

Eric Fryson

From: Kim Hancock [khancock@moylelaw.com]
Sent: Monday, August 06, 2012 2:28 PM
To: Filings@psc.state.fl.us
Cc: Keino Young; John.Butler@fpl.com; kwiseman@andrewskurth.com; wrappolt@andrewskurth.com; lpurdy@andrewskurth.com; kelly.jr@leg.state.fl.us; mcglothlin.joseph@leg.state.fl.us; Rehwinkel.charles@leg.state.fl.us; Christensen.Patty@leg.state.fl.us; Noriega.tarik@leg.state.fl.us; Merchant.Tricia@leg.state.fl.us; schef@gbwlegal.com; karen.white@tyndall.af.mil; jwhendricks@sti2.com; saporito3@gmail.com; danlarsen@bellsouth.net; bgarner@ngnlaw.com; barmstrong@ngnlaw.com; karen.white@tyndall.af.mil; Intervenor-proceeding@algenol.com; seahorseshores1@gmail.com; glenfed@yahoo.com; Vicki Kaufman; Jon Moyle
Subject: Docket No. 120015-EI
Attachments: FIPUG's Prehearing Statement 8.6.12.pdf

In accordance with the electronic filing procedures of the Florida Public Service Commission, the following filing is made:

a. The name, address, telephone number and email for the person responsible for the filing is:

Vicki Gordon Kaufman
 Moyle Law Firm, P.A.
 The Perkins House
 118 North Gadsden Street
 Tallahassee, FL 32301
 (850) 681-3828
vkaufman@moylelaw.com

- b. This filing is made in Docket No. 120015-EI.
- c. The document is filed on behalf of Florida Industrial Power Users Group.
- d. The total pages in the document are 32 pages.
- e. The attached document is FLORIDA INDUSTRIAL POWER USERS GROUP'S PREHEARING STATEMENT.

Kim Hancock
khancock@moylelaw.com



The Perkins House
 118 North Gadsden Street
 Tallahassee, Florida 32301
 850-681-3828 (Voice)
 850-681-8788 (Fax)
www.moylelaw.com

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DOCUMENT NUMBER-DATE
 05335 AUG-6 2012

8/6/2012

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Increase in Rates by
Florida Power & Light Company.

DOCKET NO. 120015-EI

FILED: August 6, 2012

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

The Florida Industrial Power Users Group (FIPUG), by and through its undersigned attorneys, pursuant to Order No. PSC-12-0143-PCO-EI, files its Prehearing Statement.

A. APPEARANCES

JON C. MOYLE, JR.
VICKI GORDON KAUFMAN
Moyle Law Firm, PA
118 North Gadsden Street
Tallahassee, FL 32312

On Behalf of the Florida Industrial Power Users Group

B. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Jeffry Pollock	Cost of service & rate design	89, 140-144, 166-170, 183- 184, 187

C. EXHIBITS

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
JP-1	Jeffry Pollock	2013 Class Revenue Allocation, CC Step Revenue Allocation, Cumulative Revenue Allocation
JP-2	Jeffry Pollock	Summary of COS Results
JP-3	Jeffry Pollock	Analysis of CILC Incentives
JP-4	Jeffry Pollock	Allocation of Non-Firm Credits
JP-5	Jeffry Pollock	Firm Production Demand Allocator
JP-6	Jeffry Pollock	Cost Causation

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JP-7	Jeffry Pollock	Analysis of Peak Characteristics
JP-8	Jeffry Pollock	Reserve Margin as Percent of Firm Peak Demand
JP-9	Jeffry Pollock	NARUC CAM Excerpt
JP-10	Jeffry Pollock	Classification of Production O&M Expense
JP-11	Jeffry Pollock	Revised Class Cost of Service Study
JP-12	Jeffry Pollock	Proposed Rate Design
JP-13	Jeffry Pollock	Comparison of CILC & CDR Credits
JP-14	Jeffry Pollock	Cost Effectiveness of CDR

D. STATEMENT OF BASIC POSITION

FIPUG'S Statement of Basic Position:

FPL's requested revenue requirements are greatly overstated, and in fact, as recommended by other parties to this proceeding, should be reduced and not increased. Further, FPL's cost of service study and rate design proposals contain numerous flaws which should be corrected.

Test Year Revenues

Test year revenues appear to be dramatically understated. For example, it appears that FPL has projected that its sales for 2012 and 2013 will *be less* than its actual sales in 2011. That is, FPL claims it will sell less electricity in 2013 than it sold in 2011; this is not a reasonable assumption or projection. Further, in the recent Gulf Power rate case, Gulf projected load growth significantly greater than what FPL has projected. This is yet another indication of FPL's under forecast of revenue.

Return on Equity

FPL's request for a return on equity (ROE) of 11.50% is unreasonable and should be rejected. Its request for an 11.25% plus a .25% "adder" for good service should be dismissed out of hand. FPL's bloated request is outside the bounds of reasonableness in light of today's financial conditions and well surpasses the ROEs this Commission has recently awarded to other utilities. Further, FPL's ROE should not be increased for "good" service. As a monopoly provider, it is part of FPL's regulatory compact to provide the most efficient and economical service since it has no market competition. FPL should not be "rewarded" for doing what it is required to do. FPL's ROE should be set no higher than 9% as recommended by Public Counsel's witness.

Capital Structure

The 50/50 capital structure recommended by OPC witness O'Donnell should be adopted. The structure FPL has requested is unreasonable and unjustified. Because common equity costs twice as much as debt, the capital structure FPL proposes is unreasonably expensive and will simply increase what ratepayers will pay for the utility to earn whatever ROE the Commission allows. Further evidence of the unreasonableness of the capital structure that FPL has requested is the fact that its parent company, NextEra Energy, Inc. has a capital structure with a much lower equity component than FPL proposes for itself.

Cost of Service

Cost of service issues are very important in a rate case. They determine how a revenue increase, if any, is distributed among the classes. Any increase approved must be distributed fairly and not violate the principles of gradualism used by this Commission in past rate case decisions.

