

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 080677-EI  
FLORIDA POWER & LIGHT COMPANY**

**IN RE: PETITION FOR RATE INCREASE BY  
FLORIDA POWER & LIGHT COMPANY**

**TESTIMONY & EXHIBITS OF:**

**RENAE B. DEATON**

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1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                   **FLORIDA POWER & LIGHT COMPANY**

3                   **DIRECT TESTIMONY OF RENAE B. DEATON**

4                   **DOCKET NO. 080677-EI**

5

6   **Q.    Please state your name and business address.**

7    A.    My name is Renae B. Deaton. My business address is Florida Power & Light  
8           Company, 9250 West Flagler St., Miami, Florida 33174.

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

10   A.    I am employed by Florida Power & Light Company (“FPL” or the  
11           “Company”) as the Rate Development Manager in the Rates & Tariffs  
12           Department.

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

14   A.    I am responsible for developing electric rates at both the retail and wholesale  
15           levels. At the retail level, I am responsible for developing the appropriate rate  
16           design for all electric rates and charges. I am also responsible for proposing  
17           and administering the tariff language needed to implement those rates and  
18           charges.

19   **Q.    Please describe your educational background and professional  
20           experience.**

21   A.    I hold a Bachelor of Science in Business Administration and a Masters of  
22           Business Administration from Charleston Southern University. Since joining  
23           FPL in 1998, I have held positions in the rates and regulatory areas. Prior to

1 this, I was employed at South Carolina Public Service Authority (d/b/a Santee  
2 Cooper) for fourteen years, where I held a variety of positions in the  
3 Corporate Forecasting, Rates, and Marketing Departments and in generation  
4 plant operations.

5 **Q. Are you sponsoring an exhibit in this case?**

6 A. Yes. I am sponsoring eight exhibits which are attached to my direct  
7 testimony. They are as follows:

- 8 • RBD-1 – Summary of Sponsored MFRs
- 9 • RBD-2 – FPL Typical Residential 1,000 kWh Bill
- 10 • RBD-3 – Comparison of FPL’s Base Rates Versus Change in the  
11 Consumer Price Index
- 12 • RBD-4 – Major Florida Utility Typical Residential Bill Comparisons
- 13 • RBD-5 – Summary of Current Rate Structures
- 14 • RBD-6 – Resulting Parity Indices
- 15 • RBD-7 – Summary of Proposed Rate Structures
- 16 • RBD-8 – Comparison of GBRA Revenue Requirements and Fuel  
17 Savings

18 **Q. Are you sponsoring or co-sponsoring any Minimum Filing Requirements**  
19 **(MFRs) in this case?**

20 A. Yes. The MFRs that I am sponsoring or co-sponsoring are listed on Exhibit  
21 RBD-1. In addition, I am sponsoring the following 2009 supplemental MFR  
22 schedules that FPL has agreed with the Florida Public Service Commission

1 (“FPSC” or the “Commission”) Staff and the Office of Public Counsel to file:  
2 MFR C-5.

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to address three general areas. First, I discuss  
5 the forecast of base revenues from the sale of electricity. Next, I address  
6 FPL’s proposed target revenues by rate class. Finally, I present the proposed  
7 rate design for achieving the target revenues by rate class.

8 **Q. Please summarize your testimony.**

9 A. FPL’s last general base rate increase was in 1985. Since that time, base rates  
10 were reduced in 1990, 1999 and 2002. FPL requested a base rate increase in  
11 2005, but agreed to maintain base rates at then-current levels subject to  
12 adjustment for limited increases associated with generation plant additions.

13  
14 MFR A-2 summarizes the typical bill impacts for the 2010 Test Year and  
15 2011 Subsequent Year as compared to current rates increased for West  
16 County Energy Center (West County) Units 1 and 2, as approved by the  
17 Commission in Order No. PSC-08-0825-PCO-EI. Even with the full base rate  
18 increase, most customers would see an overall decrease in their bills in 2010  
19 based on projected reductions in fuel prices using recent (February 9, 2009)  
20 fuel cost projections. As reflected in my Exhibit RBD-2, the total typical  
21 residential (1,000 kWh) bill is decreasing from \$109.55 in January 2009 to  
22 \$104.63 in January 2010. This is a decrease of \$4.92 or 4.5 percent in 2010.

1 In 2011, the same typical residential bill increases to \$116.47 due to the  
2 Subsequent Year Adjustment and a projected increase in fuel prices.

3  
4 As discussed by FPL witness Ousdahl, FPL expects to include the full in-  
5 service revenue requirements estimate for the nuclear uprate projects in its  
6 Nuclear Cost Recovery clause filings. Therefore, all costs projected for  
7 nuclear uprates are excluded from 2011 base rates. Taking into account  
8 expected increases in base rates for nuclear uprates through the Nuclear Cost  
9 Recovery Rule, the projected 2011 typical residential bill is \$117.21. Overall,  
10 the projected increase from January 2009 to January 2011, given the full base  
11 rate increases as well as projected fuel prices as of February 9, 2009 and the  
12 estimated in-service revenue requirements for the nuclear uprate projects, is  
13 \$7.66, which is an average of only about 3.5 percent per year for the two year  
14 period. Even with this projected increase, FPL customers' typical bills will  
15 still compare favorably with the current prices of other major investor owned  
16 utilities (IOUs) in the state as well as nationally.

17  
18 Other rate classes will see varying decreases in 2010 depending on the current  
19 rate of return (parity) for their respective rate classes. For example, large  
20 commercial customers served under the GSLD-1 or GSLD-2 schedules are  
21 projected to see changes in their bills ranging between a three percent increase  
22 to an eight percent decrease in 2010 and a five percent to 14 percent increase  
23 in 2011 depending on the customer's load characteristics.

1           Traditionally, base rate cases have been used as the vehicle for improving the  
2           parity among rate classes. At FPL, parity among the rate classes has not been  
3           addressed in over 20 years due to the long period of time that FPL was able to  
4           avoid the need for a rate increase and the 2005 settlement, and as a result there  
5           is a need to improve parity as part of this proceeding. This filing presents an  
6           opportunity to adjust rates and charges to more closely reflect the cost of  
7           service and thus address the parity issue. Notwithstanding the above, FPL's  
8           price should still compare favorably.

9  
10          As discussed by FPL witnesses Barrett and Ousdahl, FPL is proposing to  
11          continue utilizing the Generation Base Rate Adjustment (GBRA) mechanism  
12          for limited but necessary base rate increases to account for capital  
13          expenditures associated with generation expansion. FPL customers already  
14          see immediate fuel cost reductions when the generation units are placed in  
15          service through the fuel cost recovery clause, and continuation of the GBRA  
16          simply puts recovery of generation costs on the same basis from a timing  
17          perspective as the recognition of the fuel savings. Continuation of the GBRA  
18          will allow FPL to address generation-related base rate requirements during  
19          and beyond the 2011 Subsequent Year in an efficient manner while promoting  
20          rate predictability and stability.

1 The Commission should approve FPL's rate proposals and continuation of the  
2 GBRA mechanism as presented in this testimony because they are reasonable,  
3 cost-based and send the appropriate price signals to customers.

4

5

### HISTORICAL SUMMARY OF FPL RATES

6

7 **Q. Please provide a historical overview of FPL rates.**

8 A. FPL has not proposed an increase in its retail base rates since Docket No.  
9 050045-EI (2005 Rate Case) that was initiated in March 2005. That case  
10 resulted in a settlement agreement (2005 Settlement Agreement) that held  
11 FPL's base rates flat while providing for limited but necessary increases to  
12 account for capital expenditures associated with generation expansion through  
13 the GBRA. With the noted exception of the GBRA-related adjustments, no  
14 other general increase in base rates has occurred since that time and in fact,  
15 the last general FPL base rate increase occurred in 1985 (Docket No.  
16 830465-EI).

17

18 FPL has reduced its retail base rates three times since the 1985 decision. In  
19 January 1990, base rates were reduced by \$38 million as a result of a review  
20 of the Company's earnings following a reduction in the corporate income tax  
21 rate (Docket No. 890319-EI). In April 1999, base rates were reduced by \$350  
22 million as a result of a settlement agreement (Docket No. 990067-EI). Then  
23 in April 2002, a second settlement agreement (Docket No. 001148-EI)

1 reduced base rates by another \$250 million. In addition, the three settlement  
2 agreements in 1999, 2002 and 2006 provided for annual revenue rebates to  
3 customers based on prescribed revenue thresholds. In total, these three rate  
4 agreements are estimated to have resulted in over \$6 billion dollars in  
5 customer savings by the end of 2008.

6 **Q. What type of impact does this have on retail bills?**

7 A. As a result of these reductions, FPL's January 2009 typical residential bill is  
8 17 percent lower than it was 24 years ago while consumer prices, as measured  
9 by the Consumer Price Index (CPI), have increased 99 percent. To put this in  
10 perspective, a typical residential customer consuming 1,000 kWh in 1985  
11 would be paying \$165.60 in January 2009 had base rates increased by the rate  
12 of inflation. This is \$56.05 or 34 percent higher than the actual January 2009  
13 typical residential bill. Exhibit RBD-3 outlines this price comparison.  
14 Extending this comparison we see in Exhibit RBD-4 that the FPL January  
15 2009 typical residential bill is the lowest among Florida's major IOUs.  
16 Additionally, according to available data from the Florida Municipal Electric  
17 Association and the Edison Electric Institute, FPL's typical residential bill is  
18 18 percent lower than the average electric bill in Florida, and 17 percent lower  
19 than the national average.



