BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Increase in Rates by Florida Power & Light Company	)))	DOCKET NO. 120015-EI Filed July 2, 2012

DIRECT TESTIMONY

OF

DONNA RAMAS, CPA

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

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TABLE OF CONTENTS

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On Behalf of the Office of Public Counsel

Before the

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Docket No. 120015-EI

INTRODUCTION

Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

A. My name is Donna Ramas. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan 48154.

Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.

A. Larkin & Associates, PLLC, is a Certified Public Accounting and Regulatory Consulting Firm. The firm performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin & Associates, PLLC has extensive experience in the utility regulatory field as expert witnesses in over 600 regulatory proceedings, including numerous electric, water and wastewater, gas and telephone utility cases.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION?

A. Yes, I have testified before the Florida Public Service Commission ("FPSC" or "Commission") on several prior occasions. I have also testified before several other state regulatory commissions.

Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. I have attached Exhibit No. DR-1, which is a summary of my regulatory experience and qualifications.

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. Larkin & Associates, PLLC, was retained by the Florida Office of Public Counsel ("OPC") to review the rate request of Florida Power & Light Company ("FPL" or "Company"). Accordingly, I am appearing on behalf of the Citizens of the State of Florida ("Citizens").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I am presenting OPC's overall recommended revenue requirement in this case. I also sponsor several adjustments to the Company's proposed rate base and operating income.

Q. FPL IS REQUESTING BOTH A BASE RATE INCREASE TO BE EFFECTIVE JANUARY 2, 2013, AND A BASE RATE STEP ADJUSTMENT CONCURRENT WITH THE COMMERCIAL IN-SERVICE DATE OF ITS CANAVERAL

MODERNIZATION PROJECT. WILL YOU BE ADDRESSING BOTH REQUESTED INCREASES TO BASE RATES?

A. Yes. In this testimony, I first address the base rate increase that FPL has proposed to be effective January 2, 2013 ("January 2013 Base Rates"). I then address the proposed base rate step adjustment for the Canaveral Modernization Project ("Canaveral Step Increase").

Q. ARE ANY ADDITIONAL WITNESSES APPEARING ON BEHALF OF THE FLORIDA OFFICE OF PUBLIC COUNSEL IN THIS CASE?

A. Yes. Helmuth W. Schultz, III, also of Larkin & Associates, PLLC, is presenting testimony on several issues which impact the revenue requirements. David Vondle is presenting testimony addressing affiliate issues, some of which also impact the revenue requirements in this case. In his testimony, Jacob Pous addresses several statements made by FPL with regard to the surplus depreciation amortization issue and explains why the Commission should direct FPL to cease recording amortization of the reserve after the 2013 test period. Kevin O'Donnell's testimony addresses the appropriate capital structure for purposes of determining the revenue requirements of FPL in this case. Dr. Randall Woolridge presents Citizens' recommended rate of return on equity in this case using the capital structure recommended by Mr. O'Donnell, as well as the appropriate rate of return on equity if FPL's proposed capital structure is adopted by the Commission. Daniel Lawton's testimony addresses the financial integrity of FPL, taking into consideration the recommendations made by OPC's witnesses in this case.

Q. HOW WILL YOUR TESTIMONY BE ORGANIZED?

A. I first present the overall financial summary for the base rate change to be effective January 2, 2013, showing the primary revenue requirement recommended by Citizens. I then discuss several of my proposed adjustments which impact the January 2013 Base Rates. Exhibit No. DR-2 presents the schedules and calculations in support of this section of my testimony.

Following the section addressing the January 2013 Base Rates, I then address the Canaveral Step Increase. Within this section, I present the OPC primary revenue requirement recommendation associated with step increase requested by FPL, as well as several adjustments that need to be made to FPL's calculation of the Canaveral Step Increase. The Canaveral Step Increase calculations and several adjustments impacting these calculations are presented in Exhibit No. DR-3.

