

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In The Matter Of:

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.
_____ / DOCKET NO. 160021-EI

PETITION FOR APPROVAL OF
2016-2018 STORM HARDENING PLAN
BY FLORIDA POWER & LIGHT
COMPANY.
_____ / DOCKET NO. 160061-EI

2016 DEPRECIATION AND
DISMANTLEMENT STUDY BY,
FLORIDA POWER & LIGHT COMPANY.
_____ / DOCKET NO. 160062-EI

PETITION FOR LIMITED
PROCEEDING TO MODIFY AND
CONTINUE INCENTIVE MECHANISM,
BY FLORIDA POWER & LIGHT
COMPANY.
_____ / DOCKET NO. 160088-EI

VOLUME 32

(Pages 4761 through 4898)

PROCEEDINGS: HEARING

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

DATE: Wednesday, August 31, 2016

TIME: Commenced at 9:33 a.m.
Concluded at 11:52 a.m.

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

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

APPEARANCES: (As heretofore noted.)

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CHAIRMAN BROWN: Good morning, everyone.

Sorry we're starting a few minutes late. We have a couple of housekeeping items to go on -- go over. But everyone welcome back. I hope you all had a good night's rest and are refreshed and recharged to take on the day.

As you know, there is a storm that's brewing in the Gulf, and our EOC is actively monitoring the situation. A lot of us have already been through these types of events and they're very fluid. Given the state of affairs, I really would like to get as much done as possible today. I've been advised that today is clear, that we have latitude to go forward as much as possible, so I'd encourage and appreciate the parties' assistance in this endeavor too. And we're going to keep you apprised as we get more information as the day progresses; we'll keep you apprised about the schedule. But to that effect, we're going to need to take some witnesses out of order to accomplish getting as much done as possible, and so I do propose the following order. We are on Mr. Forrest right now. Following Mr. Forrest, we need to get to Ms. Kennedy, then Morley, then Ferguson, then Kopp. When Chriss, Wal-Mart's witness, comes in, we'll take that witness somewhere

1 around that, after Kopp or before Ferguson. Cohen, then
2 Koch, Deaton, Hevert, Allis, Deason, and Dewhurst. But
3 first I'd like to turn to Florida Power & Light and see
4 if this schedule is acceptable, given my previous
5 comments that I just made.

6 **MR. BUTLER:** I imagine there is an absolute
7 fountain of joy in the heart of Ms. Ousdahl, but I'm
8 going to extinguish it.

9 **CHAIRMAN BROWN:** Ousdahl.

10 **MR. BUTLER:** You left her off the list.

11 **CHAIRMAN BROWN:** Ousdahl is missing from my
12 proposed list that staff and I worked on, so --

13 **MR. BUTLER:** I think she would go -- what I
14 had on the notice -- before Ms. Morley, but, yeah.

15 **CHAIRMAN BROWN:** Yes, that's right. That's
16 right. I was reading my list that staff generated.

17 **MR. BUTLER:** I'm sorry. And we're also -- are
18 we missing Ms. Slattery?

19 **CHAIRMAN BROWN:** Yes. Ms. Slattery is missing
20 too. Suzanne. Suzanne.

21 **MR. BUTLER:** I'm sorry. I misled
22 Ms. Brownless on that. I actually don't have it on my
23 list, my cheat sheet here either. So what is your
24 preference of where you would like to see her?

25 **CHAIRMAN BROWN:** Okay. I'm going to go again.

1 **MR. BUTLER:** Okay.

2 **CHAIRMAN BROWN:** Okay. Forrest, Kennedy,
3 Ousdahl, Morley, Ferguson, Kopp, Slattery, Cohen. Take
4 up -- after Cohen or before we'll take up Wal-Mart's
5 direct witness, if that's a --

6 **MR. WILLIAMSON:** Yes, ma'am. He's on his way
7 as of 5:00 a.m. this morning.

8 **CHAIRMAN BROWN:** Okay. Koch after Chriss,
9 Deaton, Hevert, Allis, Deason, and Dewhurst. And those
10 last three are interchangeable, if that's Florida Power
11 & Light's preference. Does everybody have that, and
12 does that appear to be the complete remaining list?

13 **MR. BUTLER:** Yes.

14 **CHAIRMAN BROWN:** Mr. Butler, are you okay with
15 that suggestion?

16 **MR. BUTLER:** We can make it work.

17 **CHAIRMAN BROWN:** Appreciate that. I think
18 that will help facilitate today's work.

19 **MR. BUTLER:** That's fine. Thank you.

20 **CHAIRMAN BROWN:** Okay. Great.

21 **MS. CSANK:** Madam --

22 **CHAIRMAN BROWN:** Yes. Where is that coming
23 from?

24 **MS. CSANK:** Madam Chair, it's Diana from the
25 Sierra Club. May I be heard on one concern with respect

1 to the order?

2 **MR. REHWINKEL:** Was Slattery listed in there?

3 **CHAIRMAN BROWN:** Yes. Slattery is before
4 Cohen.

5 You have the floor.

6 **MS. CSANK:** So pursuant to the conversation we
7 had about Ms. Kennedy's deposition, FPL's counsel was
8 good enough to complete the review of her deposition and
9 submit errata at 11:07 p.m. last night. Because of the
10 volume of the changes that FPL has made, the court
11 reporter actually wrote back saying that she would like
12 to file a response because she has not seen such a
13 voluminous errata sheet before. And to the extent that
14 I am preparing to cross-examine Ms. Kennedy and use and
15 rely on this deposition, I would ask that Ms. Kennedy be
16 moved back in the order. She is next after Forrest,
17 according to the order that you laid out.

18 **CHAIRMAN BROWN:** She is next after Forrest.
19 And so you're proposing that she be moved where?

20 **MS. CSANK:** At your pleasure, Madam Chair, I
21 would suggest that she be at least bumped back four or
22 five witnesses, if that works for FP&L.

23 **CHAIRMAN BROWN:** My understanding was that
24 Ms. Kennedy was moved up because of the storm and they
25 were trying to get the needed witnesses to the service

1 territory. But Mr. Butler --

2 **MR. BUTLER:** Yeah. We really don't want to
3 move her significantly down in the order. I mean, I
4 think that Ms. Kennedy would be happy to address any
5 discrepancies that Ms. Csank might feel are in the
6 deposition compared to her errata sheet as she goes, if
7 necessary, but -- you know, we're trying to accommodate,
8 but that's not going to work very well for us to move --

9 **CHAIRMAN BROWN:** Could you move her after
10 Ousdahl?

11 **MR. BUTLER:** I think we could do that, yes.

12 **CHAIRMAN BROWN:** Okay.

13 **MS. CSANK:** Thank you.

14 **CHAIRMAN BROWN:** You're welcome.

15 Another housekeeping matter about exhibits, my
16 understanding is that some of the parties aren't
17 collating them. Some are doing an excellent job; some
18 are not. And I just want a reminder, can you please
19 collate? Again, it'll make the process go a lot
20 smoother. So that's just a little reminder.

21 And then when we stopped --

22 **MR. WISEMAN:** One other preliminary matter
23 about the order of witnesses.

24 **CHAIRMAN BROWN:** Sure.

25 **MR. WISEMAN:** Just I was unclear what you

1 meant when you said, "Allis, Deason, and Dewhurst are
2 interchangeable."

3 **CHAIRMAN BROWN:** In terms of order. That's
4 the proposed order right now, Allis, Deason, and
5 Dewhurst, so -- but I don't have a preference of any
6 which way. I mean, they could go Deason, Allis,
7 Dewhurst. It doesn't matter. I'd like to get through
8 the other witnesses as much -- and to accomplish as much
9 as possible today.

10 **MR. WISEMAN:** Yeah. But the only reason I'm
11 raising the issue is if we could get from -- I assume
12 whatever -- if FPL wants to flip them around, that's
13 fine with you, from what I understand.

14 **CHAIRMAN BROWN:** It is.

15 **MR. WISEMAN:** And which is fine with us too.
16 I just wanted to get -- if we could get from FPL some
17 certainty just to -- it would help in terms of the
18 preparation for the cross. That's all.

19 **CHAIRMAN BROWN:** Oh, yeah. And I don't think
20 we're going to get to -- I mean, it would be great if we
21 could get to these witnesses today, but I don't foresee
22 that happening.

23 **MR. WISEMAN:** Okay.

24 **MR. BUTLER:** Yes. And just our expectation is
25 to have Mr. Allis before Mr. Deason or Mr. Dewhurst. It

1 would really only be if things get pushed out a long
2 ways and we have to start juggling schedules further
3 that that even could come into play again.

4 **CHAIRMAN BROWN:** Okay. Is everybody clear?

5 Mr. Moyle.

6 **MR. MOYLE:** We want to accommodate -- the
7 people that have operational responsibilities are
8 Kennedy and Ferguson -- or who else? I mean --

9 **MR. BUTLER:** Forrest.

10 **MR. MOYLE:** Forrest. There's two of them that
11 we need to get -- and Forrest is already on the stand,
12 so it's essentially Kennedy.

13 **CHAIRMAN BROWN:** Yes.

14 **MR. MOYLE:** Okay. We're happy to help.

15 **CHAIRMAN BROWN:** Thank you.

16 **MR. MOYLE:** I know you have -- I saw in, I
17 think, a press report -- some later days in September if
18 they need to take everybody and get ready for the storm.

19 **CHAIRMAN BROWN:** We do have some shadow dates,
20 and we do have the potential of going next week too, so.

21 **MR. MOYLE:** We want to help however we can.

22 **CHAIRMAN BROWN:** Yes. Thank you. That was
23 nice, Mr. Moyle.

24 All right. Now when we recessed last night,
25 we had an objection on the floor as to Mr. Forrest. And

1 I've conferred with staff, and staff has some advice and
2 guidance on the matter.

3 **MS. HELTON:** I guess that would be me, Madam
4 Chairman?

5 **CHAIRMAN BROWN:** That's you.

6 **MS. HELTON:** We spent the evening and this
7 morning thinking about the situation where we left
8 yesterday or how we left yesterday and the fact that
9 there were at least two, if not more, witnesses who had
10 deferred to Witness Forrest questions about the gas
11 forecasts. And we believe that that created an
12 expectation on the part of the parties that they would
13 be able to cross-examine Mr. Forrest about the gas
14 forecasts, and we believe that you have the latitude to
15 allow that to happen, Madam Chairman.

16 **CHAIRMAN BROWN:** Thank you.

17 Ms. Brownless, anything else you'd like to
18 add?

19 **MS. BROWNLESS:** No, ma'am. That pretty much
20 sums it up.

21 **CHAIRMAN BROWN:** All right. So we have an
22 objection that Mr. Butler raised and we had some
23 exhibits that you handed out, including a confidential
24 exhibit.

25 **MR. WISEMAN:** So do I understand from that

1 that I can go forward with the cross-examination?

2 **CHAIRMAN BROWN:** I didn't rule yet.

3 **MR. WISEMAN:** Well, the reason I'm asking is
4 because I was asked last night a couple of issues about
5 what issues in the issues list this went to and why
6 Mr. Forrest is the appropriate witness to ask these
7 questions to. If you are going to go -- you know, let
8 me go ahead and ask the questions, then I don't have to
9 go through all of that, although I would love to. But
10 it would save time, you know, if -- but, you know,
11 there's no point in going through it if you're ruling
12 that the cross-examination is appropriate.

13 **CHAIRMAN BROWN:** Okay. I'm going to have
14 Mr. Butler restate his objection so that I could --
15 Mr. Butler, could you restate your objection?

16 **MR. BUTLER:** I'll do better than that. At
17 Mr. Moyle's suggestion, I'm going to withdraw it.

18 **CHAIRMAN BROWN:** Oh.

19 **MR. BUTLER:** We're okay with Mr. Wiseman
20 asking. The basis that I understand that he is pursuing
21 it -- I mean, obviously, depending on where it goes, I
22 reserve my right to raise objections down the line, but
23 I am withdrawing the objection that we left with
24 yesterday.

25 **CHAIRMAN BROWN:** Thank you. Makes my job a

1 lot easier. Do you want to hand out the confidential
2 exhibit?

3 **MR. WISEMAN:** We already went through the
4 confidential exhibit. I think we can just go straight
5 to the nonconfidential ones.

6 **MS. HELTON:** Madam Chairman, may I ask one
7 question about the confidential exhibit? And that is
8 now that we've had an evening to look at it, do you
9 still believe that it's confidential? Do we still need
10 to maintain that, or can we treat it as a public record?

11 **MR. BUTLER:** We do continue to claim
12 confidentiality on it, and we discussed that with
13 Mr. Wiseman before the start of this morning. I think
14 he's okay with pursuing his cross-examination under that
15 model.

16 **CHAIRMAN BROWN:** Okay. Welcome back.

17 **THE WITNESS:** Thank you.

18 **CHAIRMAN BROWN:** Mr. Wiseman, you have the
19 floor.

20 **MR. WISEMAN:** Thank you, Madam Chair.

21 **EXAMINATION**

22 **BY MR. WISEMAN:**

23 **Q** Good morning, Mr. Forrest.

24 **A** Good morning.

25 **Q** Just to put things back in context a little

1 bit since we've been gone for a little bit more than 12
2 hours, can you pull Exhibit 749, which is the Gas
3 Daily -- the excerpt from Gas Daily of yesterday?

4 **A** Yes, I have it.

5 **Q** Okay. And so on page 2, if we look under
6 Louisiana/Southeast prices and we go down, oh, six,
7 seven, we see Henry Hub. And the Henry Hub price
8 yesterday, the midpoint price was \$2.95; correct?

9 **A** That is correct. That is a one-day price,
10 yes.

11 **Q** Okay. And then if we go to page 3, the Henry
12 Hub Gas Futures Contracts, the NYMEX Futures price for
13 August 2019 was \$2.879; correct?

14 **A** Yes, that's correct.

15 **Q** Okay. So if we could keep those two prices in
16 mind and then let's go to Exhibit 744. Do you have
17 that?

18 **A** I'm there.

19 **Q** Okay. And, Mr. Forrest, this is a forecast
20 that was done May 7th, 2012; correct?

21 **A** That is correct, yes.

22 **Q** And if we turn to the third page, the --
23 there's an entry for August '16, August 2016. Do you
24 see that?

25 **A** Yes.

1 **Q** Okay. And actually if you go back and look at
2 the first page of the exhibit, it would be correct that
3 the far column on the right is the Henry Hub price;
4 correct?

5 **A** Yes, that is correct.

6 **Q** Okay. So the forecast that was done on
7 May 7th, 2012, of the Henry Hub price in August 2016 was
8 \$4.66 per MMBtu; correct?

9 **A** Yes, that is correct. I would maybe explain a
10 little bit that that is combining a couple of different
11 forecasts. That is not just the NYMEX. The first
12 document that we looked at was purely NYMEX pricing.
13 This one has a PIRA component in it, so it's more of a
14 fundamental forecast. So this is about the period when
15 we're transitioning away from NYMEX into our PIRA
16 fundamental forecast. So it's a little bit of apples
17 and oranges in terms of the, you know, the information,
18 where it's coming from. But I do agree your number is
19 correct.

20 **Q** All right. So the \$4.66 price forecast by FPL
21 for August 2016 compares to the \$2.95 that actually
22 occurred yesterday; correct?

23 **A** Yes. I -- well, yes and no. I agree that
24 it's the same period. The August '16 number that you're
25 referencing on Exhibit 744 is a monthly price. The

1 number you referenced in the Gas Daily document was a
2 daily price. And, again, it's -- you're looking at a
3 daily liquidation of Henry Hub versus a forecast which
4 is provided by a different entity entirely.

5 Q Fair enough. You'd agree that in August 2016
6 the Henry Hub price at no time has hit \$4.66; correct?

7 A I don't agree with that. I would dare say
8 back in the 2007, 2008 time frame that the August '16
9 price was projected far north of that.

10 Q No, that's not what I'm saying. The actual
11 spot price at Henry Hub in August of 2016, this month,
12 is it your testimony that it hit 4.66 at some point?

13 A No. With that clarification, I agree, no, it
14 has not.

15 Q Okay. And it hasn't hit \$4; correct?

16 A Not to my knowledge, no.

17 Q Okay. Now if you could turn to the last page
18 of that exhibit, there's a forecast that FPL did of what
19 the Henry Hub price would be in August 2019. Do you see
20 that?

21 A I do.

22 Q And that forecast was \$6.81; correct?

23 A That is correct. And, again, that's a PIRA
24 forecast as opposed to what the NYMEX market would say
25 it would be.

1 **Q** Okay. Now let's look at Exhibit 745, please.
2 And this is a forecast that FPL did on January 7, 2013;
3 correct?

4 **A** That is correct.

5 **Q** And if you look at page two, there's a
6 forecast that was done of what the price would be in the
7 month of August 2016; correct?

8 **A** Correct.

9 **Q** And would you agree that the forecast was that
10 the price would be \$4.40?

11 **A** That is correct, yes.

12 **Q** And if we turn to the last page, is it correct
13 that that 2013 forecast forecast for the month of
14 August 2019 that the Henry Hub price would be \$5.94?

15 **A** That is correct, with the same explanation I
16 provided earlier.

17 **Q** Sure. And then if we could go to Exhibit 746.
18 This is a forecast that FPL did January 6, 2014,
19 correct?

20 **A** That is correct.

21 **Q** And if we go to page 2 toward the bottom of
22 that page, we see the forecast that FPL did of the
23 August 2016 price; correct?

24 **A** That is correct.

25 **Q** And at that time, FPL forecast the price would

1 be \$4.10; correct?

2 **A** That is correct.

3 **Q** And if we go to the last page of the exhibit,
4 the first line, would you agree that this shows that FPL
5 forecast that the August 2019 Henry Hub price would be
6 \$5.23?

7 **A** That is correct. Again, with the same
8 explanation I provided earlier.

9 **Q** Okay. Exhibit 747. We're getting closer in
10 time now to the present. This is the forecast that FPL
11 did on January 5, 2015; correct?

12 **A** That is correct.

13 **Q** And if we go to page 2, FPL forecast at that
14 time that the August 2016 price at Henry Hub would be
15 \$3.35; correct?

16 **A** That is correct. And at this point, this
17 would have been purely a NYMEX forecast at that point.

18 **Q** Okay. And if we go to the last page, you'd
19 agree that in this 2015 forecast, FPL forecast that the
20 August 2019 price at Henry Hub would be \$4.19; correct?

21 **A** That is correct.

22 **MR. WISEMAN:** And then the last exhibit, which
23 should be Exhibit 248, Madam Chair -- is that correct?
24 This is the 2016 forecast?

25 **THE WITNESS:** That's what I have.

1 **CHAIRMAN BROWN:** That's what I have.

2 **MR. WISEMAN:** All right. I had forgotten to
3 mark mine. Sorry.