1                                   **OVERVIEW OF BASE REVENUES AND RATE STRUCTURES**

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**Q. What is meant by base revenues from the sale of electricity?**

A. This revenue represents FPL’s total billed revenues from the sale of electricity less revenues generated from adjustment clauses. With the base rate increase, current projections indicate that base revenue will make up approximately 49 percent of the total bill for a standard 1,000 kWh of residential use.

**Q. How are base revenues from the sale of electricity determined?**

A. Base revenues from the sale of electricity are determined by applying the applicable base rate tariff charges, excluding the cost recovery adjustment clause factors, to the appropriate billing determinants. As described in Exhibit RBD-5, FPL has more than 40 retail rate schedules, each with its own set of tariff charges and billing determinants.

**Q. What is meant by billing determinants?**

A. Billing determinants are the parameters used for billing customers. The applicable billing determinants reflect the rate structure established for a given rate schedule. Customer, demand and energy charges are each associated with their own set of billing determinants. Customer billing determinants are expressed in terms of the number of accounts billed by month. Demand billing determinants are expressed in terms of kilowatts (kW) at the peak of customer demand during a month, while energy billing determinants are expressed in terms of kilowatt-hours (kWh). Some rate schedules are limited to customer and energy billing determinants. For example, customers in the

1 small general service rate schedule (GS-1) are charged a customer charge and  
2 a cents per kWh energy charge. GS-1 customers represent the smallest of the  
3 commercial/industrial electric customers, those with maximum demands  
4 below 21 kW, and their rate does not include a demand charge. Larger  
5 commercial/industrial customers, on the other hand, are charged on the basis  
6 of their demand, i.e., the maximum electric usage in a given time period, and  
7 energy. Thus, the rate structure for the general service demand rate schedules  
8 e.g. GSD-1, includes a customer charge, a cents per kWh energy charge and a  
9 dollar per kW demand charge.

10 **Q. What are the current rate structures for the major rate schedules?**

11 A. Exhibit RBD-5 provides a narrative explanation of the current rate structures  
12 of FPL's major rate schedules.

13

#### 14 FORECAST OF BASE REVENUES

15

16 **Q. What were the major inputs used to produce the forecast of retail base  
17 revenues from the sale of electricity for 2010 and 2011?**

18 A. The major inputs in the process were the customer and energy (kWh) sales  
19 forecasts by revenue class produced by FPL witness Morley and the cost of  
20 service data produced by FPL witness Ender.

21 **Q. What is the difference between revenue classes and rate schedules?**

22 A. Revenue classes represent general categories of customers used for financial  
23 reporting purposes. There are six retail revenue classes: residential,

1 commercial, industrial, street and highway lighting, railroads and other. The  
2 revenue classes are a combination of different rate schedules with the  
3 exception of the railroads revenue class. This class is the only class specific  
4 to a particular rate schedule: the Metropolitan Transit Service (MET) rate  
5 schedule. In order to provide the level of detail required in the MFR-E  
6 Schedules, the forecasts of sales and customers by revenue class were  
7 converted into forecasts of sales and customers by rate schedule.

8 **Q. What is the difference between rate classes and rate schedules?**

9 A. Rate classes are groups of individual rate schedules with like billing attributes  
10 (customer type and load size) and rate design relationships, so they are treated  
11 for rate design purposes on a combined basis. As a result, one or more rate  
12 schedules may be combined into a single rate class. For example, residential,  
13 Rate Schedule RS-1, and residential time-of-use, Rate Schedule RST-1, are  
14 combined together into the RS(T)-1 rate class.

15 **Q. Please describe the steps for developing the forecast of base revenue.**

16 A. First, the billing determinant forecast for customers, kWh sales and kW  
17 demand, is developed by rate schedule. Next, these billing determinants are  
18 applied to the currently applicable rates to provide the base revenue forecast  
19 for the appropriate time periods. These rates include the GBRA-related  
20 adjustments approved to take effect in 2009. Then the rate components are  
21 updated using the per unit cost data provided in MFR E-6b. This will move  
22 the revenue by rate class toward parity and toward the targeted revenue

1 amounts. Finally, adjustments are made to achieve target revenue levels and  
2 also to make adjustments where full parity can not be achieved.

3 **Q. How is the billing determinant forecast developed?**

4 A. The customer and sales forecast is provided by FPL witness Morley for the  
5 appropriate time period. This forecast is developed on a revenue class basis  
6 and must be expanded to the rate class level.

7  
8 Next, the forecast for the number of customers and kWh sales by rate schedule  
9 is developed based on the historical relationship between customers and sales  
10 by rate schedule and customers and sales by revenue class. Historical  
11 percentages are applied to the forecast of customers and sales by revenue  
12 class. The result is a forecast of sales and customers by retail rate schedule for  
13 the appropriate time period, in this case the years 2010 and 2011.

14  
15 Finally, additional derivations are made to complete the forecast of customer  
16 and energy billing determinants by rate schedule. For example, the kWh sales  
17 for RS-1 are segmented to reflect the inverted rates described in Exhibit  
18 RBD-5. Likewise, for time-of-use rate schedules, total sales are segmented  
19 between on-peak and off-peak sales based on historical patterns. In addition,  
20 for demand-metered rate schedules, billing demands are developed based on  
21 the historical relationship between billing demand and billed sales by rate  
22 schedule.

1 **Q. Are there any exceptions to the process as described?**

2 A. Yes. Specific sales and customer forecasts are developed for certain rate  
3 schedules. For example, Commercial/Industrial Load Control (CILC) rate  
4 schedules are closed to new customers. Therefore, the forecasted number of  
5 customers and kWh sales under those rate schedules is based on their actual  
6 values during the last 12 months ending December 2008. These exceptions  
7 are limited to a small number of customers.

8 **Q. Which MFRs provide detail on the retail base revenue forecast described  
9 above?**

10 A. The currently-approved base tariff charges adjusted for the approved GBRA  
11 base rate increases are shown on MFR A-3. MFR E-15 provides a description  
12 of how the projected billing determinants were developed. The results of  
13 applying the base tariff charges to the projected billing determinants are  
14 provided in MFR E-13c. Additional detail on the base revenue forecast for  
15 the lighting rate schedules is given in MFR E-13d.

16 **Q. What does FPL's cost of service study show regarding the system average  
17 Rate of Return (ROR) and the parity indices by rate class?**

18 A. As explained by FPL witness Ender, FPL's cost of service study shows a  
19 system average earned ROR of 4.25 percent for the 2010 Test Year and 3.71  
20 percent for the 2011 Subsequent Year. This is consistent with the retail ROR  
21 reported in MFR A-1. The cost of service study indicates that the parity  
22 indices vary by rate class with some class indices well above 100 percent and  
23 others well below 100 percent.

1 **TARGET REVENUES BY RATE CLASS**

2

3 **Q. How are target revenues by rate class, as shown on MFR E-14,**  
4 **determined?**

5 A. FPL has set the target revenues by rate class in order to obtain parity among  
6 the rate classes to the greatest extent possible. In a rate case proceeding in  
7 which an adjustment in rates is proposed, the cost of service serves as a guide  
8 in evaluating any proposed changes in the level of revenues by rate class.  
9 More specifically, the allocation of any revenue increase should be assessed in  
10 terms of its impact on the parity between rate classes. Also, the relationships  
11 between rate classes must be maintained to avoid unintentional migration that  
12 may impact the rate classes' parity going forward. The general service  
13 demand rates were considered together to determine target revenues in order  
14 to preserve the relationships between the general service demand rates and the  
15 corresponding time of use rates, high load factor rates, curtailable service rates  
16 and the seasonal demand riders.

17 **Q. What impact would FPL's target revenues by rate class have on parity?**

18 A. As shown in Exhibit RBD-6, under FPL's proposed target revenues by rate  
19 class, the parity of all rate classes is improved. In fact, with the proposed  
20 rates, the number of rate classes within 10 percent of parity more than tripled  
21 in 2010. This results in 99.8 percent of all FPL customers being within 10  
22 percent of parity.

1 **Q. How does FPL propose to achieve these target revenues by rate class?**

2 A. FPL proposes to achieve these target revenues through changes to existing  
3 rates and revisions to service charges. Both the rates and service charges are  
4 based on cost forecasts that result in the need for the target revenues. In the  
5 remainder of this testimony, each element of FPL's proposal will be outlined  
6 in detail.

7

8 **PROPOSED CHANGES TO EXISTING RATES**

9

10 **Q. Please explain why FPL is proposing changes to its existing rates.**

11 A. FPL is proposing to change its existing rates in order to support the target  
12 revenues by rate class outlined above. The changes to existing rates outlined  
13 below are consistent with the objectives of providing rates that are cost-based,  
14 understandable and that send appropriate price signals to customers.

15 **Q. Please describe in general terms the methodology you used in developing  
16 the proposed changes to FPL's existing rates.**

17 A. Generally speaking, the inputs include the target revenues by rate class  
18 presented in MFR E-8, the unit costs at the required ROR presented in MFR  
19 E-6b and the projected revenues and billing determinants by rate schedule  
20 presented in MFR E-13c. As appropriate, the unit costs in MFR E-6b are used  
21 as a starting point and then adjustments are made to achieve the target revenue  
22 by rate class outlined above.