Class Revenue Allocation

1. FPL's proposed class revenue allocation should be rejected because it would allow rates for one class to decrease while increasing the rates for other classes up to 46%. This allocation fails to recognize the principle of gradualism. If there is a base rate increase authorized in this proceeding, the principle of gradualism should be applied, which this Commission has interpreted to mean that no class should receive an increase greater than 1.5 times the system average percentage. Only base rates should be considered, not clause recovery because clause recovery changes every year and is not the subject of this case.

2. The Cape Canaveral step increase, if any, should be allocated in the same way.

Cost of Service Study

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

1. FPL has incorrectly quantified the incentive payments associated with the CILC classes. This has the effect of understating the earned returns for those classes.

2. The CILC incentives and the CDR credits, as well as curtailable load credits, should not be allocated to the non-firm loads receiving the credits. Allocating the credits to those loads violates cost causation principles and FPL's own planning practices. Non-firm credits should be allocated only to firm loads.

3. Transmission plant-related costs should be classified and allocated on an entirely demand basis, not by the 12CP and 1/13th AD method. Because transmission cost is sized to

meet peak demand and serving loads throughout the year is a by-product of serving the peak demand, allocation entirely on demand is correct.

4. FPL's classification of production operation and maintenance (O&M) expenses between demand and energy should be allocated according to the NARUC Electric Utility Cost Allocation Manual. This results in the reclassification of \$99 million of other production O&M expense from energy to demand.

Rate Design

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

1. The proposed GSLD/CILC rate designs must be rejected because they are not cost based and because the demand and non-fuel energy charges are not aligned with the corresponding costs. This results in high load factor customers receiving increases higher than the class averages.

2. The same is true of the proposed Cape Canaveral step increase where FPL proposes to collect the entire increase through the energy charge.

3. The CILC rate should be reopened. This is essentially the same program as the CDR Rider, which is not closed. CDR Rider customers receive a higher credit than CILC customers; therefore, the CILC program must be cost-effective. Further, the credits for both programs should be increased because FPL's own analysis demonstrates that such programs remain cost-effective at a credit amount over \$12/kW.

E. STATEMENT OF ISSUES AND POSITIONS:

Legal Issues

Issue 1: Absent a stipulation of parties in this case, does the Commission possess legal authority to grant FPL's proposal to continue utilizing the storm cost recovery mechanism that was one of the terms of the settlement agreement that the Commission approved in Order No. PSC-11-0089-S-EI?

FIPUG: *No.*

Issue 2: Does the Commission have the legal authority to approve FPL's requested base rate step increase for the Canaveral Modernization Project (CMP) if the CMP does not go into service until after the 2013 test year?

FIPUG: *No. The purpose of a test year is to take a snap shot in time for purposes of a utility's revenues and expenses. To include in expenses a plant that will not go in service during the test year skews the analysis of revenues and expenses in the utility's favor.*

Issue 3: Does Commission Rule 25-6.1351, “Cost Allocation and Affiliate Transactions,” require FPL to implement and apply the criteria (greater of market price or fully allocated cost for charges to affiliates, lesser of market price or fully allocated cost for charges paid to affiliates) and related requirements of the rule to all affiliate transactions?

FIPUG: *Yes. These are transactions between corporate affiliates and are not arm’s length business transactions. Thus, the rule attempts to ensure that that the prices charged between the related companies are market based.*

Issue 4: With respect to amounts that FPL charges or pays to affiliates, who has the burden of proof in this proceeding to demonstrate the amounts comply with Commission Rule 25-6.1351 and should be allowed in the cost of service borne by customers?

FIPUG: *A utility seeking an increase in rates always has the burden of proof. In particular, as to affiliate transactions, the Commission has held that: “...it is the utility’s burden to prove that its costs are reasonable.” Order No. PSC-01-1374-PAA-WS.*

Issue 5: *OBJECTION: Does the Commission possess legal authority to grant increased profit as a performance based reward over and above fair, reasonable, just and compensatory rates without specific legislative authority such as that granted to the Commission by the legislature in §366.82 Fla. Stat.? (Mr. Nelson’s Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 6: *OBJECTION: If the answer to Issue 5 is yes, does the Commission possess the legal authority to reward FPL based on performance relative to other businesses, many of which are FPL counterparties, and none of which are comparable to FPL in size, location, resources, customer base, etc., rather than on absolute measurements of performance? (Mr. Nelson’s Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 7: *OBJECTION: If the answer to Issue 6 is yes, must the Commission consider the negative policy implications of rewarding FPL for performance relative to it’s counterparties in giving FPL an incentive to use its market power and legislative lobbying power to keep other Florida electric utility rates higher than its own in order to reap the incentive reward for performance measured relative to such entities? (Mr. Nelson’s Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 8: *OBJECTION: Is there an inherent conflict between the interests of the ratepaying public and the interests of NextEra Energy, Inc. shareholders such that the Commission must disallow FPL expenses benefiting shareholders rather than ratepayers in order to comply with*

its statutory mandate under §366.01 Fla. Stat. to protect the public welfare? (Mr. Nelson's Issue Objected to by FPL)

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Test Period and Forecasting

Issue 9: Is FPL's projected test period of the 12 months ending December 31, 2013 appropriate?

FIPUG: *No position regarding the test year so long as activities occurring outside the test period are not included in it.*

Issue 10: Are FPL's forecasts of Customers, KWH, and KW by Rate Class and Revenue Class, for the 2013 projected test year appropriate? If not, what forecasts of Customers, KWH, and KW by Rate Class and Revenue Class should the Commission use in determining revenues and setting rates in this case?

FIPUG: *No. FPL has understated its test year revenues. FPL has projected that its sales for 2012 and 2013 will be less than its actual sales in 2011. That is, FPL claims it will sell less electricity in 2013 than it sold in 2011; this is not a reasonable assumption and has the effect of depressing FPL revenues.*

Issue 11: Are FPL's projected revenues from sales of electricity by rate class at present rates for the 2012 prior year and projected 2013 test year appropriate? If not, what are the appropriate projected amounts of revenues from sales of electricity for the 2012 prior year and projected 2013 test year?