4 **BY MR. WISEMAN:**

5 **Q** This is a forecast that FPL did January 4 of
6 this year, 2016; correct?

7 **A** Correct. That is the date for the rate case
8 forecast, yes.

9 **Q** And if you go to the -- I thought I had marked
10 this. I apologize. The August 2016 price that FPL
11 forecast is on page 1; correct?

12 **A** That is correct.

13 **Q** And reading across, it looks like FPL forecast
14 that price at \$2.51; correct?

15 **A** Well, I might -- yes, the number is \$2.51. I
16 might disagree that we're not forecasting it. That was
17 the market price. That's the NYMEX pricing for the
18 August 16 contract.

19 **Q** Okay. And so then would it be correct that
20 for August 2019 what's shown in this exhibit is --
21 there's a forecast price of \$3.43 for Henry Hub; is that
22 right?

23 **A** That is correct. That would have been the
24 updated pricing received from PIRA, yes.

25 **Q** And so this is the --

1 **A** Blended -- I'm sorry, blended with -- our
2 forecast methodology, and maybe it helps to understand,
3 we use -- for the first two full years out, we use a
4 NYMEX forecast. The next two years we blend PIRA and
5 NYMEX together on a 50/50 basis and then use PIRA from
6 that point forward. So the number that you would see
7 here for August of '19 would have been a blend of PIRA
8 and NYMEX again.

9 **Q** Okay. Will you accept, subject to check, that
10 the \$2.51 price for Henry Hub for August 2016 is
11 approximately 15 percent below the actual Henry Hub
12 price that occurred on August 30th of this year?

13 **A** Yeah. I will -- yes. Subject to check, I
14 will verify it's -- or agree it's somewhere in that
15 neighborhood. Since we provided our forecast in January
16 for the rate case forecast, the 2016 and '17 contracts
17 have risen quite a bit. I think the 2017 forecast is up
18 about 36 cents since the time that we filed, which has
19 an impact obviously on pricing less the hedges that we
20 have in place.

21 But the back end of the curve, the 2018, '19,
22 and '20 have -- well, actually 2019 and '20 have
23 actually come off a little bit, so they're a little bit
24 lower than what we originally forecasted.

25 **Q** Well, actually -- and, yeah, and getting to

1 that one, would you accept, subject to check, that
2 \$3.43 price that's forecast for -- that FPL forecast for
3 August 2019 was -- is about 16, 17 percent above the
4 NYMEX forecast that was published on August 30th by Gas
5 Daily? That's reflected in Exhibit 749.

6 **A** I would suggest, yes, I agree that your number
7 is probably close. I would also suggest you're looking
8 purely at NYMEX, and this is a blend of NYMEX and PIRA.
9 So there is a little bit of an apples-and-oranges
10 comparison there.

11 **MR. WISEMAN:** Okay. Thank you.

12 Madam Chair, those are all the questions I
13 have. Thank you, Mr. Forrest.

14 **CHAIRMAN BROWN:** Thank you, Mr. Wiseman.
15 Retail Federation.

16 **MR. LaVIA:** No questions. Thank you.

17 **CHAIRMAN BROWN:** Thank you.

18 FEA, Mr. Jernigan.

19 **MR. JERNIGAN:** No questions. Thank you.

20 **CHAIRMAN BROWN:** Thank you.

21 Sierra Club.

22 **MS. CSANK:** A few questions, Madam Chair. And
23 I will eventually have exhibits to hand out. I don't
24 know if now is a good time or if I should wait.

25 **CHAIRMAN BROWN:** Now is a great time. Staff,

1 could you please assist Ms. Csank.

2 **MS. CSANK:** And if we could follow the
3 convention of just turning them over when I refer to
4 them and marking them a little bit later on.

5 **CHAIRMAN BROWN:** Yes. Mr. Forrest is aware of
6 that.

7 **THE WITNESS:** Yes.

8 **CHAIRMAN BROWN:** If you'd like to mark them as
9 you go.

10 **MS. CSANK:** Yeah.

11 **CHAIRMAN BROWN:** Okay.

12 **MS. CSANK:** I have some questions that don't
13 refer to my exhibits. Should I get started on those
14 while the exhibits get passed out, if that's not a
15 distraction?

16 **CHAIRMAN BROWN:** Sure. Yeah. You have the
17 floor.

18 **EXAMINATION**

19 **BY MS. CSANK:**

20 **Q** Good morning, Mr. Forrest.

21 **A** Good morning.

22 **Q** Diana Csank with the Sierra Club. I'd like to
23 return to a discussion that you had with Public Counsel
24 on whether this Commission requires the company to
25 provide least-cost service?

1 **A** Yes.

2 **Q** And I believe your position is that the
3 company does not -- is not required to provide
4 least-cost service.

5 **A** I think it's within reason to provide
6 least-cost service, but there certainly is a reasonable
7 standard in there.

8 **Q** All right. And are you familiar with the
9 rules surrounding the Ten-Year Site Planning process?

10 **A** No, that's not within my department. I'm not
11 familiar with those.

12 **Q** Okay. So you wouldn't know that there are
13 certain requirements within that process that refer to
14 the company showing the lowest cost possible electricity
15 as being planned and supplied?

16 **MR. BUTLER:** I'll object to the question.
17 It's assuming facts not in evidence. If she wants to
18 show him what she's referring to, that would be fine.

19 **CHAIRMAN BROWN:** Ms. Csank, can you --

20 **MS. CSANK:** Yes, I'll restate my question.

21 **BY MS. CSANK:**

22 **Q** Mr. Forrest, are you familiar with the Form
23 PSC RAD 43-E which the Commission issued in 1997? It's
24 incorporated by reference in the *Florida Administrative*
25 *Code*. And it states, on page 4, "The Ten-Year Site Plan

1 shall provide sufficient information to assure the
2 Commission that an adequate and reliable supply of
3 electricity at the lowest cost possible is planned for
4 the state's electric needs"?

5 **A** I'm not familiar with the code, no.

6 **Q** Thank you. Moving on. Sir, in Docket 160021,
7 in your August 1 prefiled testimony your focus is on
8 whether FP&L's bills are the direct result of low
9 natural gas prices; right?

10 **A** That's correct, yes.

11 **Q** And I need to clarify the premise that FPL's
12 bills are lower. When you say, "lower bills," you mean
13 for all rate classes?

14 **A** I speak specifically to fuel, so I don't have
15 the different rate classes. That's not my expertise.

16 **Q** So how should we understand your statement
17 with respect to lower bills? Are you referring to --

18 **A** I typically reference the residential, the
19 1,000 kWh residential bill.

20 **Q** Okay. So let's stick with that. When you
21 say, "lower," is that a comparison to other utilities?

22 **A** It's a comparison to our own as well as
23 others, yes.

24 **Q** And so when you say your own, that's a
25 comparison to the counterfactual what FPL bills would be

1 if FPL had conducted its business differently?

2 **A** Can you rephrase your question?

3 **Q** So you said it's both -- when you say,
4 "lower," that's relative to other utilities, number one,
5 and number two, which is the point of this question,
6 also FPL itself.

7 **A** I would suggest lower than what they were
8 previously. So if we do the 2006 through 2015
9 comparison, as an example, which was the basis of
10 Ms. Cohen's testimony.

11 **Q** So were you here when I had the conversation
12 with Ms. Cohen where she told us she is unaware of any
13 analysis of how the distribution of FPL bills compare
14 and has no data from 2006?

15 **A** I was not.

16 **Q** Okay. And so to the extent that your
17 testimony references the typical residential bill in
18 FPL's service territory, do you know the distribution of
19 residential bills? In other words, what's the mean
20 median mode of the amount of kWh and the bill price?

21 **A** I do not know.

22 **Q** Okay. On page 4, line 7, of your prefiled
23 August 1 testimony, you refer to the savings for
24 customers as savings at, quote, whatever the fuel cost,
25 end quote. And your job responsibilities include

1 tracking fuel costs; is that right?

2 **A** I'm sorry. Where are you in my testimony?

3 **Q** Oh, on page 4, line 7.

4 **A** And this is in my rebuttal of the --

5 **CHAIRMAN BROWN:** It's August.

6 **MS. CSANK:** Yes.

7 **THE WITNESS:** August. Thank you.

8 Okay. I'm there.

9 **BY MS. CSANK:**

10 **Q** So on page 4, line 7, you refer to savings for
11 customers at, quote, whatever the fuel cost; right?

12 **A** That is correct, yes.

13 **Q** And my follow-up question is your job
14 responsibilities include tracking fuel costs for the
15 company.

16 **A** That is correct. My statement means the
17 higher the fuel price -- when you -- when you're making
18 energy efficiency improvements or efficiency around
19 generation, the more efficient your units are, the more
20 impact that the savings are, the higher fuel prices go.

21 **Q** And so since you mentioned the generation
22 fleet, you're familiar with the fleet, the natural
23 gas-burning fleet?

24 **A** Generally, yes.

25 **Q** No single unit in that fleet has less than a

1 30-year book life; right?

2 **A** I do not know the applied (phonetic)
3 depreciation.

4 **MR. BUTLER:** I'm going to object to this --
5 I'm going to object to this question. I don't think it
6 has anything to do with his rebuttal testimony.

7 **CHAIRMAN BROWN:** Although Mr. Forrest just
8 answered it.

9 **MR. BUTLER:** That's the problem. I'm getting
10 slow in my old age.

11 **MS. CSANK:** Madam Chair, I'd submit that this
12 is exactly what his prefiled August 1 testimony is
13 about. But, anyway, I think that you answered the
14 question, so we can move on.

15 **THE WITNESS:** Okay.

16 **BY MS. CSANK:**

17 **Q** And just to be clear on that answer, when I
18 say "book life" or an "economic life," that means the
19 expected period of time during which the unit is
20 expected to be useful to customers.

21 **MR. BUTLER:** I'm going to object to the
22 question again. I think this is exploring a topic that
23 does haven't anything to do with his rebuttal testimony.

24 **CHAIRMAN BROWN:** Ms. Csank.

25 **MS. CSANK:** On page 4, line 7, of his prefiled

1 testimony, he assures the Commission that at whatever
2 cost fuel is at, customers are going to save, and so I'm
3 exploring what that means exactly. And his -- he just
4 told us that references the generation fleet and other
5 efficiencies in FPL's mix.

6 **CHAIRMAN BROWN:** Objection overruled. I'll
7 allow the question.

8 **MS. CSANK:** Thank you.

9 **BY MS. CSANK:**

10 **Q** And I'll restate the question, Mr. Forrest --

11 **A** Please.

12 **Q** -- which was simply confirming that we have a
13 common understanding of the definition of book life,
14 which means the period of time during which the asset --
15 in this case, any particular unit in FPL's natural gas
16 fleet -- is expected to be useful to customers. Do you
17 agree with that definition?

18 **A** Generally I can agree with that.

19 **Q** Okay. So, in other words, that fleet will be
20 burning fuel to some extent for decades to come.

21 **MR. BUTLER:** I'm going to object again. This
22 is clearly beyond the scope of his rebuttal testimony.
23 He's not here to testify to the, you know, age and the
24 retirement plans, et cetera, for the generating fleet.
25 His point, frankly, is being made to say that the

1 savings are somewhat independent of fuel prices, and
2 that's what he's here to testify to. And I think
3 Ms. Csank is going well beyond that topic.

4 **CHAIRMAN BROWN:** Ms. Csank, I just reread the
5 whole page 4, and I do agree -- given the latitude, I
6 think you can move along with your other questions.

7 **MS. CSANK:** I will. Thank you.

8 **BY MS. CSANK:**

9 **Q** So I did want to follow up a little bit on the
10 Hospitals' line of questioning around fuel costs to the
11 extent that they are very much part of your testimony
12 and wanted to see if you were making -- if you were
13 proffering any facts or opinions about where fuel costs
14 will be in the future.

15 **A** They'll be different than what they are today.
16 I'm not in the business of forecasting fuel prices.
17 That's why we utilize third-party experts to provide
18 that information. If, in fact, I was good at that, I'd
19 be doing this from my yacht in The Bahamas.

20 It's a challenging thing to do, for sure. We
21 utilize third parties just for that very reason. I
22 think their third-party forecasts tend to lag the market
23 a little bit. So as new things come into place within
24 the marketplace such as the "Shale Revolution," as it's
25 been labeled, it -- the fundamental forecasts tend to be

1 a little bit behind in terms of what's happening in the
2 marketplace. We're in a period now where, you know,
3 gosh, roughly 50 percent of the gas that's being
4 produced in this country comes from shale gas. It has
5 made an incredible impact in terms of what gas pricing
6 has done. It has tended to stabilize it although it's
7 volatile from a day-to-day basis and even from a
8 month-to-month basis. But certainly we're not seeing
9 anything that we saw back in the '7 and '8 time frame
10 when we had gas prices at \$7, \$8, \$9, \$10, \$12. It
11 seems to have stabilized more in the lower end of the
12 range.

13 Q So are you -- are you submitting to the
14 Commission that the savings that you talk about will
15 endure into the future?

16 A I'm not suggesting anything with respect to
17 gas prices. In terms of me predicting gas prices,
18 that's not what I'm here to do.

19 Q Okay. But my question was about the savings
20 that you refer to. So with respect to the savings, are
21 you offering any facts or opinions to this Commission?

22 A Yeah. With respect to the generation
23 efficiency improvements that Roxane Kennedy speaks about
24 in her testimony, those savings will be felt for years
25 to come. Again, as you drive efficiency into your

1 generating fleet, you're going to be saving on fuel
2 regardless of what those fuel prices are. If gas prices
3 do rise, then certainly the savings will be even
4 greater. And you can do some fairly quick mathematical
5 exercise to kind of demonstrate what that means, but,
6 you know, \$3 gas in a and 7 heat rate unit is \$21,
7 \$4 gas is 28. If you're burning that in an \$8 unit,
8 that's 24 versus 32. So, you know, you're saving a
9 dollar just in that one, you know, one heat rate
10 improvement. It's -- you know, again, as gas prices
11 rise, the level of savings will increase just
12 mathematically.

13 **Q** But that's relative to a counterfactual of had
14 the company conducted its business otherwise, what the
15 baseline is. Or I guess I don't understand what the
16 baseline is when you say the savings will increase.

17 **A** Had we done nothing and just continued on down
18 the path, we'd be burning 40 million barrels of residual
19 fuel oil every year. That's sort of the reduction that
20 we have seen over the course of the last 15 years is a
21 reduction from 40 million barrels of residual fuel oil
22 down to less than a million. Those savings are real.
23 And as a result of that, you know, we're now burning a
24 low price natural gas in our fleet and we are saving
25 customers a ton of money.

1 **Q** Are you saying anything, though, with respect
2 to alternatives considered by the company that could
3 save even more now or in the future, or is that beyond
4 the scope of your testimony?

5 **A** I don't know if it's beyond the scope of my
6 testimony. I mean, we're certainly -- I think, as
7 Mr. Silagy spoke when he was on the stand, we're all for
8 investing in cost-effective solar. You know, there are
9 certain pockets of our service territory where, you
10 know, solar is just not a reality in terms of a
11 geographic location, and those are the areas where we do
12 tend to burn anything from natural gas to residual fuel
13 oil to distillate fuel oil.

14 **MS. CSANK:** So at this time, I think we should
15 mark the next exhibit. And I would ask everyone to
16 please cross out the witness on the cover sheet which
17 states, "Barrett," and instead put in Mr. Forrest's
18 name. And the description of it is 2016 Ten-Year Site
19 Plan Renewable Excerpts.

20 **COMMISSIONER EDGAR:** Okay. I have that as
21 750, Ms. Brownless. Is that correct, 750?

22 **MS. BROWNLESS:** Yes, ma'am.

23 **COMMISSIONER EDGAR:** Okay. We'll mark that as
24 750.

25 (Exhibit 750 marked for identification.)

1 **BY MS. CSANK:**

2 Q And, Mr. Forrest, in your role, you oversee
3 procurement of long-term contracts for the company?

4 **MR. BUTLER:** Contracts for what?

5 **MS. CSANK:** For various fuels.

6 **THE WITNESS:** Yes.

7 **BY MS. CSANK:**

8 Q Also renewables, renewable energy? Is that
9 within your portfolio?

10 A To the extent that they're made available to
11 us through the Standard Offer Contract or QF contracts,
12 yes, we will.

13 Q Okay. Good. And so whatever the company
14 reports to this Commission via the Ten-Year Site Plan
15 about those contracts that you have job responsibilities
16 for, you would be familiar with them, yes?

17 A Yes.

18 Q Generally. Okay. Great. And so if you would
19 please turn to Exhibit No. 750, and if I can direct you,
20 please, to page 74. This is an excerpt from the
21 company's latest Ten-Year Site Plan and specifically
22 Section III.F., which describes the company's efforts
23 with respect to renewable resources. And the section to
24 which I just referred you has a subtitle "Supply Side
25 Efforts - Power Purchases." Are you with me?

1 **A** I'm there, yes.

2 **MR. BUTLER:** I'm going to object to this line
3 of questioning. If you go back to Mr. Forrest's
4 rebuttal testimony, he is addressing a comment by OPC
5 witness Lawton that lower rates are a direct result of
6 historically low natural gas prices.

7 **COMMISSIONER EDGAR:** Mr. Butler, what page are
8 you on?

9 **MR. BUTLER:** I'm sorry. Page 3 of his --
10 Mr. Forrest's August 1 rebuttal testimony.

11 **COMMISSIONER EDGAR:** What line?

12 **MR. BUTLER:** Line 20. "On page 14 of his
13 testimony, OPC witness Lawton states that FPL's "lower
14 rates are a direct result of historically low natural
15 gas prices." Would you like to address this comment?"
16 And then it's the next page which has been the point of
17 departure for Mr. Csank's questions, and I think that
18 these questions about system planning and the
19 incorporation of renewals in years down the road has
20 nothing at all to do with either what Mr. Lawton was
21 saying or what Mr. Forrest is saying in rebuttal to it.

22 **CHAIRMAN BROWN:** Ms. Csank.

23 **MS. CSANK:** Commissioner Edgar, the Sierra
24 Club in this case is very concerned about blanket
25 statements being made about lower gas prices and all of

1 the value that gives to our customers. Our members do
2 not think that burning fossil fuels is a sustainable
3 path forward, and we're very concerned --

4 **COMMISSIONER EDGAR:** Tie it to the rebuttal.

5 **MS. CSANK:** And so with respect to this page
6 of his prefiled direct testimony, he states, on lines
7 4 through 6, "FPL has taken proactive steps to improve
8 the efficiency of the system, which has resulted in
9 significantly less fuel being used." And my concern
10 with that is that he is making statements that don't --
11 that are not inclusive of the full context. In other
12 words, that is ambiguous with respect to whether that's
13 going to endure into the future and what that -- you
14 know, less fuel with respect to what --

15 **COMMISSIONER EDGAR:** Again, can you tie it to
16 the rebuttal?