1 **Q. What specific details are available that outline how other changes FPL is**  
2 **proposing to its existing rates were developed?**

3 A. Attachment 2 of MFR E-14 provides work papers outlining the derivation of  
4 the proposed changes to FPL's existing rates. In addition, Exhibit RBD-7  
5 provides a narrative explanation of the proposed rate structures, much the  
6 same way that Exhibit RBD-5 outlines the current rate structures.

7 **Q. How does FPL propose to recover its target revenue from the lighting**  
8 **rate classes?**

9 A. Attachment 3 to MFR E-14 provides the estimated cost of installing and  
10 maintaining new street lighting fixtures, poles and conductors. These figures  
11 suggest that the cost of installing and maintaining new poles and conductors  
12 substantially exceeds the charges under the current tariff. The target revenue  
13 increases for SL-1 and OL-1 are achieved primarily through increases in the  
14 pole and conductor charges, with other adjustments as needed to achieve the  
15 classes' target revenues. In addition, the base energy charges for SL-1 and  
16 OL-1 are based on the energy unit cost in MFR E-6b.

17 **Q. Which MFRs provide additional information on the proposed changes to**  
18 **existing rates you have outlined?**

19 A. The impact the proposed rate changes would have on typical bills is presented  
20 in MFR A-2. MFR A-3 provides a summary of the proposed rate changes.  
21 The applicable proposed tariff sheets are presented in Attachment 1 of MFR  
22 E-14. The revenue impact from the proposed changes to existing rates is  
23 taken into account in calculating the revenues shown in MFRs E-12, E-13a,



1 E-13c and E-13d and the parity indices under proposed rates are shown in  
2 MFR E-8.

3 **Q. Are there any other tariff modifications FPL is proposing?**

4 A. Yes. MFR E-14 shows the proposed changes to the SL-1 and PL-1 lighting  
5 rate schedules. FPL is proposing to close the re-lamping option on the SL-1  
6 and OL-1 tariffs for new streetlight installations. Customers choosing this  
7 option often believe that FPL is responsible for all maintenance instead of just  
8 re-lamping. This often results in customer dissatisfaction. FPL believes that  
9 removing this option will make maintenance responsibilities more clear. FPL  
10 is also proposing to remove the 10 year and 20 year facilities payment options  
11 from the PL-1 tariff. First, the 10 year option is rarely used. However, the  
12 main reason for FPL proposing to remove the 10 year and 20 year payment  
13 options is due to the collections issues that often occur when the original  
14 customer requesting the payment option (e.g. a developer) transfers payment  
15 responsibility to another party (e.g. a homeowner's association).

16  
17 Additionally, FPL is proposing to close the Wireless Internet Electric Service  
18 (WIES) rate to new customers. Currently, FPL only has 18,240 kilowatt  
19 hours of load on the WIES rate. The tariff provides that FPL may withdraw  
20 the rate and transfer existing customers to the otherwise applicable rate  
21 schedule if the total annual energy under this rate schedule does not meet a  
22 minimum threshold of 360,000 kWh by June 30, 2004. Rather than withdraw

1 the rate and transfer the existing customers, FPL proposes to close the rate  
2 schedule to new customers.

3 **Q. Is FPL proposing any new rate schedules or riders?**

4 A. No. FPL introduced several new rate schedules and riders in its 2005 rate  
5 case that have provided significant benefits to many commercial/industrial  
6 (C/I) customers and these rates continue to provide opportunities for  
7 additional C/I customers to reduce their electric bills. In the previous rate  
8 proceeding, the company introduced the following new optional rate  
9 offerings: the Seasonal Demand Time of Use Rider (SDTR), the High Load  
10 Factor Time of Use (HLFT) rate and the General Service Constant Use  
11 (GSCU) rate. Many customers have taken advantage of these new optional  
12 rate offerings and are continuing to experience savings as compared to the  
13 standard rate offerings.

14  
15 In response to C/I customers who wanted to take advantage of a time-of-use  
16 rate but were unable to plan around the eight to nine hour on-peak window  
17 year-round, the SDTR was created. To address this need, the SDTR provides  
18 a time-differentiated rate with a narrower on-peak window than is specified  
19 under the standard TOU rates. Customers who typically experience lower  
20 usage during the summer months have taken advantage of the optional SDTR,  
21 including educational, governmental and manufacturing customers.

1           The HLFT rate offers an attractive rate to customers with higher load factors  
2           while also providing a time-differentiated price signal. Customers who have  
3           benefited from the HLFT rate include those in the retail, healthcare,  
4           governmental and educational sectors. The optional SDTR and the HLFT  
5           rates are available to all distribution level demand-metered C/I customers.

6  
7           Based on input from our customers, FPL introduced the GSCU rate for non-  
8           demand metered commercial customers which provides savings to small  
9           commercial customers with a relatively constant, high load factor usage such  
10          as telecommunications and cable television industry customers.

11  
12          These newer optional rates continue to offer customers the opportunity to  
13          reduce costs through changes in their consumption patterns. FPL continues to  
14          work with customers to help them take advantage of these recent rate  
15          offerings and optimize utilization of these rates.

16   **Q.    Is FPL proposing to adjust the level of its service charges?**

17   A.    Yes. The proposed adjusted level of service charges is outlined in MFR  
18          E-13b.

19   **Q.    What types of miscellaneous services are provided under FPL's tariff?**

20   A.    FPL's tariff outlines specific charges for initial connects on new premises,  
21          connects/disconnects on existing premises, reconnects after non-payment and  
22          field collections on past due accounts. The tariff additionally provides for late  
23          payment fees and returned check charges. Charges for the reimbursement of

1 unauthorized or fraudulent use of electricity and temporary construction  
2 accounts are also included in the tariff. No new services are being proposed at  
3 this time.

4 **Q. Has FPL performed a study estimating the cost of providing**  
5 **miscellaneous services?**

6 A. Yes. As co-sponsored by FPL witnesses Santos and Spoor, MFR E-7  
7 provides estimates of the current cost of initial connects on new premises,  
8 connects/disconnects on existing premises, reconnects after non-payment and  
9 field collections on past due accounts. As FPL witness Santos testifies, in  
10 many cases, the current cost of providing a service exceeds its currently-  
11 approved tariff charge.

12 **Q. Has the revenue impact from adjusting service charges been taken into**  
13 **account in calculating the revenue increase needed to meet the target**  
14 **revenues by rate class for the Test Year?**

15 A. Yes. As shown in MFR E-8, the increase in service charge revenues is taken  
16 into account in calculating the revenue increase needed to meet the target  
17 revenue by rate class. In effect, the increase in service charge revenues helps  
18 offset the needed increase in revenues from the sale of electricity proposed for  
19 each rate class.

1 **GENERATION BASE RATE ADJUSTMENT**

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**Q. How would the GBRA mechanism be utilized?**

A. As discussed by FPL witnesses Barrett and Ousdahl, FPL proposes to continue to utilize the GBRA mechanism to adjust base rates in the same manner as has been used for Turkey Point Unit 5 and will be used as previously approved in Docket No. 080001-EI for the West County Units 1 and 2. Pursuant to the 2005 Settlement Agreement, the GBRA is implemented by adjusting base charges and non-clause recoverable credits (e.g. the transformer rider credits and the curtailable service credits) by an equal percentage. The calculation of this percentage change in rates is based on the ratio of jurisdictional annual revenue requirement, as presented in the need determination proceeding, and the forecasted retail base revenues from the sales of electricity during the first twelve months of operation. This ratio is the GBRA Factor. The GBRA Factor is applied to FPL's current base charges and non-clause recoverable credits to produce the revised base rate charges. To the extent the actual capital expenditures are less than the projected costs used to develop the initial GBRA Factor, a one-time credit will be made through the capacity clause. In order to determine the amount of this credit, a revised GBRA Factor will be computed using the same data and methodology incorporated in the initial GBRA Factor, with the exception that the actual capital expenditures will be used in lieu of the capital expenditures the need determination was based on. On a going forward basis, base rates

1 will be adjusted to reflect the revised GBRA Factor. The difference between  
2 the cumulative base revenues since the implementation of the initial GBRA  
3 Factor and the cumulative base revenues that would have resulted if the  
4 revised GBRA Factor had been in-place during the same time period will be  
5 credited to customers through the capacity clause with interest at the 30-day  
6 commercial paper rate as specified in Rule 25-6.109.

7 **Q. What impact will continuation of the GBRA have on retail rates?**

8 A. As experienced with the implementation of the GBRA for the Turkey Point  
9 Unit 5, the increase in base rates is largely offset by fuel savings for the new  
10 unit. It is anticipated that this will also be the case for West County Units 1, 2  
11 and 3. Customers already are able to immediately realize the savings  
12 associated with these new, highly efficient units through the fuel cost recovery  
13 clause. Thus, the overall customer impact is largely offset. As shown on  
14 Exhibit RBD-8, the increase in retail rates is largely offset by the reductions in  
15 fuel costs realized when the plant goes into service. Increasing base rates  
16 through the use of the GBRA for these units simply aligns the timing of the  
17 base rate increase with realization of the fuel savings without a costly base  
18 rate case. Continuation of the GBRA will allow FPL to address base rate  
19 requirements during and beyond the 2011 Subsequent Year in an efficient  
20 manner while promoting rate predictability and stability.

