That's correct.

6 MR. WISEMAN: All right.

7 BY MR. WISEMAN:

8 Q I am going to ask you some questions -- just a
9 couple of questions about the documents, and I am going
10 to ask in a way that I would hope doesn't elicit any
11 confidential information in your answer. If you feel
12 like you need to provide confidential information,
13 though, could you please alert us so we don't do that in
14 the public record?

15 A Yes, sir.

16 Q Okay. So let's look at 605. That's a public
17 document. And if we look at the attachment to that,
18 there are two columns to the far right of the document,
19 total expected SH, service hours, by next overhaul, and
20 then total expected years by next overhaul. Do you see
21 those two columns?

22 A Yes, sir, I do.

23 Q Okay. And so for each of these units that are
24 identified in the attachment, this document, in the two
25 columns that I specified, represent the number of hours

1 a unit would operate and the number of years it would
2 operate, at least what you are projecting, in terms --
3 or projecting prior to the units' next overhaul; is that
4 right?

5 MR. DONALDSON: Let me just object. For
6 completeness, there is an asterisk at the -- in
7 each one of the title boxes, so with that caveat,
8 that there put some type of difference to how she
9 would answer that question.

10 MR. WISEMAN: Well, if the witness could be
11 able -- be permitted to answer, I don't think -- I
12 mean, if she needs to provide that clarification, I
13 am 100 percent sure she's capable of that.

14 CHAIRMAN BROWN: Mr. --

15 MR. WISEMAN: And I don't have an objection to
16 her providing the clarification.

17 CHAIRMAN BROWN: Okay, Mr. -- okay, Mr.
18 Wiseman.

19 You may proceed with the answer.

20 THE WITNESS: First of all, I would like for
21 some clarity. I think you used that there were
22 hours on here for the projection -- the service
23 hours. There are no service hour projections.
24 This is just hours that are in terms of going with
25 what the -- what our scheduled maintenance is. It

1 doesn't necessarily mean it will or will not occur
2 at that time. That is just the hour intervals.
3 Okay, so it doesn't necessarily mean it will be 12
4 years or six years, or whatever.

5 The important thing here, I think, this was a
6 very difficult interrogatory to answer because we
7 answered it very deliberately in terms of when the
8 next generator major was going to occur, okay. So
9 in this that we answered for Martin -- excuse me,
10 let's start with Manatee 3, that the generator
11 major, that the next generator major would be 12
12 years later, but that is not taking in
13 consideration that that generator will have three
14 other minors in between that we, too, classify as
15 majors because of the definition that we use that's
16 asterisked as the first one, the anything greater
17 than 21 days.

18 So that it's not -- that it's just for a like
19 for like when we will be doing the next generator
20 major. It doesn't mean that it's necessarily the
21 next set of major work that will be performed on
22 just the generator component of that unit.

23 BY MR. WISEMAN:

24 Q But the -- I think what you are -- if I
25 properly understood what you just said, you would

1 perform work on, roughly, in three-year intervals, which
2 may not be classified as major because the outage would
3 be less than 21 days?

4 A No, sir. That's not what I said.

5 Q Okay. Could you clarify again, then, please?

6 A There is another table we can go to, but that
7 defines that we do generator minors, okay. So we are
8 using minors and majors. And I apologize for the
9 terminology. It's the lingo that's used in our
10 industry. But we define both the generator minors and
11 the generator majors as majors for answering any
12 questions to the interrogatory questions, because they
13 are greater than 21 days.

14 So on a three- to four-year cycle, we do
15 minors on the generator, and recognize -- so then T0,
16 you just had a generator major. Year three or four, you
17 are going to do a minor. Year six, you are going to do
18 a minor. You know, year nine, you are going to do a
19 minor. Year 12, you are going to do a major. And
20 that's only the generator. That's not the combustion
21 turbines. That's not, you know, other components of the
22 unit.

23 Q Okay. And as to the generators, so if you do
24 a major in 2017, you would not do another major until
25 2029, is that correct?

1 A 12 plus 17.

2 Q So my question answer is yes?

3 A Yes.

4 Q Okay. And so we don't talk about any
5 confidential information, would you agree that the
6 information that's in Exhibit No. 606 provides the same
7 type of data, but for outer years?

8 A Outer years, yes, sir.

9 Q All right.

10 MR. WISEMAN: If we could now have marked for
11 identification as --

12 CHAIRMAN BROWN: 607.

13 MR. WISEMAN: -- 607, it would be FPL's
14 response to OPC Interrogatory No. 163.

15 CHAIRMAN BROWN: Okay. We will mark that as
16 Exhibit 607, and that's -- Ms. Kennedy, do you have
17 FPL's response to OPC's fourth set of
18 interrogatories, No. 163?

19 THE WITNESS: Yes, ma'am.

20 CHAIRMAN BROWN: All right. Thank you.

21 (Whereupon, Exhibit No. 607 was marked for
22 identification.)

23 CHAIRMAN BROWN: Please proceed.

24 MR. WISEMAN: Thank you.

25

1 BY MR. WISEMAN:

2 Q Ms. Kennedy, is this also an interrogatory
3 response that was prepared by you or under your
4 supervision?

5 A Yes, sir.

6 Q Okay. And would you agree that the attachment
7 to this exhibit, the spreadsheet, provides a breakdown
8 of the overhauls and related costs FPL is projecting
9 from 2016 through 2019?

10 A The capital, yes.

11 Q Okay. And let's look at this. In 2016, your
12 projected costs are a little more than \$243 million,
13 correct?

14 A Yes, sir.

15 Q Okay. And let's jump to 2018. There, you are
16 projecting capital costs of about \$192.3 million,
17 correct?

18 A Yes, sir. I would assume this would be
19 associated with our .05 upgrades.

20 Q Okay. And then in 2019, you are projecting
21 capital costs of \$196 million, correct?

22 A 2018, I see 190 --

23 Q 2019, I said.

24 A 196, yes, sir.

25 Q Okay. And then let's loop back to 2017, the

1 projected test year, you are projecting costs of \$457
2 million; is that right?

3 A Yes, sir.

4 MR. WISEMAN: Thank you. And that, I believe,
5 completes all my questions.

6 CHAIRMAN BROWN: Thank you.

7 MR. WISEMAN: Thank you very much.

8 Thank you, Ms. Kennedy.

9 CHAIRMAN BROWN: Thank you.

10 Okay. Next up is Retail Federation.

11 MR. LAVIA: Thank you. No questions. I just
12 have a point of clarification for Mr. Donaldson.
13 Were we on the okay list to see the documents or
14 not?

15 MR. DONALDSON: I think no, but --

16 MR. LAVIA: If we could get one.

17 MR. DONALDSON: But you are going to have to
18 sign.

19 MR. LAVIA: I will sign. It was an oversight
20 on our part.

21 CHAIRMAN BROWN: Mr. Butler.

22 MR. BUTLER: We are going to bring forms over,
23 so when we finish for the evening, I can go down
24 and offer people the opportunity.

25 CHAIRMAN BROWN: Okay.

1 MR. LAVIA: We will partake of the
2 opportunity. Thank you very much, and sorry for
3 the oversight.

4 CHAIRMAN BROWN: Excellent.

5 FEA.

6 MR. JERNIGAN: No questions, ma'am.

7 CHAIRMAN BROWN: Thank you.

8 Wal-Mart.

9 MS. ROBERTS: No questions for this witness.

10 CHAIRMAN BROWN: Thank you.

11 AARP.

12 MR. COFFMAN: No questions, Your Honor.

13 CHAIRMAN BROWN: Thank you.

14 Sierra Club -- oh, sorry, Larsons.

15 MR. SKOP: No questions.

16 CHAIRMAN BROWN: Thank you.

17 Sierra Club.

18 MS. CSANK: Thank you, Madam Chairman.

19 CHAIRMAN BROWN: I do want to remind you
20 again, though, that unduly repetitive evidence will
21 not be permitted today on this witness.