17 **MS. CSANK:** I'm trying to do so, but I don't
18 know how better to do it than to ask a few more
19 questions with respect to the system that he expressly
20 references in his prefiled testimony.

21 **COMMISSIONER EDGAR:** Ms. Brownless.

22 **MS. BROWNLESS:** I think that the Commission
23 has the ability to allow a bit more expansive
24 cross-examination or to narrow that cross-examination to
25 exactly a response to Mr. Lawton's direct testimony. I

1 would allow -- I would recommend that Ms. Csank be
2 allowed to ask a few questions to pursue this but not
3 extensive questioning on this topic.

4 **COMMISSIONER EDGAR:** I agree. Can you do
5 that?

6 **MS. CSANK:** Yes. So I think to expedite this,
7 we can turn this aside. The Ten-Year Site Plan speaks
8 for itself, so I will move on from that line of
9 questioning. But then instead, if we could mark as
10 Exhibit 750, I believe -- no, sorry.

11 **COMMISSIONER EDGAR:** That would be 751. Is
12 that the FIPUG's first set of interrogatories,
13 interrogatory No. 28, Attachment 2?

14 **MS. CSANK:** No, Commissioner.

15 **COMMISSIONER EDGAR:** No. Okay.

16 **MS. CSANK:** It's going to be the one labeled
17 "September 2015 Lawrence National Laboratory Report on
18 Utility Scale Solar."

19 **COMMISSIONER EDGAR:** Okay. That will be 751.

20 (Exhibit 751 marked for identification.)

21 **MS. CSANK:** Thank you.

22 **BY MS. CSANK:**

23 **Q** And so, Mr. Forrest, for --

24 **A** Just a second. I'm not sure I have it with
25 me?

1 Q Oh, would you like my copy?

2 MS. CSANK: May I approach the witness?

3 COMMISSIONER EDGAR: No. Just take a moment.

4 It's a thicker one. It was towards the bottom of the
5 packet.

6 THE WITNESS: I'm sorry. I just --

7 COMMISSIONER EDGAR: That's okay. Just take a
8 moment.

9 THE WITNESS: You said 2015 Lawrence National
10 Laboratory?

11 MS. CSANK: Yes.

12 THE WITNESS: All right.

13 BY MS. CSANK:

14 Q And 751, Mr. Forrest.

15 A Okay.

16 Q So let me represent to you, since we just
17 skipped over the Ten-Year Site Plan, that there -- the
18 site plan describes renewable requests for proposals
19 that the company issued in 2017 and 2018. And there is
20 no reference to any other RFPs for renewables outside of
21 that time frame that I was able to find in that report,
22 so I just wanted to clarify, again to understand the
23 scope of the proactive steps that the company is taking
24 with respect to reducing fuels, whether, given your
25 procurement contracting-related responsibilities, you

1 have been testing the market or tracking the market with
2 respect to solar PV power purchase agreements.

3 **MR. BUTLER:** I would object to the testimony
4 at the beginning of Ms. Csank's question.

5 **COMMISSIONER EDGAR:** Can you rephrase?

6 **MS. CSANK:** Mr. Butler, could you please
7 clarify where the objectionable statements began so that
8 I can appropriately restate?

9 **MR. BUTLER:** You moved past the Ten-Year Site
10 Plan but then summarized what you contend it says. If
11 you can ask the question about Exhibit 751 without that
12 preface, then I would not have an objection to it.

13 **MS. CSANK:** Well, in that case, I do need to
14 turn back to Exhibit 751 just very briefly.

15 **COMMISSIONER EDGAR:** Okay. You mean 750?

16 **MS. CSANK:** 750. Sorry.

17 **COMMISSIONER EDGAR:** That's okay. That's
18 okay.

19 **BY MS. CSANK:**

20 **Q** Mr. Forrest, on the bottom of page 74, do you
21 see where it says, "FPL issued Renewable Requests for
22 Proposals in 2007 and 2008 which solicited proposals to
23 provide firm capacity and energy, and energy only, at or
24 below avoided cost, from renewable generators"?

25 **A** Yes, I see that.

1 **Q** Are you aware of the company issuing RFPs
2 similar to those in 2007 and 2008 in the meantime up to
3 the present?

4 **A** No, but I'll explain. This particular section
5 on supply side efforts, my group has responsibility for
6 everything but the particular paragraph that you're in
7 reference to. We take care of all the renewable energy
8 projects as they are offered in under our Standard Offer
9 Contract or under the renewable contract. My team does
10 not run the RFPs for any renewable projects or any other
11 projects, for that matter, other than pipeline capacity.

12 **Q** Would you, given your job responsibilities, be
13 made aware of such RFPs?

14 **A** I may be.

15 **Q** And so -- but just to ask you about what you
16 do know, you do not know of any such RFPs?

17 **A** No, I do not, but I'm also not the expert on
18 that by any stretch.

19 **Q** Okay. Who would be? Is there a witness in
20 this case?

21 **A** I believe Mr. Barrett, who's already come and
22 gone.

23 **Q** And -- okay.

24 **MS. CSANK:** One moment, please.

25 **COMMISSIONER EDGAR:** Sure.

1 **BY MS. CSANK:**

2 **Q** So, Mr. Forrest, if an unsolicited third-party
3 bid were to come in to provide a long-term power
4 purchase agreement to the company for renewable
5 generation, that would not come to you?

6 **A** Yes, it would.

7 **Q** Oh, it would. Are you familiar with such a
8 proposal being made to the company in recent years?

9 **A** I think it's a kind of general question. In
10 general, we receive phone calls all the time with
11 respect to projects, whether they're biomass projects or
12 QF projects or even wind projects. They -- my team
13 fields a lot of phone calls, very few of which come to
14 fruition. But we have signed a couple of contracts in
15 recent years for biomass facilities, but nothing on the
16 wind or solar side.

17 **Q** Are you familiar with the solar proposal that
18 came into the company last year from the state of
19 Georgia?

20 **A** Not specifically, no. I will say that any
21 project coming from outside the state of Florida is an
22 incredibly expensive endeavor when you take into
23 consideration the capacity factor of the particular
24 facility that we're dealing with, if we're talking about
25 solar or wind. The cost of transmission to wheel that

1 power in is incredibly burdensome.

2 Q Okay. What about in-state proposals? Any
3 in-state solar proposals come to the company in the last
4 year or two?

5 A I'm sure that we have received some, yes.

6 Q And are those reported to the Commission in
7 some way?

8 A I don't know that we have -- I'm not familiar
9 that we do report what proposals we receive. Again, a
10 lot of these are one phone call. We kind of give them a
11 copy of our Standard Offer Contract, they see what our
12 avoided costs are, and that tends to end the
13 conversation. Our avoided costs are incredibly low,
14 given, you know, the efficiency of our system along with
15 the combination of low gas prices. So it makes it very
16 tough for the solar and renewable folks to compete in
17 that environment.

18 Q And in your evaluation, do you take into
19 account the hedging and other costs that are outside the
20 avoided cost calculation when you factor into the value
21 that alternative fuel sources could give the company?

22 A Our hedging program is one year in advance.
23 Typically these projects take two, three, four years to
24 develop. The hedges would have nothing to do with what
25 our avoided cost is for the period that they're looking

1 at.

2 Q So when you're evaluating these other
3 resources that are coming into the company with some
4 frequency, it sounds like, you're not looking into the
5 hedge value of those alternative resources that are
6 non-gas?

7 A Are you speaking to the hedge value of the
8 specific resource?

9 Q Yes. Let's stick with solar PV as a resource.

10 A Sure. I don't know if I would consider it to
11 be a hedge value. I'd probably call it a diversity of
12 fuel play, and we certainly do support solar to that
13 extent. But, again, we have to bring things in front of
14 this Commission that show a cost savings for customers
15 as a matter of rule, and these projects just aren't
16 competitive in that forum.

17 Q Do you monetize that hedge value in the
18 analysis you just described?

19 **MR. BUTLER:** I'm going to object to the
20 question. I think he said that they didn't look at it
21 as a hedge value. They just looked at it as something
22 that increases the diversity of the fuel mix.

23 **CHAIRMAN BROWN:** I agree.

24 **MS. CSANK:** Okay.

25

1 **BY MS. CSANK:**

2 Q So if I were to show you the prices of
3 contracts from the region, would that be something that
4 you're familiar with? Do you track regionally what
5 solar PV power purchase agreements -- how they're
6 priced?

7 A Not generally, no, I don't.

8 Q Not at all?

9 A Not generally, I don't, no.

10 Q Okay. And so let's turn to Exhibit 751 to see
11 if this may help refresh your memory, and specifically
12 please turn to page 37. Are you familiar with the
13 Lawrence Berkeley National Laboratory?

14 A Generally, yes.

15 Q It's affiliated with the U.S. Department of
16 Energy, and it produces reports close in time to the
17 market data that the reports address such as this one.
18 Is that true to your --

19 A I have not made a practice of studying the
20 information provided by them, but I am familiar with who
21 they are.

22 Q Do you have any reason to doubt the
23 authenticity and accuracy of this report from the U.S.
24 federal government?

25 A I have no reason to doubt the authenticity of

1 who produced it. I have not had an opportunity to
2 review it.

3 **Q** Okay. So, and you don't make a practice of
4 reviewing documents like this to track the types of
5 developments in the solar market in the region?

6 **A** No, I don't. Again, the provision of solar
7 within our fleet is not my responsibility. Again, we
8 have responsibility with my team to own the Standard
9 Offer Contract, and so we do receive phone calls. But
10 generally speaking, I'm not studying PV trends
11 throughout the country, no.

12 **Q** But isn't it your responsibility to help
13 manage the company's fuel costs and to make sure they
14 stay lower and lower, if possible?

15 **MR. BUTLER:** I'm going to object again to this
16 line of questions. It just keeps going farther and
17 farther away from Mr. Forrest's rebuttal testimony.

18 **CHAIRMAN BROWN:** I agree. Objection
19 sustained.

20 **MS. CSANK:** Madam Chair, if I may just have a
21 minute to review my questions to see if I have any more
22 for this witness.

23 **CHAIRMAN BROWN:** Take your time.

24 (Pause.)

25 **MS. CSANK:** If I may just mark one final

1 exhibit, Madam Chair.

2 **CHAIRMAN BROWN:** Okay. And which one would
3 that be?

4 **MS. CSANK:** It's the FIPUG first set of
5 interrogatories, interrogatory No. 28, Attachment 2,
6 long-term forecast methodology summary. And I would ask
7 to correct the cover sheet which states that it's going
8 to be used for another witness as I'm using it for
9 Witness Forrest.

10 **CHAIRMAN BROWN:** I was wondering that. Thank
11 you.

12 We will mark that as Exhibit 752 as you
13 identified.

14 (Exhibit 752 marked for identification.)

15 Mr. Forrest, do you have a copy of it in front
16 of you?

17 **THE WITNESS:** Yes, ma'am.

18 **CHAIRMAN BROWN:** Okay. You may proceed.

19 **BY MS. CSANK:**

20 **Q** Mr. Forrest, are you familiar with this
21 discovery response? It shows long-term forecast
22 methodology, and three different pipelines are shown at
23 the top. And over a period of time, pricing and dollars
24 per MMBtu is displayed?

25 **A** I may not be looking at the same thing.

1 What -- which are you looking at?

2 Q Oh, I believe we marked as Exhibit 752
3 interrogatory No. 28, Attachment 2.

4 CHAIRMAN BROWN: It says, "Long-term Forecast
5 Methodology," on the cover sheet, "Price Summary."

6 MR. MOYLE: And the other one has
7 Attachment 1. He may be looking at Attachment 1.

8 CHAIRMAN BROWN: Yes. You got it? I think
9 you have the wrong one in your hand.

10 THE WITNESS: I have the very same thing here
11 just with one sheet on it. Sorry. And it does say
12 "Morley and Forrest" on the front of it. I show it
13 marked as Exhibit Number 7.

14 CHAIRMAN BROWN: 752. Again, I'm going to
15 read the title --

16 THE WITNESS: I got it.

17 CHAIRMAN BROWN: Got it? Okay.

18 Proceed, please.

19 MS. CSANK: Thank you.

20 BY MS. CSANK:

21 Q Mr. Forrest, do you have the right document in
22 front of you?

23 A Gosh, I hope so.

24 Q I do too.

25 CHAIRMAN BROWN: Let's spend some more time on

1 that.

2 **THE WITNESS:** Can we, please?

3 **BY MS. CSANK:**

4 **Q** I hope to be quick.

5 So if you turn to page 1 of the document,
6 you'll see the column headings that I described earlier,
7 which are the three main pipelines.

8 **A** Yes, ma'am.

9 **Q** Right. And over time this shows dollars per
10 MMBtu. To expedite this, do you see -- are these
11 numbers going up or down over time?

12 **A** They are going up over time, yes.

13 **Q** And do you have any reason to doubt the
14 authenticity or accuracy of these numbers presented by
15 the company to FIPUG?

16 **A** I do not.

17 **MS. CSANK:** Okay. We can move on.

18 I think I don't have any further questions,
19 Madam Chair.

20 **CHAIRMAN BROWN:** Thank you, Mr. Csank.

21 All right. Wal-Mart, Mr. Williamson.

22 **MR. WILLIAMSON:** No questions, ma'am.

23 **CHAIRMAN BROWN:** Okay. AARP.

24 **MR. COFFMAN:** No questions.

25 **CHAIRMAN BROWN:** Thank you, Mr. Coffman.

1 Mr. Skop, you're back.

2 **MR. SKOP:** Yes. Good morning, Madam Chair.

3 **CHAIRMAN BROWN:** Good morning.

4 **MR. SKOP:** I do have a few questions, if I may
5 proceed.

6 **CHAIRMAN BROWN:** You may.

7 **EXAMINATION**

8 **BY MR. SKOP:**

9 **Q** Good morning, Mr. Forrest.

10 **A** Good morning.

11 **Q** It's good to see you again.

12 If I could ask you to turn to page 4 of your
13 prefiled rebuttal testimony, please.

14 **A** The July or August?

15 **Q** Oh, excuse me. August, August 1st, please.

16 **CHAIRMAN BROWN:** That's page 4 of the August.

17 **A** I'm there.

18 **Q** Okay. And on line 4 and 5, you discuss the
19 fact that FPL has taken proactive steps to improve the
20 efficiency of the system. When you mean efficient -- or
21 when you say "efficiency," you mean lower heat rate;
22 correct?

23 **A** That is correct.

24 **Q** Okay. All right. But you also would agree
25 that low gas prices have a positive effect on customer

1 bills to the extent that they're lower than they would
2 be if gas were higher; correct?

3 **A** That is correct. That is my testimony.

4 **Q** Okay. Great. And on the same page, at lines
5 21 through 23, you talk about the fuel cost savings in
6 2015. Do you see that?

7 **A** Yes, I do.

8 **Q** Okay. You would agree that FPL does not earn
9 an ROE on fuel as it's a pass-through cost collected
10 through the fuel clause; correct?

11 **A** That is correct.

12 **Q** Okay. So are you familiar with the term
13 "replacing fuel with capital"?

14 **A** I suppose generally, yes.

15 **Q** Okay. So to the extent that FPL has made
16 these investments that have been paid for by customers,
17 it is earning a return on investment on those assets
18 placed in service; correct?

19 **A** Yes.

20 **Q** Okay. And subject to check, would you agree
21 that typical modernization projects such as the
22 Canaveral modernization would be approximately a
23 \$1 billion investment?

24 **A** I think generally speaking, yes, I could agree
25 with that.

1 **Q** Okay. So at a 10.5 percent midpoint ROE, that
2 \$1 billion investment, once it is placed into rate base,
3 subject to check, would be a \$105 million revenue
4 requirement; correct?

5 **MR. BUTLER:** I would object to the form of the
6 question. If Mr. Skop can lay out kind of his predicate
7 for the math exercise he's asking Mr. Forrest to
8 confirm, I would appreciate it.

9 **MR. SKOP:** Yes.

10 **CHAIRMAN BROWN:** Yes.

11 **MR. SKOP:** Yes, Madam Chair. The predicate
12 for the question is FPL is citing the fuel cost savings
13 but it's ignoring the ROE that it would earn on those
14 investments.

15 **CHAIRMAN BROWN:** Mr. Skop, if you could just
16 lay out a foundation, though, for getting to the figure
17 that you're getting to with the math.

18 **MR. SKOP:** Yes, Madam Chair. The witness has
19 testified that the investment, using a hypothetical
20 modernization plan such as Cape Canaveral, was a billion
21 dollars. And so with the midpoint ROE that's currently
22 in effect and has been in effect for quite some time,
23 that would be 10.5 percent times the \$1 billion placed
24 in rate base.

25 **MR. BUTLER:** So your question is assuming that

1 the unit is financed exclusively with equity?

2 **CHAIRMAN BROWN:** Mr. Skop.

3 **MR. SKOP:** No. Just a hypothetical of an
4 asset placed in rate base, it would earn a return
5 theoretically that's 100 percent -- at the capital --
6 Mr. Butler's point is well taken. I'll just withdraw
7 the question and go on to my next one.

8 **CHAIRMAN BROWN:** Okay.

9 **BY MR. SKOP:**

10 **Q** So, Mr. Forrest, with respect to the company's
11 investments mentioned in your testimony, and noting that
12 FPL earns a return on equity on assets placed in rate
13 base, you would agree that FPL investments are not
14 completely altruistic; correct?

15 **A** Not completely altruistic.

16 **Q** Yes.

17 **A** I believe that the investments that we make
18 are made in the best interest of our customers. The
19 investments that we've made with respect to the
20 modernization of our steam-fired generation as the
21 newer -- as well as the installation of newer combined
22 cycle facilities have done nothing but help drive down
23 our customers' fuel costs.

24 **Q** Correct.

25 **A** So that's part of providing service to our

1 customers.

2 **Q** Correct. But in turn, you'd also agree that
3 any savings in fuel cost has likely been -- or, excuse
4 me. Any savings in fuel costs is offset by an increase
5 that customers would have to pay in terms of ROE on the
6 new investments placed into service; correct?

7 **A** Generally I'm not here to speak to the
8 company's finances. I'm here to speak to the fuel
9 issues. But when we install a new facility, it's our
10 obligation to show this Commission that there are
11 savings involved, and I think that we have demonstrated
12 that time and time again. And that's inclusive of any
13 return on capital we might receive.

14 **Q** All right. Thank you. If I could ask you to
15 turn to page 5.

16 **MR. SKOP:** And, Madam Chair, I have an exhibit
17 that I'd like to be marked, please, and if I could hand
18 that out to staff.

19 **CHAIRMAN BROWN:** Staff, we will be at 753.

20 **MR. SKOP:** What number was that, Madam Chair?

21 **CHAIRMAN BROWN:** 753.

22 **MR. SKOP:** Thank you.

23 (Exhibit 753 marked for identification.)