21 **Q. If the requested base rate relief is granted, how will FPL's typical**  
22 **residential bill compare to other Florida IOUs?**

1 A. As shown on RBD-2, a typical residential bill is projected to be \$104.63 in  
2 2010 and \$117.21 in 2011. Even with the requested increases, however,  
3 FPL's typical bill should remain competitive based on the comparison of the  
4 typical bill of the other major IOUs shown in Exhibit RBD-3. While prices  
5 are projected to increase in 2011, FPL typical bills should still be competitive  
6 compared with the current prices of other major IOUs in the state as well as  
7 with other electric utilities nationally.

8

9 The Commission should approve FPL's rate proposals and continuation of the  
10 GBRA mechanism as presented in this testimony because they are reasonable,  
11 cost-based and send the appropriate price signals to customers.

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

13 A. Yes.

**SUMMARY OF SPONSORED MFRS AND SCHEDULES**

	<b>Period</b>	<b>Title</b>
<b><u>SPONSOR</u></b>		
A-2	2010 Test Year	Full Revenue Requirements Bill Comparison - Typical Monthly Bills
A-2	2011 Subsequent Year	Full Revenue Requirements Bill Comparison - Typical Monthly Bills
A-3	2010 Test Year	Summary of Tariffs
A-3	2011 Subsequent Year	Summary of Tariffs
C-5	2010 Test Year	Operating Revenues Detail
C-5	2011 Subsequent Year	Operating Revenues Detail
E-8	2010 Test Year	Company-Proposed Allocation of the Rate Increase by Rate Class
E-8	2011 Subsequent Year	Company-Proposed Allocation of the Rate Increase by Rate Class
E-12	2010 Test Year	Adjustment to Test Year Revenue
E-12	2011 Subsequent Year	Adjustment to Test Year Revenue
E-13a	2010 Test Year	Revenue from Sale of Electricity by Rate Schedule
E-13a	2011 Subsequent Year	Revenue from Sale of Electricity by Rate Schedule
E-13b	2010 Test Year	Revenue from Sale of Electricity by Rate Schedule - Service Charges
E-13b	2011 Subsequent Year	Revenue from Sale of Electricity by Rate Schedule - Service Charges
E-13c	2010 Test Year	Base Revenue by Rate Schedule - Calculations
E-13c	2011 Subsequent Year	Base Revenue by Rate Schedule - Calculations



**SUMMARY OF SPONSORED MFRS AND SCHEDULES - CONTINUED**

<u>Period</u>	<u>Title</u>
<b><u>SPONSOR</u></b>	
E-13d 2010 Test Year	Revenue by Rate Schedule - Lighting Schedule Calculation
E-13d 2011 Subsequent Year	Revenue by Rate Schedule - Lighting Schedule Calculation
E-14 2010 Test Year	Proposed Tariff Sheets and Support for Charges
E-14 2011 Subsequent Year	Proposed Tariff Sheets and Support for Charges
E-15 2010 Test Year	Projected Billing Determinants
E-15 2011 Subsequent Year	Projected Billing Determinants

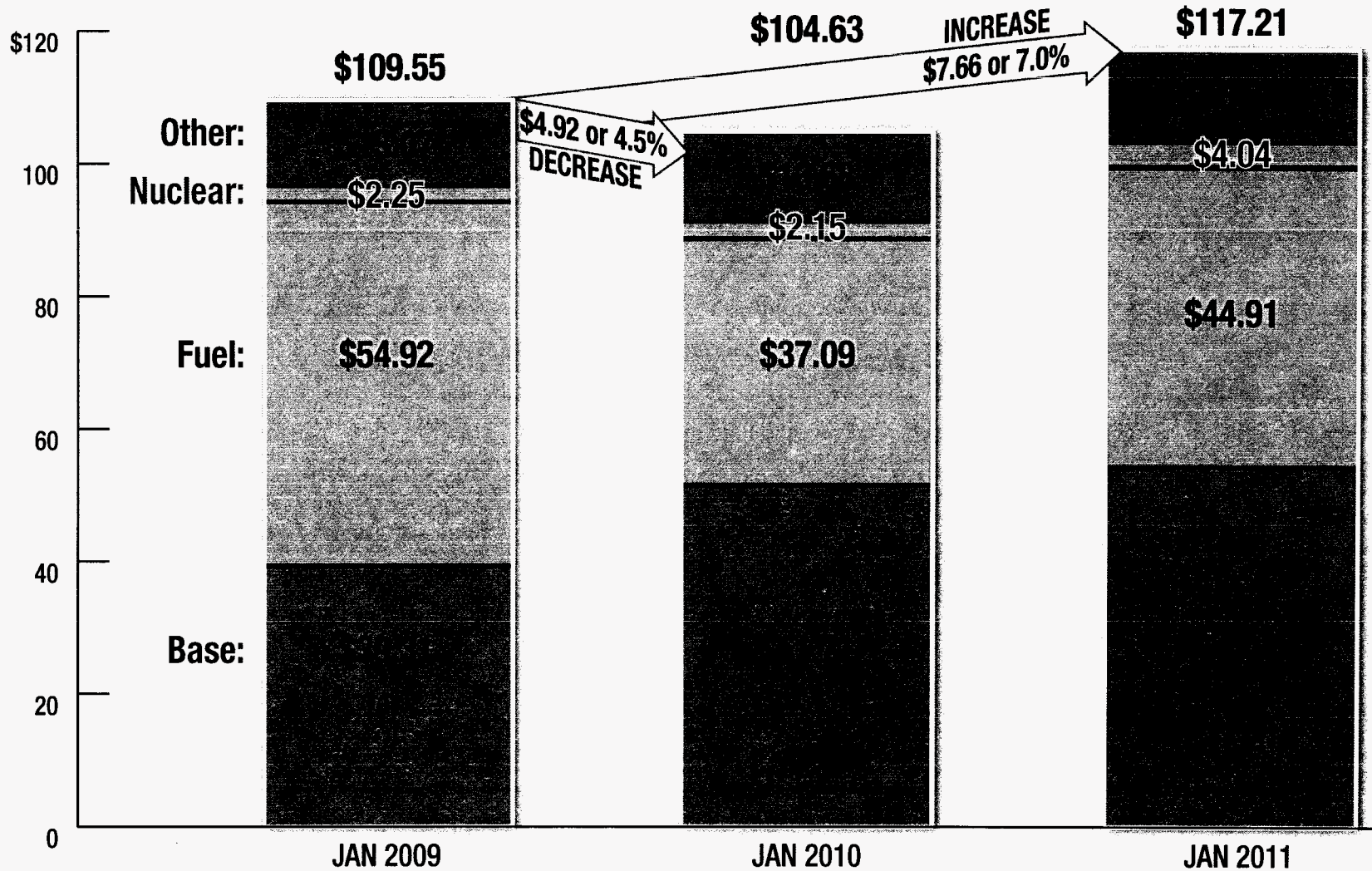
**SUMMARY OF CO-SPONSORED MFRS AND SCHEDULES**

<u>Period</u>	<u>Title</u>
<b><u>CO-SPONSOR</u></b>	
E-1 2010 Test Year	Cost of Service Studies
E-1 2011 Subsequent Year	Cost of Service Studies
F-5 2010 Test Year	Forecasting Models
F-5 2011 Subsequent Year	Forecasting Models

**SUMMARY OF SPONSORED 2009 SUPPLEMENTAL MFRS**

<u>Period</u>	<u>Title</u>
<b><u>SPONSOR</u></b>	
C-5 2009 Supplemental	Operating Revenues Detail

# FPL Typical Residential 1,000 kWh Bill



Source: FPL Tariff for January 2009, MFR A-2 for the 2010 Test Year and the 2011 Subsequent Year  
 Fuel prices based on fuel cost projections as of February 9, 2009  
 "Other" includes clauses other than fuel and nuclear recovery, such as energy conservation and gross receipts tax