22 MS. CSANK: Thank you, Madam Chair.

23 CHAIRMAN BROWN: You have may proceed.

24 MS. CSANK: I will, just by way of
25 introduction, say that I know that there were a lot

1 of questions asked of this witness. Some, to me,
2 seemed a little bit ambiguous, so I will be asking
3 some questions just to make sure that I have a
4 confirmation and a clarification of the witness'
5 position on the issue. It may sound similar, but I
6 will try to make sure I am being very distinct in
7 how I am phrasing my questions so it's clear I am
8 asking a new relevant question.

9 CHAIRMAN BROWN: That will be appreciated.
10 And I do also appreciate Sierra Club providing us
11 the exhibits up front.

12 You may proceed.

13 MS. CSANK: Thank you, Madam Chair.

14 EXAMINATION

15 BY MS. CSANK:

16 Q Good evening, Ms. Kennedy.

17 A Good evening.

18 Q My name is Diana Csank. I am here on behalf
19 of the Sierra Club.

20 A Yes, ma'am.

21 Q And just as a reminder, please answer with
22 yes, no, or I don't know, and only provide further
23 explanation as needed to move things along in the -- for
24 the sake of expedience.

25 A Yes, ma'am.

1 **Q Thank you.**

2 Ms. Kennedy, you -- please remind us of what
3 your title is.

4 **A Vice-President, Power Generation, FPL**
5 **Operations.**

6 **Q And when did you assume your current role?**

7 **A 2010.**

8 **Q And as of that time, you have been providing**
9 **information to the resource planning unit with respect**
10 **to data they need to make decisions on the retirements**
11 **of the nonnuclear generation fleet?**

12 **A We provide information as part of our 10-year**
13 **site planning process that is -- that encompasses those**
14 **type of decisions.**

15 **Q So it's fair to say that you are generally**
16 **aware of the company's projected retirement date for the**
17 **various units in the fleet that you oversee?**

18 **A When they come out with the 10-year site plan**
19 **and the finalization of that, yes, ma'am.**

20 **Q So it sounds like you are also part of the**
21 **10-year site plan preparation?**

22 **A We provide input to operation and maintenance**
23 **schedules, yes, ma'am.**

24 **Q Okay. Great. And we have discussed 40 gas**
25 **combustion turbines that date back to the 1970s at three**

1 different locations.

2 A Yes, ma'am.

3 Q And do you know when the company indicated to
4 this commission the projected retirement date for those
5 units?

6 A It would be in accordance to the 10-year site
7 plan.

8 Q And do you know, has the company identified
9 the projected retirement date of those units to this
10 commission in the site plan?

11 A I would have to check. I don't know right off
12 the top of my head.

13 MS. CSANK: So I think this is the right time
14 to mark some exhibits, Madam Chair.

15 CHAIRMAN BROWN: Okay. Great. We will be
16 starting at 608. So please let me know which one
17 you would like marked as 608.

18 MS. CSANK: I will. One moment, please.

19 CHAIRMAN BROWN: I am thinking it's the 2012
20 10-year site plan, maybe.

21 MS. CSANK: Indeed. I do have one point to
22 make on this, which is that I, for the purposes of
23 completeness --

24 CHAIRMAN BROWN: Could you -- for the record,
25 could you speak into the microphone a little bit?

1 MS. CSANK: Yes, it's hard to get any closer,
2 but I will try.

3 For the purposes of completeness, I did
4 endeavor to provide the company with full copies of
5 the 10-year site plans that I am entering into
6 exhibits. The exhibits that have been circulated
7 are excerpts, again, in order to save some trees.
8 I will limit my questions to the schedule provided
9 in the excerpt.

10 The 10-year site plan, of course, is available
11 on the Commission's website, and should FPL counsel
12 have any questions about the completeness, or have
13 any concerns, I am --

14 CHAIRMAN BROWN: FPL.

15 MR. DONALDSON: I don't have an issue with --
16 it's our 10-year site plan. I don't have an issue.
17 It's available on the public website.

18 I do have an issue with the fact that there
19 are going to be resource planning questions on this
20 10-year site plan that the witness has testified to
21 previously that she is not the proper party, and
22 that is Mr. Barrett, and so with that, I object to
23 the actual use of these 10-year site plan exhibits
24 in questioning the witness at this point in time.

25 CHAIRMAN BROWN: Your objection is noted. She

1 has not asked any questions yet on the 10-year site
2 plan yet, so keeping that precursory objection, I
3 will allow you to proceed with a line of
4 questioning, but noting the FPL objection that was
5 earlier sustained with a different counsel. Just
6 proceed cautiously with these exhibits, because
7 there is a more appropriate witness on resource
8 planning. But let's label them. Which one would
9 you like identified?

10 MS. CSANK: Sure. And so the order, I believe
11 the first one is 608.

12 CHAIRMAN BROWN: And which one would you
13 like --

14 MS. CSANK: That will be 2012, so the Schedule
15 6.2 for 2012.

16 CHAIRMAN BROWN: Okay. 608, that's 2012
17 10-year site plan.

18 (Whereupon, Exhibit No. 608 was marked for
19 identification.)

20 MS. CSANK: 609 will be the 2013 site plan.

21 CHAIRMAN BROWN: 609, 2013.

22 (Whereupon, Exhibit No. 609 was marked for
23 identification.)

24 CHAIRMAN BROWN: And 610, 2014?

25 MS. CSANK: Indeed.

1 (Whereupon, Exhibit No. 610 was marked for
2 identification.)

3 CHAIRMAN BROWN: All right. And 611, 2015?

4 MS. CSANK: Yes.

5 (Whereupon, Exhibit No. 611 was marked for
6 identification.)

7 CHAIRMAN BROWN: So that leaves us with one
8 last one, if you want to have that marked right
9 now.

10 MS. CSANK: Yes, please.

11 CHAIRMAN BROWN: That will be 612, the
12 supplement.

13 Okay. I want to make sure that Ms. Kennedy
14 has all of those identified and in front of her.

15 MS. BROWNLESS: Excuse me, Madam Chair, I am
16 confused, because I have another exhibit.

17 CHAIRMAN BROWN: Oh, you do? Do I not have
18 that?

19 MS. BROWNLESS: And so that's -- I am a bit
20 confused.

21 CHAIRMAN BROWN: I do, too. 2000 -- my
22 apologies, yes. I see that, it was attached to
23 mine, so we were at --

24 MS. BROWNLESS: So just --

25 CHAIRMAN BROWN: So strike the supplement for

1 612, 2016 is the Exhibit 612. Is that okay, Ms.
2 Csank?

3 MS. CSANK: I am sorry, I am confused. This
4 supplement, I thought, was not being circulated and
5 I am not marking at this time.

6 CHAIRMAN BROWN: No. No. We are not. I was
7 confused.

8 MS. CSANK: Okay.

9 CHAIRMAN BROWN: So the 2016 10-year site plan
10 is marked as Exhibit 612.

11 MR. DONALDSON: Okay, so just to be clear, the
12 supplemental late filed Exhibit REB-9 is not in
13 play yet, everyone has it, but we are not using it
14 yet?

15 CHAIRMAN BROWN: I have not marked it yet.

16 MS. CSANK: That's right.

17 MR. DONALDSON: Thank you.

18 CHAIRMAN BROWN: I was incorrect.

19 (Whereupon, Exhibit No. 612 was marked for
20 identification.)

21 MS. CSANK: Thank you. So -- and, Madam
22 Chair, if I may, to your point about the
23 appropriateness of this line of questioning and
24 FPL's objection, I do want to -- if I may just
25 reiterate that I just laid the foundation that Ms.

1 Kennedy is familiar with the 10-year site plan.
2 She reviews it, provides input into it. She
3 interfaces with the resource planning unit that
4 makes decisions, and the operating committee that
5 makes decisions --

6 CHAIRMAN BROWN: Thank you for all of that.
7 Could you proceed?

8 MS. CSANK: Great. Thank you.

9 THE WITNESS: May I ask a clarifying question?
10 Was 2012 Exhibit 608?

11 MS. CSANK: Yes.

12 THE WITNESS: Thank you.

13 BY MS. CSANK:

14 Q So, Ms. Kennedy, typically, in your experience
15 with the company -- and please remind us how long how
16 long have you worked for FPL.