24 **CHAIRMAN BROWN:** Thank you. And we'll give it
25 the title Reliant Retail Electric Prices.

1 **MR. SKOP:** Yes, Madam Chair, that's fine,
2 unless somebody has an issue with that.

3 **CHAIRMAN BROWN:** All right. So that's 753.
4 Please proceed.

5 **MR. SKOP:** All right. Thank you.

6 **BY MR. SKOP:**

7 **Q** Mr. Forrest, I've provided you with an exhibit
8 that's been marked for identification as Exhibit 753.
9 With respect to page 5 of your rebuttal testimony, lines
10 6 through 12, you discuss cost comparisons of FPL's bill
11 past and future, as well as looking at -- looking at it
12 on a -- excuse me, I'm tongue-tied this morning --
13 national basis; correct?

14 **A** That's correct.

15 **Q** Okay. If I could ask you to look at the page
16 that you've been provided, which is from
17 powertochoose.org. It is for the Dallas, Texas,
18 competitive power market from Reliant Energy Retail
19 Services, LLC, in the Oncor Electric Delivery service
20 area. Do you see that page?

21 **A** Yes, I do.

22 **Q** And would you agree that for the customer
23 accepting this service, subject to check, that the
24 typical 1,000 kWh residential customer bill for this
25 customer would be substantially lower than FPL's current

1 bill?

2 **MR. BUTLER:** I'm going to object to this
3 question. I don't think it relates to Mr. Forrest's
4 rebuttal testimony, which is addressing specifically a
5 comment about FPL's low prices being a result of
6 historically low natural gas prices.

7 **MR. SKOP:** Madam Chair, if I may.

8 **CHAIRMAN BROWN:** Uh-huh.

9 **MR. SKOP:** If we look on page 5, at lines 10
10 through 11, he's also comparing FPL's bill on a national
11 basis. This is rebuttal to that comparison. And to the
12 extent that they're relying on their low bill as the
13 basis for the substantial rate increase as well as ROE
14 adders, I think it's highly relevant.

15 **CHAIRMAN BROWN:** I don't think you've
16 established, though, that this witness is even familiar
17 with this particular document, and you haven't set a
18 basis for him to authenticate this, that this is a -- I
19 mean, it's just a piece of paper here with numbers on
20 it.

21 **MR. SKOP:** And I'm asking -- yes, Madam Chair.
22 I'm asking the witness a general question about a
23 document that's readily available in a competitive power
24 market and only asking --

25 **CHAIRMAN BROWN:** You're going to have to

1 set -- lay a foundation first before you can proceed.

2 **MR. SKOP:** Yes. Yes, Madam Chair.

3 May I proceed?

4 **CHAIRMAN BROWN:** Uh-huh.

5 **BY MR. SKOP:**

6 **Q** Mr. Forrest, are you familiar with the Texas
7 retail competitive power markets generally?

8 **A** Generally, yes.

9 **Q** Okay. So you would agree that consumers have
10 a choice on who they receive their electricity from in
11 the Dallas, Texas, area; correct?

12 **A** Yes.

13 **Q** Okay. And one of those providers would be
14 Reliant Energy Retail Services, LLC; correct?

15 **A** Yes, I agree.

16 **Q** Okay. All right. So with that predicate
17 laid, Mr. Forrest, I am proffering a document that's
18 readily available on powertochoose.org in the Dallas,
19 Texas, retail competitive market, which I've asked you
20 to look at that document and to merely agree that the
21 electricity price for a typical 1,000 kWh residential
22 customer would be lower than the cost you cited on
23 page -- I mean, on line -- on page 5, line 8, and also
24 on page 5, line 10, of your testimony. Do you agree
25 with that?

1 **A** Yes, I agree. I guess I'm not familiar with
2 the way these are lined out. I don't know if the 6.4
3 cents that you referred to is additive to the delivery
4 charge from Oncor or not, in which case that our bills
5 are very competitive with that.

6 I guess, second, we have never suggested that
7 our bills are the lowest in the country. So if this, in
8 fact, is their rate, we have never suggested that in any
9 forum. I think the peer group or the comparison group
10 that was provided by Ms. Cohen in her testimony was very
11 explicit and did not include Reliant.

12 **Q** Okay. Thank you. On that same page right
13 below the highlighted 1,000 kWh at \$64 per 1,000 kWh or
14 6.4 cents per kilowatt hour, you see the components that
15 make up that charge, and it has energy charge in the
16 electric -- Oncor Electric Delivery charges; correct?

17 **A** Correct.

18 **Q** Okay. So that appears to be, subject to
19 check, an all-in as-delivered price to the residential
20 customer at their meter; correct?

21 **A** I'll -- subject to check, I'd have to go
22 through and figure out if that's exactly how it works.
23 I've not looked at this before.

24 **Q** Okay. And at the bottom of the page where it
25 says "Renewable Content" for the product offering, you

1 would agree that the contention of this document states
2 that this product is 5 percent renewable; correct?

3 **A** That is correct. There is a significant
4 amount of renewables in the state of Texas. That's for
5 sure.

6 **MR. SKOP:** All right. Thank you, Mr. Forrest.
7 Madam Chair, no further questions.

8 **CHAIRMAN BROWN:** Thank you.
9 Staff.

10 **MS. BROWNLESS:** No, ma'am. Thank you.

11 **CHAIRMAN BROWN:** Thank you.
12 Commissioners.

13 **MR. MOYLE:** Madam Chair, I had --

14 **CHAIRMAN BROWN:** You're not a Commissioner.

15 **MR. MOYLE:** I had failed to ask one question.
16 Mr. Forrest spent some time on solar. I asked
17 Mr. Butler if it would be okay, if he would have any
18 objection to me asking one question. But would I be
19 given the liberty to ask one question related to the
20 solar conversation?

21 **CHAIRMAN BROWN:** And Mr. Butler?

22 **MR. BUTLER:** I don't object to one question.
23 I may start objecting after that.

24 **CHAIRMAN BROWN:** Okay. Seeing no
25 Commissioners have no questions, you may proceed.

EXAMINATION

BY MR. MOYLE:

Q You were asked some questions about the FPL solar projects, you know, maybe historically and then the ones that are in this rate case. But can you describe or tell whether those prices are at or below FPL's avoided cost for those solar projects?

A Which projects specifically?

Q Well, the ones that are in this rate case. You have three that are at 74 megawatts; right? So that would be one part. And then the others would be the ones that are currently in your fleet.

A Yes. My understanding is the three that are being developed are beneficial to customers from a CPVRR perspective.

Q Okay. And that -- would that mean that also they're below avoided cost?

A There's a little bit of a difference between avoided cost and looking at the overall system impact, which is a little bit different than how a Standard Offer Contract works.

Q So --

A I don't know, to answer that question.

Q You don't know. Okay.

And in the old ones, do you know on the old

1 ones the ones that have already been in?

2 **MR. BUTLER:** I'm going to object. That's four
3 or five questions in.

4 **CHAIRMAN BROWN:** You're being very generous.
5 All right. Thank you, Mr. Moyle.

6 **MR. MOYLE:** Thank you.

7 **CHAIRMAN BROWN:** Redirect.

8 **MR. BUTLER:** Thank you.

9 **EXAMINATION**

10 **BY MR. BUTLER:**

11 **Q** Mr. Forrest --

12 **A** Yes.

13 **Q** -- would you turn to the exhibit that Mr. Skop
14 had provided you regarding Reliant pricing?

15 **A** Yes.

16 **Q** Okay. If you look on there, does this
17 indicate whether or not the offering here is for a
18 contract term?

19 **A** It's for a period of nine months.

20 **Q** Okay. And does the contract allow the price
21 to vary within the term?

22 **A** Yes, it does.

23 **Q** Okay. You were provided by Ms. Csank with a
24 copy of a long-term fuel forecast for -- this is Exhibit
25 752.

1 **A** Yes.

2 **Q** What is the date of that long-term forecast?

3 **A** November 3rd, 2014.

4 **Q** Is that the long-term forecast that was used
5 for the purposes of developing FPL's rate case filing?

6 **A** No, it is not.

7 **MR. BUTLER:** Okay. Hold on just one second,
8 please.

9 That's all the redirect that we have. Thank
10 you.

11 **CHAIRMAN BROWN:** Thank you.

12 On to exhibits. It does not appear to have
13 any exhibits attached to Mr. Forrest for FPL.

14 Hospitals had a significant amount -- oh,
15 actually going back to OPC. OPC, you have 739 through
16 742.

17 **MS. CHRISTENSEN:** Yes. We would ask to move
18 739 through 742, please.

19 **CHAIRMAN BROWN:** Mr. Butler, do you have any
20 objection?

21 **MR. BUTLER:** No.

22 **CHAIRMAN BROWN:** Seeing no other objections,
23 we will go ahead and move 739 through 742 into the
24 record.

25 (Exhibits 739 through 742 admitted into the

1 record.)

2 On to Hospitals. You have 743 through 749.

3 **MR. WISEMAN:** We would move their admission.

4 **CHAIRMAN BROWN:** Any objection?

5 **MR. BUTLER:** No objection.

6 **CHAIRMAN BROWN:** Seeing no objection from any
7 of the parties, we will go ahead and move in 743 through
8 749.

9 (Exhibits 743 through 749 admitted into the
10 record.)

11 Sierra Club, you have 750 through 752.

12 **MS. CSANK:** And I'd like to move those in,
13 please.

14 **CHAIRMAN BROWN:** Any objection?

15 **MR. BUTLER:** We would object to 750, which I
16 believe Ms. Csank didn't even ask questions about. That
17 was the Ten-Year Site Plan excerpt.

18 **CHAIRMAN BROWN:** 2016, yeah.

19 **MS. CSANK:** That's fine.

20 **CHAIRMAN BROWN:** That's fine? Okay. So we
21 will -- any other objections to 70 -- pardon me --
22 751 and 752?

23 **MR. BUTLER:** Yes. I would object to 751, the
24 Lawrence National Laboratory Report. I don't think she
25 laid a foundation for that as something that Mr. Forrest

1 had any significant familiarity with.

2 **CHAIRMAN BROWN:** Ms. Csank.

3 **MS. CSANK:** It's a self-authenticating
4 document. It's produced by the U.S. government, so
5 it's -- and that way it doesn't need him to authenticate
6 it.

7 **CHAIRMAN BROWN:** Staff, Commissioner Edgar was
8 presiding while I stepped out on the cross on this. Can
9 you provide some guidance on it?

10 **MS. HELTON:** Madam Chairman, I don't remember
11 or recall Mr. Butler raising an objection with respect
12 to authentication when Ms. Csank was asking her
13 question, so he did not provide her with an opportunity
14 to cure that issue if that is, in fact, an issue.

15 **MR. BUTLER:** My objection actually was to the
16 fact that she, you know, put it before Mr. Forrest. He
17 clearly wasn't familiar with it. I don't think it's
18 appropriate to put something into the record as an
19 exhibit when its only connection is being asked as a
20 cross -- or as a subject of cross that the witness
21 indicates no familiarity with, and I didn't know that at
22 the point where she initially offered it.

23 **CHAIRMAN BROWN:** Ms. Helton.

24 **MS. HELTON:** My recollection is that he did
25 not express knowledge with respect to the document.

1 Maybe Ms. -- is that what you remember, Ms. Brownless?

2 **MS. BROWNLESS:** Honestly, I don't know.

3 **MS. HELTON:** I'm sorry. I don't -- my
4 recollection is that he expressed that he was familiar
5 with the -- I think it was a laboratory whose document
6 it was, but that he did not have familiarity with that
7 particular document.

8 **CHAIRMAN BROWN:** All right. I don't see a
9 problem with putting it in. We're going to go ahead and
10 move in 751 and 752.

11 **MS. CSANK:** Thank you, Madam Chair.

12 (Exhibits 751 and 752 admitted into the
13 record.)

14 **CHAIRMAN BROWN:** Okay. Larsons, you have this
15 753.

16 **MR. SKOP:** Yes, Madam Chair. At this time,
17 the Larsons would move Exhibit 753 into the record.

18 **CHAIRMAN BROWN:** Any objection?

19 **MR. BUTLER:** No.

20 **CHAIRMAN BROWN:** Okay. We'll go ahead and
21 move 753 in.

22 (Exhibit 753 admitted into the record.)

23 Would you like Mr. Forrest excused so he can
24 go down to the service territory?

25 **MR. BUTLER:** That would be great. Thank you.

1 **CHAIRMAN BROWN:** All right. Mr. Forrest,
2 you're excused. Safe travels.

3 **THE WITNESS:** Thank you.

4 **CHAIRMAN BROWN:** Thank you.

5 FPL.

6 **MR. BUTLER:** Let me get my revised list. We
7 will call Ms. Ousdahl.

8 **CHAIRMAN BROWN:** Thank you.

9 Ms. Ousdahl.

10 **MR. BUTLER:** Are you ready for me to proceed?

11 **CHAIRMAN BROWN:** Always ready.

12 **MR. BUTLER:** Thank you. And Ms. Ousdahl has
13 been previously sworn.

14 **CHAIRMAN BROWN:** Yes.

15 Whereupon,

16 **KIM OUSDAHL**

17 was called as a witness on behalf of Florida Power &
18 Light Company and, having been previously duly sworn,
19 testified as follows:

20 **EXAMINATION**

21 **BY MR. BUTLER:**

22 **Q** Ms. Ousdahl, would you please state your name
23 and business address for the record.

24 **A** Kim Ousdahl, 700 Universe Boulevard, Juno
25 Beach, Florida 33408.

1 **Q** By whom are you employed and in what capacity?

2 **A** Florida Power & Light Company as vice
3 president, controller, and chief accounting officer.

4 **Q** Okay. Have you prepared and caused to be
5 filed 23 pages of rebuttal testimony in this proceeding?

6 **A** I have.

7 **Q** Do you have any changes or revisions to your
8 rebuttal testimony?

9 **A** I do not.

10 **Q** So if I asked you the questions contained in
11 your rebuttal testimony today, would your answers be the
12 same?

13 **A** They would.

14 **MR. BUTLER:** Madam Chair, I would ask that
15 Ms. Ousdahl's prepared rebuttal testimony be inserted
16 into the record as though read.

17 **CHAIRMAN BROWN:** We will insert Ms. Ousdahl's
18 prefiled rebuttal testimony into the record as though
19 read.

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Kim Ousdahl, and my business address is Florida Power & Light Company (“FPL or “the Company”), 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. Did you previously submit direct testimony in this proceeding?

A. Yes.

Q. Are you sponsoring any rebuttal exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- KO-15 – Calculation of the Deferred Income Tax on Okeechobee Limited Scope Adjustment (“Okeechobee LSA”)
- KO-16 – Historical and Forecasted Injuries and Damages Reserve
- KO-17 – Comparison of 2009 Actual and 2016 Estimated Rate Case Expenses
- KO-18 – Docket No. 080677-EI Actual Rate Case Expense Letter
- KO-20 – Recalculated Revenue Requirements including Impact of Identified Adjustments

I am also co-sponsoring KO-19 – 1st, 2nd and 3rd Notices of Identified Adjustments.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to demonstrate that the following recommendations in the testimonies of the Office of Public Counsel’s

1 (“OPC”) witness Smith and South Florida Hospitals and Healthcare
2 Association’s (“SFHHA”) witness Kollen are incorrect, not based on
3 evidence, and should be rejected:

- 4 • Okeechobee LSA Calculation
- 5 • Deferred Federal Income Tax Proration Calculation
- 6 • Injuries and Damages Expense
- 7 • Unbilled Revenues in Rate Base
- 8 • Capital Structure and Deferred Tax Liabilities
- 9 • Recovery of Rate Case Expenses

10 I will also address two proposals of witness Kollen which are not in
11 accordance with current Commission practice.

- 12 • Revision to Revenue Expansion Factor
- 13 • Merger Savings Credit Rider

14 Lastly, I present the previously filed adjustments to FPL’s revenue
15 requirements calculations that FPL has identified as being appropriate.

16 **Q. Please summarize your rebuttal testimony.**

17 A. I will demonstrate that, contrary to intervenor assertions, the Company’s
18 calculations of the 2019 Okeechobee LSA are properly presented in FPL’s
19 filing. I will explain that rates are set based on accrual accounting and that
20 therefore, both incurred liabilities and accrued revenue are appropriately
21 included in rate base. My testimony corrects misunderstandings regarding
22 deferred income tax proration and inclusion in capital structure, and supports
23 the Company’s request to recover rate case expenses. I will discuss the

1 recommendations for changes in Commission practice as it relates to the
2 calculation of the revenue expansion factor and a new merger savings rider.
3 Finally, I will present the revenue requirement impact of FPL's previously
4 identified adjustments.

5

6 **II. OKEECHOBEE LIMITED SCOPE ADJUSTMENT**

7

8 **Q. Witnesses Kollen and Smith challenge the Company's Okeechobee LSA**
9 **calculation. Do you agree with their proposed revisions?**

10 A. No. Witness Kollen challenges everything about the Okeechobee LSA,
11 despite it being presented in this case exactly as the Generation Base Rate
12 Adjustment ("GBRA") has been calculated and implemented as a result of
13 prior FPL rate settlements. Contrary to his statements on page 67, we have
14 properly included \$359.6 million of federal income tax bonus depreciation in
15 the first year of the Okeechobee Unit's commercial operation, resulting in an
16 increase in the deferred tax liability and a corresponding reduction in the
17 Okeechobee LSA rate base.

18

19 Witness Kollen is confused about two important inputs to this calculation.
20 First, the proper amount of deferred tax liability to reduce rate base is
21 reflected on MFR B-6 and represents a 13-month average of accumulated
22 deferred income taxes related to all timing differences, including bonus
23 depreciation. Second, the depreciation-related deferred tax liability for the

1 Okeechobee LSA was prorated in accordance with Internal Revenue Code
2 (“IRC”) rules set forth in Treasury Regulation §1.167(l)-1(h)(6)(ii). Witness
3 Kollen’s calculation of the Okeechobee LSA deferred taxes is incorrect, as he
4 applies a combined tax rate¹ to the federal tax depreciation timing difference
5 only and ignores the fact that there are other timing differences related to the
6 Okeechobee Unit. See Exhibit KO-15, which shows a summary calculation of
7 deferred income taxes for the Okeechobee LSA. The detail for this summary
8 was provided on April 18, 2016 to all parties, including the SFHHA, in FPL’s
9 response to OPC’s First Request for Production of Documents, No. 1.