FIPUG: *No. See Issue No. 10.*

Issue 12: What, if any, provisions should the Commission make in setting FPL's rates for the 2013 test year to address uncertainty related to projected billing determinants and revenues?

FIPUG: *No position at this time.*

Issue 13: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2013 test year budget?

FIPUG: *No position at this time.*

Issue 14: Is FPL's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

FIPUG: *No position at this time.*

Quality of Service

Issue 15: Is the quality and reliability of electric service provided by FPL adequate?

FIPUG: *No position at this time.*

Rate Base

Issue 16: Should the revenue requirement associated with the West County Energy Center Unit 3 currently collected through the Capacity Cost Recovery Clause be included in base rates?

FIPUG: *Yes.*

Issue 17: Should FPL's adjustment to extend the amortization period of the new SAP general ledger system from 5 years to 20 years be approved?

FIPUG: *No position at this time.*

Issue 18: Has FPL made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation and Working Capital for the 2013 projected test year?

FIPUG: *No.*

Issue 19: *OBJECTION: Whether FPL's allegation that a base rate increase is needed to construct the poles, wires, and transformers needed to serve an anticipated 100,000 new customer accounts from the end of 2010 through the end of 2013 is accurate and true? (Mr. Saporito's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 20: Are FPL's overhead costs (salaries, materials and supplies, benefits, etc.) related to in-house capital improvement projects properly recorded in rate base?

FIPUG: *No position at this time.*

Issue 21: Has FPL properly reduced rate base by contributions in aid of construction related to underground placement of distribution and transmission facilities?

FIPUG: *No position at this time.*

Issue 22: Is FPL's requested level of Plant in Service in the amount of \$30,424,227,000 (\$31,078,941,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 23: Should capital recovery schedules be approved for Cutler Units 5 and 6, Sanford Unit 3, and Port Everglades? If so, what are the appropriate capital recovery schedules?

FIPUG: *No position at this time.*

Issue 24: Is FPL's requested level of Accumulated Depreciation in the amount of \$11,901,711,000 (\$12,970,028,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 25: For purposes of this rate case, should the Commission exercise its authority under Rule 25-6.0141(1)(g) to exclude a proportion of costs incurred by FPL to finance projects during construction from Construction Work in Progress ("CWIP") to be recovered upfront in rate base, and instead treat that proportion of costs subject to an allowance for funds used during construction ("AFUDC") to be recovered over the lives of the underlying assets?

FIPUG: *No position at this time.*

Issue 26: If the answer to Issue 25 is in the affirmative, what proportion of costs incurred by FPL to finance projects during construction should be treated as CWIP to be recovered upfront in rate base, and what proportion should be treated subject to AFUDC to be recovered over the lives of the underlying assets?

FIPUG: *No position at this time.*

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

FIPUG: *No position at this time.*

Issue 28: Is FPL's proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel for the 2013 projected test year appropriate?

FIPUG: *No position at this time.*

Issue 29: Is FPL's requested level of Nuclear Fuel of \$565,229,000 (\$576,317,000 system) for the 2013 projected test year appropriate?

FIPUG: *No position at this time.*

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

FIPUG: *Agree with Public Counsel.*

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

FIPUG: *No. The need for such sites is speculative and too far in the future to include them in Plant Held for Future Use.*

Issue 32: Is FPL's requested level of Property Held for Future Use in the amount of \$230,192,000 (\$237,400,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 33: Should any adjustments be made to FPL's fossil fuel inventories for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 34: Should unamortized rate case expense be included in Working Capital?

FIPUG: *No.*

Issue 35: Should Account 143, Other Accounts Receivable, be included in working capital for the 2013 test year?

FIPUG: *No position at this time.*

Issue 36: Should an adjustment be made to the amount of Account 182.3, Other Regulatory Assets, included in working capital for the 2013 test year?

FIPUG: *No position at this time.*

Issue 37: Should an adjustment be made to the amount of Account 186, Miscellaneous Deferred Debits, included in working capital for the 2013 test year?

FIPUG: *No position at this time.*

Issue 38: Should unbilled revenues be included in working capital for the 2013 test year?

FIPUG: *No position at this time.*

Issue 39: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of the working capital allowance?

FIPUG: *No position at this time.*

Issue 40: What is the appropriate methodology for calculating FPL's Working Capital for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 41: If FPL's balance sheet approach methodology for calculating its Working Capital is adopted, what adjustments, if any, should be made to FPL's proposed Working Capital?

FIPUG: *No position at this time.*

Issue 42: Are FPL's adjustments to the Asset Retirement Obligation (ARO) revenue neutral as required by Commission rule?

FIPUG: *No position at this time.*

Issue 43: Should the nuclear maintenance reserve be modified to reflect post-paid reserve accounting in lieu of pre-paid reserve accounting? (SFHHA)

FIPUG: *No position at this time.*

Issue 44: Is FPL's requested level of Working Capital in the amount of \$1,217,209,000 (\$2,032,805,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 45: Is FPL's requested rate base in the amount of \$21,036,823,000 (\$21,470,413,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fallout issue.*

Cost of Capital

Issue 46: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

FIPUG: *No position at this time.*

Issue 47: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

FIPUG: *No position at this time.*

Issue 48: What is the appropriate cost rate for short-term debt for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 49: What is the appropriate cost rate for long-term debt for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 50: What is the appropriate cost rate for customer deposits for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 51: What is the appropriate equity ratio that should be used for FPL for ratemaking purposes in this case?

FIPUG: *The appropriate equity ratio is 50%. This is fair to both the ratepayers and FPL and reduces ratepayers' costs due to FPL's proposed capital structure which is over weighted in equity.*

Issue 52: *OBJECTION: What is the FPL "average residential bill" for detached single family dwellings, as opposed to apartments, separately metered garages, etc? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 53: *OBJECTION: To the extent the data is available, what is the current hypothetical average 1000 Kwh residential bill for every investor owned utility in the United States? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 54: Should FPL's request for a 25 basis point performance adder to the authorized return on equity and proposed annual review mechanism be approved?