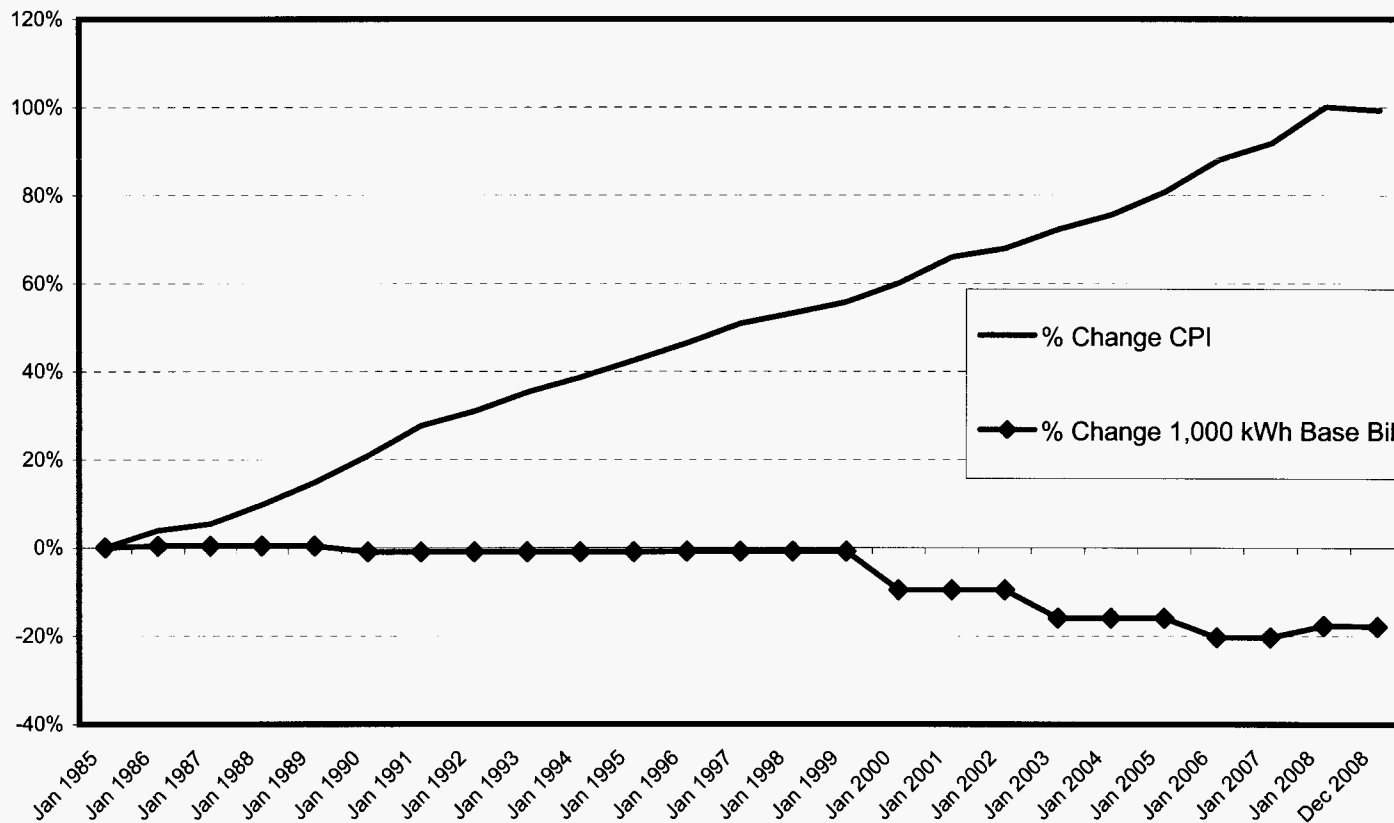
Docket No. 080677-EI  
 Comparison of FPL's Base  
 Rates Versus Change in CPI  
 Exhibit RBD-3, Page 1 of 2

<b>Change in 1,000 kWh Residential Base Bill Compared To Change in the Consumer Price Index (CPI) 1985 to Current</b>				
	<b>Jan. 1985</b>	<b>Current <sup>(1)</sup></b>	<b>Net Change</b>	<b>Percent Change</b>
<b>FPL Residential Base Bill for 1,000 kWh</b>	<b>\$47.15</b>	<b>\$39.31</b>	<b>(\$7.84)</b>	<b>-16.6%</b>
<b>Consumer Price Index (CPI)</b>	<b>105.5</b>	<b>210.2</b>	<b>104.7</b>	<b>99.3%</b>

<sup>(1)</sup> Current FPL residential base bill for 1,000 kWh includes February 9, 2009 fuel price and clause estimates and current consumer price index as of December 2008

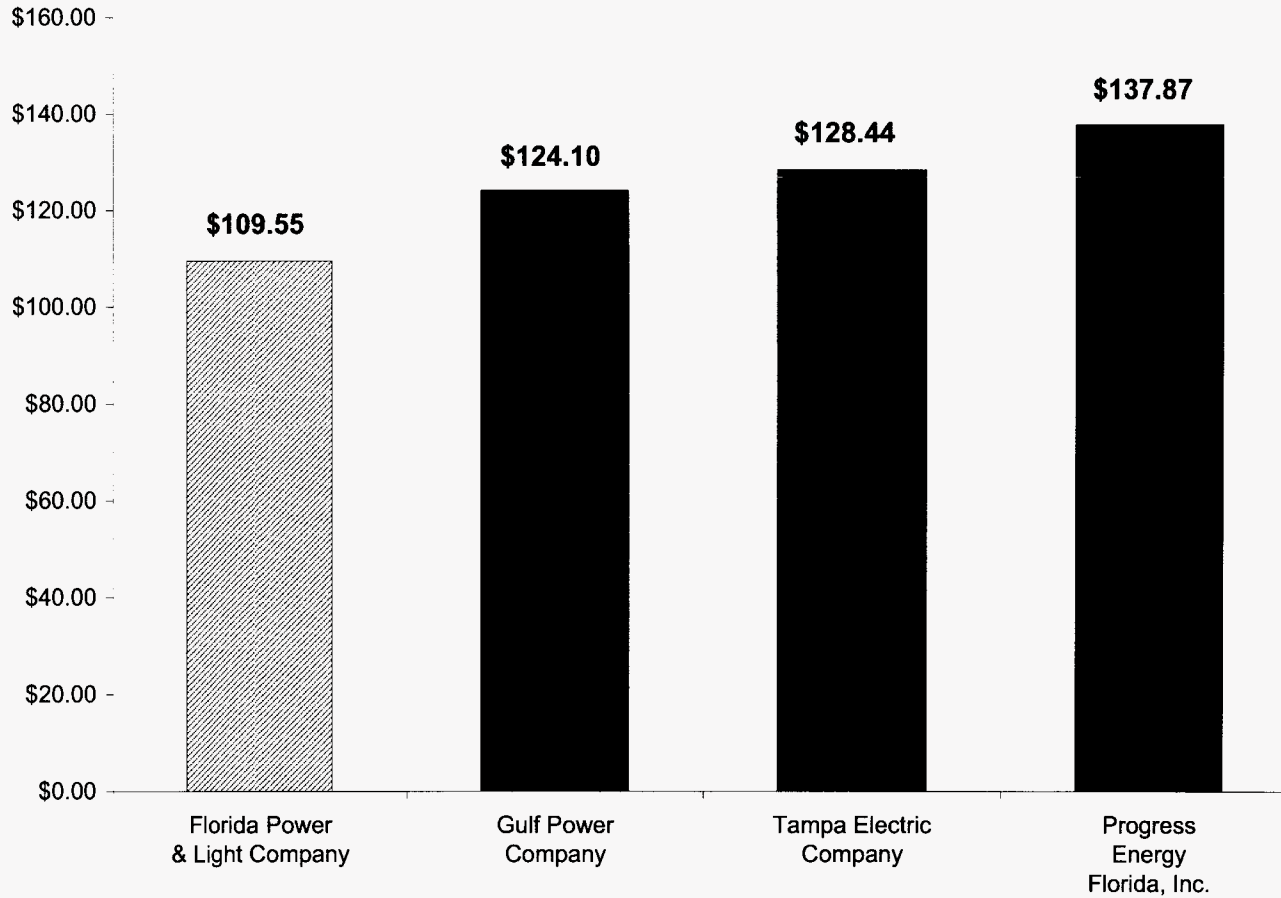
<b>January 1985 Inflation-Adjusted 1,000 kWh Residential Typical Bill Compared To Current January 2009 Typical Bill</b>				
	<b>Jan. 1985 (Base bill inflation- adjusted to Dec. 2008)</b>	<b>Jan. 2009</b>	<b>Net Change</b>	<b>Percent Change</b>
<b>Base Bill</b>	<b>\$93.96</b>	<b>\$39.31</b>	<b>(\$54.65)</b>	<b>-58.2%</b>
<b>All clauses as of Jan. 2009</b>	<b>67.50</b>	<b>67.50</b>	<b>0.00</b>	<b>0.0%</b>
<b>Subtotal</b>	<b>\$161.46</b>	<b>\$106.81</b>	<b>(\$54.65)</b>	<b>-33.8%</b>
<b>Gross receipt tax</b>	<b>4.14</b>	<b>2.74</b>	<b>(\$1.40)</b>	<b>-33.8%</b>
<b>TOTAL</b>	<b>\$165.60</b>	<b>\$109.55</b>	<b>(\$56.05)</b>	<b>-33.8%</b>

**Percent Change in CPI versus 1,000 kWh Residential Base Bill  
1985 to Current**



# Major Florida Utility Typical Bill Comparison

Residential 1,000 kWh Monthly Bill  
For rates effective January 2009



**SUMMARY OF CURRENT RATE STRUCTURES  
FOR MAJOR RATE SCHEDULES**

<u>RATE SCHEDULE</u>	<u>DESCRIPTION</u>
RS-1	Residential Service
GS-1	General Service – Non Demand (0-20 kW)
GSD-1	General Service Demand (21-499 kW)
GSLD-1	General Service Large Demand (500-1,999 kW)
GSLD-2	General Service Large Demand (2,000 kW+)
GSLD-3	General Service Large Demand – Transmission (2,000 kW+)
CS-1	Curtable Service (500-1999 kW)
CS-2	Curtable Service (2,000 kW +)
CS-3	Curtable Service – Transmission (2,000 kW+)
RST-1	Residential Service – Time of Use
GST-1	General Service – Non Demand – Time of Use (0-20kW)
GSDT-1	General Service Demand – Time of Use (21-499 kW)
GSLDT-1	General Service Large Demand – Time of Use (500-1,999 kW)
GSLDT-2	General Service Large Demand – Time of Use (2,000 kW+)
GSLDT-3	General Service Large Demand – Time of Use (2,000 kW+)
CST-1	Curtable Service – Time of Use (500-1,999 kW)
CST-2	Curtable Service – Time of Use (2,000 kW +)
CST-3	Curtable Service – Time of Use (2,000 kW +)

HLFT	High Load Factor-Time of Use
CILC-1	Commercial/Industrial Load Control Program
CDR	Commercial/Industrial Demand Reduction Rider
SDTR	Seasonal Demand-Time of Use Rider
SST-1	Standby and Supplemental Service
ISST-1	Interruptible Standby and Supplemental Service
MET	Metropolitan Transit Service
OS-2	Sports Field Service
SL-1	Street Lighting
OL-1	Outdoor Lighting
PL-1	Premium Lighting
SL-2	Traffic Signal Service
GSCU	General Service Constant Usage
WIES	Wireless Internet Electric Service

RS-1

The residential rate schedule RS-1 has a customer charge and an inverted or increasing energy charge. RS-1 customers are charged a higher cents/kWh energy charge for all kWh above 1,000.