10

11 Witness Smith expresses concern that the Company’s calculation of capital
12 structure and deferred taxes for the Okeechobee Unit will violate the IRC
13 normalization requirements. He states on page 48 that the proper test for
14 compliance with normalization rules is a demonstration that “...using an
15 incremental cost of capital, with an incremental reduction to rate base for
16 deferred income taxes results in a revenue neutral method of calculating the
17 revenue requirement compared to setting rates using the Commission practice
18 of including all deferred income taxes in the overall costs of capital.”
19 Contrary to his opinion, revenue neutrality is not a requirement identified in
20 the normalization rules contained in IRC §168(i)(9) nor the Treasury

¹ Under Florida Statute §220.13, Florida does not conform to the federal treatment of bonus depreciation provisions under IRC §168 and therefore, the use of a combined tax rate applied to the federal tax depreciation timing difference is inappropriate.

1 Regulations §1.167(l)-1. Rather, these rules call for consistency in the
2 computation of depreciation expense, tax expense, reserve for deferred taxes
3 and rate base. Additionally, the amount of reserve for deferred taxes
4 permitted as a reduction to rate base is to be prorated when based on projected
5 data. All components were calculated based on incremental costs and over the
6 same time period. FPL has properly synchronized its 13-month average rate
7 base, including a 13-month average deferred income tax liability -- properly
8 prorated -- and its 13-month average capital structure with its first year's
9 income tax expense just as it does when setting base rates overall. Presenting
10 the deferred tax liability as a reduction to rate base is equivalent to presenting
11 it in capital structure at zero cost. No violation of IRS requirements exists.

12 **Q. Does witness Smith have other concerns with the calculation of the**
13 **Okeechobee LSA?**

14 A. Yes. As he states on page 45, witness Smith believes it inappropriate to use
15 an incremental capital structure to recover the incremental revenue
16 requirements of the Okeechobee LSA. But his objection ignores reality. It is
17 evident that to finance a large incremental capital project like the Okeechobee
18 Unit, the Company cannot rely on increases in customer deposits or
19 Investment Tax Credits ("ITC"), neither of which can be unilaterally
20 increased to finance the Okeechobee Unit. Nor will FPL use short term debt
21 to finance this long term asset. Instead, FPL will issue debt and balance its
22 equity in capital structure as it constructs and places this asset into service.

1 The incremental capital structure presented in FPL's filing reflects the
2 incremental cost to finance this investment.

3
4 In addition, witness Smith is apparently unfamiliar with the long-standing
5 approach FPL has used in its GBRA implementations from prior base rate
6 proceedings to ensure that only the actual capital costs, no higher than those
7 estimated, are recovered from customers. As such, customers are protected
8 from paying any more than the actual cost capped by the approved project
9 estimate. The incremental recovery calculation presented by FPL in its base
10 rate filing is consistent with that used to develop the revenue requirements in
11 FPL's need determination and is also consistent with that used to develop the
12 incremental base rate increases associated with cost recovery for FPL's
13 Turkey Point Unit 5, West County Unit 1, West County Unit 2 and West
14 County Unit 3 generation plants, as well as the Cape Canaveral, Riviera
15 Beach, and Port Everglades modernizations under Order No. PSC-05-0902-S-
16 EI, Docket Nos. 050045-EI and 050188-EI, Order No. PSC-11-0089-S-EI,
17 Docket No. 080677-EI, and Order No. PSC-13-0023-S-EI, Docket No.
18 120015-EI.

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1 **III. DEFERRED INCOME TAX PRORATION CALCULATION**

2

3 **Q. Is witness Kollen’s testimony beginning on page 55 correct regarding the**
4 **Company’s deferred income tax proration calculation?**

5 A. No. Witness Kollen believes the Company has overstated the amount of
6 deferred income tax proration required by Treasury Regulation § 1.167(1).
7 He argues on page 57 that the IRC examples do not require a 13-month
8 average to be applied to the prorated monthly accumulated deferred income
9 tax (“ADIT”) balances. However, the examples merely specify the formula
10 for computing the prorated ADIT activity to be used in arriving at the
11 appropriate ADIT monthly balances. Witness Kollen ignores the additional
12 normalization requirement contained in IRC 168(i)(9)(B)(ii), often referred to
13 as the consistency requirement. The consistency requirement mandates that
14 whatever convention is used for calculating rate base must also be applied in
15 computing the associated ADIT balance treated as zero-cost capital. The
16 proration and consistency requirements are distinct and independent. The IRS
17 has addressed this issue specifically in several Private Letter Rulings
18 (“PLRs”). Specifically, PLR 9202029 (10/15/1991) concluded:

19 “Failure to average the deferred tax reserve, as prorated, before
20 excluding the reserve from the average rate base WILL violate the
21 consistency requirement of §168(i)(9)(B).”

22 The IRS ruled similarly in PLR 9224040 (3/16/1992), PLR 9313008
23 (12/17/1992) and most recently in PLR 201541010 (10/9/2015). Accordingly,

1 the Company has appropriately applied the 13-month average to the prorated
2 ADIT balance as required under the normalization rules.

3

4

IV. WORKING CAPITAL

5

6

Injuries and Damages Expense

7 **Q. What is witness Kollen's position with regard to accounting for injuries
8 and damages expense?**

9 A. Witness Kollen states on page 14 of his testimony that FERC Account 228.2,
10 Accumulated Provision for Injuries and Damages, is a "...cost tracking
11 mechanism...", the goal of which is to "...ensure that the Company's costs
12 are recovered from customers dollar for dollar over time so that neither the
13 Company nor customers are benefitted or harmed."

14 **Q. Is he correct?**

15 A. No. FERC Account 228.2 reflects the balance of liabilities *incurred* by the
16 Company for personal injury or property damage that have not yet been paid.
17 Generally Accepted Accounting Principles ("GAAP") require FPL to apply
18 the accrual basis of accounting and that method is likewise the basis for
19 setting rates by the FPSC and FERC. These liability accounts do not exist in
20 order to track recovery of costs, and of course, the Company is not truing up
21 the recovery of its base rate costs dollar for dollar as witness Kollen
22 mistakenly asserts. Instead, as liabilities are incurred, they are recorded with a
23 debit to injuries and damages expense and a credit to the reserve. When paid,

1 the reserve is debited and reduced. This forms the basis for accrual
2 accounting, which differs from the cash method that witness Kollen
3 mistakenly suggests is the basis for FPL's ratemaking.

4 **Q. In what way does witness Kollen suggest use of a cash method?**

5 A. Witness Kollen would like FPL to zero out its injuries and damages reserve
6 and flow back the accrued reserve to customers over four years.

7 **Q. Could FPL comply with that recommendation and remain compliant**
8 **with GAAP?**

9 A. No. FPL's current incurred liabilities for injuries and damages at June 30,
10 2016 are \$16.6 million. If FPL were to return those dollars to customers by
11 amortizing its injuries and damages reserve, it would violate GAAP, FPSC,
12 and FERC accounting requirements. Ratemaking principles provide for
13 symmetry with GAAP accounting by including the current period expense in
14 rates while reducing return on rate base by the amount of the incurred
15 liabilities recorded in the reserve thereby recognizing the cost free capital
16 associated with the balance in the liability account. Witness Kollen's
17 recommendation would destroy this symmetry and should be ignored.

18 **Q. Witness Kollen is also concerned that FPL overstated its injuries and**
19 **damages accrual for 2017 and 2018? Is he correct?**

20 A. No. Exhibit KO-16 reflects the historical and forecasted injuries and damages
21 reserve activity for the period 2011 through 2018. As noted on the exhibit, the
22 accruals for 2017 and 2018 are lower than the actual payments made as
23 recently as 2015 and lower than the five year historical average. It is very

1 difficult to predict these contingent losses, but the analysis demonstrates that
2 FPL has not overstated its estimate.

3

4

Unbilled Revenues

5 **Q. Should the Commission adopt SFHHA witness Kollen’s recommendation**
6 **to remove unbilled revenues from working capital?**

7 A. No. Unbilled revenues, as witness Kollen describes on page 46, lines 19
8 through 21 of his testimony, are “...estimated revenues that will be billed for
9 service that was provided during the month, but that were not yet billed at the
10 end of the month.” I agree with witness Kollen that the Company has
11 provided the electric service to which those unbilled revenues relate.
12 Therefore, FPL has incurred costs all of which have been accrued or paid, to
13 deliver the energy that gave rise to both customer accounts receivables and the
14 receivable for unbilled revenues. As such, the Company must finance the
15 costs of providing that service and should earn a return on the promise of
16 payment whether invoiced or not. For this reason, the Commission has a long
17 standing practice of including unbilled revenues in working capital. The
18 Commission included unbilled revenues in the working capital calculation for
19 FPL in the following rate cases: Docket No. 820097-EU, Order No. 11437;
20 Docket No. 830465-EI, Order No. 13537; and Docket No. 080677-EI, Order
21 No. PSC-10-0153-FOF-EI.

22

23

1 **Q. On page 47, lines 10 through 14, witness Kollen states that “[i]f the**
2 **Company does not accrue unbilled revenues for fuel clause recovery**
3 **revenues, then it also does not accrue accounts payable for the related**
4 **fuel expense and there is no incremental amount in the accounts payable**
5 **account to offset the nonfuel unbilled revenues.” Do you agree?**

6 A. No, I do not. FPL records payables in full at the end of each calendar period
7 as required under GAAP. FPL’s accounting practice reflects a calendar month
8 of revenue and expense, and likewise records the balance of receivables and
9 payables.

10

11 I should note that, in contrast to unbilled base revenues, it is not necessary to
12 record unbilled revenues associated with clause recoveries for GAAP or
13 ratemaking purposes. The form of accounting used for clause recovery
14 activity renders the recording of clause unbilled revenues unnecessary.
15 Accounting Standards Codification (“ASC”) 980 (former FAS 71) allows FPL
16 to defer to the balance sheet the over/under recoveries resulting from
17 differences between recorded clause revenues and recorded clause expenses.
18 Therefore, accrual of additional revenues (unbilled revenues) would also
19 require a posting of an additional entry equal to the clause revenue. The entry
20 would be as follows:

21 1) Debit-- Receivable for clause unbilled revenue

22 Credit-- Unbilled clause revenue

23 *To record the unbilled clause revenue; and*

- 1 2) Debit-- Unbilled clause revenue
2 Credit-- Regulatory Liability-Overrecovery or
3 Credit-- Regulatory Asset-Underrecovery

4 *To record the deferral of additional clause revenue to the balance sheet.*

5 Thus, for GAAP and ratemaking purposes, the effect of the unbilled clause
6 revenues is offset and therefore, unnecessary.

7

8 **V. CAPITAL STRUCTURE**

9

10 **Q. On page 55, lines 1 through 16, witness Kollen proposes an increase of**
11 **\$49 million to deferred tax liabilities for the 2017 Test Year despite a**
12 **proposed decrease in rate base of \$511 million. Similarly, he proposes a**
13 **deferred tax liability increase of \$152 million in the 2018 Subsequent**
14 **Year despite a proposed decrease in rate base of \$248 million. Does he**
15 **provide any support for this adjustment to *increase* zero cost**
16 **capitalization despite his sizable proposed *decrease* in rate base?**

17 **A.** No, he does not. To be clear, FPL disagrees with witness Kollen's proposed
18 decrease to rate base. However, if the Commission were to reduce FPL's
19 forecasted rate base in either the 2017 Test Year or 2018 Subsequent Year, the
20 amount of deferred income taxes reflected in capital structure would likewise
21 need to decrease, not increase. Witness Kollen's proposal to increase deferred
22 income taxes over and above the amount presented in FPL's original filing
23 despite a sizable proposed decrease in rate base is inexplicable. His proposal

1 would be the opposite of the rate base/capital structure synchronization
2 method the FPSC requires and would distort the capital structure, which
3 should be consistent with rate base. Not surprisingly, he provides no evidence
4 to support the method or the amount of his proposed adjustment.

5 **Q. In your opinion, could witness Kollen's proposed increase in deferred**
6 **income taxes result in a potential tax normalization violation?**

7 A. Yes. As discussed above, IRS tax normalization rules require that any
8 ratemaking adjustments with respect to the utility's tax expense, depreciation
9 expense, or reserve for deferred income taxes be consistently applied with
10 respect to the other two items and with respect to rate base. Consistent with
11 past FPSC orders and tax normalization rules, FPL has properly allocated pro
12 rata adjustments to all sources of capital.

13

14 VI. RATE CASE EXPENSES

15

16 **Q. Do intervenor witnesses object to FPL's recovery of its estimated rate**
17 **case expenses with a return on the unamortized balance?**

18 A. Yes. Both witness Smith and witness Kollen dispute FPL's recovery request
19 for rate case expenses.

20 **Q. What is witness Kollen's position on whether rate case expenses should be**
21 **recovered?**

22 A. Witness Kollen insists that no rate case expenses should be recovered because
23 he asserts that no rate increase is justified. I disagree with this wholly

1 unsupported assertion. The recovery of rate case expenses should not be
2 based on whether or not FPL is granted a base rate increase as it has
3 requested, and the Company should not be penalized in seeking such request
4 in accordance with Commission policy.

5 **Q. What is witness Smith's concern with recovery of necessary rate case**
6 **expenses by FPL?**

7 A. Witness Smith proposes to deny FPL recovery of incremental labor expenses,
8 outside services and certain travel and lodging costs.

9 **Q. Are the estimated costs presented by FPL for incremental labor, outside**
10 **services, and travel and lodging being incurred directly as a result of the**
11 **rate proceeding?**

12 A. Yes. Witness Smith's reference to the Commission's 2009 disallowance of
13 overtime paid to salaried or exempt employees is not applicable. FPL no
14 longer pays overtime to salaried or exempt employees for rate case support.
15 Therefore, the labor costs reflected in FPL's estimated rate case expenses
16 relate solely to overtime paid to non-exempt employees. FPL is obligated to
17 pay overtime for non-exempt employees, and the cost of overtime worked in
18 support of the rate case is entirely appropriate for recovery as incremental
19 labor. In addition, witness Smith suggests by his back of the envelope
20 calculations that FPL's estimate for hotel expenses for this proceeding is
21 unreasonably high. Exhibit KO-17 demonstrates that FPL's actual hotel
22 expenses for the 2009 rate proceeding exceed those of our filed estimate in
23 this case. FPL's modest hotel accommodations include individual rooms for

1 employee and consulting witness overnight stays along with common space
2 for group meetings and meals – witness Smith’s overly simplistic analysis
3 failed to account for the cost of this necessary common space.

4 **Q. Does witness Smith adjust these amounts based on better evidence of the**
5 **actual costs to be incurred?**

6 A. No. Instead, after four pages of written testimony regarding his concerns, he
7 simply calculates an overall recovery amount based on the amount allowed to
8 be recovered in FPL’s 2009 rate case adjusted for inflation.

9 **Q. Is this calculation reasonable?**

10 A. No. First of all, witness Smith’s use of the 2009 rate case expenses as a proxy
11 is not supported in any way. The Company must seek rate relief in 2017 to
12 avoid its return on equity dropping to an inadequate 7.88%, as shown in my
13 direct testimony Exhibit KO-3 – an amount even lower than the return on
14 equity proposed by OPC witness Woolridge. Each base rate filing is
15 developed based on the evidence needed in that case to support the
16 Company’s request.

17

18 Secondly, FPL’s actual 2009 base rate case expenses were \$4.7 million, not
19 the \$3.2 million used by witness Smith in his calculation. FPL reported its
20 total 2009 rate case expenses to the Commission by letter dated March 4,
21 2011, in response to a request from the Commission Staff. A copy of that
22 letter is Exhibit KO-18. Exhibit KO-17 shows that FPL’s estimated 2016 rate
23 case expenses are only \$222,070 higher than the 2009 actual expenses, an

1 increase that is well below the rate of inflation. While there clearly are
2 differences in the scope of work between the two cases (both higher and
3 lower) as the Company must determine how to present evidence to support its
4 request, this comparison illustrates that the 2016 estimated rate case expenses
5 are not inconsistent with FPL's actual experience in the prior rate case that
6 witness Smith has chosen as his point of comparison.

7 **Q. Should FPL be allowed to earn a return on the unamortized balance of**
8 **rate case expenses?**

9 A. Yes. I am well aware of the FPSC policy and practice regarding the
10 prohibition against inclusion of the unamortized balance of rate case expenses
11 in rate base; however, it is important for the Commission to recognize that its
12 treatment results in an implicit disallowance of otherwise prudently incurred
13 costs required by the Company to litigate its case and present evidence
14 effectively. The Commission practice imposes an unwarranted penalty on the
15 Company for seeking rates that will allow it an opportunity to earn a
16 reasonable return on its investment.

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VII. INTERVENOR PROPOSED ADJUSTMENTS

Revision of the Revenue Expansion Factor

Q. What does witness Kollen propose be done to the revenue expansion factor to accommodate inclusion of permanent income tax differences, such as the Section 199 Manufacturer’s Deduction, in FPL’s proposed base rates?

A. Witness Kollen suggests the Commission reflect the impact of forecasted reductions in federal income taxes associated with inclusion of the Section 199 Manufacturer’s Deduction (Section 199) in the revenue expansion factor.

Q. Did FPL’s filing inappropriately withhold income tax benefits due to customers from the application of Section 199?

A. On the contrary, FPL passed along the current rates income tax benefit due to Section 199 consistent with the MFRs, prior practice and previous orders by the Commission approving this same treatment for FPL and other IOUs. In addition, in FPL’s Third Notice of Identified Adjustments we provided customers the benefit of the full exclusion of the gas reserves Section 199 detriment, despite the fact that the Woodford project is a part of FPL’s consolidated financial results and will be a part of the consolidated Section 199 calculation that FPL must include in its proforma federal income tax filing now and in the future.

1 **Q. Has the adjustment to the revenue expansion factor proposed by witness**
2 **Kollen been approved by the Commission before?**

3 A. No. The Commission's current process and historical practice, as codified in
4 MFR C-44, provides only for an income tax gross up of the return on equity in
5 proposed base rates at the statutory income tax rate. The current filing
6 approach passes on the benefit of FPL's forecasted Section 199
7 Manufacturer's Deduction to customers on the net operating income at current
8 rates reflected on MFR C-1 for both the 2017 Test Year and 2018 Subsequent
9 Year. FPL can find no instance of the application of the adjustment proposed
10 by witness Kollen in any prior FPSC base rate filing or final order.

11

12 **Merger Savings Credit Rider**

13 **Q. Do you agree with witness Kollen's proposal that the Commission adopt a**
14 **merger savings surcredit rider intended to flow back to customers any**
15 **savings achieved from future mergers?**

16 A. No. There are at least four reasons the Commission should not approve this
17 recommendation. First, merger savings will typically not be material to FPL's
18 cost of service; second, savings are slow to be realized and are offset in early
19 years by costs to achieve; third, any consideration of this proposal should be
20 through a workshop or rulemaking process; and lastly, the Commission has
21 the tools it needs to ensure FPL does not over earn its allowed ROE.

22

1 FPL has presented a solid forecast of 2017, 2018 and the Okeechobee LSA
2 related costs to be relied on in setting base rates. The probability of a
3 successfully consummated merger materially impacting these forecasts -- even
4 with a four year stay out proposal -- is small and no greater than any other
5 future variability (up or down) in revenue and/or operations.