FIPUG: *No. FPL is a monopoly. Thus, its customers have no choice of providers. In return for the monopoly FPL is bound by state statute to offer the most efficient and cost-effective service. It should not be rewarded for taking action which the statute requires.*

Issue 55: *OBJECTION: What are the historical ROE figures for FPL for every year of its existence? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 56: *OBJECTION: What are the current ROE figures for every investor owned utility in the United States? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 57: *OBJECTION: Is the existing FPL rate structure, which resulted in a 21% total return to shareholders of NextEra Energy, Inc. in 2011, and a total 10 year shareholder return of 209%, beating the S&P 500 by over 600%, on its face unjust, unreasonable or excessive such that the Commission should dismiss the instant rate case and, on its own motion under §366.06 and/or §366.07, and lower FPL Return on Equity to a figure more appropriate to the current economic conditions and the current cost of borrowing? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 58: What is the appropriate authorized return on equity (ROE) to use in establishing FPL's revenue requirement?

FIPUG: *Given market conditions today, FPL's ROE should be no higher than 9%.*

Issue 59: What is the appropriate capital structure that should be used by FPL for ratemaking purposes in this case?

FIPUG: *The appropriate capital structure is 50% equity and 50% debt. This is fair to both the ratepayers and FPL and reduces ratepayers' costs due to FPL's proposed capital structure which is over weighted in equity.*

Issue 60: Is the combination of regulatory ROE, debt costs, capital structure and performance adder (if any) appropriate?

FIPUG: *No.*

Issue 61: What is the appropriate weighted average cost of capital?

FIPUG: *No position at this time.*

Net Operating Income

Issue 62: Has FPL maximized the sources of net jurisdictional revenue that are projected to be reasonably available and technically viable for the 2013 test year? If not, what action, if any, should the Commission take in setting FPL's rates in this case? (For purposes of this issue, "net jurisdictional revenue" may include net revenue related to the supply of CO2 captured from an FPL facility.)

FIPUG: *No position at this time.*

Issue 63: Does FPL properly account for revenues received from FPL Fibernet and other telecommunications companies for utilizing long-haul fiber optic facilities hosted by FPL's electric transmission system? (FIPUG)

FIPUG: *No. The burden is on FPL to demonstrate that it has properly accounted for revenues paid to it by utilities. FPL has provided no support for its accounting of revenues from FiberNet.*

Issue 64: What are the appropriate projected amounts of other operating revenues for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 65: Is FPL's projected level of Total Operating Revenues of \$4,407,253,000 (\$4,505,007,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 66: Has FPL made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

FIPUG: *No position at this time.*

Issue 67: Should an adjustment be made to transfer incremental security costs from the Capacity Cost Recovery Clause to base rates?

FIPUG: *Yes. These types of costs should be recovered through base rates, as is done for all other utilities.*

Issue 68: If incremental security costs continue to be recovered in the Capacity Cost Recovery Clause, should the Commission approve FPL's adjustment to transfer incremental security payroll loadings from base rates to the Capacity Cost Recovery Clause?

FIPUG: *No position at this time.*

Issue 69: Has FPL made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

FIPUG: *No position at this time.*

Issue 70: Has FPL made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

FIPUG: *No position at this time.*

Issue 71: Should FPL's adjustment to remove all costs for the Substation Pollution Discharge Prevention Program from base rates and include them in the Environmental Cost Recovery Clause be approved?

FIPUG: *No.*

Issue 72: Has FPL made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause?

FIPUG: *No position at this time.*

Issue 73: Should FPL's adjustment to remove ECCR clause related payroll loadings of \$1,815,000 for FICA and unemployment taxes from base rates and include them in the Energy Conservation Cost Recovery Clause be approved?

FIPUG: *No position at this time.*

Issue 74: Has FPL made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 75: Is the percentage value used to allocate NextEra Energy, Inc. corporate costs and/or expenses to FPL appropriate?

FIPUG: *No.*

Issue 76: Should the percentage value of NextEra Energy, Inc. corporate costs and/or expenses allocated to FPL be equal to the percentage value of NextEra Energy, Inc. corporate costs and/or expenses allocated to NextEra Energy Resources?

FIPUG: *No position at this time.*

Issue 77: Are the amounts of the NextEra Energy, Inc. corporate costs and/or expenses (including executive compensation and benefits) allocated to FPL fair, just, and reasonable?

FIPUG: *No.*

Issue 78: *OBJECTION: What portion of NextEra Energy, Inc. expenses borne by FPL customers are not useful in serving the FPL ratepaying public but rather benefit NextEra Energy, Inc. shareholders? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 79: Should any adjustments be made to FPL's operating revenues or operating expenses for the effects of transactions with affiliated companies for the 2013 projected test year?

FIPUG: *Yes. The recommendations of OPC witness Vondle should be adopted.*

Issue 80: What additional action (including, but not limited to, establishing a separate investigatory docket), if any, should the Commission take related to affiliate transactions as a result of the evidence taken in this docket?

FIPUG: *The Commission should open a separate docket to investigate FPL affiliate transactions. Further, to the extent the Commission awards any portion of any increase based on costs of affiliate transactions, such costs should be subject to refund, pending the outcome of the investigatory docket.*

Issue 81: Are FPL's overhead costs (salaries, materials and supplies, benefits, etc.) allocated to capital projects properly deducted from operating expenses?

FIPUG: *No position at this time.*

Issue 82: Has FPL made appropriate reductions in operating expenses where capital projects are not done in-house, but employee salaries and related overhead costs have been included in rate base?

FIPUG: *No position at this time.*

Issue 83: Has FPL properly reduced operating expenses in amounts equal to overheads reimbursed by third parties through contributions in aid of construction related to underground placement of distribution and transmission facilities?

FIPUG: *No position at this time.*

Issue 84: Has FPL properly reduced operating expenses in amounts equal to any overheads charged to third parties as contributions in aid of construction, fees or other payments to FPL?

FIPUG: *No position at this time.*

Issue 85: Should FPL salaries, costs and overheads for activities associated with (a) public relations or external affairs, (b) shareholder services, (c) attempted acquisitions of electric facilities, and (d) efforts opposing municipalizations pursuant to a franchise agreement be removed from operating expenses?