17 A 41 years.

18 Q Thank you.

19 CHAIRMAN BROWN: Wow.

20 BY MS. CSANK:

21 Q And so --

22 A Older than counsel.

23 MR. DONALDSON: I gave her permission to say
24 that.

25 BY MS. CSANK:

1 Q Ms. Kennedy, in your experience, how far in
2 advance of you providing input that leads to a decision,
3 or a proposal by the company to this commission to
4 retire a unit is that projected retirement date included
5 in a 10-year site plan report to the Commission?

6 MR. DONALDSON: Okay, so I am going to object
7 there because, again, that's going into the
8 decision-making of what goes into the 10-year site
9 plan or what is not included in the 10-year site
10 plan. And, as Ms. Kennedy has previously
11 testified, all she does is provide input.

12 CHAIRMAN BROWN: Ms. Csank.

13 MS. CSANK: If I may. I have deep concerns,
14 based on the deposition of Witnesses Kennedy and
15 Barrett, as to who will be able to answer questions
16 that are highly relevant to issues in this
17 proceeding. And so if I may just explore the
18 extent to which this witness has familiarity, if
19 she doesn't know, she can say so, but it's really
20 important that I be able to put these questions to
21 her, and to see if she has knowledge.

22 CHAIRMAN BROWN: With that understanding, I
23 will allow the series of questions to see if she
24 has knowledge.

25 MS. CSANK: Thank you.

1 BY MS. CSANK:

2 Q So, Ms. Kennedy, should I pose the question to
3 you again? Would that be helpful?

4 A Please.

5 Q Let me try to be concise. So it's -- maybe
6 let me ask it this way, who -- which part of the company
7 provides the retirement data that appears for the
8 nonnuclear fossil generators in the Schedule 6.2 of the
9 10-year site plan?

10 A To the best of my knowledge.

11 MR. DONALDSON: We don't have Schedule 6.2.

12 This is Schedule 8.

13 MS. CSANK: I misspoke. I am sorry.

14 CHAIRMAN BROWN: You meant Schedule 8?

15 MS. CSANK: Yes.

16 MR. DONALDSON: Okay. I just wanted to make
17 sure we are on the right schedule.

18 MS. CSANK: It's slightly late.

19 CHAIRMAN BROWN: It's late.

20 MS. CSANK: I apologize, so let me strike
21 that.

22 BY MS. CSANK:

23 Q To your knowledge, Ms. Kennedy, which part of
24 the company identifies the fossil generator retirement
25 dates that are reported to the Commission in the 10-year

1 **site plan?**

2 A This would follow a similar process as in
3 terms for our needs, as we discussed earlier. So the --
4 this would be something that comes out of resource
5 planning, and then it is discussed at the operating
6 committee.

7 Q **And do you know how far in advance of a**
8 **retirement date appearing in a 10-year site plan the**
9 **resource planning unit of FPL identifies that retirement**
10 **date? Is it a matter of months or years?**

11 A Sometimes it's happened within a year's
12 notice. Sometimes it has occurred because of conditions
13 that have changed, you know, constraints that are no
14 longer -- like, for example, Putnam plant, there was
15 constraints on the transmission side, but through other
16 projects and transmission activities that took -- that
17 took place, that eliminated that constraint, so it now
18 made it not viable, so that was a very quick decision in
19 terms for retirement.

20 And then there is others that are known, like
21 Turkey Point 1 and 2 that have been in the plans for
22 quiet some period of time that we are going to move
23 those to synchronous condenser.

24 So it's something that has to be evaluated
25 annually based upon the conditions that change, because

1 of, like I said with the example of Putnam plant,
2 changes that occur in the transmission, changes that
3 occur in technology.

4 **Q I appreciate that.**

5 And so when you took your current position in
6 2010, were you aware of any operation and maintenance
7 issues at the 48 gas combustion turbines that would
8 eventually require their retirement?

9 A In 2012, we started seeing the concerns
10 associated with obsolescence of parts, and the
11 difficulty.

12 **Q You did not see those in 2010?**

13 A I was new in my role, and that was not a level
14 that I got to at that particular point. So, no, I can't
15 tell you that remember.

16 **Q I appreciate that. And your predecessor, I
17 imagine there was some kind of transition. Did you
18 overlap with your predecessor in this role at all?**

19 A No, ma'am.

20 **Q Okay. There was -- there is a time gap
21 between your predecessor's departure and your assuming
22 your current role?**

23 A I took over. He went on to his new role.

24 **Q So he did not identify for you any issues with
25 the 48 gas combustion turbines as he transitioned out of**

1 his role?

2 A No, ma'am.

3 Q And so it's your testimony, just to confirm,
4 that 2012 was the first time that you were aware of any
5 issues with respect to the obsolescence of those 48 gas
6 combustion turbines?

7 A Yes, ma'am.

8 Q Just to be clear, because we are talking about
9 48 units. I know often we talk about things at the
10 fleet level, the 48 individual units, right? Were there
11 obsolescence issues with all of them at once in 2012
12 that you identified?

13 A This is where in -- in -- to answer your
14 question, I don't recall. I can't tell you that level
15 of detail. I know that we started in terms of looking
16 at our costs for running our business, and in 2013, we
17 started challenging ourselves for looking for ways to be
18 more cost-effective.

19 Q Is there any document that would refresh your
20 recollection with respect to what was known to FPL in
21 2012 with respect to this issue?

22 A Not that I can think of. No, ma'am.

23 Q Is there any other witness, as far as you
24 know, in this case who could identify that for us?

25 A No, ma'am.

1 **Q Are there other individuals in the company who**
2 **would know who are not witnesses?**

3 MR. DONALDSON: Well, you know, we have the
4 witnesses that we have in the case, and so I think
5 if she's identified that there is no other witness
6 that FPL is presenting, it's an irrelevant point as
7 to what other witness outside of the testimony
8 that's being presented in this case.

9 CHAIRMAN BROWN: That's fair.

10 MS. CSANK: That's fair.

11 CHAIRMAN BROWN: Can you move along with your
12 questions, please, ma'am?

13 MS. CSANK: Yes, I am.

14 CHAIRMAN BROWN: You did move it too close.

15 MS. CSANK: Sorry.

16 CHAIRMAN BROWN: We are going stir crazy up
17 here.

18 BY MS. CSANK:

19 **Q Ms. Kennedy, so I believe where we were is**
20 **that, in 2012, it you said there were -- FPL was**
21 **starting to identify some obsolescence issues with**
22 **respect to the gas combustion turbines, and then in**
23 **2013, you were further studying those issues; is that**
24 **correct?**

25 A At that time, we started looking -- in that

1 time period, we started looking at ways to more cost
2 effectively operate our business, and in the areas of
3 the peakers. And so there were a multitude of things
4 that were looked at around those in terms of, from
5 staffing levels, to the amount of operations and
6 maintenance that was going into it. It was a
7 combination of all of those things that we were
8 challenging ourselves on how we could make them more
9 cost-effective for our customers.

10 **Q Right. And do you recall a filing by the**
11 **company in 2013 in the environmental docket with respect**
12 **to a potential retirement in some of those gas**
13 **combustion turbines?**

14 A I recall that there was a concern associated
15 with meeting NOx compliance.

16 **Q And that concern led the company to identify a**
17 **number of these gas turbines that we are talking about**
18 **as candidates for retirement?**

19 MR. DONALDSON: Let me object. I think Mr.
20 Moyle covered all of this already, so this is
21 repetitive, the answers that she's giving.

22 MS. CSANK: Madam Chair, if I may.

23 CHAIRMAN BROWN: You may.

24 MS. CSANK: The line of questioning from FIPUG
25 was talking at the fleet level. What I am trying

1 to understand is there are a variety of units
2 included in the 48 gas turbines we are talking
3 about, they are different vintages, different heat
4 rates, and I am trying to understand how the
5 company accounted for that in its analysis at
6 various points in the decision-making, and the
7 timing is really important.