GS-1

Rate schedule GS-1 includes an energy charge and a customer charge.

GSD-1

The rate structure for general service demand customers (GSD-1) includes demand, energy, and customer charges.

GSLD-1, GSLD-2, GSLD-3

The rate structures for general service large demand customers (GSLD-1, GSLD-2, GSLD-3) include demand, energy, and customer charges. There are separate rate schedules for customers with demands between 500 kW and 1,999 kW, for customers with demands above 2,000 kW, and for customers above 2,000 kW served directly from the transmission system.

CS-1, CS-2, CS-3

Curtailed customers are given a credit for each kW of curtailable load. The curtailable rate otherwise mirrors the rate structure of the otherwise applicable general service large demand rate schedule.

Time-of-Use (TOU)

Separate TOU rate schedules have been established for residential, general service, general service demand, general service large demand, and curtailable customers. The current TOU options for these customers generally reflect the otherwise applicable rate structures, with the addition of providing time-differentiated charges. Separate energy charges are applicable to the on-peak and off-peak periods. In addition, the demand charges are applicable only in the on-peak period. All of FPL's General Service TOU rates share the same on-peak and off-peak rating periods, as shown below.



RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. to 10 a.m. and 6 p.m. to 10 p.m. excluding Thanksgiving Day, Christmas Day, and New Year's Day. April 1 through October 31: Mondays through Fridays during the hours from 12 noon to 9 p.m., excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

HLFT

High load factor – time of use (HLFT) rates are designed to provide a rate that is attractive to the higher load factor customers while also providing a time-differentiated price signal. There are three separate HLFT rate schedules; HLFT-1 is applicable to customers with demands between 21-499 kW, HLFT-2 is applicable to customers with demands between 500-1,999 kW, and HLFT-3 is applicable to customers with demands 2,000 kW and above. Each rate schedule includes a customer charge, an on-peak firm demand charge, a maximum demand charge, on-peak energy charge, and an off-peak energy charge.

The HLFT customers share the same on-peak and off-peak rating periods, as the General Service time of use customers, reflected above.

### CILC-1

Commercial/industrial load control (CILC-1) rates are designed to provide applicable customers with lower rates in exchange for allowing the Company to interrupt the customers' load during periods of capacity constraint. The rate schedule has been closed to new customers since 1996. There are three separate CILC-1 rate schedules: CILC-1G is applicable to customers with demands between 200-499 kW, CILC-1D serves customers with demands of 500 kW and above, and CILC-1T applies to customers served directly from the transmission system. Each rate schedule includes a customer charge, an on-peak firm demand, an on-peak interruptible demand, and an energy charge. In addition, customers served from the distribution system are also charged a maximum demand based on their highest demand, regardless of time of day, over the last 24 months.

### CDR Rider

Non-firm service is also offered under the Commercial/Industrial Demand Reduction (CDR) rider. Under this rider, customers are billed under their otherwise applicable tariff, but receive a credit per kW of controllable load. Also, load control equipment is installed to provide the utility with direct control over the customer's electrical load. This differs from the curtailable rate schedules where the customer would have manual control over the electrical load. These customers are also charged an adder to their customer charge to recover the cost of load control equipment.

### SDTR

The Seasonal Demand TOU rider was designed for customers who typically experience lower usage during the summer months, and provides a time-differentiated rate with a narrower on-peak window than that specified under the standard TOU rates during the months of June through September. The on-peak period under the Seasonal Demand TOU rider is limited to 3PM-6PM weekdays (excluding holidays) in June through September. Customers under the Seasonal Demand TOU rider may elect to receive service under either a time differentiated or non-time differentiated rate during the non-seasonal period of January through May and October through December. For customers who elect a time differentiated rate during the non-seasonal period, the standard TOU rating periods would apply, as reflected above. There are three separate SDTR rate schedules; SDTR-1 is applicable to customers with demands between 21-499 kW, SDTR-2 is applicable to customers with demands between 500-1,999 kW, and SDTR-3 is applicable to customers with demands 2,000 kW and above. Each rate schedule includes a customer charge, a seasonal demand charge, a non-seasonal demand charge, seasonal energy charge, and a non-seasonal energy charge.

### SST-1

Standby rates are applicable to customers whose electric service requirements are supplied or supplemented from the customer's generation equipment at the point of service. Consistent with the requirements found in the tariffs of the

other Florida IOUs, a customer is required to take service under one of the standby rate schedules if the customer's total generation capacity is more than 20% of the customer's total electrical load and the customer's generator(s) is (are) not for emergency purposes only. The terms and conditions under FPL's standby tariffs were established in Docket No. 850673-EU. This docket, undertaken as a generic investigation of standby rates for electric utilities, outlined the rate structure appropriate for standby service, including the use of daily demand charges and reservation demand charges. As a result, FPL's standby tariff incorporates a daily demand charge based on the daily maximum on-peak demand and a reservation demand charge. Standby customers are charged the greater of the sum of the daily demand charges or the reservation demand charge times the maximum on-peak standby demand actually registered during the month, plus the reservation demand charge times the difference between the contract standby demand and the maximum on-peak standby demand actually registered during the month. These demand charges vary by rate schedule. FPL has four separate standby rate schedules: SST-1(D1) serves customers with demands below 500 kW; SST-1(D2) is applicable to customers with demands between 500 kW and 1,999 kW; SST-1(D3) applies to customers with demands of 2,000 kW and above; and SST-1(T) is utilized by customers served directly from the transmission system. In addition, standby customers served from the distribution system are charged a distribution demand charge (which also varies by rate schedule)

based on their contract standby demand. Finally, each of the standby rate schedules incorporates its own set of customer and energy charges.

### ISST

Interruptible standby rates are applicable to customers whose electric service requirements are supplied or supplemented from the customer's generation equipment at that point of service and receive electric service from FPL on an interruptible basis. The nature of and characteristics of interruptible standby service are the same as otherwise described above for SST except that all, or a portion, of standby and/or supplemental load has been included in an Interruptible Standby and Supplemental Service Agreement and is not served on a firm basis. FPL has two separate rate schedules for interruptible standby service: ISST-1(T) for service at transmission voltage 69kV and above; and ISST-1(D) for interruptible standby service at distribution voltage below 69kV. The ISST-1(T) and ISST-1(D) have voltage differentiated customer charges, base energy charges, as well as firm and interruptible reservation and daily demand charges. A distribution demand charge is applied to the maximum demand of ISST-1(D).

### MET

Electric service to the Metropolitan Dade County Electric Transit System is provided under the MET rate schedule. The rate structure for MET includes customer, energy and demand charges. The demand charge is based on the electric transit system's group coincident peaks.

OS-2

Sports field service is provided under the OS-2 rate schedule. The rate schedule has been closed to new customers since 1982. The rate schedule includes a customer and an energy charge.

SL-1, OL-1 and PL-1

Street lighting (SL-1) and outdoor lighting (OL-1) customers are assessed a bundled monthly charge which includes fixture, maintenance, and non-fuel energy components. These monthly charges vary by wattage level, type of fixture and level of service provided. Customers owning their own lighting facilities may receive either energy only or energy and relamping service. The charges for all other SL-1 and OL-1 customers are based on the cost of Company-owned fixtures. SL-1 and OL-1 customers are also charged a flat monthly fee for any poles, down-guys or conductors dedicated to lighting service.

Where FPL installs special decorative lighting facilities at the customer's option, service is provided under the Premium Lighting (PL-1) rate schedule. Under PL-1, customers are charged based on the actual project costs incurred in installing lighting facilities. Customers may elect to pay for facilities in a lump-sum, over 10 years, or over 20 years. A Present Value Revenue Requirements (PVRR) multiplier applied to the total work order cost of the project determines the lump-sum amount. The monthly carrying charges under the 10 year and 20 year payment options are derived from the PVRR

multiplier applied to the total work order cost and levelized over the appropriate payment period.

SL-2

Unmetered service to traffic signal systems is provided under the SL-2 rate schedule. The rate schedule includes an energy charge.