FIPUG: *Yes. The above activities inure to the benefit of stockholders, not ratepayers. Thus, ratepayers should not be required to fund such activities.*

Issue 86: Should FPL costs to pay contractors for legal, public relations or other consulting services be borne by customers or FPL shareholders?

FIPUG: *Such costs inure to the benefit of shareholders and should be borne by shareholders not ratepayers.*

Issue 87: What is the appropriate amount of FPL's tree trimming expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 88: What is the appropriate amount of FPL's pole inspection expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 89: What is the appropriate amount of FPL's production plant O&M expense for the 2013 projected test year?

FIPUG: *FPL has classified \$99 million of expense to energy which, according to the NARCU Cost Allocation Manual, should be classified to demand. FPL should revise this allocation in accordance with the NARUC Manual.*

Issue 90: What is the appropriate amount of FPL's transmission O&M expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 91: What is the appropriate amount of FPL's distribution O&M expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 92: *OBJECTION: Is the proposed advertising expense of \$516,478 for the test year of 2013, which is a 332% increase over 2011's advertising expense of \$155,397 and which would raise the per customer cost 367% from \$.03 to \$.11, a legitimate cost, used and useful in serving the public? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 93: *OBJECTION: Is an advertising expense of \$155,397 for the test year of 2013 inadequate to serve the needs of the public? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 94: What is the appropriate amount of advertising expenses for the 2013 projected test year?

FIPUG: *\$0. Advertising expenses should be borne by shareholders. Monopolies have little or no need to advertise.*

Issue 95: If in its resolution of Legal Issue 1 the Commission determines it has legal authority to do so, should it approve FPL's proposed storm cost recovery mechanism?

FIPUG: *No. The Commission should address storm restoration expenses if and when a need arises.*

Issue 96: What is the appropriate annual storm damage accrual and storm damage reserve for the 2013 projected test period?

FIPUG: *No additional monies should be accrued beyond the approximately \$200 million that is currently earmarked for storm restoration costs.*

Issue 97: *OBJECTION: What portion of NextEra Energy, Inc. executive compensation expenses borne by FPL customers are not useful in serving the FPL ratepaying public but rather benefit NextEra Energy, Inc. shareholders? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 98: *OBJECTION: What has been the total compensation for the head of FPL or, if a subsidiary, its parent company, for every year of FPL's existence? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 99: Should an adjustment be made to FPL's level of executive compensation for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 100: Should an adjustment be made to FPL's level of non-executive compensation for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 101: Are FPL's proposed increases to average salaries for the 2013 projected test year appropriate?

FIPUG: *No. At this time, when many ratepayers have had no salary increases or have experienced salary reductions or layoffs, it is inappropriate to award salary increases to FPL employees. Such increases are passed directly on to ratepayers, who themselves have suffered financially. Such salary increases are unfair and unreasonable, especially considering that the average salary for an FPL employee is approximately \$100,000 per year.*

Issue 102: Is FPL's projected level of employee positions for the 2013 projected test year appropriate?

FIPUG: *No. FPL's employee positions for 2013 are overstated.*

Issue 103: What is the appropriate amount of Other Post-Employment Benefits Expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 104: What is the appropriate amount of FPL's requested level of Salaries and Employee Benefits for the 2013 projected test year? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 105: What is the appropriate amount of Pension Expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 106: Should an adjustment be made to the amount of the Directors and Officers Liability Insurance expense that FPL included in the 2013 projected test year?

FIPUG: *Yes. Agree with Public Counsel.*

Issue 107: What is the appropriate amount of accrual for the Injuries & Damages reserve for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 108: What is the appropriate amount and amortization period for Rate Case Expense for the 2013 projected test year?

FIPUG: *The amount that FPL has included in rate case expense is excessive, particularly in the area of travel expenses, overtime labor, payroll, and outside experts. The requested amount should be reduced.*

Issue 109: What is the appropriate amount of uncollectible expense and bad debt rate for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 110: What is the appropriate accounting methodology for the Nuclear Outage Maintenance Expense?

FIPUG: *No position at this time.*

Issue 111: What is the appropriate amount of the Nuclear Outage Maintenance Expense and Nuclear Outage Maintenance Reserve for the 2013 test year?

FIPUG: *No position at this time.*

Issue 112: Has FPL included the appropriate amount of expense associated with the AMI smart meters in the 2013 projected test year?

FIPUG: *It appears that the savings FPL projected for its AMI smart meters, which were approved for inclusion in rates in FPL's last rate case, have not materialized. Therefore, the expenses for this program should be reduced as the savings promised have failed to materialize.*

Issue 113: Has FPL included the appropriate amount of savings associated with the AMI smart meters in the 2013 projected test year?

FIPUG: *No. FPL has included no savings for smart meters. And in fact, FPL's expenses exceed its savings by close to \$4 million.*

Issue 114: Is FPL's requested level of O&M Expense of \$1,542,322,000 (\$1,568,633,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *No.*

Issue 115: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 116: Is FPL's requested amortization of \$191,000,000 the appropriate amount of the theoretical depreciation reserve surplus to be amortized for the 2013 projected test year?

FIPUG: *No position at this time.*

Issue 117: Given that in Order No. PSC-11-0089-S-EI the Commission directed FPL to complete the amortization of \$894 million of depreciation surplus during the period 2010-2013, and in light of the Commission's decision regarding the amount of remaining reserve surplus to

be amortized in the 2013 test year in conjunction with the resolution of Issue 116, should the Commission direct FPL to discontinue recording amortization of reserve surplus on its books after 2013 unless authorized or directed by subsequent Commission order?

FIPUG: *No position at this time.*

Issue 118: Is FPL's requested level of Depreciation and Amortization Expense of \$802,761,000 (\$819,794,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 119: Is FPL's requested level of Taxes Other Than Income of \$371,710,000 (\$378,853,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 120: Should the Commission adjust FPL's test year current state income taxes or rate base to recognize benefits, if any, that FPL has provided, or will provide, to any affiliates in furtherance of the affiliate's ability to elect to apportion adjusted Federal income tax under s.220.153, Florida Statutes (single sales factor)?