8 CHAIRMAN BROWN: Mr. Donaldson.

9 MR. DONALDSON: Mr. Moyle specifically talked
10 about where gas goes at Ft. Myers, where gas goes
11 at Ft. Lauderdale, what's going at Port Everglades,
12 and he specifically was talking about the different
13 GTs and CTs that were at these particular plants,
14 and what was going on during the 2013 ECRC docket,
15 and so this is repetitive, she's already talked
16 about it.

17 CHAIRMAN BROWN: Ms. Csank, a different line
18 of questioning to get your point across. Can you
19 move along?

20 You want to talk, Mr. Moyle?

21 MR. MOYLE: Well, I think in her opening
22 remarks, she said that she needed to hone in and be
23 clear on a number of questions, which probably is
24 true given my questions, but --

25 MR. DONALDSON: On this part, I am actually

1 going to agree that he was very, very clear.

2 MR. MOYLE: But I didn't get into, like, heat
3 rates of this -- you know, I didn't get into that
4 level of detail.

5 CHAIRMAN BROWN: I am going to go back to Ms.
6 Csank.

7 Ms. Csank, I did say that I would allow you to
8 go along with the questions. If you could be
9 specific and differentiate your questions from Mr.
10 Moyle, the Chair will entertain those questions.

11 MS. CSANK: Thank you very much. And I will
12 beg your indulgence, because I took very careful
13 notes during those lines of questioning, and noted
14 where this commission should receive clarification.
15 It will take me a little more time to cross
16 reference that, but I will seek to do so.

17 CHAIRMAN BROWN: Okay.

18 BY MS. CSANK:

19 Q So, Ms. Kennedy, just going back to the 2013
20 environmental docket, you said that there were a number
21 of turbines that were identified for retirement. Could
22 you please remind us which particular units at which
23 sites in 2013 were candidates for retirement, and what
24 the years were, if you could?

25 A Yes, ma'am, I will.

1 36 of these were identified at our Port
2 Everglades and our Lauderdale sites, and they are all of
3 the same '71, '74 -- excuse me, '70 and '71 vintage at
4 those two sites, and they are all of the same
5 technology. They are Pratt & Whitney GG4A's. So they
6 are all -- those 36 are all identical at -- 24 at our
7 Lauderdale site, 12 at our Port Everglades site.

8 Then there are 12 at our Ft. Myers site, and
9 those 12 are all identical. They are of 1974 vintage,
10 and they are GE7B's is what they refer to them,
11 MS7001B's.

12 **Q And how do they compare in heat rate to the**
13 **other 36 units at Lauderdale and Everglades?**

14 A The Ft. Myers, how do they compare?

15 **Q Yes.**

16 A They have slightly better heat rates, but they
17 are still in the 14,000 range.

18 **Q They have a 3,000?**

19 A I am sorry?

20 **Q Could you quantify that slight difference for**
21 **us?**

22 A Let me get to the actual sheet.

23 **Q Thank you. I will do so as well. And could**
24 **you please tell us what you are referencing?**

25 A I believe it's an interrogatory that we

1 answered for you.

2 **Q Interrogatory No. 7?**

3 A Wrong book.

4 MR. DONALDSON: I could probably just move
5 this along. I think it's Sierra Club No. 7.

6 THE WITNESS: Thank you.

7 MR. DONALDSON: Sure.

8 CHAIRMAN BROWN: Welcome back.

9 THE WITNESS: Yes. Thank you. Would you like
10 me to read that answer, or you have that?

11 BY MS. CSANK:

12 **Q Please do.**

13 A Okay. So it shows there that the Port
14 Everglades and the Lauderdale gas turbines, which are --
15 account for 36 of them, have a heat rate of 17,168, and
16 that the gas turbines at Ft. Myers have a heat rate of
17 13,226.

18 **Q And you characterize that as a -- how did you**
19 **characterize that delta between the heat rates at**
20 **Everglades and Lauderdale and Myers?**

21 A Compared to our fleet, very inefficient.

22 **Q Okay. But there is a difference there**
23 **between --**

24 A There is a difference. There is also a big
25 difference from 7,500.

1 **Q That wasn't exactly my question.**

2 So in 2013, the 12 units, 1974 vintage units,
3 the better heat rate units, were not yet candidates for
4 retirement; is that right?

5 A There are only 11 of those currently
6 operational. We had to retire one of them prematurely.
7 We had to retire it August of 2015 because we could not
8 get the torque converter for it. We could get it, but
9 it was long lead time and very excessive dollars.

10 **Q Okay. And so, then, the remainder of the 11**
11 **Ft. Myers units, when were those identified as**
12 **candidates for retirement?**

13 A They were all included in part of that initial
14 concern associated with the NOx compliance, but it was
15 also known at that time that we were expending lots of
16 operations -- lots of maintenance dollars in terms of
17 maintaining that equipment, and the obsolescence issues,
18 so that's the 2012-2013 time period.

19 **Q And to put a finer point on it, for the**
20 **operation maintenance responsibilities that you have,**
21 **when we are saying these are retirement candidates, were**
22 **you foreseeing retirement within a particular time**
23 **period, such as six months, a year? Was it a particular**
24 **time associated with how quickly the retirement would**
25 **occur?**

1 A No, ma'am. We did not put a time period on
2 it. We were studying it in terms of evaluating our
3 parts.

4 **Q For your O&M planning purposes, you, I**
5 **imagine, would need a certain amount of lead time for**
6 **retiring a unit. You need to --**

7 A I put in the projection of what it's going to
8 cost me to continue to maintain that equipment.

9 **Q And does that projection then inform a certain**
10 **timeframe within which -- or range within which a**
11 **particular unit would be retired?**

12 A No, ma'am. Until I get a schedule back from
13 resource planning that tells me in the 10-year site plan
14 that I now need to plan for retiring for that unit,
15 that's when I change the operating and maintenance
16 schedule.

17 **Q Let me make sure I understand. So they are**
18 **providing you direction based on cost-effectiveness, but**
19 **you have some authority and expertise with respect to**
20 **the feasibility. So putting cost aside, you just**
21 **mentioned a unit that was retired in August of 2015**
22 **because it was no longer feasible for that unit to**
23 **continue to operate. So you do inform that component of**
24 **the retirement timing decision, right?**

25 A I would take exception to your

1 characterization on that, in that the example that I
2 provided that there were constraints that were lifted on
3 the transmission side that is part of the consideration
4 that resource planning takes in consideration that
5 change the evaluation for that particular unit.

6 Again, going back to the peakers, and talking
7 about that, we are challenged that, you know, to put in
8 what is the cost to continue to maintain that equipment,
9 that's to operate and maintain that equipment, and
10 that's what we supply to resource planning.

11 **Q Thank you. And I think we can speed this**
12 **along.**

13 CHAIRMAN BROWN: Please.

14 BY MS. CSANK:

15 **Q Are you aware, as the company was having these**
16 **internal deliberations with respect to retirement and**
17 **timing for these 48 gas turbines, when there was a plan**
18 **that was definitive enough to share with this commission**
19 **in a 10-year site plan?**

20 A Could you rephrase your question for me?

21 **Q I will try, yes.**

22 So in other words, was there a point since
23 2012, when the obsolescence issues were identified, when
24 there was concrete information for the company to report
25 a projected retirement date with respect to any of those

1 48 gas turbines to this commission?

2 A That would have been reflected in the 10-year
3 site plan.

4 Q All right. So let's turn to that now.

5 A Okay.

6 Q And it's your testimony that on an annual
7 basis you review, to some extent, the company's filings,
8 yes?

9 A Yes, ma'am.

10 Q And you would review specifically Schedule 8,
11 which shows the proposed changes to the generation fleet
12 that you oversee in terms of O&M?

13 A Yes, ma'am.

14 Q Okay. Please turn to Exhibit 608.

15 CHAIRMAN BROWN: Are you there?

16 THE WITNESS: Yes, ma'am.

17 CHAIRMAN BROWN: Please proceed.

18 BY MS. CSANK:

19 Q Ms. Kennedy, did you see in that -- first of
20 all, let's identify -- this is the company's 2012
21 10-year site plan?