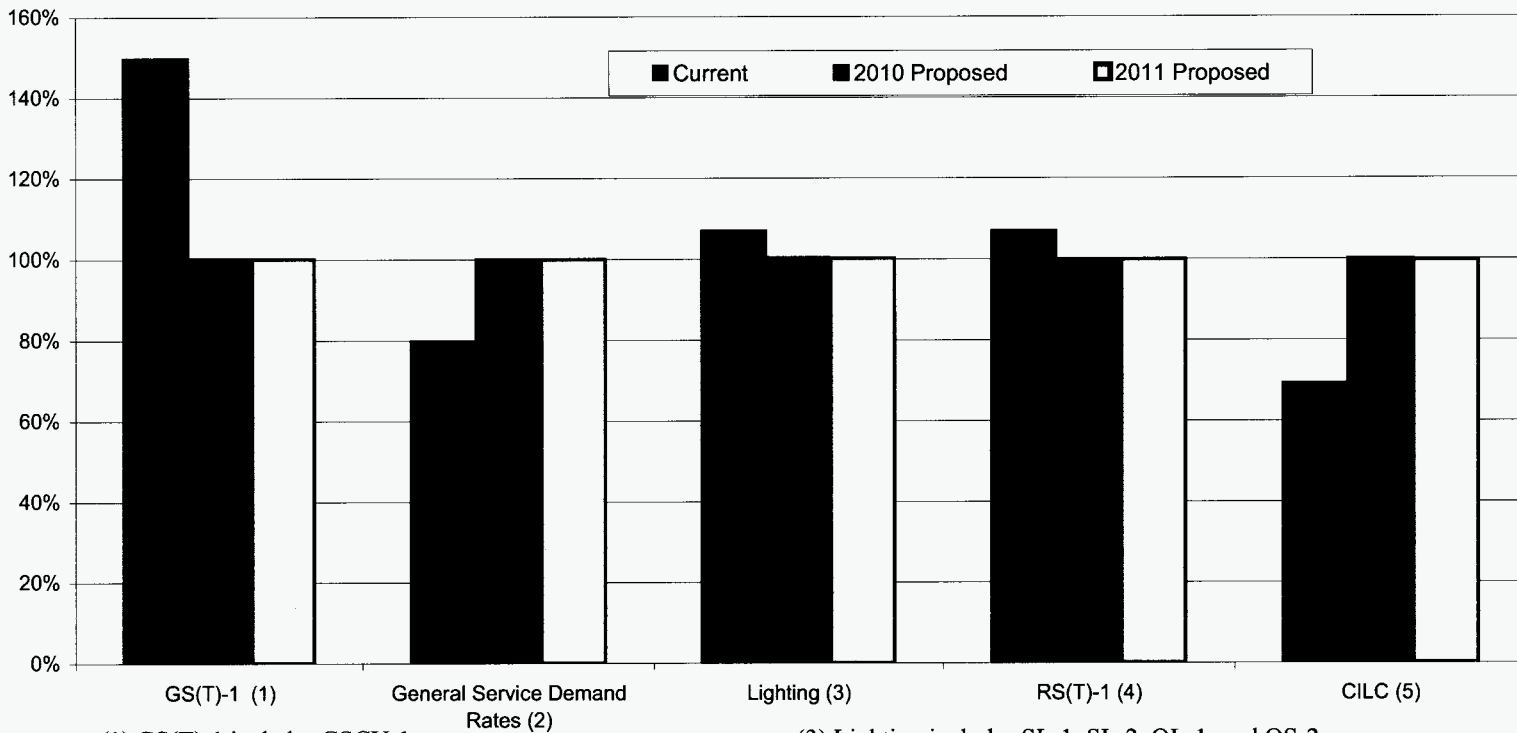
GSCU

Unmetered service to General Service customers with a constant usage is provided under the GSCU rate schedule. The rate schedule includes an energy charge.

WIES

Unmetered service to General Service customers for wireless internet devices is provided under the WIES rate schedule. The rate schedule includes an energy charge.

## Parity of Major Rate Classes Current and Proposed



(1) GS(T)-1 includes GSCU-1

(2) GSD(T)-1, GSLD(T)-1, GSLD(T)-2, GSLD(T)-3, CS(T), HLFT 1, 2, & 3, and SDTR 1, 2 & 3

(3) Lighting includes SL-1, SL-2, OL-1, and OS-2

(4) RS-1 and RST-1 combined classes

(5) All combined CILC classes



**Resulting Parity Indices**

	<u>2010 FPL Present</u>	<u>2010 FPL Proposed Parity</u>	<u>2011 FPL Proposed Parity</u>
CILC-1D	67%	100%	100%
CILC-1G	121%	100%	100%
CILC-1T	64%	100%	100%
CS(T)-1	91%	128%	128%
CS(T)-2	90%	119%	120%
GS(T)-1	150%	100%	100%
GSCU-1	181%	114%	100%
GSD(T)-1	96%	103%	103%
GSLD(T)-1	58%	101%	101%
GSLD(T)-2	66%	101%	100%
GSLD(T)-3	85%	104%	106%
HLFT-1	79%	82%	78%
HLFT-2	34%	90%	91%
HLFT-3	35%	84%	79%
MET	88%	100%	100%
OL-1	159%	100%	100%
OS-2	47%	100%	100%
RS(T)-1	107%	100%	100%
SDTR-1	90%	107%	109%
SDTR-2	53%	98%	97%
SDTR-3	32%	73%	74%
SL-1	102%	100%	100%
SL-2	225%	128%	117%
SST-DST	74%	100%	100%
SST-TST	370%	205%	199%
Total	100%	100%	100%
Number of classes within +/- 10% of parity	5	16	18

**SUMMARY OF PROPOSED RATE STRUCTURES  
FOR MAJOR RATE SCHEDULES**

<u>RATE SCHEDULE</u>	<u>DESCRIPTION</u>
RS-1	Residential Service
GS-1	General Service – Non Demand (0-20 kW)
GSD-1	General Service Demand (21-499 kW)
GSLD-1	General Service Large Demand (500-1,999 kW)
GSLD-2	General Service Large Demand (2,000 kW+)
GSLD-3	General Service Large Demand – Transmission (2,000 kW+)
CS-1	Curtable Service (500-1999 kW)
CS-2	Curtable Service (2,000 kW +)
CS-3	Curtable Service – Transmission (2,000 kW+)
RST-1	Residential Service – Time of Use
GST-1	General Service – Non Demand – Time of Use (0-20kW)
GSDT-1	General Service Demand – Time of Use (21-499 kW)
GSLDT-1	General Service Large Demand – Time of Use (500-1,999 kW)
GSLDT-2	General Service Large Demand – Time of Use (2,000 kW+)
GSLDT-3	General Service Large Demand – Time of Use (2,000 kW+)
CST-1	Curtable Service – Time of Use (500-1,999 kW)
CST-2	Curtable Service – Time of Use (2,000 kW +)
CST-3	Curtable Service – Time of Use (2,000 kW +)

HLFT	High Load Factor-Time of Use
CILC-1	Commercial/Industrial Load Control Program
CDR	Commercial/Industrial Demand Reduction Rider
SDTR	Seasonal Demand-Time of Use Rider
SST-1	Standby and Supplemental Service
ISST-1	Interruptible Standby and Supplemental Service
MET	Metropolitan Transit Service
OS-2	Sports Field Service
SL-1	Street Lighting
OL-1	Outdoor Lighting
PL-1	Premium Lighting
SL-2	Traffic Signal Service
GSCU	General Service Constant Usage
WIES	Wireless Internet Electric Service

RS-1

A customer charge of \$5.90 is derived from the customer unit cost presented in MFR E-6b. The RS-1 rate has an inversion point of 1,000 kWh that was established in January 2006 based on Commission approval in Docket No.050045-EI. FPL proposes an energy charge of 4.581 cents/kWh for the first 1000 kWh and an energy charge of 5.581 cents/kWh for all additional kWh.

RST-1

FPL is proposing a customer charge of \$16.06 to reflect the additional cost of time-of-use metering. The on-peak energy charge was initially set based on the demand and energy unit costs provided in MFR E-6b. The off-peak energy charge was initially set based on the energy unit costs provided in MFR E-6b. Proportionate adjustments were made to both energy charges in order to provide for revenue neutrality with the otherwise applicable RS-1 rate schedule.

GS-1

The proposed customer charge of \$7.07 is derived from the customer unit costs provided in MFR E-6b. The proposed discount for unmetered service is based on the meter-related expenses included in the customer unit costs. An energy charge of 4.674 cents/kWh is proposed based on the rate class's target revenues.

GST-1

FPL is proposing a customer charge of \$13.89 to reflect the additional cost of time-of-use metering. The on-peak energy charge was initially set based on the demand and energy unit costs provided in MFR E-6b. The off-peak energy charge was initially set based on the energy unit costs provided in MFR E-6b. Proportionate adjustments were made to both energy charges in order to provide for revenue neutrality with the otherwise applicable GS-1.

General Service Demand Rate Schedules

The general service (GS) demand rate schedules (including GLSD-3) are treated as a group for purposes of rate development to better allow for the appropriate relationships between rate levels while striving to achieve parity, both for the group and the individual rate classes. The HLFT and SDTR rates are a function of the GS demand rates and as a result they are incorporated into this group as well. As the curtailable service (CS) rates are a function of the GSLD rates, the target revenues for CS are also incorporated.

First, the customer charge for each rate is updated with the appropriate customer unit cost. Next, unit demand and energy costs for the group are determined and initial adjustments are made to help meet target revenues and achieve revenue neutrality for the corresponding TOU rates. Adjustments are made to the GLSD-3 demand charges to account for the fact that GSLD-3 customers do not incur distribution costs. Once the initial adjustments are complete, the energy rate is adjusted for all included classes for revenue balancing. No changes are proposed for the curtailable credits available under the curtailable rate schedules. The proposed rates are as outlined below.