6
7 Even if successful, after lengthy proceedings for regulatory approval, full
8 integration of multiple operating businesses will typically evolve over a long
9 period of time. In most cases, the acquirer must agree to conditions that
10 prohibit termination of existing employees of the acquired entity for some
11 time; resulting in a delay in the realization of savings and synergies.
12 Therefore, even if NextEra Energy, Inc. (“NEE”) consummates a successful
13 merger during the four year stay out, any incremental savings to FPL
14 customers would likely be realized slowly.

15
16 The Commission should not approve a rider for this single issue in the context
17 of an ongoing rate proceeding. Any consideration that the Commission may
18 wish to give to this proposal would be more properly vetted in a workshop or
19 rulemaking proceeding. Merger impacts on future rates would be applicable
20 to the other IOU’s — not just to FPL. Every merger will be different, with
21 unique merger commitments, differing organizational structures and
22 inherently different outcomes with regard to synergies and costs to achieve.

1 In any event, the FPSC does not need to adopt a special rider at this juncture;
2 it has continued oversight to review earnings affected by merger synergies,
3 even during the four year term of the stay out.

4

5

VIII. ADJUSTMENTS IDENTIFIED BY FPL

6

7 **Q. Has FPL identified adjustments that it believes should be made to the**
8 **revenue requirements for the 2017 Base Rate Increase, 2018 Subsequent**
9 **Year Adjustment, and 2019 Okeechobee LSA?**

10 A. Yes. The three notices of identified adjustments previously filed by FPL
11 during the course of this proceeding are included as a composite Exhibit KO-
12 19. In addition, we have identified two other necessary corrections. Deferred
13 rate case expenses are double counted in FPL's rate base for both the 2017
14 Test Year and 2018 Subsequent Year. FPL forecasted total deferred rate case
15 expenses of \$4.9 million in rate base for both periods and also included a
16 Company adjustment for the unamortized balance, which reflects amortization
17 over a four year period, of \$4.3 million for the 2017 Test Year and \$3.1
18 million for the 2018 Subsequent Year. Therefore, rate base is overstated by
19 \$4.9 million for each period. Secondly, injuries and damage expense is
20 overstated by \$2.1 million in the 2017 Test Year and \$1.0 million in the 2018
21 Subsequent Year.

22

23 All of these adjustments mentioned above are included on Exhibit KO-20,

1 which reflects a recalculation of FPL's proposed rate increase requests for
2 each period, taking into account the impact of each of the previously filed
3 adjustments on rate base, net operating income and capital structure.

4 **Q. How does FPL propose that the Commission use the adjustments in this**
5 **proceeding?**

6 A. The Commission should include the effect of the adjustments in determining
7 FPL's revenue requirements for the 2017 Base Rate Increase, 2018
8 Subsequent Year Adjustment and 2019 Okeechobee LSA. Some of those
9 adjustments will result in increases to revenue requirements while others will
10 result in decreases, but the net impact of the adjustments is a reduction in
11 FPL's revenue requirements for each of those rate requests.

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

13 A. Yes.

1 **BY MR. BUTLER:**

2 Q And, Ms. Ousdahl, do you have exhibits that
3 were identified as KO-15 through KO-20 attached to your
4 prepared rebuttal testimony?

5 A I do.

6 Q I would note that -- or, I'm sorry. Were
7 those prepared under your direction and supervision?

8 A They were.

9 Q Okay. I would note that those have been
10 pre-marked as Exhibits 327 through 332.

11 **CHAIRMAN BROWN:** So noted.

12 Staff.

13 **EXAMINATION**

14 **BY MS. BROWNLESS:**

15 Q Good morning, Ms. Ousdahl.

16 A Good morning.

17 Q Did you have an opportunity to review what's
18 been marked as -- on the Comprehensive Exhibit List as
19 Exhibit No. 522?

20 A I'm sure I did earlier.

21 Q Exhibit No. 522 is the South Florida
22 Hospital's 18th set of documents request, which asks for
23 copies of all the work papers and computations
24 underlying any portion of the rebuttal testimony.

25 A Yes.

1 Q Okay. And did you prepare your portion of
2 that exhibit or was it prepared under your direction and
3 control?

4 A Yes.

5 Q Okay. And are the responses -- are the
6 materials there true and correct to the best of your
7 knowledge and belief?

8 A They are.

9 Q Okay. And would you provide the same
10 materials today as you have previously provided?

11 A Yes, I would.

12 Q And are any portions of that exhibit
13 confidential?

14 A I don't believe so.

15 **MS. BROWNLESS:** Thank you.

16 **CHAIRMAN BROWN:** Thank you.

17 Mr. Butler.

18 **MR. BUTLER:** Thank you.

19 **EXAMINATION**

20 **BY MR. BUTLER:**

21 Q Ms. Ousdahl, would you please summarize your
22 rebuttal testimony.

23 A Yes. Good morning, Commissioners. I'm Kim
24 Ousdahl, vice president, controller, and chief
25 accounting officer of FPL. My rebuttal testimony

1 defends the reasonableness of our company's requested
2 revenue requirements and demonstrates that the
3 intervenor recommendations are fundamentally flawed. I
4 show that all components of working capital are properly
5 included in revenue requirements, capital structure is
6 properly synchronized to rate base, the company's rate
7 case expenses are reasonable, and our calculations for
8 Okeechobee LSA are accurate and reasonable.

9 I recommend that you reject Witness Kollen's
10 proposals regarding the revision to the revenue
11 expansion factor and the merger savings credit rider,
12 and I present the basis for appropriate denial.

13 Finally, I present adjustments to FPL's test
14 year revenue requirement calculations that were
15 identified subsequent to filing the direct case,
16 including revisions associated with removal of gas
17 reserves investments for consideration by the Commission
18 in determining our base rates.

19 Let me touch briefly on the principal
20 intervenor adjustments that my rebuttal testimony
21 addresses. Intervenor witnesses criticize our
22 calculation of Okeechobee LSA, but my rebuttal testimony
23 demonstrates there are no errors in that calculation.
24 Deferred taxes are properly calculated, and the
25 incremental capital structure properly and accurately

1 represents the cost to finance this incremental
2 investment.

3 Intervenors also argue for reductions in
4 working capital items in rate base. Witness Kollen
5 selects certain rate base items for removal from the
6 calculation of working capital, and by doing so, he
7 orchestrates a clever two-for-one reduction in revenue
8 requirement. After reducing rate base, the initial net
9 revenue requirement reduction, he inexplicably increases
10 deferred tax liabilities. This approach is inconsistent
11 with this Commission practice of synchronizing rate base
12 and capital structure on a pro rata basis, and would
13 very likely result in a tax normalization violation.

14 In fact, Witness Kollen makes no attempt to
15 synchronize his proposed rate base with capital
16 structure, nor does Witness Kollen have any legitimate
17 basis to remove the rate base items he identifies. He
18 recommends the flow back of an existing gap in
19 regulatory liability for injuries and damages and the
20 removal of unbilled revenue. His proposed adjustments
21 would violate the fundamental principle of accrual
22 accounting, and that remains the basis for both
23 financial reporting and ratemaking.

24 The accrual for unbilled revenues has been
25 included by this Commission in calculating FPL's rates

1 since 1982, and it's necessary in order to reflect the
2 revenues owed and financed by the company in support of
3 the costs incurred to generate the energy that's being
4 billed.

5 The intervenors also challenge recovery of
6 rate case expenses, but all fail to demonstrate that
7 recovery of rate case expenses would be improper or that
8 our estimates of those expenses are unreasonable. I
9 rebut intervenor proposals to adopt an inaccurate
10 revision to the revenue expansion factor in an
11 unwarranted merger savings credit rider. The expansion
12 factor adjustment which is proffered by Witness Kollen
13 will not accurately capture the proposed rate effects,
14 nor does it properly include proposed rate permanent
15 differences that increase the effective rate. The
16 proposed merger savings credit rider is simply
17 unnecessary. This is a solution looking for a problem.

18 Lastly, I reflect on Exhibit KO-20, the
19 consolidation of impacts of adjustments to revenue
20 requirement calculations that we have identified since
21 the case was filed in March, including the removal of
22 the cost impacts of gas reserves. With the company's
23 direct and rebuttal testimonies, its prefiled case,
24 including the MFRs and all of our adjustments on KO-20,
25 you have available to yourselves all the financial

1 information necessary and relevant to determine the
2 proper base rate increase for FPL in 2017, the
3 subsequent year of 2018, and the Okeechobee LSA in 2019.
4 This concludes my summary.

5 **MR. BUTLER:** Thank you, Ms. Ousdahl.

6 I tender her for cross-examination.

7 **CHAIRMAN BROWN:** Thank you. And welcome back,
8 Ms. Ousdahl. It's nice to see you.

9 **THE WITNESS:** Thank you.

10 **CHAIRMAN BROWN:** Office of Public Counsel.

11 **MS. CHRISTENSEN:** Sorry for that.

12 **EXAMINATION**

13 **BY MS. CHRISTENSEN:**

14 **Q** Good morning, Ms. Ousdahl.

15 **A** Good morning.

16 **MS. CHRISTENSEN:** And I have a packet of
17 exhibits to be handed out.

18 **CHAIRMAN BROWN:** Thank you. Would you like to
19 label them now or label them as you go?

20 **MS. CHRISTENSEN:** I think I prefer to do it as
21 we go through the questioning.

22 **CHAIRMAN BROWN:** Sure.

23 **MS. CHRISTENSEN:** Thank you. Okay. And as
24 soon as everybody is ready --

25 **CHAIRMAN BROWN:** You can -- you've got the

1 floor.

2 **MS. CHRISTENSEN:** Okay. Wonderful. Thank
3 you.

4 **BY MS. CHRISTENSEN:**

5 **Q** Ms. Ousdahl, you are the witness for rate case
6 expense; is that correct?

7 **A** Yes, I am.

8 **Q** Okay. And I've handed out a couple of
9 exhibits that relate to the rate case expense in this
10 docket.

11 **MS. CHRISTENSEN:** If we could have marked for
12 the purposes of the next series of questions Florida
13 Power & Light responses to OPC's 22nd interrogatory
14 No. 417.

15 **CHAIRMAN BROWN:** We're going to mark that, as
16 you indicated, as 754.

17 (Exhibit 754 marked for identification.)

18 **MS. CHRISTENSEN:** And then if we could have
19 the next one marked, Florida Power & Light's response to
20 Commission staff's 34th interrogatory 411-amended.

21 **CHAIRMAN BROWN:** We will mark that as 755 and
22 give it the name you just indicated.

23 **MS. CHRISTENSEN:** Okay. Thank you.

24 (Exhibit 755 marked for identification.)

25 **BY MS. CHRISTENSEN:**

1 **Q** Ms. Ousdahl, in the current rate case, the
2 company's filing reflects an amount of rate case expense
3 of \$4,000,925; is that correct?

4 **A** 925.

5 **Q** 925. Okay.

6 **A** Uh-huh.

7 **Q** And this amount is reflected on your rebuttal
8 Exhibit KO-17; correct?

9 **A** Yes.

10 **Q** All right. And I marked for identification
11 FPL's responses to OPC's interrogatory No. 417 and FPL's
12 response to staff's interrogatory No. 411. Now if I can
13 refer you to Attachment 1 of the response to staff's
14 interrogatory No. 411, is it correct that FPL has
15 reduced its estimated rate case expense amount to
16 4,242,000?

17 **A** Yes. The practice that I've participated in,
18 this is the third time I've testified in a base rate
19 proceeding, is that the company estimates its expenses
20 at filing, and then we update that generally at staff's
21 or others' request at the time that we take the stand.

22 **Q** Okay. And just to confirm, the amount has
23 been reduced to 4,242,000; is that correct?

24 **A** That's correct.

25 **Q** Okay. And that was the estimated actual as of

1 June 30th, 2016?

2 **A** Well, the 4.2 million is our estimate for the
3 entire case. So we provided in this response the
4 actuals through June 30th, which are 1.7 million.

5 **Q** Okay.

6 **A** And then subtracted to get to the remaining
7 forecast.

8 **Q** Okay. And referring you to interrogatory 417,
9 looking at subsection D concerning the hotel and
10 budgeting, FPL's response to that section, 417D, shows a
11 forecast reduction of \$10,000; is that correct?

12 **A** Yes, that's the estimate. We're obviously
13 still at the hotel.

14 **Q** And then OPC interrogatory 417, Section C and
15 D, asked FPL to provide the per day per person cost for
16 the individual rooms; is that correct? If you flip over
17 to the page 1 of 2.

18 **A** Yes. C asked to provide a breakout by the
19 individual rooms and common meeting rooms.

20 **Q** Okay. And in responding to the
21 interrogatories under Section C and D, FPL did not
22 provide a breakout on a per person basis; correct?

23 **A** Yes. However, I believe we did provide --
24 perhaps it was in another interrogatory response -- the
25 billing rates by room.

1 **Q** Okay. Well, let's walk through this a little
2 bit. In the response to 417, FPL responded that the
3 individual hotel rooms will cost \$165,895; is that
4 correct?

5 **A** Correct.

6 **Q** Okay. And how many people does FPL have for
7 the technical hearings that are related to the
8 \$165,895 for the individual hotel rooms?

9 **A** I don't have that at my fingertips, but we've
10 provided that in a response. In addition to our
11 witnesses, we have hotel rooms for our out -- external
12 witnesses obviously and our witness teams, our support
13 teams.

14 **Q** Okay. Well, let's turn to another exhibit
15 that I handed out, and maybe it has the additional
16 information you've been referring to. And if we can
17 have that marked for identification. That's Florida
18 Power & Light's response to Office of Public Counsel's
19 21st interrogatory No. 406.

20 **CHAIRMAN BROWN:** We will mark that as 756 with
21 the name you just indicated.

22 (Exhibit 756 marked for identification.)

23 **MS. CHRISTENSEN:** Thank you.

24 **BY MS. CHRISTENSEN:**

25 **Q** And if we flip that over on the other side of

1 the interrogatory response, it provides, under
2 Subsection A, a total FPL employees as 78. Does that
3 sound correct to you?

4 **A** That's what it says.

5 **Q** Okay. And this was a response that you
6 participated in helping to provide?

7 **A** I'm sure I reviewed.

8 **Q** Okay. So if we -- well, and just to ask, of
9 that 78 people that are included for the hotel rooms and
10 such, are there employees that are also -- that are
11 attending the hearings that are located in Tallahassee
12 that are included in that 78 number?

13 **A** I don't believe so. The question -- the
14 response says these are the employees that will travel
15 to Tallahassee.

16 **Q** Okay. Okay. And would you agree, and just as
17 a matter of a mathematical equation, that if you take
18 the 165,895, divide that by the 78 employees that you
19 indicated would be traveling and average that over ten
20 days, that the average cost for the hotel room would be
21 approximately \$213 based on the responses?

22 **A** Your math may be correct, but your assumption
23 is not. Your question, No. 406, asks specifically for
24 FPL employees. We are housing more individuals than
25 just the employees at FPL.

1 Q Okay. All right.

2 A I think we responded on Part C exactly what we
3 were paying, and we've made available to you the
4 contract with the hotel.

5 Q Okay. All right. Well, let's move along then
6 to the amount. And I just want to ask you, is the
7 amount allowed by the Commission for rate case expense
8 in PSC Docket 100153 was 302 -- \$3,207,000; is that
9 correct?

10 A Is that the 2012 rate case?

11 Q No. That's the two thousand and -- I think --
12 believe, '9 rate case or the '10, included in '10 order.

13 A That's Docket 080677. I'm sorry. Maybe I
14 misheard.

15 Q No. And I had quoted the PSC order number, so
16 it would have been.

17 A Oh, I'm sorry. I'm sorry.

18 Q No, that's fine.

19 A Could you -- I apologize. Could you just
20 restate the question?

21 Q Yeah. We were just trying to confirm the
22 amount of rate case expense allowed in that 2009 rate
23 case.

24 A It was less than the actual cost of
25 4.7 million.

1 **Q** Okay. But that number that was approved in
2 the order by the Commission was \$3,207,000; is that
3 correct?

4 **A** I don't know if I have -- that sounds
5 reasonable.

6 **Q** Okay. And you would agree that none of that
7 3.2 million amount of allowed rate case expense for the
8 2009 rate case was allowed to be included as a deferred
9 rate case expense in the Commission's approved working
10 capital allowance in rate base; is that correct?

11 **A** We've not been allowed to earn a return on the
12 unamortized balance of rate case expenses. That's
13 correct.

14 **Q** Okay. And just to confirm, the company no
15 longer pays overtime for rate case work for exempt
16 employees; is that correct?

17 **A** That's correct.

18 **Q** Okay. Now referring to your responses to
19 OPC's No. 417 and staff interrogatory No. 411, just to
20 confirm, you have included for the rebuttal testimony of
21 Terry Deason an amount of \$170,000; is that correct?

22 **MR. BUTLER:** I'm sorry. Could you point us to
23 where you're referring?

24 **MS. CHRISTENSEN:** It's in the exhibit.

25 **MR. BUTLER:** Which one?

1 **MS. CHRISTENSEN:** If you look at 754, there's
2 rate case expense. And as part of that rate case
3 expense, it indicates \$170,000 for -- it says, "The
4 Radey law firm, Terry Deason."

5 **CHAIRMAN BROWN:** It's also provided in seven
6 fifty -- Exhibit 755, Mr. Butler.

7 **MR. BUTLER:** Okay.

8 **CHAIRMAN BROWN:** Go ahead, please.

9 **BY MS. CHRISTENSEN:**

10 **Q** Okay. Is that the correct amount that was
11 included for your estimated rate case expense?

12 **A** That is.

13 **Q** Okay. And then referring to 755 amended, on
14 line 31 of the amended rate case expense, it states that
15 rebuttal witness Terry Deason is -- had actually
16 spent -- I'm sorry -- again shows the proposed amount
17 for rebuttal witness Terry Deason is \$170,000; is that
18 correct?

19 **A** Correct.

20 **Q** And then this exhibit also shows that he had
21 not expended any money as of June 30th, 2016; correct?

22 **A** Correct.

23 **Q** Okay. Do you know what the actual amounts
24 billed for Mr. Deason are for -- included in -- excuse
25 me. Let me start that again.

1 What are the actual amounts billed for
2 Mr. Deason that are included in his filing of rebuttal
3 for FPL in the current rate case, if you have it?

4 **A** Are you asking me for an updated amount
5 through July? What -- I'm trying to --

6 **Q** After he filed his rebuttal testimony, do you
7 know what the actual amount for Mr. Deason is?

8 **A** I believe we did respond confidentially. It
9 may have been -- yeah. It's this -- I'm sorry. It is
10 754, which I have a redacted version of.

