

Ruth Nettles

From: DAVIS.PHYLLIS [DAVIS.PHYLLIS@leg.state.fl.us]
Sent: Thursday, July 23, 2009 4:45 PM
To: Filings@psc.state.fl.us
Cc: Lisa Bennett; Anna Williams; Martha Brown; Jean Hartman; kwiseman@andrewskurth.com; msundback@andrewskurth.com; jspina@andrewskurth.com; lisapurdy@andrewskurth.com; sugarman@sugarmansusskind.com; mbraswell@sugarmansusskind.com; swright@yvlaw.net; jlavia@yvlaw.net; jmoyle@kagmlaw.com; jmcwhirter@mac-law.com; barmstrong@ngnlaw.com; mstern@ngnlaw.com; cecilia.bradley@myfloridalegal.com; vkaufman@kagmlaw.com; Support@SaporitoEnergyConsultants.com; jess@sugarmansusskind.com; sda@trippscott.com; john.butler@fpl.com; Jessica.cano@fpl.com; scott.goorland@fpl.com; Jack.leon@fpl.com; tperdue@aif.com; shayla.mcneill@tyndall.af.mil; McGLOTHLIN.JOSEPH; KELLY.JR; MERCHANT.TRICIA; Charles Beck; VANDIVER.DENISE; ROBERTS.BRENDA
Subject: Electronic Filing - Docket Nos. 080677-EI and 090130-EI - OPC's Preliminary List of Issues
Attachments: OPC List of Preliminary Issues 7-23-09 (F).doc

Electronic Filing

Joseph A. McGlothlin
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
(850) 488-9330
McGlothlin.joe@leg.state.fl.us

b. Docket No. 080677-EI

In Re: Petition for increase in rates by Florida Power & Light Company

And

Docket No. 090130-EI

In Re: 2009 depreciation and dismantlement study by Florida Power & Light Company

c. Document being filed on behalf of Office of Public Counsel

d. There are a total of nine pages.

e. The documents attached for electronic filing is Citizens Preliminary List of Issues.

Phyllis Davis
Assistant to Joseph A. McGlothlin, Associate Public Counsel.
Office of Public Counsel
Telephone: (850) 488-9330
Fax: (850) 487-6419

DOCUMENT NUMBER-DATE

07537 JUL 23 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates)
by Florida Power & Light Company.)
_____)

Docket No. 080677-EI

In Re: 2009 depreciation and dismantlement)
study by Florida Power & Light Company.)
_____)

Docket No. 090130-EI

FILED: July 23, 2009

OPC'S PRELIMINARY LIST OF ISSUES

DEPRECIATION STUDY

Production plant service lives

- Issue 1: What are the appropriate service lives for coal-fired production units?
- Issue 2: What are the appropriate service lives for large steam oil or gas-fired generating facilities?
- Issue 3: What are the appropriate service lives for combined cycle generating facilities?
- Issue 4: What is the appropriate method for calculating remaining life?
- Issue 5: What is the appropriate method for determining interim retirements for generating facilities?
- Issue 6: What is the appropriate level of interim retirements, and what is the related impact on depreciation expense for generating facilities?
- Issue 7: What is the appropriate level of net salvage associated with the interim retirements that are estimated to transpire prior to the final termination of a generating station or unit?

DOCUMENT NUMBER-DATE

07537 JUL 23 8

FPSC-COMMISSION CLERK

- Issue 8: What is the appropriate level of terminal net salvage as reflected in the Company's request for dismantlement costs?
- Issue 9: Does FPL employ reasonable depreciation parameters and costs when it assumes that it must restore all generation sites to "greenfield" status upon their retirement?
- Issue 10: To the extent that FPL incorporates only a consideration of the "greenfield" approach in its estimates of dismantlement or retirement costs, should the Commission require FPL in its future depreciation studies to assume the application of more cost-effective demolition approaches than the "reverse construction" scenario that FPL presented in this case?