Finally, I present the outcome of an alternative revenue requirement for the January 2013 Base Rate Change and the Canaveral Step Increase using FPL's proposed capital structure instead of the capital structure recommended by OPC in this case. The calculations of the alternative revenue requirement for the January 2013 Base Rate Change and the Canaveral Step Increase are presented in Exhibit Nos. DR-4 and DR-5, respectively.

<u>OVERALL FINANCIAL SUMMARY – BASE RATE CHANGE</u>

Q. PLEASE DISCUSS THE EXHIBIT YOU PREPARED IN SUPPORT OF YOUR TESTIMONY AS IT PERTAINS TO THE JANUARY 2013 BASE RATE CHANGE.

A. Exhibit No. DR-2, totaling 11 pages, consists of Schedules A-1, B-1 through B-2, C-1 through C-5 and D.

Schedule A-1 presents the revenue requirement calculation for the January 2013 Base Rate change, giving effect to all of the adjustments I am recommending in this testimony, along with the impacts of the recommendations made by Citizens' witnesses Schultz, Vondle, O'Donnell and Woolridge. Schedule B-1 presents OPC's adjusted rate base and identifies each of the adjustments impacting rate base that are recommended by Citizens' witnesses in this case. Schedule B-2 provides supporting calculations for a rate base adjustment I am sponsoring, which is presented on Schedule B-1. OPC's adjustments to net operating income are listed on Schedule C-1. Schedules C-2 through C-5 provide supporting calculations for the adjustments I am sponsoring to net operating income, which are presented on Schedule C-1.

Q. WOULD YOU PLEASE DISCUSS SCHEDULE D?

A. Schedule D presents Citizens' recommended capital structure and overall rate of return, based on the revisions to FPL's proposed debt-to-equity ratio recommended by Kevin O'Donnell and the rate of return on equity recommended by Dr. Woolridge. The capital structure ratios are based on the ratios recommended by Mr. O'Donnell; however, the capital structure dollar amounts differ, as I have applied the adjustments to the capital structure necessary to synchronize Citizens' recommended rate base with the overall capital structure. On Schedule D, I then applied Dr. Woolridge's recommended cost rates to the recommended capital ratios, resulting in OPC's overall recommended rate of return of 5.56%.

Q. WHAT IS THE RESULTING JANUARY 2013 BASE RATE REVENUE REQUIREMENT FOR FLORIDA POWER & LIGHT COMPANY?

A. As shown on Exhibit DR-2, Schedule A-1, the OPC's recommended adjustments in this case result in a recommended revenue reduction for FPL in January 2013 of $253,446,000. This is $769.9 million less than the $516.5 million base rate increase requested by FPL in its filing.

RECOMMENDED ADJUSTMENTS – JANUARY 2013 BASE RATE CHANGE

Q. WOULD YOU PLEASE DISCUSS EACH OF YOUR SPONSORED ADJUSTMENTS TO FPL'S FILING?

A. Yes, I will address each adjustment I am sponsoring below.

Plant Held For Future Use

Q. PLEASE EXPLAIN THE LEVEL OF PLANT HELD FOR FUTURE USE THAT FPL HAS REFLECTED IN ITS 13-MONTH AVERAGE RATE BASE.

A. As shown on MFR Schedule B-1, FPL has included in rate base Plant Held For Future Use ("PHFFU") of $237,400,000 on a total Company 13-month average basis. FPL provided a breakout of this amount by category in MFR Schedule B-15 which is reproduced in the table below.