22 A Yes, ma'am.

23 Q Do you see there any identified retirement
24 date for those 48 gas turbines?

25 A No, ma'am.

1 Q Let's turn to Exhibit 609, please. Please
2 identify the year of the 10-year site plan that this
3 exhibit shows.

4 A 2013 to 2022.

5 Q And you see Schedule 8, the planning and
6 prospective generating facility additions and changes,
7 pages two and three?

8 A Yes, ma'am.

9 Q And there, do you see any projected retirement
10 date with respect to the 48 gas turbines?

11 A No, ma'am.

12 Q Let's turn to Exhibit 610, please. Do you
13 have that?

14 A Yes, ma'am.

15 Q Same questions, what 10-year site plan is
16 this?

17 A 2014 to 2023.

18 Q Do you see any projected retirement date for
19 the 48 gas turbines?

20 A No, ma'am.

21 Q Let's turn to Exhibit 611, please. Which
22 10-year site plan was this?

23 A 2015 to 2024.

24 Q Same question with respect to the Schedule 8
25 information on gas turbines retirements?

1 A Yes, ma'am, it is there listed.

2 **Q What's listed?**

3 A Let me make sure I am reading it right. They
4 are listed.

5 CHAIRMAN BROWN: Ms. Kennedy.

6 THE WITNESS: They are listed, but they are
7 listed for rating changes.

8 BY MS. CSANK:

9 **Q What does that mean?**

10 A That means that they are deteriorating -- in
11 this particular one, that there is a deterioration, and
12 they are not getting the expected outputs, so we
13 reclassified their capability.

14 **Q And just to make sure that the record is**
15 **clear, is there a date reported to the Commission with**
16 **respect to their retirement?**

17 A I see retirement -- in '15, it's a megawatt
18 change. In '16, I see retirements.

19 **Q I'm sorry, I am not following you.**

20 A If I look at the block that is 2016.

21 **Q Yes.**

22 A Okay, it is showing there that the Ft. Myers,
23 that there is a net change there. And that, I would
24 assume, would be the retirement of those units based
25 upon the megawatts that are being removed.

1 CHAIRMAN BROWN: Ms. Csank.

2 BY MS. CSANK:

3 Q Could you please go back to my question and
4 answer with a yes or no? In the expected retirement
5 month and year column, do you see a projected retirement
6 date?

7 MR. DONALDSON: I think she answered the
8 question already.

9 THE WITNESS: I see retirements listed here
10 for June of '16 for Ft. Myers gas turbines. I see
11 Lauderdale gas turbines for June of '16, and there
12 is a given amount of megawatts. And then I see
13 them again -- making sure I am reading this right.

14 BY MS. CSANK:

15 Q The font is small. I apologize.

16 A I am sorry, I am misunder -- I didn't hear
17 you.

18 CHAIRMAN BROWN: She just said the font was
19 small.

20 THE WITNESS: Yeah, it's pretty small, so I am
21 trying to make sure that I am reading this
22 properly.

23 But I see the retirements represented there in
24 both for Port -- for Ft. Myers GTs, for Lauderdale
25 GTs and Port Everglades GTs, and they are defined

1 here as June '16.

2 CHAIRMAN BROWN: Okay. Ms. Csank, you can
3 proceed.

4 THE WITNESS: Port Everglades has an unknown
5 date by it.

6 BY MS. CSANK:

7 Q That's right. And so June '16 means
8 June 2016?

9 A Yes, ma'am.

10 Q Okay, thank you.

11 So have those units actually been retired June
12 of this year, do you know?

13 A They are retiring in October. We have
14 extended them a few months.

15 Q Okay. And let me actually turn to a different
16 line of questioning. One moment, please.

17 So at Ft. Myers, nine of the 11 GTs are being
18 replaced as part of the peaker replacement project, is
19 that correct?

20 A There are nine that are being -- for clarity
21 purposes, nine are being retired. Two will remain
22 in-service. One has already been retired. And there
23 are two additional combustion turbines that are being
24 added to that site.

25 Q And are you aware, has this commission, before

1 **this proceeding, approved any of those changes to those**
2 **turbines?**

3 MR. DONALDSON: Let me object. I think Mr.
4 Moyle asked this question already, so it's asked
5 and answered.

6 MS. CSANK: I believe this is a more specific
7 question with respect to particular units, Madam
8 Chair.

9 CHAIRMAN BROWN: Mr. Moyle.

10 MR. DONALDSON: Well, Mr. Moyle asked all of
11 them.

12 MR. MOYLE: I agree, I was not that precise.

13 CHAIRMAN BROWN: Maryann, I am sorry, it's
14 late, and I will defer to your judgment.

15 MS. HELTON: I honestly don't know if he was
16 that precise or not. And given, I guess, the
17 ambiguity with respect to that, she should be able
18 to go forward and ask the question.

19 CHAIRMAN BROWN: All right. Thank you.

20 Ms. Kennedy, you may answer.

21 THE WITNESS: Could you restate the question?

22 BY MS. CSANK:

23 **Q I will try. I am starting to fade. So for**
24 **the -- actually I did forget.**

25 CHAIRMAN BROWN: You can move along, if you

1 will. Ms. Csank.

2 MS. CSANK: I'm trying.

3 CHAIRMAN BROWN: Would you like the court
4 reporter to read it back to you?

5 MS. CSANK: Please.

6 (Whereupon, the court reporter read the
7 requested portion of the record.)

8 THE WITNESS: No, ma'am.

9 BY MS. CSANK:

10 **Q Thank you.**

11 What fuels can these nine units that are being
12 retired burn?

13 MR. DONALDSON: Let me object, that was asked
14 and answered. It's about 7:45, so I know we are
15 getting close to the eight o'clock hour.

16 CHAIRMAN BROWN: Ms. Csank.

17 MS. CSANK: I strike that question.

18 CHAIRMAN BROWN: Thank you.

19 BY MS. CSANK:

20 **Q Ms. Kennedy, do you know the historical**
21 **capacity factor at which these units have been running**
22 **in recent years?**

23 A It would be less than 10 percent. They are
24 needed for relaib-- they are not for serving base-load.
25 They are for the emergency services, so would you

1 anticipator they would have a low capacity factor.

2 Q Subject to check, does two-tenths of a percent
3 sound right?

4 A I -- subject to check.

5 Q If you would like, I would refer to you FPL's
6 response to staff's supplemental data request No. 1,
7 question 43, attachment one on the 10-year site plan,
8 and I don't have that on me at the moment.

9 A Subject to check. I will just state that they
10 were called upon more than 17 times in the months of
11 July to assure that our customers had service.

12 Q And during that time, did they run on
13 distillate oil?

14 A They could have been started on gas and
15 converted over to oil, but I do know they ran on both
16 fuels at that time, depending upon the constraints
17 associated with the natural gas.

18 Q And -- thank you. And according to the
19 company's response to Sierra Club's first interrogatory,
20 No. 3, you assumed the new combustion turbines would
21 produce 20,000 megawatt hours per year, which was the
22 equivalent to approximately a one-percent capacity
23 factor on the unit; correct?

24 A Subject to calculating, yes.

25 Q Did you assume that the new combustion

1 turbines at Ft. Myers would also run primarily on oil?

2 A That is the -- they are dual fuel, so in terms
3 of capability, they are going to dispatch on the lowest
4 cost fuel that is available.

5 Q Could I please have a yes, no or I don't know
6 answer?

7 A I don't know.

8 Q And who would be the right witness to ask
9 that?

10 A It would be under system operations, and that
11 would be Manny Miranda.

12 Q Thank you.

13 Do you know how the higher capacity factor
14 would impact the company's calculation of fuel savings
15 for these units?