Mass Property

- Issue 11: What are the appropriate mass property life characteristics (curve and life) for the following transmission, distribution and general plant accounts?
- a. 350.2 Transmission Easements
 - b. 353 Transmission Substation Equipment
 - c. 353.1 Transmission Substation Equipment Step-Up Transformers
 - d. 354 Transmission Towers & Fixtures
 - e. 356 Transmission Overhead Conductor
 - f. 359 Transmission Roads and Trails
 - g. 362 Distribution Substation Equipment
 - h. 364 Distribution Poles, Towers & Fixtures
 - i. 365 Distribution OH Conductors & Devices
 - j. 367.6 Distribution Underground Conductor - Duct System
 - k. 367.7 Distribution Underground Conductors – Direct Buried
 - l. 368 Distribution Line Transformers
 - m. 369.7 Distribution Services Underground
 - n. 370 Distribution Meters
 - o. 373 Distribution Street Lighting & Signals
 - p. 390 General Structures & Improvements
 - q. 392.01 General Aircraft – Fixed Wing
 - r. 392.02 General Aircraft – Rotary Wing
- Issue 12: What are the appropriate method and related considerations to evaluate historical net salvage data in determining future net salvage for the remaining investment in various mass property plant accounts?
- Issue 13: What are the appropriate mass property net salvage levels for the following

transmission, distribution and general plant accounts?

- a. 353 Transmission Station Equipment
- b. 354 Transmission Tower & Fixtures
- c. 355 Transmission Poles & Fixtures
- d. 356 Transmission Overhead Conductors
- e. 364 Distribution Poles, Towers & Fixtures
- f. 365 Overhead Conductors & Devices
- g. 366.6 Underground Conduit – Duct System
- h. 367.6 Underground Conductor – Duct System
- i. 368 Distribution Line Transformers
- j. 369.1 Distribution Services – Overhead
- k. 369.7 Distribution Services – Underground
- l. 370 Distribution Meters
- m. 370.1 Distribution Meters – AMI
- n. 390 General Structures & Improvements

Issue 14: What are the appropriate adjustments to FPL's depreciation study and resulting depreciation expense by functional category and in total?

Issue 15: Based on the Commission's review of FPL's depreciation study, and all modifications and adjustments to the study that the Commission determines to be needed, what amount of annual depreciation expense should be incorporated in the Commission's evaluation of FPL's test year revenue requirements in rate case Docket No. 080677-EI?

Depreciation Reserve Imbalance

Issue 16: When one applies the depreciation parameters that the Commission has deemed appropriate to FPL's data, what is the amount of FPL's excess depreciation reserve? In other words, has FPL correctly identified the amount of reserve excess to be \$1.25 billion?

Issue 17: What considerations and criteria should the Commission take into account when evaluating the time frame over which it should require FPL to amortize back to customers the depreciation reserve excess that it determines in this proceeding?

Issue 18: What would be the impact, if any, of the parties' respective proposals with respect to the treatment of the depreciation reserve excess on FPL's financial integrity?

Issue 19: What is the appropriate disposition of FPL's depreciation reserve excess?

TEST PERIOD

- Issue 20: What test period should the Commission employ for ratemaking purposes in this proceeding?
- Issue 21: Are FPL's forecasts of Customers, KWH, and KW by Rate Class for the 2010 projected test year appropriate?

QUALITY OF SERVICE

- Issue 22: Is the quality of electric service provided by FPL adequate?

JURISDICTIONAL SEPARATION FACTORS

- Issue 23: Does FPL's methodology of including its transmission-related investment, costs, and revenues of its non-jurisdictional customers when calculating retail revenue requirements properly and fairly identify the retail customers appropriate revenue responsibility for transmission investment? If no, then what adjustments are necessary?

RATE BASE

- Issue 24: Has FPL removed all non-utility activities from rate base?
- Issue 25: Are any adjustments necessary to FPL's requested level of Plant in Service for the 2010 projected test year?
- Issue 26: Based on the Commission's disposition of issues related to the depreciation study, are any adjustments necessary to FPL's requested level of Accumulated Depreciation for the 2010 projected test year?
- Issue 27: Is FPL's requested level of Construction Work in Progress for the 2010 projected test period appropriate?
- Issue 28: Is FPL's requested level of Property Held for Future Use for the 2010 projected

test year appropriate?

Issue 29: Should an adjustment be made to FPL's requested storm damage reserve, annual accrual and target level?