FIPUG: *No position at this time.*

Issue 121: Is FPL's requested level of Income Taxes of \$513,276,000 (\$528,838,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 122: Is FPL's requested level of (Gain)/Loss on Disposal of Plant of negative \$2,641,000 (negative \$2,641,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 123: Is FPL's requested level of Total Operating Expenses of \$3,250,894,000 (\$3,317,404,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Issue 124: Is FPL's projected Net Operating Income of \$1,156,359,000 (\$1,187,603,000 system) for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fall out issue.*

Revenue Requirements

Issue 125: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPL?

FIPUG: *No position at this time.*

Issue 126: Is FPL's requested annual operating revenue increase of \$516,521,000 for the 2013 projected test year appropriate? (Fallout Issue)

FIPUG: *This is a fallout issue.*

Issue 127: What economic impact will FPL's request for a rate increase have on customers, businesses and communities in Florida, including economic development activities and raising capital in Florida?

FIPUG: *A rate increase for FPL will have a devastating effect on its customers as they try to recover from the current dire economic circumstances. Obviously, electricity is an essential service and consumers have no alternative but to take such service from FPL. Any increase falls upon consumers at a time when they have very difficult spending decisions to make. Further, such an increase will affect the ability of industry to expand and locate in Florida. Businesses look carefully at electricity costs and may well choose to take new jobs to other states where electric rates are lower.*

Base Rate Step Adjustment

Issue 128: Should the Commission approve a base rate step adjustment for the Canaveral Modernization Project?

FIPUG: *Only if the plant comes on line during the test year. If it does, the adjustments suggested by OPC witness Ramas should be made.*

Issue 129: Should deferred taxes be included in the capital structure rather than as a reduction to rate base for the Canaveral Modernization Project base rate step adjustment?

FIPUG: *No position at this time.*

Issue 130: Is FPL's requested rate base of \$821,325,000 (\$837,297,000 system) for the Canaveral Modernization Project appropriate?

FIPUG: *An increase, if any, to account for the Canaveral Modernization Project is dependent on when the plant comes on line.*

Issue 131: What is the appropriate weighted average cost of capital, including the proper components, amounts and cost rates associated with the capital structure, to calculate the base rate step adjustment for the Canaveral Modernization Project?

FIPUG: *These items should be the same as approved for the general rate increase, if any increase is granted.*

Issue 132: Is FPL's requested net operating loss of \$32,092,000 (\$32,712,000 system) for the Canaveral Modernization Project appropriate?

FIPUG: *This is a fall out issue and subject to the adjustments noted above.*

Issue 133: Is FPL's requested Net Operating Income Multiplier of 1.63188 for the Canaveral Modernization Project appropriate?

FIPUG: *No position at this time.*

Issue 134: Is FPL's requested base rate step increase of \$173,851,000 for the Canaveral Modernization Project appropriate?

FIPUG: *No.*

Issue 135: What is the appropriate effective date for implementing FPL's requested base rate step increase for the Canaveral Modernization Project?

FIPUG: *If the plant comes on line during the test year and any increase is granted, it should take effect when the plant comes on line. If the plant comes on line after the test year, FPL may seek recovery for it in its next rate case.*

Cost of Service and Rate Design Issues

Issue 136: *OBJECTION: Are the proposed FPL rates fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 137: *OBJECTION: Are the proposed FPL rates unjust, unreasonable, excessive or unjustly discriminatory or preferential? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 138: *OBJECTION: Are existing FPL rates fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 139: Should FPL employ a minimum distribution system (“MDS”) cost of service methodology to classify and allocate distribution costs; if not, what methodology should be used?

FIPUG: *Yes. Additionally, there is a customer-related component of certain distribution plant costs, as cited in the NARUC *Electric Utility Cost Allocation Manual*, which should be recognized in setting rates.*

Issue 140: What is the appropriate cost of service methodology to be used to allocate production costs to the rate classes?

FIPUG: *Because FPL’s predominant seasonal loads are in the summer, a method that places more emphasis on summer peaks would be more appropriate than the 12CP-13th AD method FPL has selected. However, because the Commission has consistently approved this method, FIPUG will not object to it.*

Issue 141 What is the appropriate cost of service methodology to be used to allocate transmission plant-related costs to the rate classes?

FIPUG: *Transmission plant should be classified and allocated entirely on a demand basis. The rationale for this is that transmission plant is sized to meet peak demand. Serving loads throughout the year is a by-product of serving peak demand and is unrelated to energy usage.*

Issue 142: Has FPL properly allocated costs to the rate classes?

FIPUG: *No. Assuming that an increase is granted, which FIPUG does not endorse, FPL has violated the principles of gradualism by allowing rates for one class to decrease while increasing rates for some other classes as much as 46%. The Commission should apply its long-standing gradualism policy to limit increases per class and should base increases, if any, only on base rates, not on clause recovery. Clause recovery is unstable and changes year by year and further, is not the subject of this case.*

Issue 143: Is FPL’s proposed allocation of the Cape Canaveral Modernization step increase reasonable?

FIPUG: *No. FPL’s proposed allocation is inconsistent with the methodology that FPL has used to allocate production capacity costs both in this case and in its filings in the Capacity Cost Recovery Clause. Further, the proposed allocation resembles a pure energy allocation and is in no way cost-based and are inconsistent with the 12CP-1/13th AD method that FPL uses to allocate production costs. Any increase for the Cape Canaveral Modernization should be allocated on a 12 CP-1/13th basis.*

Issue 144: How should the change in revenue requirement be allocated among the customer classes?

FIPUG: *A change in revenue requirements, if any, should be based on the application of the principle of gradualism, using the appropriate cost of service study. Classes should move toward cost subject to the Commission's gradualism policy, based only on clause revenues.*

Issue 145: Should FPL's current time-of-use residential rate be closed to new customers, effective January 1, 2013?