16 A How the higher capacity factor -- I am
17 sorry --

18 Q So we were talking earlier about the actuals
19 of historical capacity factors for the retiring units,
20 and then we switched -- so that was two-tenths of a
21 percent, subject to check you accepted, and then we
22 turned to the projected capacity factors for the new
23 turbines that are going into the Ft. Myers site, and we
24 said that was a one-percent capacity factor. So I was
25 saying that delta, the two-tenths of a percent to one

1 **percent, how that would impact the fuel savings that the**
2 **company has calculated for its replacement project.**

3 MR. DONALDSON: Let me object. I think this
4 is a resource planning question, and she stated she
5 just provided the inputs, so you can probably ask
6 the resource planning witness.

7 CHAIRMAN BROWN: If the witness is able to
8 answer it, she may. If she says that she doesn't
9 know, then I would direct Sierra Club to address
10 that with the resource planning witness.

11 MS. CSANK: I will, Madam Chair. Thank you.

12 CHAIRMAN BROWN: Ms. Kennedy, you can answer.

13 THE WITNESS: The heat rate difference is
14 going to calculate the fuel savings between those
15 units, and so that's -- it's just a direct math
16 calculations from that perspective, the heat rate
17 difference between those units if you are comparing
18 the old peakers to the new peakers and how much
19 they run, so that's the fuel savings. We do know
20 that it is substantially better, and those were
21 represented in the CPVRR values that were provided
22 by Witness Barrett.

23 BY MS. CSANK:

24 **Q May I ask a more specific question --**

25 A Okay.

1 **Q** -- which is directionally, do you know how
2 that would impact the fuel savings calculation? Would
3 the fuel savings number go up or down based on that
4 higher capacity factor?

5 A It would increase the savings for our
6 customers that would be passed on.

7 **Q** How do you figure?

8 A Because the heat rate is better on those
9 units. Our customers benefit from this project because,
10 one, they are environmentally more friendly, and they --
11 with a 37 percent improvement in emissions, and also
12 they have better heat rates. So like for like, if they
13 are operated for similar capacities, the fuel savings is
14 going to be greater. They are 30 -- they are much more
15 efficient. We will use less natural gas. It's like we
16 traded in a 15-mile per hour, you know, per gallon, you
17 know, an hour car for something that gets, you know,
18 40 miles per gallon, and you get to reap that savings.

19 CHAIRMAN BROWN: Ms. Csank, please proceed.

20 MS. CSANK: Thank you.

21 BY MS. CSANK:

22 **Q** So I appreciate that earlier you had a
23 conversation with Mr. Moyle about the availability of
24 gas versus distillate oil for the operation of these
25 units. Could you please remind us when the -- or tell

1 us for the first time -- when you expect the constraints
2 with respect to the gas supply to be alleviated by the
3 southeast market project?

4 MR. DONALDSON: I am going to object. I think
5 she answered that and pointed to Mr. Forrest.

6 MS. CSANK: And --

7 CHAIRMAN BROWN: That was my recollection, Ms.
8 Csank.

9 MS. CSANK: And my question is slightly
10 different, Madam Chair. I would submit --

11 CHAIRMAN BROWN: Swiftly.

12 BY MS. CSANK:

13 Q Ms. Kennedy, to the extent that you are
14 responsible for operation and maintenance planning,
15 would you be aware of when that type of change would
16 happen in the system, even though there may be other
17 witnesses who would also know?

18 A It is dynamic, and I would recommend that you
19 talk to Witness Forrest.

20 Q You have no knowledge of this?

21 A It is dynamic.

22 Q Okay. What does dynamic mean?

23 A Changes.

24 CHAIRMAN BROWN: Changes. This hearing is
25 dynamic.

1 Ms. Csank.

2 MS. CSANK: Yes.

3 CHAIRMAN BROWN: I am going to put a little
4 pressure on you here.

5 MS. CSANK: I appreciate that, Madam Chair.

6 BY MR. WISEMAN:

7 Q I want to go back to something that you spoke
8 about earlier, which I believe was rather unclear. We
9 were talking about the test data that did not
10 substantiate, quote, "the requirement" was, I believe,
11 the language that you gave to Mr. Moyle with respect to
12 monitoring that was occurring at the various -- the
13 three sites that we are talking about, where the peaker
14 replacement projects and .05 projects are taking place.

15 A I wouldn't confuse the two. The peaker
16 projects, it was about the NOx compliance. .05 has no
17 relationship to that.

18 Q Okay. And just to be clear, which requirement
19 were you referring to when you said that to Mr. Moyle?

20 A Could you be specific on your question?

21 Q You said, quote, "test data did not
22 substantiate the requirement." And I wanted to be clear
23 on the record what you were talking about.

24 A That was associated with the petition that
25 you -- that was being discussed that you asked about

1 earlier in terms for the NOx compliance associated with
2 the 48 peaker units, the gas turbines that you were
3 asking about, it was associated with that NOx compliance
4 petition.

5 **Q Thank you.**

6 CHAIRMAN BROWN: Ms. Csank, we are approaching
7 the eight o'clock hour. How much more questions do
8 you have of this witness?

9 MS. CSANK: I have -- I have a good number,
10 so --

11 CHAIRMAN BROWN: We are going to keep going,
12 so --

13 MS. CSANK: Okay.

14 CHAIRMAN BROWN: -- just want to let you know.

15 MS. CSANK: That's great.

16 CHAIRMAN BROWN: If you could expeditiously
17 ask them, that would help out to all parties here.

18 MS. CSANK: Thank you.

19 CHAIRMAN BROWN: You have the floor.

20 MS. CSANK: Thank you.

21 BY MS. CSANK:

22 **Q I was just going back over my notes to make**
23 **sure I have hit the places where I thought clarification**
24 **would be helpful to the record. And so another one of**
25 **those locations was when you were discussing with Mr.**

1 Moyle the Ft. Lauderdale plant site. And there, you
2 said that the system operator will dispatch the higher
3 heat rate units last. And it was not clear in that
4 point whether you were referring to the retiring gas
5 turbines or the new combustion turbines. Could you
6 please clarify?

7 You were discussing the dispatch order and
8 refer -- and explaining how there are supply
9 constraints, and that the system operator -- well, I
10 think, based on the nod I am seeing, I think you know
11 where I am going, so would you please clarify for us.

12 A System operations gives us instructions for
13 what units to bring on line, ramp up, shut down,
14 according to their economic models that makes it, that
15 is most cost -- they operate the fleet in a manner that
16 provides the lowest cost to the customer. And all of
17 these units are modeled based upon their heat rate,
18 maintenance cost, all of those type of factors are
19 factored in, and so the peaker units are some of the
20 last to be dispatched in terms of that, just like you
21 would expect our conventional plants; like our
22 800-megawatt units, they have less efficient heat rates,
23 and so they are last in the order to be dispatched. But
24 it takes in considerations all of those type
25 considerations like fuel and the ones that I discussed

1 earlier.

2 And these also are required, though, for the
3 spinning reserve, and so they are -- have an obligation
4 to meet in that 15-minute requirement in terms if there
5 is a large unit that is lost in the system. So we have
6 an obligation to keep a certain amount of the -- of our
7 megawatts reserved -- to meet the spinning reserve
8 requirement for the state.

9 **Q Thank you, Ms. Kennedy. And there was a lot**
10 **of discussion around need analyses, and whether they**
11 **were performed, and I just want to be very clear with**
12 **respect to the sizing and the replacement units that**
13 **were identified. So is it your testimony that there was**
14 **an analysis performed to make sure that those were the**
15 **right size and at the right time?**

16 A They are almost megawatt for megawatt. Matter
17 of fact, the new peakers are slightly less in terms of
18 overall megawatts.