Issue 30: Is FPL's requested level of working Capital for the 2010 projected test year appropriate?

COST OF CAPITAL

Issue 31: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for the 2010 projected test year?

Issue 32: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the 2010 projected test year?

Issue 33: What is the appropriate amount and cost rate for short-term debt for the 2010 projected test year?

Issue 34: Do FPL's power purchase contracts justify or warrant any changes to FPL's capital structure in the form of imputed debt or equity for ratemaking purposes?

Issue 35: What equity ratio for FPL should the Commission employ in this case for ratemaking purposes?

Issue 36: What is the appropriate amount and cost rate for long-term debt for the 2010 projected test year?

Issue 37: What is the appropriate capital structure for the 2010 projected test year?

Issue 38: What return on common equity should the Commission authorize in this case?

Issue 39: What is the appropriate weighted average cost of capital for the 2010 projected test year?

NET OPERATING INCOME

- Issue 40: Is an adjustment appropriate to FPL's Late Payment Fee Revenues?
- Issue 41: Are any adjustments necessary to FPL's Load and Revenue Forecast?
- Issue 42: Are any adjustments appropriate to FPL's requested Uncollectible Account Expense?
- Issue 43: Should FPL's request to move uncollectible account expense from base rates to clause recovery be approved?
- Issue 44: Are any adjustments necessary to FPL's payroll to reflect the historical average level of unfilled positions and jurisdictional overtime?
- Issue 45: Has FPL included reasonable and appropriate levels of Executive Incentive Compensation in the revenue requirements it proposes to collect from customers?
- Issue 46: Has FPL included reasonable and appropriate levels of Non-Executive Incentive Compensation in the revenue requirements it proposes to collect from customers??
- Issue 47: Is a test year adjustment necessary to reflect FPL's receipt of an Environmental Insurance Refund in 2008?
- Issue 48: Is FPL's proposed accrual of Nuclear End of Life Material and Supplies and Last Core Nuclear Fuel appropriate?
- Issue 49: Is a test year adjustment appropriate to reflect the \$9 million expected settlement received from the Department of Energy?

Affiliate Transactions

- Issue 50: Is an adjustment appropriate to the allocation factor for FPL Group's executive costs?
-

- Issue 51: Are any adjustments necessary to FPL's Affiliate Management Fee Cost Driver allocation factors?
- Issue 52: Are any adjustments necessary to FPL's Affiliate Management Fee Massachusetts Formula allocation factors?
- Issue 53: Are any adjustments necessary to the costs charged to FPL by FiberNet?
- Issue 54: Should an adjustment be made to allow ratepayers to receive the benefit of FPLES margins on gas sales as a result of the sale of FPL's gas contracts to FPLES?
- Issue 55: Is an adjustment appropriate to recognize compensation for the services that FPL provides to FLPES for billing on FPL's electric bills?
- Issue 56: Is an adjustment appropriate to recognize compensation for the services that FPL provides to FLPES to the extent that FPL service representatives provide referrals or perform similar functions for FPLES?
- Issue 57: Is an adjustment necessary to remove FPL's contributions recorded above the line for the historical museum?
- Issue 58: Is an adjustment necessary to reflect the gains on sale of utility assets sold to FPL's non-regulated affiliates?
- Issue 59: Is an adjustment appropriate to increase power monitoring revenue for services provided by FPL to allow customers to monitor their power and voltage conditions?
- Issue 60: Are any additional monitoring requirements necessary to report the future transfer of the FPL-NED assets from FPL to a separate company under FPL Group Capital?
- Issue 61: What is the total operating income impact of affiliate adjustments, if any, that is necessary for the 2010 test year?
- Issue 62: Are any other adjustments necessary to Operating and Maintenance Expenses?

- Issue 63: Should any additional adjustments be made to depreciation expense?
- Issue 64: Should an adjustment be made to taxes Other Than Income expense for the 2010 projected test year?
- Issue 65: Should an adjustment be made to Income Tax expense for the 2010 projected test year?
- Issue 66: What is the appropriate level of FPL's projected Net Operating Income for the 2010 projected test year?