FIPUG: *No position at this time.*

Issue 146: Should the Commission approve FPL's new Residential Time-of-Use Rider?

FIPUG: *No position at this time.*

Issue 147: Should FPL's proposal to credit the fuel charge for lighting customers who are required to turn off outside lights during turtle nesting season be approved?

FIPUG: *No position at this time.*

Issue 148: Should FPL's proposed change to the late payment charge be approved?

FIPUG: *No position at this time.*

Issue 149: *OBJECTION: Is the proposed new minimum late charge of \$5.00 or 1.5% per month unjust, unreasonable or excessive? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 150: *OBJECTION: Is the existing late charge of 1.5% per month fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 151: *OBJECTION: What is the actual legitimate cost to FPL of late payments? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 152: *OBJECTION: Is there evidence of public acceptance of a new \$5.00 minimum late charge? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 153: *OBJECTION: What is the historic distribution of the amounts of late payments? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 154: *OBJECTION: What percentage of late payments are under \$5.00? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 155: *OBJECTION: What percentage of late payments are caused by apparent clerical errors, such as being a penny off, transposing cents and ten cents, etc.? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 156: *OBJECTION: Is it appropriate to raise the minimum late payment charge to \$5.00 resulting in a 103% increase to FPL of revenue from late fees, an additional \$33 million? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 157: Should FPL's proposed change to the temporary construction service rate be approved?

FIPUG: *No position at this time.*

Issue 158: Should FPL's proposed change to the Returned Payment Charge be approved?

FIPUG: *No position at this time.*

Issue 159: *OBJECTION: Is the proposed increase in the minimum returned check fee from \$23.24 to up to \$40 unjust, unreasonable or excessive? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 160: *OBJECTION: Is the existing minimum returned check fee of \$23.24 fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 161: *OBJECTION: Is the existing minimum returned check fee of \$23.24 unjust, unreasonable, or excessive? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 162: *OBJECTION: What is the actual legitimate cost to FPL of a returned check? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 163: *OBJECTION: Is there evidence of public acceptance of a new minimum returned check fee of up to \$40? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 164: *OBJECTION: Is it appropriate to raise the minimum returned check fee with a resulting 41% increase in returned check fee revenue to FPL, an additional \$2 million? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 165: What is the appropriate monthly kW credit to be provided customers who own their own transformers pursuant to the Transformation Rider? (8.820)

FIPUG: *No position at this time.*

Issue 166: Has FPL correctly quantified the incentive payments associated with the Commercial/Industrial Load Control (CILC) classes?

FIPUG: *No. FPL did not appropriately quantify the CILC incentive payments nor did it properly allocate such payments. As to the quantification problem, FPL's restated revenues to account for the payments do not reflect the revenues that each CILC class would generate under the applicable firm rate. This is necessary to reflect the cost differential between firm and non-firm service. This results in the earned returns for this class being understated. The CILC incentive payments should be recalculated to reflect the cost differential between firm and non-firm service as shown in FIPUG witness Pollock's testimony.*

Issue 167: Should the CILC rate be reopened?

FIPUG: *Yes. The CILC rate should be reopened and credits to this class should be increased. As to reopening the rate, circumstances have greatly changed since the rate was

closed in 1996. Equipment costs for new generation were much lower in 1996 than they are now. Thus, additional CILC load is now very cost-effective. This is an option that should be available to customers and to the state of Florida.

In addition, the payments to current (and potentially new CILC) customer should be raised to compensate such customers for the capacity they provide. While FPL recruits new customers to its CDR Rider program, such customers are paid much more for their capacity than CILC customers. Thus, CILC payments should be raised to the same level as CDR.*

Issue 168: Is FPL's proposed design of the demand and non-fuel energy charges for the CILC rate appropriate?

FIPUG: *FPL's proposed demand charges significantly deemphasize demand. This results in a corresponding, but much larger increase, in energy charges. This results in high load factor customers receiving larger base rate increases than the class average. It would also send the wrong price signal and discourage load management. The demand charge (and the energy charge) should be revised to reflect unit costs.

FPL has improperly emphasized energy charges and failed to base such charges on appropriate unit costs. For example, for the GSLD-1 and GSLD-2 rates, the non-fuel energy charges would be 143% and 156% higher, respectively, than their costs. Because demand charges are understated, energy charges are overstated, resulting in a significant amount of demand-related costs being collected in the energy charge. The triple digit increase FPL seeks would inappropriately and adversely affect high load customers. FPL's proposal to recover the entire step increase, if any, for the Cape Canaveral Modernization project through energy charges is entirely inappropriate. This would have the effect of raising energy charges by 38% to over 200%.*

Issue 169: Should the Commercial/Industrial Demand Reduction Credit Rider (CDR) credit be increased?

FIPUG: *Yes. The CDR credit has not changed since 2004. However, the costs for new generation, upon which the credit is based, have changed dramatically. The current credit produces a benefit/cost ratio of 3.1. If this ratio were set at 1.2 the program would still be cost-effective. Thus, the credit should be increased to \$12.07 per kW.*

Issue 170: Should CILC and CDR credits be allocated to non-firm loads?

FIPUG: *No. Non-firm customers provide capacity to FPL when it needs additional capacity to maintain its firm loads. FPL calls upon this capacity by curtailing non-firm capacity. In return to agreeing to curtail load when called upon by FPL, FPL pays these customers a credit. These credits can be viewed as a cost to provide service to firm loads. Therefore, the credits should be allocated only to firm loads. Otherwise, non-firm customers are, in essence, paying a portion of their own credit.*

Issue 171: What is the appropriate level and design of the charges under the Standby and Supplemental Services (SST-1) rate schedule?

FIPUG: *No position at this time.*

Issue 172: What is the appropriate level and design of charges under the Interruptible Standby and Supplemental Services (ISST-1) rate schedule?

FIPUG: *No position at this time.*

Issue 173: What is the appropriate method of designing time of use rates for FPL?

FIPUG: *No position at this time.*

Issue 174: What are the appropriate customer charges for January 1, 2013?