11 **Q** Okay. And is that amount --

12 **A** That's through July, which are the only
13 numbers we have available. We haven't closed the books
14 yet for August.

15 **Q** Okay. So in -- as of July 30th, would you
16 have an updated amount?

17 **A** We've provided it.

18 **Q** Okay.

19 **A** And I just don't -- I have a redacted copy
20 that was handed to me.

21 **Q** Right. And I think we had an actual
22 confidential exhibit. Unfortunately, given the switch
23 of witnesses, I didn't have a chance to bring that in.
24 Is that information --

25 **A** I don't have it in my backup.

1 **Q** And that's fine. Is that information still
2 considered confidential since the July 31st, 2016, date
3 has passed, if you know?

4 **A** It's technically, but it's such a small
5 number, I think we could provide it without the
6 confidential cover.

7 **Q** Okay. Let me ask you, on page 2 of 2 on that
8 Exhibit 217 --

9 **A** Exhibit KO-17?

10 **Q** No. It's referring to the amended -- the
11 exhibit that we handed out that was marked as 754.

12 **A** Okay.

13 **Q** I'm referring -- I'm flipping back between
14 those two responses. On the top of page 2 of 2, it
15 states that "FPL has reduced its forecast for expert
16 witness expense by 771,400 to a total of 1.552 million";
17 is that correct?

18 **A** That's correct.

19 **Q** Okay. And then looking at -- referring you
20 back to Exhibit 755, line 43 of that exhibit talks about
21 outside professional -- outside services professional
22 total.

23 **A** Yes.

24 **Q** And that number there is 1.6 million; is that
25 correct?

1 **A** Yes. It's the 1.552 that you just referenced
2 plus 48,000 of what we're titling technical support to
3 get to the total of 1.6. So they are consistent.

4 **Q** Okay. Now on OPC's second set of
5 interrogatories No. 401, I believe -- do we have a copy
6 of that in front of you? I don't think we've marked
7 that yet.

8 **CHAIRMAN BROWN:** We have not. And we are at
9 757. Again, that title is FPL response to OPC
10 interrogatory 401, rate case expense.

11 **MS. CHRISTENSEN:** Okay. Thank you.

12 (Exhibit 757 marked for identification.)

13 **BY MS. CHRISTENSEN:**

14 **Q** And in this response to --

15 **A** I apologize. What did -- 756, is that how
16 we're marking that?

17 **CHAIRMAN BROWN:** 757.

18 **MS. CHRISTENSEN:** I think -- we believe it was
19 757, ma'am.

20 **CHAIRMAN BROWN:** We're at 757, Ms. Ousdahl.

21 **THE WITNESS:** Okay. Sorry.

22 **BY MS. CHRISTENSEN:**

23 **Q** Okay. In this interrogatory, this
24 interrogatory requests FPL to explain the types of
25 service that have or will be provided by Mr. William

1 Feaster as part of the rate case expense since he's not
2 employed by FPL or nor is he listed as a direct or
3 rebuttal witness. Do you see that question?

4 **A** Yes.

5 **Q** Okay. And then under that question, the
6 response was, "Mr. Feaster is contracted with FPL to
7 provide rate case-related regulatory consulting
8 services." Do you see that?

9 **A** I do.

10 **Q** Can you explain to us what you mean by the
11 term "regulatory consulting services," what types of
12 regulatory consulting services he actually has provided?

13 **A** Mr. Feaster is very experienced in Florida
14 regulation and he provides consulting services as we
15 build and prepare our case.

16 **Q** Can you give me an example of what exactly he
17 does? I mean, you answered with "He provides regulatory
18 consulting services" with "He provides regulatory
19 consulting services." Can you give an example of the
20 type of activities he's participated in?

21 **A** He's worked with me on preparing for
22 cross-examination, for instance.

23 **Q** Okay. And any other services that Mr. Feaster
24 has provided?

25 **A** That's what I'm -- you know, that's what I'm

1 aware of. I'm sure there are other services.

2 **MS. CHRISTENSEN:** Okay. And as part of the
3 response to OPC POD No. 1 under folder C10, and we have
4 yet to mark that as well. Can we mark that, Madam
5 Chair?

6 **CHAIRMAN BROWN:** Sure. We'll mark that as
7 758.

8 (Exhibit 758 marked for identification.)
9 Ms. Ousdahl, do you have a copy of that in
10 front of you?

11 **THE WITNESS:** I do.

12 **CHAIRMAN BROWN:** Okay.

13 **BY MS. CHRISTENSEN:**

14 **Q** Looking at rate case expense, under July and
15 August, it lists -- let's see. Mr. Feaster's -- it
16 refers to Mr. Feaster's services and it talks about them
17 being budgeted originally 40,000 to be incurred in equal
18 payments in July and August in 2016; is that correct?

19 **A** Yes, that's what the forecast showed.

20 **Q** Okay. And now referring back to -- let me --
21 Exhibit 755, in this document, it indicates that
22 Mr. Feaster's services have increased to \$48,000;
23 correct?

24 **A** Yes, that's what this shows.

25 **Q** Okay. Can you explain why Mr. Feaster's

1 expenses have increased from the estimate to \$48,000?

2 **A** No, not specifically. But it's no different
3 really than the puts and takes between the original
4 forecast of 4.9 million prepared back in March to the
5 values that we have today where we have a lot more
6 visibility around the actual time folks are going to
7 spend. But I'm -- I couldn't tell you exactly.

8 **Q** Okay. Well, let's stick with this exhibit and
9 look at outside legal services. There's -- on line 49,
10 that total for outside legal services is --

11 **A** I'm sorry. I don't have line numbers on --

12 **Q** Oh, okay.

13 **A** Are you -- maybe I'm on the wrong exhibit.

14 **MR. BUTLER:** Which exhibit are you referring
15 to?

16 **BY MS. CHRISTENSEN:**

17 **Q** I am exhibit -- I'm referring to Exhibit 755.

18 **A** Oh, I'm sorry.

19 **Q** No, that's fine. Let me know when you're
20 there.

21 **A** Yes, I've got 755.

22 **Q** Okay. Wonderful. And I'm referring
23 specifically to line 49. It talks about outside
24 services legal total; correct?

25 **A** Yes.

1 **Q** And that total amount is approximately a
2 million dollars; is that correct?

3 **A** Yes.

4 **Q** Okay. And you see under that there's an entry
5 for, I think it's on line 48, for Squire, Sanders &
6 Dempsey; is that correct?

7 **A** That's correct.

8 **Q** And for them, there is an estimated cost of
9 \$270,000; is that correct?

10 **A** Correct.

11 **Q** Okay. And there were no actual expenses for
12 that firm as of June 30th; is that correct?

13 **A** Correct.

14 **Q** Okay. Can you explain what type of legal
15 services the Squire, Sanders & Dempsey law firm is
16 providing for this rate case?

17 **A** I know that at least in part this would
18 include an estimate for an appeal.

19 **Q** Okay.

20 **A** Support of an appeal filed.

21 **Q** Okay. All right. Now let's turn your
22 attention on this exhibit to line 36. There's also an
23 entry on there for settlement witnesses.

24 **A** Yes.

25 **Q** Okay. And that estimate is \$60,000; is that

1 correct?

2 **A** Yes.

3 **Q** Okay. And you would agree that there are no
4 settlement witnesses in this rate case; correct?

5 **A** I'm still holding out hope.

6 (Laughter.)

7 **Q** Okay. But as of today's date, there are no
8 settlement witnesses in this rate case; correct?

9 **A** Not that I'm aware of.

10 **Q** Okay. Thank you. And I just want to turn
11 your attention to line 62. There's security indicated
12 on that line; correct?

13 **A** Yes.

14 **Q** For 31,000?

15 **A** Yes.

16 **Q** Can you describe what type of security is
17 being provided?

18 **A** Well, we have security at the hotel, but
19 there's probably other security.

20 **Q** Okay. Now you -- if you look at your exhibit
21 attached to your testimony, KO-17, would you agree that
22 in your rebuttal testimony the original estimate for
23 security cost was \$24,000?

24 **A** Correct.

25 **Q** Can you explain why there is an increase in

1 the security cost of \$6,000 between August 1st and
2 August 8th, which I think is the time you filed your
3 response?

4 **A** No, I cannot.

5 **MS. CHRISTENSEN:** Okay. Okay. And one
6 moment, please.

7 **CHAIRMAN BROWN:** Sure.

8 **BY MS. CHRISTENSEN:**

9 **Q** Okay. And when FPL amended its response to
10 interrogatory No. 411, the amended response, the amount
11 that was included for security was not updated to the
12 amount that was in your rebuttal testimony; is that
13 correct?

14 **MR. BUTLER:** Are you asking a different
15 question than the one she already answered? Sorry. I'm
16 just not following.

17 **MS. CHRISTENSEN:** I'm just trying to clarify.
18 She had one amount for security in her rebuttal exhibit,
19 then later filed an amended response to discovery, and I
20 just want to be clear that the amended response did not
21 reflect -- and I'm calling it the updated amount that
22 was included in her rebuttal testimony.

23 **CHAIRMAN BROWN:** And you're talking about
24 Exhibit 755 too; is that right?

25 **MS. CHRISTENSEN:** Yes, correct. And I'm

1 speaking specifically on line 62 and the difference
2 between the security cost that was included in the
3 rebuttal testimony and the security cost that was
4 included on this amended exhibit.

5 **CHAIRMAN BROWN:** Okay.

6 **MR. BUTLER:** And I would object to it as asked
7 and answered.

8 **CHAIRMAN BROWN:** I don't know if it was or
9 not.

10 **THE WITNESS:** I can -- I mean, we're talking
11 about two different estimates at two different points in
12 time. Right? So my rebuttal was filed whenever it was
13 filed, in July, and at that point in time we were still
14 reflecting a \$4.7 million estimate for overall rate case
15 expenses, which included the security cost of 38,000.
16 The interrogatory No. 411 is our most recent estimate
17 filed in mid-August, I believe, August 15th, which is
18 the \$4.2 million estimate, which includes the security
19 estimate of 31,000. It's just two different points in
20 time.

21 **BY MS. CHRISTENSEN:**

22 **Q** Okay. Well, let me ask you this. Did --
23 okay. In your amended -- do we have it? Okay. We have
24 the confidential exhibit.

25 **CHAIRMAN BROWN:** Staff, could you help assist

1 Ms. Christensen?

2 **MS. CHRISTENSEN:** Yeah. If we could have a
3 moment. I think Mr. Butler said that this amended
4 update to OPC interrogatory No. 414 and 417 was no
5 longer considered confidential. But we have it in a red
6 folder marked as confidential, so I don't know if the
7 Commission wants to treat it as such in the abundance of
8 caution or just hand it -- we could just hand it out.

9 **CHAIRMAN BROWN:** I'll ask Mr. Butler.

10 **MR. BUTLER:** Why don't we show it to the
11 witness and have her confirm whether the numbers need to
12 remain confidential. If she says it doesn't, I'm fine
13 just letting it be treated as non-confidential.

14 **CHAIRMAN BROWN:** Okay. Okay. We are doing
15 that.

16 And I want to take a moment just to thank the
17 parties for working with us on the schedule. FPL, I
18 appreciate you accommodating us, and all of the parties,
19 Public Counsel. It is helpful.

20 **THE WITNESS:** You know, we were being very
21 careful about providing financial information in advance
22 of investor release. But this is just so immaterial
23 that I don't think we're going to prejudice anyone by
24 talking about it on the record.

25 **CHAIRMAN BROWN:** Mr. Butler, fair enough?

1 **MR. BUTLER:** That sounds good to me.

2 **MS. CHRISTENSEN:** We'll pass them out. Even
3 though they have the red covers on them, then we won't
4 consider them as confidential then and that will make
5 this, I think, a lot easier.

6 **CHAIRMAN BROWN:** Okay. So would you like that
7 marked for identification?

8 **MS. CHRISTENSEN:** Yes, if you could, Madam
9 Chair.

10 **CHAIRMAN BROWN:** We're on 759, so --

11 **MS. BROWNLESS:** May I just, so my staff
12 doesn't get confused, if you can just take it out of the
13 red folder and mark it, and place the red folders on the
14 corner so everybody knows that this is no longer -- this
15 is not confidential. Because if it has the red folder
16 on it, there's a whole protocol here for how we have to
17 deal with it.

18 **CHAIRMAN BROWN:** Yeah. Okay. So we're at
19 759, and the title, Ms. Christensen.

20 **MS. CHRISTENSEN:** The title of this will --
21 Ousdahl rebuttal FPL response to OPC's interrogatory No.
22 417 updated.

23 **CHAIRMAN BROWN:** Okay.

24 (Exhibit 759 marked for identification.)

25 **BY MS. CHRISTENSEN:**

1 **Q** And, Ms. Ousdahl, is this the updated
2 responses that FPL provided to OPC's 22nd set of
3 interrogatory No. 417 and has the actuals through
4 July 31st, 2016?

5 **A** Yes.

6 **Q** Okay. And I just wanted to look at
7 Mr. Deason's line. I believe he's on -- is it line 31?

8 **A** Yes.

9 **Q** Okay. And that actual number for Mr. Deason,
10 since we now have the actual amount, is \$156,537; is
11 that correct?

12 **A** No. You're on the wrong line.

13 **Q** Am I on the wrong line?

14 **A** Mr. Deason is zero still. He's not incurred
15 cost through July. And that 156,000 is Concentric, it
16 appears.

17 **Q** Okay. So he's still listed as zero?

18 **A** Yes.

19 **Q** And can you explain -- I think in previous --
20 in the previous document it had him listed as 170,000
21 and now it has him listed or hash marked as a zero. Can
22 you explain why the change?

23 **A** Two different comparisons again. This is the
24 incurred costs through July, this interrogatory No. 417.
25 That's -- it's titled in that column "Actuals through

1 July 31st." The other document was our estimate.

2 Q Okay.

3 A We continue to estimate the 170,000.

4 Q All right. Let me ask you again, in the
5 amended response to 411, which I believe is Exhibit 754,
6 can you tell us if Mr. Dewhurst is receiving any fees
7 for this -- for rate case expense?

8 A Exhibit 754 is interrogatory No. 417.

9 **CHAIRMAN BROWN:** That's what I've got.

10 **MS. CHRISTENSEN:** I'm sorry. I thought I was
11 looking at Exhibit 754, which had a list of -- and
12 actually it's the redacted version of the confidential
13 response. But we can also look at 755, if that would be
14 easier. I think that has the estimated rate case
15 expense.

16 **BY MS. CHRISTENSEN:**

17 Q Is there any cost listed for Mr. Dewhurst?
18 That was, I believe, my pending question.

19 A I do not believe so.

20 Q Okay.

21 A I don't think that means he's not being
22 compensated, but I don't think it's been included in
23 incremental rate case expenses.

24 Q Okay. All right. And so -- okay. Now I
25 think there was one last set of documents that I had put

1 before you, and that is OPC's -- or FPL's response to
2 OPC's 22nd set of interrogatories No. 415.

3 **CHAIRMAN BROWN:** We will mark that as 760 and
4 give it the title you've just provided.

5 **MS. CHRISTENSEN:** Thank you.

6 (Exhibit 760 marked for identification.)

7 **BY MS. CHRISTENSEN:**

8 **Q** Okay. Ms. Ousdahl, you address the Okeechobee
9 limited scope adjustment; correct?

10 **A** Yes, I do.

11 **Q** Okay. And you address the deferred tax
12 liability in your rebuttal testimony; correct?

13 **A** I do.

14 **Q** Okay. In looking at what we've now marked as
15 Exhibit 760, you are the witness that provided the
16 response to this discovery request?

17 **A** Yes.

18 **Q** Okay. Is the company response -- in the
19 company's response to OPC interrogatory No. 415, you
20 address the ADFIT related to Okeechobee; is that
21 correct?

22 **A** Correct.

23 **Q** Okay. Will FPL be claiming bonus tax
24 depreciation for Okeechobee if it goes into commercial
25 service in 2019?

1 **A** Yes, as I've testified.

2 **Q** Okay. Has the impact of the bonus tax
3 depreciation been factored in FPL's proposed ADFIT
4 amount?

5 **A** Yes, as I've testified.

6 **Q** Okay. Is the amount of the ADFIT that is
7 shown in FPL's response to OPC's interrogatory No. 415,
8 Attachment 1, of the prorated balance of 85 -- or, I'm
9 sorry -- \$85,746,822 the amount that was reflected in
10 FPL's filing?

11 **A** Yes, that's the per book amount.

12 **MS. CHRISTENSEN:** Okay. Thank you. I have no
13 further questions.

14 **CHAIRMAN BROWN:** Okay. Thank you,
15 Ms. Christensen.

16 All right. On to FIPUG. And do -- I do want
17 to remind the parties not to ask duplicative,
18 repetitious questions that have already been asked.

19 Mr. Moyle.

20 **MR. MOYLE:** Thank you.

21 **EXAMINATION**

22 **BY MR. MOYLE:**

23 **Q** I have some questions for you. Good morning.

24 **A** Good morning.

25 **Q** You would agree that this Commission, when

1 reviewing issues in these rate cases, are free to make
2 decisions that they believe are appropriate based on the
3 facts and circumstances?

4 **A** Yes, and in accordance with the statutes.
5 Yes.

6 **Q** Okay. So just because something has not been
7 considered or decided by the Commission previously
8 doesn't mean they're not free to consider and decide
9 something in this case; correct?

10 **A** Absolutely.

11 **Q** Okay. So I assume that those answers would
12 apply to the merger savings credit rider?

13 **A** Yes, it would.

14 **Q** Okay. And when you say on page 4, line 10 and
15 11, that they're not in accordance with the current
16 practice, that's just a statement of fact that it's not
17 done currently but it's not meant to suggest that it
18 couldn't be picked up and something done with that as a
19 matter of Commission decision, if the Commission was so
20 inclined to make such a decision; is that right?

21 **A** Did you say page 4?

22 **CHAIRMAN BROWN:** He did say page 4.

23 **BY MR. MOYLE:**

24 **Q** Yeah. It got it on 4, line 13.

25 **A** It's just a bullet with merger savings credit

1 rider.

2 Q Yeah. But up on 10, you say, "I will also
3 address two proposals of Witness Kollen which are not in
4 accordance with current Commission practice." And then
5 you have one bullet on 12 and another bullet on 13, and
6 I was focusing on the 13 bullet.

7 A Okay.

8 Q So if the Commission was persuaded that
9 evidence suggested that there was something to do with
10 respect to a merger credit rider, they could do that;
11 right?

12 A Absolutely.

13 Q The fact that they haven't done it before is
14 noteworthy but not preclusive of them considering it.

15 A Yes.

16 Q Okay. So I was going to ask you some
17 questions about your exhibit that's attached to your
18 testimony. That's Exhibit No. 17, Exhibit KO-17. Do
19 you see that?