GSD-1, GLSD-1, GSLD-2, and GLSD-3

	GSD-1	GSLD-1	GSLD-2	GSLD-3
Customer	\$18.30	\$60.46	\$221.27	\$1,891.81
Demand	\$8.70	\$10.45	\$10.45	\$7.95
Energy	1.634 ¢	1.506¢	1.337¢	0.783 ¢

CS-1, CS-2, and CS-3

	CS-1	CS-2	CS-3
Customer	\$60.46	\$221.27	\$1,891.81
Demand	\$10.45	\$10.45	\$7.95
Energy	1.506 ¢	1.337¢	0.783 ¢

GSDT-1, GLSDT-1, GSLDT-2, and GLSDT-3

	GSDT-1	GSLDT-1	GSLDT-2	GSLDT-3
Customer	\$25.34	\$60.46	\$221.27	\$1,891.81
Demand	\$8.70	\$10.45	\$10.45	\$7.95
On-Peak Energy	2.621 ¢	2.488 ¢	2.371 ¢	1.821 ¢
Off-Peak Energy	1.205 ¢	1.072 ¢	0.954 ¢	0.405 ¢

CST-1, CST-2, and CST-3

	CST-1	CST-2	CST-3
Customer	\$60.46	\$221.27	\$1,891.81
Demand	\$10.45	\$10.45	\$7.95
On-Peak Energy	2.488 ¢	2.371¢	1.821 ¢
Off-Peak Energy	1.072 ¢	0.954¢	0.405 ¢

HLFT-1, HLF-2, and HLFT-3

	HLFT-1	HLFT-2	HLFT-3
Customer	\$25.34	\$60.46	\$221.27
On-Peak Demand	\$9.77	\$9.77	\$9.77
Demand (Max)	\$2.20	\$2.20	\$2.20
On-Peak Energy	1.772 ¢	2.300 ¢	2.080 ¢
Off-Peak Energy	0.715 ¢	0.794 ¢	0.743 ¢

SDTR-1, SDTR-2, and SDTR-3 Option A

	SDTR-1	SDTR-2	SDTR-3
Customer	\$25.34	\$60.46	\$221.27
Seasonal On Peak Energy	6.631 ¢	6.028 ¢	4.665 ¢
Seasonal Off-Peak Energy	1.125¢	1.037¢	0.921¢
Non-Seasonal Energy	1.634¢	1.506¢	1.337¢
Seasonal On-Peak Demand	\$10.31	\$12.38	\$12.38
Non-Seasonal Demand	\$8.23	\$9.76	\$9.93

SDTR-1, SDTR-2, and SDTR-3 Option B

	SDTR-1	SDTR-2	SDTR-3
Customer	\$25.34	\$60.46	\$221.27
Seasonal On-Peak Energy	6.631¢	6.028¢	4.665¢
Seasonal Off-Peak Energy	1.125¢	1.037¢	0.921¢
Non-Seasonal On-Peak Energy	3.673 ¢	3.110 ¢	2.718 ¢
Non-Seasonal Off-Peak Energy	1.125 ¢	1.037 ¢	0.921 ¢
Seasonal On-Peak Demand	\$10.31	\$12.38	\$12.38
Non-Seasonal Demand	\$8.23	\$9.76	\$9.93

CILC-1

The customer charges for CILC-1G, CILC-1D, and CILC-1T of \$144.00, \$209.00, and \$2,510.00, respectively are being proposed based on the customer unit costs in MFR E-6b. The load control on-peak kW charge for CILC-1G, CILC-1D, and CILC-1T of \$1.71, \$1.78, and \$1.70, respectively, are based on the classes' average transmission demand unit cost. The firm on-peak kW charge for CILC-1G, CILC-1D, and CILC-1T of \$8.70, \$9.04, and \$8.61, respectively are based on the classes' average production and transmission demand unit cost. The maximum kW charge for CILC-1G and CILC-1D, of \$3.88 and \$3.88, respectively are based on the distribution

demand revenue requirements divided by the sum of the maximum kW demands. The proposed energy charges are based on each rate classes' energy unit cost presented in MFR E-6b with adjustments to achieve the target revenues by rate class.

CDR Rider

No changes are proposed for the credits available under the CDR rider. The revisions to the administrative adders are proposed based on the customer unit costs reported in MFR E-6b. Specifically, the proposed administrative adder by rate schedule is based on the difference between the customer unit costs under the applicable CILC rate schedule and that of the otherwise applicable tariff.

SST-D1, SST-D2, and SST-D3

The proposed charges for the SST-D1, SST-D2, and SST-D3 rate schedules are based on the rate design originally approved by the Commission in Order No. 17159 in Docket No. 850673-EU ("Standby Order"). Consistent with the Standby Order, the reservation demand charge is based on an assumed 10% outage rate and the total system production and transmission demand revenue requirements divided by the system 12 CP adjusted for losses. The daily demand charge is based on the total system production and transmission demand revenue requirements divided by the system 12 CP adjusted for losses and divided by the number of on-peak days in an average month in 2010. The maximum demand charge is based on the otherwise applicable rate class's



demand distribution revenue requirements divided by the class maximum billing kW with adjustments to achieve the target revenues by rate class. The energy charge is based on the system average unit energy costs adjusted for losses. The customer charge reflects the curtailable service rate schedule plus an additional \$25 as an administrative adder.

#### SST-1T

The design of the SST-1T rate follows from the Standby Order while also considering the load characteristics of this rate class. The reservation demand charge is based on an outage rate consistent with the class's earned return and the class's production and transmission demand revenue requirements divided its 12 CP contribution. The daily demand charge is based on the class's production and transmission demand revenue requirements divided by its 12 CP contribution and divided by the number of on-peak days in an average month in 2010. The proposed energy charge is based on the rate class's energy unit cost. The customer charge is based on the customer unit cost in MFR E-6b.

#### ISST-1

FPL did not forecast any customers under ISST-1 for the 2010 Test Year. However, in the interests of maintaining these rates for future customers, FPL proposes firm and interruptible customer, demand, and energy charges under ISST-1 based on the applicable distribution or transmission levels of CILC or SST. The customer charges are based on CILC-1(D) and CILC-1(T) plus a

\$25 administrative adder. The distribution demand charge is from CILC-1(D). The firm standby reservation and daily demand charges are based on SST-1(D3) and SST-1(T). The interruptible reservation and daily demand charges are based on the transmission-only revenue requirements from SST-1(D3) or SST-1(T). The energy charges are from SST-1(D3) and SST-1(T).

MET

The proposed customer charge of \$439.81 is based on the rate class's customer unit cost in MFR E-6b. The demand charge of \$11.58 /kW is based on the rate class's demand unit cost. The energy charge was initially set at the class's unit cost. Proportional adjustments were then made to the energy charge in order to achieve the target level of revenues.

OS-2

The proposed customer charge of \$111.16 is based on the rate class's customer unit cost in MFR E-6b. The energy charge was initially set at the class's unit cost. Proportional adjustments were then made to the energy charge in order to achieve the target level of revenues.

SL-1, OL-1 and PL-1

Pole and conductor charges for SL-1 have been increased by an average of 48.4% and 39.6% respectively in order to more accurately reflect the costs of these facilities. Maintenance charges have also been revised based on current costs. The non-fuel energy charge is based on the unit costs reported in MFR

E-6b. Additionally, FPL is proposing to close the re-lamping option for new street lighting service installations.

Pole and conductor charges under OL-1 have been increased by an average of 22.4% and 22.4% respectively based on the cost of these facilities. The down-guy charge has likewise been increased 22.5%. Maintenance charges have also been revised based on current costs. The non-fuel energy charge is based on the unit costs reported in MFR E-6b. Adjustment to the fixture charges have also been made consistent with the rate class's target revenues. Additionally, FPL is proposing to close the re-lamping option for new outdoor lighting service installations.

For PL-1, the Present Value Revenue Requirement (PVR) multiplier has been updated to 1.3722 for current economic assumptions, including the requested return on equity. FPL is proposing to terminate the optional (10) ten and (20) twenty years monthly rate options. Equivalent revisions have been made to the monthly facilities charges and early termination factors. The non-fuel energy charge is based on the unit costs reported in MFR E-6b for SL-1.

#### SL-2

The energy charge for SL-2 is designed to achieve the target revenues for that rate class.

GSCU

The energy charge for GSCU is designed to achieve the target revenues for that rate class.

WIES

The energy charge for WEIS is designed to achieve the target revenues for that rate class. Additionally, FPL is proposing to close this rate to new customers. FPL only had 18,240 kilowatt hours of load in 2008 on the WIES rate.

**Comparison of GBRA Revenue Requirements and Fuel Cost Savings**

	In-Service Dates	Jurisdictional Fuel Savings (\$000)	Jurisdictional Revenue Requirement (\$000)	Difference	Total Capital Expenditures (\$ millions)
TP5	Jun-07	(134,780)	121,310	(13,470)	
WC1	Jun-09	(148,275)	138,519	(9,756)	688.6
WC2	Nov-09	(102,455)	127,099	24,643	632.4
<u>WC3</u>	<u>Jun-11</u>	<u>(98,172)</u>	<u>181,930</u>	<u>83,758</u>	<u>864.7</u>
Total		(483,681)	568,857	85,176	

West County Units 1, 2, and 3 fuel savings are estimated based on fuel prices as of November 6, 2008.