19 **Q I understand that, but to answer my question**
20 **with a yes or no for starters, was there an analysis**
21 **performed to ensure that the units are right sized and**
22 **well timed?**

23 A That would be a resource planning question.

24 **Q And which witness, please?**

25 A Witness Barrett.

1 **Q Thank you.**

2 CHAIRMAN BROWN: You may proceed, Ms. Csank.

3 MS. CSANK: Thank you. I am just reviewing my
4 questions to make sure that I have gone through all
5 of them.

6 Thank you, no further questions.

7 CHAIRMAN BROWN: Thank you.

8 All right, staff.

9 MS. BROWNLESS: We have no questions.

10 CHAIRMAN BROWN: Commissioners.

11 Redirect?

12 MR. DONALDSON: You know, unfortunately I do
13 have some questions, but it's --

14 CHAIRMAN BROWN: You may go ahead.

15 MR. DONALDSON: Okay. All right. And I will
16 try and be as swift as possible, Madam Chair.

17 CHAIRMAN BROWN: Thank you.

18 EXAMINATION

19 BY MR. DONALDSON:

20 **Q And I will try and see if I can work my way**
21 **backwards.**

22 Ms. Kennedy, can you turn to Exhibit 610,
23 please? That's the 2014 10-year site plan on, Schedule
24 8.

25 A 610?

1 Q Yes, ma'am.

2 A Yes, sir.

3 Q Okay. Do you recall when Ms. Csank was asking
4 you whether or not there were any retirement -- or
5 expected retirement dates for the GT units on this
6 particular exhibit?

7 A Yes, sir.

8 Q Okay. Can you turn to page two, please, of
9 two?

10 A Oh, I did miss it.

11 Q Okay. And you see 2019?

12 A Yes, I do. I am sorry, I did miss it.

13 Q And what does it state there?

14 A In very small print, it shows that it was for
15 December '18.

16 Q And for which units?

17 A Our -- the -- all of the gas turbines power
18 park, which is Lauderdale gas turbines 1 through 12 were
19 December '18. That's the first line. The second line
20 is 12 through 24, and it's December '18. Port
21 Everglades GTs is also December '18.

22 Q Okay. And with respect to the gas turbine
23 units, how often this year have they run, if you know?

24 A Again, I think Witness Miranda could probably
25 provide more data to that than I can in terms of that.

1 They are automatically dispatched. They are remotely
2 dispatched by our system operator to meet the needs.
3 But I do recall that they were operated more than 17
4 times in, like, the months of July in order to meet
5 critical load needs.

6 Q Okay. And with respect to the -- I recall
7 that you were asked some questions about the changes in
8 heat rate between the GT and the CTs. Do you recall
9 that testimony for Ms. Csank -- or questions for Ms.
10 Csank?

11 A Yes.

12 Q Okay. Do the CTs have a lower heat rate?

13 A The new combustion turbines have a much lower
14 heat rate, yes. They are in the 10,000 range.

15 Q Okay. And how many GTs are being replaced --
16 or how many GTs are being retired, and how many CTs are
17 being replaced with?

18 A There are --

19 MR. MOYLE: Object to the form. That's a
20 confusing compound question that I am not sure, two
21 things at once.

22 MR. DONALDSON: Okay. I will rephrase it.

23 BY MR. DONALDSON:

24 Q How many GTs are being retired?

25 A One is already retired, so 43 more.

1 Q Okay. And that's out of how many?

2 A 48.

3 Q All right. And how many CTs are they being
4 replaced with?

5 A Seven.

6 Q Okay. Do you recall being asked on Exhibit
7 607, I believe that was from South Florida Hospital
8 Association. And you can let me know when you get that
9 exhibit in front of you.

10 CHAIRMAN BROWN: That's FPL's response to
11 OPC's interrogatory 163.

12 THE WITNESS: I have so much paperwork here.

13 CHAIRMAN BROWN: You are telling me.

14 THE WITNESS: I am not trying to be in
15 competition with you, ma'am.

16 CHAIRMAN BROWN: Because I would win.

17 THE WITNESS: 607?

18 MR. DONALDSON: Yes, ma'am.

19 THE WITNESS: Yes, sir.

20 BY MR. DONALDSON:

21 Q Okay. Do you remember when Mr. Wiseman was
22 asking you about the different amounts of capital that
23 were going to be spent during the years 2016 through
24 2019?

25 A Yes, sir.

1 Q Okay. And he -- the last question that I
2 believe he asked was what was the capital amount for
3 2017. Do you recall that? About the 457 million?

4 A In '17, yes.

5 Q Okay. Can you tell the Commission what that
6 470 -- 457 million is being associated with? What type
7 of capital work is being done, generally?

8 A Generally, what I can tell you is that, like
9 at our Cape Canaveral plant, that is at the top of the
10 list, it has hot gas paths going on. Ft. Myers has a
11 generator major and a steam turbine minor going on. Our
12 Martin 8 has a steam turbine generator -- and there is
13 another interrogatory that answers this, and I am going
14 off the top of my head, but the -- like, the Manatee 3,
15 again, it's a steam turbine major. The Martin 8 is a
16 steam turbine major, and majors on the generator.

17 So I can go to the other detailed list if you
18 would like, but those are the ones that I can go off the
19 top of my head.

20 Q That's fine.

21 I also see an asterisk here -- or a footnote
22 on the bottom where it, says 2016 to 2017 includes .05
23 upgrades. Is that also what's being reflected in the
24 2016 and 2017 capital numbers that are on this exhibit?

25 A Yes, counsel, it is, and I did make comment

1 about that.

2 Q Going to Exhibit 604.

3 CHAIRMAN BROWN: 604 is FPS's response to
4 staff's Interrogatory 126.

5 THE WITNESS: I have it.

6 BY MR. DONALDSON:

7 Q Okay. I believe this was in response to
8 questions from South Florida Hospital, where they were
9 asking you about the calculation of the newly savings;
10 do you recall that?

11 A Yes, sir.

12 Q Okay. And was it your testimony that about
13 the -- well, was it the efficiency of the units that was
14 your testimony that drove the fuel savings, or was it
15 something different?

16 A It's a combination --

17 MR. WISEMAN: Objection. There was no
18 testimony whatsoever on fuel efficiency in relation
19 to this document.

20 CHAIRMAN BROWN: Mr. Donaldson.

21 MR. DONALDSON: I thought I recalled her
22 saying that the efficiency of the units drove --
23 drove the fuel savings, which was talking about the
24 heat rate.

25 MR. WISEMAN: Madam Chair, the only thing I

1 asked her about this document was about two
2 sentences that are in the response to Part A. I
3 read the sentences, and asked her if that was the
4 way they calculated fuel savings. She said, yes.

5 MR. DONALDSON: Okay, I will rephrase the
6 question.

7 CHAIRMAN BROWN: Sure.

8 BY MR. DONALDSON:

9 **Q What drives the fuel cost avoidance for what**
10 **was taking place during your modernization of the fleet**
11 **from 2001 to 2015 timeframe?**

12 A There are two components that are driving it,
13 and that is the efficiency of the fleet, and that being
14 that we are going to -- we are transforming the fleet to
15 testimony combined cycle units, so there is a 33- to
16 35-percent efficiency improvement, as well as fuel price
17 cans drive it up or down as well.

18 **Q Thank you.**

19 Going to Exhibit 603. And we can -- you can
20 probably have Exhibit 600 as well with you.

21 A Yes, sir.

22 **Q Again, these were questions from South Florida**
23 **Hospital regarding the amount of capital and O&M that**
24 **you were going to be spending during respective years.**
25 **Do you recall that testimony?**

1 A Yes.

2 Q Okay. The capital and O&M, are these just for
3 your combined cycle units, or are they for combined
4 cycle units and your steam units that are associating in
5 both of these exhibits?

6 A This would have both.

7 Q So it's a fleet -- it's a fleet wide --

8 A It's a fleet -- it's a fleet number.

9 Q Okay. I just wanted to make sure that the
10 record is clear, and that it wasn't just related to
11 combined cycle units.

12 A Yes, sir.

13 Q Okay.

14 MR. DONALDSON: Madam Chair, trying to be
15 efficient.

16 CHAIRMAN BROWN: I appreciate that.

17 MR. DONALDSON: All right.

18 CHAIRMAN BROWN: As do my colleagues.

19 BY MR. DONALDSON:

20 Q I believe you were asked a question from Mr.
21 Moyle about the variability of the heat associated with
22 the .05 CT upgrades. Do you recall that, as far as how
23 many megawatts were you going to get either from
24 75 degrees versus 95 degrees, do you recall that?

25 A Yes, sir.

1 **Q** Okay. Now, what type of heat rate improvement
2 do the .05 CT parts, or CT upgrades generate?