FIPUG: *No position at this time.*

Issue 175: *OBJECTION: Is the proposed residential RS-1 monthly customer charge of \$7.00 unjust, unreasonable or excessive? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 176: *OBJECTION: Is the existing residential RS-1 monthly customer charge of \$5.90 fair, reasonable, just and compensatory? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 177: *OBJECTION: Is the existing residential RS-1 monthly customer charge of \$5.90 unjust, unreasonable, or excessive? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 178: *OBJECTION: Was the cost of monthly RS-1 customer service \$5.89 per month in 2010 and/or 2011 as stated by S.E. Romig, FPL Director, Rates and Tariffs, in his letter of August 5, 2011 to Mr. Thomas Saporito filed on August 8, 2011 in Docket 05554? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 179: *OBJECTION: In reference to the letter in Issue 178, what are the specific customer accounts and amounts making up the \$3.69 of the \$5.89 which is designated as*

“Miscellaneous Customer Accounts” in the attachment to Mr. Romig’s letter? (Mr. Nelson’s Issue Objected to by FPL)

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 180: *OBJECTION: What is the actual legitimate cost of providing monthly RS-1 service? (Mr. Nelson’s Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 181: *OBJECTION: Is there evidence of public acceptance of a \$7.00 RS-1 monthly customer charge? (Mr. Nelson’s Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 182: *OBJECTION: Is it appropriate to raise the RS-1 monthly customer charge 19% with a resulting increase in revenue to FPL of \$54 million? (Mr. Nelson’s Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 183: What are the appropriate demand charges for January 1, 2013?

FIPUG: *See Issue 168.*

Issue 184: What are the appropriate energy charges for January 1, 2013?

FIPUG: *See Issue 168.*

Issue 185: What are the appropriate lighting rate charges for January 1, 2013?

FIPUG: *No position.*

Issue 186: What is the appropriate effective date for FPL’s revised rates and charges, prior to a Base Rate Step adjustment, if any, associated with the Canaveral Modernization project?

FIPUG: *If any increase is granted for this project and it comes on line in the test year, the increase should occur when the plant comes on line. If it comes on line after the test year, FPL may seek recovery in its next rate case.*

Issue 187: What are the appropriate charges after the Canaveral Modernization Project comes on line?

FIPUG: *The appropriate charges, if any, should reflect the correct allocation and computation of demand and non-fuel energy charges recommended by FIPUG witness, Pollock.*

Other Issues

Issue 188: *OBJECTION: Whether FPL's investment in energy conservation; advertisements; consumer energy efficient appliances; and consumer electric generating systems is prudent, appropriate, and/or reasonable? (Mr. Saporito's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 189: *OBJECTION: Whether FPL's incentive to expand its capital base in order to increase or maintain NextEra Energy, Inc. total shareholder return is in conflict with the mandate of the Florida Legislature to promote co-generation and demand side renewable energy which does not increase FPL's capital base? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 190: *OBJECTION: What actions has FPL taken to promote or discourage utilization of demand side renewable energy systems, solar energy, and cogeneration that the Commission is mandated by §§366.80 - 366.85 to consider in establishing the appropriate rates in the instant rate case? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 191: *OBJECTION: How many of Florida's 54 other electric utilities (other than FPL) buy electric power from FPL? (Mr. Nelson's Issue Objected to by FPL)*

FIPUG: *FIPUG will provide a position on this issue if the Prehearing Officer rules that it is to be included in the issues.*

Issue 192: Should FPL be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

FIPUG: *Yes.*

Issue 193: Should this docket be closed?

FIPUG: *Yes, assuming that all appropriate documents have been filed, and all appeals, if any, have been resolved, this docket should be closed.*

F. STIPULATED ISSUES:

FIPUG: None at this time.

G. PENDING MOTIONS:

FIPUG: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY:

FIPUG: None at this time.

I. OBJECTIONS TO A WITNESS' QUALIFICATIONS AS AN EXPERT:

FIPUG: FIPUG objects to any witness offering expert opinions who is not properly qualified as an expert in a particular subject matter area.

K. REQUIREMENTS THAT CANNOT BE COMPLIED WITH:

FIPUG: None at this time.

L. OTHER:

FIPUG: None at this time.

s/ Vicki Gordon Kaufman _____

Vicki Gordon Kaufman
vkaufman@moylelaw.com
Jon C. Moyle, Jr.
jmoyle@moylelaw.com
Moyle Law Firm, PA
118 North Gadsden Street
Tallahassee, Florida 32301
Telephone: (850) 681-3828
Facsimile: (850) 681-8788

Attorneys for Florida Industrial Power Users
Group

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing The Florida Industrial Power Users Group's Prehearing Statement has been furnished by electronic mail and U.S. Mail this 6th day of August, 2012, to the following:

Keino Young
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

John T. Butler
Florida Power & Light Company
700 Universe Blvd.
Juno Beach, FL 33408-0420

Kenneth Wiseman/Mark Sundback
Andrews Kurth LLP
13501 I Street NW, Suite 1100
Washington, DC 20005

J.R Kelly
Joe McGlothlin
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, Florida 32399

Robert Scheffel Wright
John T. LaVia, III
Gardner, Bist, Wiener, Wadsworth,
Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

Karen White
Federal Executive Agencies
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403

John W. Hendricks
367 S. Shore Dr.
Sarasota, FL 34234

Mr. & Mrs. Daniel R. Larson
16933 W. Harlena Dr.
Loxahatchee, FL 33470

Thomas Saporito
6701 Mallards Cove Rd. APT 28H
Jupiter, Florida 33458

William C. Garner
Brian P. Armstrong
Nabors, Giblin & Nickerson, P.A.
1500 Mahan Drive, Suite 200
Tallahassee, Florida 32308

Paul Woods
Quang Ha
Patrick Ahlm
Algenol Biofuels Inc.
28100 Bonita Grande Drive, Suite 200
Bonita Springs, FL 24135

Larry Nelson
312 Roberts Road
Nokomis, FL 34275

Mr. Glen Gibellina
7106 28th Street East
Sarasota, Florida 34243

s/ Vicki Gordon Kaufman

Vicki Gordon Kaufman