20 A Yes.

21 Q I don't -- when you took the stand, you didn't
22 correct this exhibit, did you?

23 A No.

24 Q Okay. So are you comfortable if I ask you
25 questions on this that this still is good information?

1 **A** Well, as is clear, we have submitted an update
2 through an interrogatory, which I believe is going to be
3 admitted. So these are the facts at the time I
4 presented my testimony. Those are the 2009 rate case
5 actuals, and that was our filed forecast in March of
6 rate case expenses. So if you'd like to talk about
7 those numbers, we certainly can.

8 **Q** Okay. Well, I -- if you need to make a
9 correction or anything -- I'm not trying to tie you into
10 numbers. I just want to understand a few things. So
11 why don't we start with this. In terms of a big picture
12 with respect to rate case expense, am I correct that
13 you're seeking to recover rate case expense, but you're
14 not seeking to earn a return on rate case expense; is
15 that correct?

16 **A** No, that's incorrect. I've testified in my
17 rebuttal that I think it is -- the Commission, when it
18 disallows recovery of any unamortized balance that would
19 typically be included in rate base, an amount having to
20 be financed by the company in lieu of receiving recovery
21 from customers, that we are suffering a penalty. And I
22 don't believe, with all due respect, that that policy
23 and practice that this Commission has had for a long
24 time is appropriate.

25 **Q** So your -- what -- how much are you seeking to

1 recover? At the ROE rate on expenses for your rate
2 case?

3 **A** As you and I discussed last week, we earn the
4 same return on every dollar of investment, whether it's
5 rate case expense or --

6 **Q** So this would be the same as a nuclear plant
7 or property held for future use? The same deal would be
8 with respect to these expenses; is that right?

9 **A** That's correct.

10 **Q** Okay. And how does it work? So, like, for
11 example, the settlement witness was brought up by OPC,
12 and I think it was a \$60,000 item. How does that work
13 with respect to this Commission looking at that? Will
14 you make an adjustment at some point and come in and
15 say, "Well, look, you know, here's what we said are our
16 projections. Here are our actual expenses for
17 everything. We want you to use the actuals and pay us
18 the actuals and let us earn a return on the actuals"?
19 Is that how it works?

20 **A** I believe there -- the process includes an
21 updated submittal to staff or the Commission, but I'm
22 actually not certain.

23 **Q** Okay. But typically in ratemaking I guess
24 you'd use these numbers for the purpose -- your
25 projected numbers, kind of the same thing, for projected

1 expenditures for the purposes of establishing rates; is
2 that correct?

3 **A** Yes.

4 **Q** Okay. So wouldn't you agree that,
5 particularly to the extent that ratepayers are being
6 asked to not only pay expenses but to pay a return on
7 the expenses, that you get the number as certain as you
8 can?

9 **A** Yes. I would say that given the magnitude of
10 these numbers, we work very, very hard to get them as
11 certain as we can, yes.

12 **Q** Okay. So let me flip you to your Exhibit
13 KO-17, page -- it's a one-page exhibit; right?

14 **A** Yes.

15 **Q** You have a line under there for Utilities
16 International. Do you see that?

17 **A** I do.

18 **Q** And that's the -- that's the company -- it's a
19 company that provides a software product that you use in
20 preparing your rate case; is that right?

21 **A** Yes, that's correct.

22 **Q** Okay. But I guess that expense was not
23 present in the old case?

24 **A** Yes. We implemented a new forecast system in
25 finance over the last year, and it includes a module or

1 functionality that allows us to produce our MFRs, and we
2 had to retain Utilities International. We don't have
3 all the expertise that we would typically have under
4 such a short window, so we had to retain them to ensure
5 that we could make changes as required to be able to
6 produce the filing timely.

7 **Q** Was that shared with intervenors, that work
8 product?

9 **A** I'm sorry.

10 **Q** Do you know if intervenors were provided
11 access to the program of Utilities International?

12 **A** I don't know.

13 **Q** Okay. The -- just based on a kind of rough
14 calculations on your expert witness fees for the outside
15 professional services, that was a significant increase,
16 at least in my mind, from a 1.37 number to a
17 2.32 number. Would you agree?

18 **A** Yes. I'm sorry. Yes. And as we just
19 discussed with OPC counsel, that estimate is to now
20 1.5 million, just slightly higher than 2009.

21 **Q** So when you -- when you did the estimate -- I
22 mean, I know Mr. Reed took the stand and threw out a
23 more than 50 number, but his number, I think, the last
24 time was closer to half a million, wasn't it?

25 **A** I don't know if I have that detail. 360,000

1 in 2009 for Concentric.

2 Q Okay. So on this Exhibit 755, do you see on
3 line 32 -- I think OPC asked you some questions about
4 that. What's the Mr. Reed number there?

5 A 400,000. It appears to have gone up \$40,000.

6 Q Okay. And down on line 70, it says, "Outside
7 Services - Other Total." Is that kind of a catchall
8 category, or am I reading that properly?

9 A That's the sum of everything under that
10 beginning with line 51.

11 Q Okay.

12 A So it includes. Okay.

13 Q Okay. That clarifies it. I was not sure how
14 to read that.

15 **CHAIRMAN BROWN:** Moving along.

16 **BY MR. MOYLE:**

17 Q Yeah. I was just going to suggest that
18 Tallahassee is generally a pretty safe place and hotels
19 provide their own security. Do you feel the need to
20 have above and beyond that?

21 A Have you seen where we stay?

22 (Laughter.)

23 **MR. MOYLE:** Why don't I extract both of us and
24 not -- indicate I do not have any further questions from
25 this line. Thank you.

1 **CHAIRMAN BROWN:** Thank you, Mr. Moyle.

2 **THE WITNESS:** Thank you.

3 **CHAIRMAN BROWN:** All right. Hospitals,
4 Ms. Wiseman.

5 **MR. WISEMAN:** We have no questions.

6 **CHAIRMAN BROWN:** Thank you.
7 Retail Federation.

8 **MR. LaVIA:** Just a few.

9 **EXAMINATION**

10 **BY MR. LaVIA:**

11 **Q** Good morning.

12 **A** Good morning.

13 **Q** A followup on a couple of questions that OPC
14 asked you from Exhibit 755 with regard to the Squire,
15 Sanders & Dempsey item on line 48. I think you
16 testified that that was attributable to an appeal. Was
17 all of that \$270,000 attributable to an appeal?

18 **A** I'm not certain. I know at least a part of it
19 is.

20 **Q** Okay. And if there is no appeal, this expense
21 will not be incurred; isn't that true?

22 **A** If it's a portion of the 270, that portion
23 would not be incurred. If it's the entire 270, it would
24 not be incurred. We had an appeal last case.

25 **MR. LaVIA:** Thank you. That's all.

1 **CHAIRMAN BROWN:** Thank you.

2 FEA.

3 **MR. JERNIGAN:** No questions. Thank you.

4 **CHAIRMAN BROWN:** Sierra.

5 **MS. CSANK:** No questions, ma'am.

6 **CHAIRMAN BROWN:** Thank you.

7 Wal-Mart.

8 **MR. WILLIAMSON:** No questions, ma'am.

9 **CHAIRMAN BROWN:** AARP is not present. Is
10 anybody --

11 **MR. LaVIA:** I've been deputized again. No
12 questions.

13 **CHAIRMAN BROWN:** Yes, I thought so. I thought
14 so.

15 Larsons.

16 **MR. SKOP:** No questions, Madam Chair.

17 **CHAIRMAN BROWN:** Thank you.

18 Staff.

19 **MS. MAPP:** Yes, we have a few questions. We
20 have an exhibit we're going to pass out first.

21 **CHAIRMAN BROWN:** We will be at 761.

22 Ms. Mapp, we've got three exhibits; is that
23 correct?

24 **MS. MAPP:** Yes.

25 **CHAIRMAN BROWN:** Okay. Would you like one

1 marked?

2 **MS. MAPP:** Yes. We can go ahead and mark them
3 all now. The one labeled staff's -- FPL's responses to
4 staff's 33rd No. 405, that could be number 761.

5 **CHAIRMAN BROWN:** Okay.

6 (Exhibit 761 marked for identification.)

7 **MS. MAPP:** The one labeled FPL's responses to
8 staff's 36th No. 420, that can be number 762.

9 **CHAIRMAN BROWN:** We will do that.

10 (Exhibit 762 marked for identification.)

11 **MS. MAPP:** And the third exhibit is labeled
12 SFHHA -- well, Lane Kollen's prefiled exhibit to his
13 testimony, which has already been entered into the
14 record, and that's No. 314.

15 **CHAIRMAN BROWN:** Okay. But we're going to
16 mark it right now for identification purposes as 763.

17 **MS. MAPP:** Okay.

18 (Exhibit 763 marked for identification.)

19 **CHAIRMAN BROWN:** You may proceed.

20 **EXAMINATION**

21 **BY MS. MAPP:**

22 **Q** Okay. Ms. Ousdahl, do you have all three
23 exhibits in front of you?

24 **A** I do.

25 **Q** Can you please turn to page 1 of 1 of No. 761?

1 **A** I'm there.

2 **Q** Now on this exhibit, isn't it true that before
3 Section 199 deduction is calculated, the production
4 pre-tax book income is reduced by a certain production
5 book/tax adjustments?

6 **A** I'm sorry. Would you repeat the question
7 again, please?

8 **Q** Before the Section 199 deduction
9 calculation -- deduction is calculated, is the
10 production pre-tax book income reduced by certain
11 production book/tax adjustments?

12 **A** Investments, is that the word you used?

13 **Q** Adjustments. It's -- I believe it's the
14 second header under this exhibit. It's this. If you
15 could look at the chart, it states, "Production book/tax
16 adjustments."

17 **A** Oh, okay. I see. I was trying to follow
18 along with the question.

19 **Q** Okay. So before a Section 199 deduction is
20 calculated, is the production pre-tax book income
21 reduced by production book/tax adjustments?

22 **A** Yes. You have to start in the calculation of
23 this tax benefit with taxable income and then you
24 reflect permanent differences, yes.

25 **Q** And referring only to the amount of any

1 revenue increase that may be granted, would any
2 additional production book/tax adjustments be generated?

3 **A** I'm sorry. One more time for me, please.

4 **Q** Referring only to any revenue increase that
5 might be granted, would any additional production
6 book/tax adjustments need to be generated?

7 **A** Yes. I mean, that's been the point of the
8 response I've been providing to some of these questions
9 is that it's not inappropriate to think about how to
10 calculate the effects on tax of a change in the revenue
11 requirements. We agree. It's how to do that that's
12 complicated. And what we don't have until we have a
13 final rate order and recalculate taxable income and the
14 permanent differences is a precise view of that result.
15 So I think the answer to your question is yes.

16 **Q** Thank you. And if you could refer to the
17 second exhibit labeled No. 762, page 1 of 1.

18 **A** Yes.

19 **Q** Now based on this exhibit, would you agree
20 that the combined effective tax rate on the bottom line
21 shows the overall tax effects on the 5.5 percent state
22 income tax rate and 35 percent federal tax rate and not
23 just the effect of the 9 percent Section 199 deduction?

24 **A** What we -- yes. What we calculated for you
25 here, at your request, was the effective tax rate at

1 current rates in our filing. So this is the effective
2 tax rate, what we would owe in income tax expense under
3 current rates without that proposed rate increment.

4 Q And now if you could turn to the final exhibit
5 that's labeled No. 763.

6 A Yes.

7 Q Now this was an exhibit attached to the
8 prefiled testimony of intervenor witness Lane Kollen.
9 Have you seen this exhibit before?

10 A I have.

11 Q Would you agree that the calculation
12 methodology presented on this exhibit would isolate the
13 effects of the Section 199 deduction on the state and
14 federal income tax rates of 5.5 percent and 35 percent
15 respectively?

16 A I can't answer that strictly yes or no. I'm
17 going to need to try to explain.

18 Q Please do.

19 A What Witness Kollen attempted to do, which,
20 again, I don't think it's inappropriate to think about
21 how to reflect the effect on proposed rates of tax
22 changes perhaps other than statutory. So the company
23 doesn't disagree that there's a gap, but what Witness
24 Kollen did was simply took an estimate, which was, you
25 know, which was fine, an estimate of the 9 percent

1 benefit based on our current rates, production taxable
2 income, and grossed up the revenue expansion factor.
3 That could end up being accurate, but it could -- it may
4 not because he's ignored permanent differences that are
5 detriments, and we don't have a view of what true
6 current tax expense is under proposed rates.

7 **MS. MAPP:** Thank you. I have no further
8 questions?

9 **CHAIRMAN BROWN:** Thank you.

10 Commissioners, I have two questions for you,
11 Ms. Ousdahl. Do the FPL employees who are providing
12 testimony before us, do they receive additional salary
13 or compensation as a result of this rate case
14 proceeding?

15 **THE WITNESS:** No, no.

16 **CHAIRMAN BROWN:** Outside of their salary.

17 **THE WITNESS:** We are taking on this for our
18 base salaries. It's just part of our job.

19 **CHAIRMAN BROWN:** Okay. On your -- in your
20 testimony on page 18, I think you had a discussion with
21 Mr. Moyle about this, can you explain it a little bit
22 more about what FPL is proposing with regard to earning
23 a rate of return on its rate case expense?

24 **THE WITNESS:** Yes. Regulatory accounting
25 assumes that when a cost of -- has to be financed that

1 hasn't been yet paid by customers, that a return should
2 be earned on that unpaid cost. Think of it that way.
3 So we're financing -- in this case, we're talking about
4 rate case expenses. But as Mr. Moyle pointed out, it
5 could be an investment in nuclear or whatever it might
6 be. And so the ratemaking model works to provide a
7 return on the investments we've had to make or expenses
8 we've incurred in this case that have been deferred, and
9 we are allowed a return while that cost is being paid by
10 customers. It's completely symmetric with what happens
11 with liabilities. So where the company has collected
12 costs from customers in advance of our having to pay
13 those, like federal income taxes or a liability we've
14 incurred but not yet paid, we reduce rate base and
15 reduce return. It's completely symmetric.

16 And my only argument here -- I completely
17 respect the Commission's position. This is a practice
18 that the Florida Commission has had for some time, and I
19 understand the belief to be that there should be
20 potentially some sharing. But from my perspective, the
21 company is -- we are a regulated entity. We have to
22 seek rate relief through this process. It is a
23 laborious, expensive process. And this cost is no
24 different than any other cost. We should earn a return.
25 If we don't, we're being penalized.

1 **CHAIRMAN BROWN:** Okay. Thank you for the
2 clarification.

3 Commissioners, any other questions?

4 Redirect.

5 **MR. BUTLER:** Thank you.

6 **EXAMINATION**

7 **BY MR. BUTLER:**

8 **Q** Ms. Ousdahl, just a few questions to follow up
9 regarding the rate case expense discussions that you've
10 had.

11 Ms. Christensen asked you some questions about
12 the cost for hotel and associated living expenses for
13 the rate case expenses. Do you recall being asked
14 questions about those expenses?

15 **A** I'm sorry.

16 **Q** Hotel and related living expenses?

17 **A** Yes, yes.

18 **Q** I think she referred to a math exercise she
19 wanted to do to a stay period of ten days. Do you
20 remember that?

21 **A** Yes.

22 **Q** Are FPL -- how many days are FPL employees and
23 contractors and others staying in connection with this
24 rate case in Tallahassee?

25 **A** Some shorter and some longer than ten days. I

1 mean, we're coming and going as we need to. But
2 obviously there's work going on on the weekends and
3 prior to the hearing days and post, so I don't know the
4 exact amount.

5 Q Okay. You were asked questions about
6 Mr. Deason's expenses for rebuttal testimony. Do you
7 recall that?

8 A Yes.

9 Q Okay. Did Mr. Deason file rebuttal testimony
10 in this case?

11 A He did.

12 Q Okay. And is FPL compensating him for that
13 testimony?

14 A We will.

15 Q Okay. Do you know why the July 31 actuals
16 don't reflect costs yet for Mr. Deason's rebuttal
17 testimony?

18 A At the time we closed the books, we had not
19 incurred costs.

20 Q Okay. You were also asked questions about the
21 estimate of legal expenses for Squire, Sanders law firm,
22 and I think you said that at least in part that was due
23 to a potential for an appeal; is that right?

24 A Yes.

25 Q Okay. Do you consider it a realistic

1 possibility that this case could be appealed?

2 **MR. MOYLE:** Calls for speculation.

3 **MS. CHRISTENSEN:** Objection, calls for
4 speculation.

5 **BY MR. BUTLER:**

6 **Q** Have you heard counsel at this table refer to
7 protecting positions that they have in this case for the
8 appellate record?

9 **A** Yes, I have.

10 **MR. BUTLER:** Thank you. That's all the
11 questions that I have.

12 **MR. MOYLE:** Madam Chair, would you permit me,
13 based on a question you asked, to ask a follow up?

14 **MR. BUTLER:** I object.

15 **CHAIRMAN BROWN:** No. You're getting a little
16 excited about the latitude I've given you.

17 All right. We've got 754 through 760 --
18 actually does this witness have any exhibits attached to
19 her rebuttal testimony, Mr. --

20 **MR. BUTLER:** She does. They're 327 through
21 332, I believe, and we would move those into the record.

22 **CHAIRMAN BROWN:** Okay. Are there any
23 objections to doing that? If not, we are going to go
24 ahead and move 327 through 332 into the record.

25 (Exhibits 327 through 332 admitted into the

1 record.)

2 Public Counsel, you've got 754 through 760.

3 **MS. CHRISTENSEN:** Yes, we would move
4 754 through 760 into the record, please.

5 **CHAIRMAN BROWN:** Any objections? Seeing none,
6 we're going to go ahead and move 754 through 760.

7 (Exhibits 754 through 760 admitted into the
8 record.)

9 Staff, you have 761 and 762.

10 **MS. MAPP:** Yes. Staff would move 761 and
11 762 into the record. And we do not move 763. That's
12 just for ease of cross-examination.

13 **CHAIRMAN BROWN:** Yes. Are there any
14 objections?

15 **MR. BUTLER:** No objections.

16 **CHAIRMAN BROWN:** We will go -- thank you. We
17 will go ahead and move 761 and 762 into the record.

18 (Exhibits 761 and 762 admitted into the
19 record.)

20 Would you like Ms. Ousdahl to be excused?

21 **MR. BUTLER:** May she be excused? Yes.

22 **CHAIRMAN BROWN:** Thank you. You're excused.
23 Safe travels.

24 All right. We're going to take a short break
25 before FPL calls its next rebuttal witness. We'll

1 reconvene in about five minutes.

2 **MR. BUTLER:** Very good. Thank you.

3 **CHAIRMAN BROWN:** Thank you.

4 (Recess taken.)

5 (Transcript continues in sequence in Volume
6 33.)

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2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,
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15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 1st day of September, 2016.

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LINDA BOLES, CRR, RPR
FPSC Official Hearings Reporter
(850) 413-6734