3 A The --

4 MR. MOYLE: I think -- I think my question was
5 why the differential. And I think she answered it,
6 and said, because of physics, and that was it. So
7 I think he is going beyond what I asked -- what I
8 asked and answered.

9 CHAIRMAN BROWN: Mr. Donaldson.

10 MR. DONALDSON: Well, I think she may have
11 stated what the heat rate improvement was, but I
12 just wanted to make that clear for the record,
13 because I have a follow-up question on that.

14 CHAIRMAN BROWN: Okay. That's allowed.

15 BY MR. DONALDSON:

16 **Q** So what was the heat rate improvement as
17 result of the .05 upgrades for the 26 GE units?

18 A It's anticipated to be 1.1 percent upon
19 completion to our fleet.

20 **Q** I am sorry, do you know what a 1.1 percent
21 heat rate improvement would be associated with fuel
22 clause fuel cost savings?

23 A Rough calculations, I know I would say that I
24 know a one-percent improvement in our fleet, you know,
25 if we ran like we did last year, and given those

1 assumptions, it would be like \$13 million.

2 **Q Okay.**

3 A Those -- I believe those fuel savings should
4 be part of the CPVRR calculations.

5 **Q Thank you.**

6 MR. MOYLE: Which she said Mr. Barrett did,
7 and she didn't have any information about either.

8 BY MR. DONALDSON:

9 **Q So --**

10 A I am sorry, I should say that was on an annual
11 basis, my 13 million off the top of my head. Not over
12 the project life.

13 **Q Okay. So 13 million each year. Got it.**

14 With respect to -- I believe Mr. Moyle was
15 asking you about the type of information that you relied
16 on when you were doing your benchmarking analysis, those
17 boards that are behind you, do you recall that?

18 A Yes, sir.

19 **Q All right. And I think that you said that you
20 rely on third-party sources such as Platts?**

21 A I think Platts sold that part of the business,
22 but, yes, that was one of the type of clearinghouses
23 that we have used.

24 **Q Okay. As a person in your position,
25 Vice-President of Operations for the nonfossil fleet,**

1 what type -- is that the type of information that you
2 regularly rely on when you are doing your job?

3 A As myself and my peers out in the industry,
4 those are the sources in terms of going to FERC, FERC
5 form ones, NERC GADS, a clearinghouse such as Platts,
6 yes, sir.

7 Q Okay. And I think I am almost at OPC now, so
8 we are getting close to the end.

9 If you recall, you were asked some questions
10 from OPC about when you started the transformation
11 change, and I believe you stated that was essentially
12 2001, is that correct?

13 A I am sorry, could you repeat the question?

14 Q Sure. I believe when you were being asked
15 some questions from OPC's counsel, about when you
16 initially started this transformation change, where you
17 started seeing the most bang for your buck with respect
18 to the fuel cost avoidance, that was around 2001?

19 A Yes, sir.

20 Q Okay. What type of fuel source were you
21 burning back then compared to what you are burning
22 today?

23 A In 2001, in the entire country, we were the
24 largest oil burning utility in the country, and we
25 burned over 40 million barrels of oil annually.

1 **Q Okay. Are you still burning**
2 **40 million barrels of oil today?**

3 A And let me say that was residual oil; and, no,
4 sir, we are not. We burn less than a million.

5 **Q Okay. Thank you.**

6 MR. DONALDSON: Okay. I think I am finished.
7 Thank you.

8 CHAIRMAN BROWN: Okay. Thank you.

9 THE WITNESS: Let's get to exhibits.

10 MR. DONALDSON: Sure. At this point in time,
11 Madam Chair, I would like to enter into the record
12 Ms. Kennedy's Exhibits 52 through 61.

13 CHAIRMAN BROWN: Seeing any objections to --
14 all right, we will enter Ms. Kennedy's Exhibits 52
15 through 61 into the record.

16 (Whereupon, Exhibit Nos. 52 - 61 were received
17 into evidence.)

18 CHAIRMAN BROWN: Now, getting to the other
19 exhibits. Office of Public Counsel, you have one.

20 MS. CHRISTENSEN: Yes. I would ask --

21 CHAIRMAN BROWN: Your mic is off. Mic.

22 MS. CHRISTENSEN: Oh, I am sorry. It's late.
23 I am sorry.

24 I would ask to move exhibit, I believe it's
25 600 into the record, please.

1 CHAIRMAN BROWN: Any objection?

2 MR. DONALDSON: No objection.

3 CHAIRMAN BROWN: We will move Exhibit 600 into
4 the record.

5 (Whereupon, Exhibit No. 600 was received into
6 evidence.)

7 CHAIRMAN BROWN: All right. FIPUG, you have
8 601.

9 MR. MOYLE: Admit it.

10 CHAIRMAN BROWN: Any objection?

11 MR. DONALDSON: Sorry, no objection.

12 CHAIRMAN BROWN: Thank you. We will move 601
13 into the record.

14 (Whereupon, Exhibit No. 601 was received into
15 evidence.)

16 CHAIRMAN BROWN: All right. Hospitals, you
17 have 602 through 607.

18 MR. WISEMAN: I would move the admission of
19 those exhibits.

20 CHAIRMAN BROWN: I will note that there is a
21 confidential exhibit, 606. Any objection?

22 MR. DONALDSON: No objection.

23 CHAIRMAN BROWN: We will move in 602 through
24 607 into the record.

25 (Whereupon, Exhibit Nos. 602 - 607 were

1 received into evidence.)

2 CHAIRMAN BROWN: Sierra, you have 607 through
3 612, which are all 10-year site plans.

4 MS. CSANK: I believe we did not use 612.

5 CHAIRMAN BROWN: I don't think you did either.

6 MS. CSANK: So I would move --

7 MR. DONALDSON: I thought she did -- wait --

8 CHAIRMAN BROWN: The 2016 10-year site plan.

9 MR. DONALDSON: Oh, okay, yeah. She didn't
10 use that, one. I agree.

11 CHAIRMAN BROWN: Which was 612. So you have
12 got --

13 MS. CSANK: Move all the others, please.

14 CHAIRMAN BROWN: 608 through 611, any
15 objection?

16 MR. DONALDSON: No objection.

17 CHAIRMAN BROWN: We will move 608 to 611 into
18 the record.

19 (Whereupon, Exhibit Nos. 608-611 were received
20 into evidence.)

21 MS. HELTON: Madam Chairman, I am sorry, did
22 OPC also move 599?

23 MS. CHRISTENSEN: No, we did not, because we
24 did not use that during cross-examination.

25 MS. HELTON: Okay, I am sorry. My notes why

1 not reflecting that.

2 CHAIRMAN BROWN: I wasn't in the room, but I
3 know they didn't use that.

4 All right, would you like this witness
5 schooled tonight?

6 MR. DONALDSON: Yes.

7 CHAIRMAN BROWN: Yes, all right.

8 Ms. Kennedy, thank you for your time this
9 evening. You are excused.

10 THE WITNESS: Thank you.

11 (Witness excused.)

12 MR. DONALDSON: Okay. I do want to note that
13 some of the exhibits that the parties have entered
14 into the record are also listed on staff's
15 comprehensive exhibit list, so if there is any
16 objections that seem to fly later on, I just wanted
17 to make sure that is noted for the record.

18 CHAIRMAN BROWN: I was aware of that as well.

19 MR. DONALDSON: Okay.

20 CHAIRMAN BROWN: Thank you for the note.

21 Staff, any comment?

22 MS. BROWNLESS: Just that we will be moving
23 our exhibits in as we originally stated at the end
24 of the hearing.

25 CHAIRMAN BROWN: Okay. Thank you.

1 Now, we are going to take just a quick break,
2 but I do want to get to the next witness,
3 Mr. Goldstein briefly before we conclude for the
4 evening. So we will take about a five-minute break
5 and then we will start with Mr. Goldstein. I know
6 you look so happy.

7 (Brief recess.)

8 (Transcript continues in sequence in Volume
9 9.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

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

DATED this 24th day of August, 2016.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020