REVENUE REQUIREMENT

- Issue 67: What is the appropriate level of FPL's projected test year net operating income multiplier for FPL?
- Issue 68: What is the appropriate operating revenue requirement for the 2010 projected test year?
- Issue 69: Based on the Commission's evaluation of test year rate base, capital structure, authorized return, operating revenues and costs, what is FPL's revenue excess or revenue deficiency?

FPL'S PROPOSED "GENERATING BASE RATE ADJUSTMENT"

- Issue 70: In its decision in this rate case, should the Commission approve FPL's proposed "GBRA," which would authorize FPL to increase base rates by the full amount of the revenue requirements associated with all future new generating additions at the time they enter commercial service, without a consideration of the return the

utility is earning at the time?

FPL'S PROPOSED SUBSEQUENT YEAR ADJUSTMENT

- Issue 71: Should the Commission approve in this docket FPL's request to adjust base rates in January 2011, based on FPL's projections of conditions that will prevail in 2011?
- Issue 72: In the event the Commission entertains FPL's request for authority to adjust base rates in 2011, what adjustments, if any, should the Commission make to the utility's 2011 projections?
- Issue 73: If the Commission denies FPL's proposed Generating Base Rate Adjustment, but entertains FPL's request for authority to adjust base rates in 2011, what adjustments, if any, should be made to projected Plant in Service balances for 2011?
- Issue 74: What adjustments, if any, to the 2011 provision for accumulated depreciation is necessary as a result of the Commission's decision on FPL's proposed GBRA?

Respectfully submitted,

J.R. KELLY
PUBLIC COUNSEL

s/ Joseph A. McGlothlin
Joseph A. McGlothlin
Associate Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

(850) 488-9330

Attorneys for the Citizens of the
State of Florida

DOCKETS NOS. 080677-EI and 090130-EI
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Citizens' OPC'S Preliminary List of Issues has been furnished by electronic mail to the following parties on this 23rd day of July, 2009.

R. Wade Litchfield
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859

Robert A. Sugarman/
D. Marcus Braswell, Jr.
Sugarman & Susskind, P.A.
100 Miracle Mile, Suite 300
Coral Gables, FL 33134

John W, McWhirter, Jr.
Florida Industrial Powers Users
Group
c/o McWhirter Law Firm
P.O. Box 3350
Tampa, FL 33601

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

Bryan S. Anderson
Senior Attorney
Florida Power & Light Company
700 Universe Blvd
Juno Beach, FL 33408-0420

Vicki Gordon Kaufman/
Jon C. Moyle Jr.
Keefe Law Firm
118 North Gadsden Street
Tallahassee, FL 32399-1050

Anna Williams/Jean Hartman/
Lisa Bennett/Martha Brown
Office of General Counsel
2540 Shumard Oak Blvd
Tallahassee, FL 32399

Kenneth L. Wiseman,
Mark F. Sundback
Jennifer L. Spina, Lisa M. Purdy
Andrews Kurth LLP
1350 I Street NW, Suite 1100
Washington, DC 20005

South Florida Hospital and
Healthcare Association
6030 Hollywood Blvd
Hollywood, FL 33024

Robert Scheffel Wright, Esq.
John T. LaVia, III, Esq.
Young van Assenderp, P.A.
225 South Adams Street, Ste 200
Tallahassee, FL 32301

Brian P. Armstrong/
Marlene K. Stern
c/o Nabors Law Firm
1500 Mahan Drive, Ste 200
Tallahassee, FL 32308

Thomas Saporito
P.O. Box 8413
Jupiter, FL 33465

Bill McCollum/Cecilia Bradley
Office of Attorney General
The Capitol -- PL01
Tallahassee, FL 32399-1050

Stephanie Alexander, Esq.
Tripp Scott, Pa
200 West College Avenue,
Suite 216
Tallahassee, Florida 32301
sda@trippscott.com

Tamela Ivey Perdue, Esq.
Associated Industries of Florida
516 North Adams Street
Tallahassee, FL 32301
tperdue@aif.com

Captain Shayla L. McNeill
139 Barnes Ave, Suite 1 Tyndall
AFB, FL 32403

s/ Joseph A. McGlothlin
Joseph A. McGlothlin
Associate Public Counsel