Description	13 Month Avg. Test Year Amount
Nuclear Future Use	$ 9,316,000
Other Production Future Use	$ 108,951,000
Transmission Future Use	$ 47,920,000
Distribution Future Use	$ 40,976,000
General Plant Future Use	$ 30,237,000
Total PHFFU	$ 237,400,000

In discovery, OPC requested that the Company provide the following for each item of PHFFU included in the $237.4 million: (1) a description of the property; (2) purchase dates and related amounts; (3) the current anticipated in-service date; and (4) documentation for system planning supporting the expected in-service dates. In response to OPC's 6th Set of Interrogatories, Interrogatory 124, FPL provided a detailed listing of each item included in the $237.4 million.[1]

Q. DO YOU AGREE THAT EVERY PROPERTY INCLUDED IN FPL'S 2013 TEST YEAR PHFFU BALANCE OF $237.4 MILLION SHOULD BE INCLUDED IN RATE BASE IN THIS PROCEEDING?

A. No, I do not. Upon reviewing the detail associated with the Company's requested level of PHFFU provided in response to OPC's 6th Set of Interrogatories, Interrogatory 124, I have determined that several items should be removed and not included in rate base at this time. The entire amount included in the Other Production Future Use category should be removed, and the balance for Transmission Future Use should be reduced by $8,555,000, resulting in an overall PHFFU reduction of $117,507,000 on a total Company basis. After this reduction, the adjusted 2013 test year rate base would still include $119,893,000 of PHFFU on which FPL would earn a return.

Q. WHAT PROPERTIES HAS FPL INCLUDED IN THE OTHER PRODUCTION FUTURE USE CATEGORY?

A. The Other Production Future Use includes the Fort Drum, McDaniel and Hendry County plant sites. As shown in the table below, the total actual and projected costs for these sites are $129,730,361 on a total Company basis. This amount is higher than the amount

[1] Similar data was provided in the responses to Staff's 7th Set of Interrogatories, Interrogatory 249, and the South Florida Hospital and Healthcare Association's (SFHHA) 1st Set of Interrogatories, Interrogatory 129.

included in the average 2013 test year as a result of the Hendry County site not being included at the full $70 million cost for the entire 2013 test year.

Description		Total Company Amount
Fort Drum Site	$	17,754,918
McDaniel Site	$	41,975,443
Hendry County Site	$	70,000,000
Total Other Production Future Use	$	129,730,361

Q. WHY DO YOU RECOMMEND THAT THESE THREE PLANT SITES BE REMOVED FROM FPL'S RATE BASE?

A. Ratepayers should not be required to pay a return to FPL's shareholders for the costs of these sites. There are several reasons why these three sites should be removed from the 2013 test year rate base balance. First, in terms of FPL's anticipated in-service dates for the Fort Drum, McDaniel and Hendry County plant sites, the response to OPC Interrogatory 124 referred to Note 2 of the response, which stated:

> The Hendry County property (i.e., Hendry Cty Land and McDaniel Site) and the Okeechobee County property (i.e., Fort Drum) were both acquired for future use as generation sites (most likely combined cycle gas-fired and/or renewable generation facilities). **FPL does not currently have a specific expected in-service date for generation facilities at these sites.** FPL is acquiring these properties in order to have definite, secure access to desirable locations with necessary water rights for future generation expansion. In a state such as Florida where demand for electricity is growing at the same time that desirable sites are rapidly becoming scarce, acquiring and holding sites for anticipated future generation expansion is prudent and in the best interest of FPL and its customers. Moreover, there are at least two considerations that could accelerate FPL's need to add generation resources at these sites. First, if the in-service dates for FPL's planned new nuclear units (i.e., Turkey Point Units 6 and 7) were delayed beyond the current projection of 2022-23, FPL likely would find it economically beneficial for customers to build a combined cycle unit in 2021 rather than making a short-term power purchase in that year. Second, it may become appropriate for FPL to add generation resources in 2020 or earlier beyond those identified in the 2012 Ten Year Site Plan, in order to maintain a sufficient percentage of its reserve margin from generation as opposed to demand side management (DSM).

(emphasis added)

As indicated by FPL, it has no specific in-service dates for the Fort Drum, McDaniel and Hendry County plant sites. Similarly, the response to SFHHA Interrogatory 129 stated that the Fort Drum and McDaniel sites were purchased to construct a power generation facility in "future periods", and that the Hendry County site was for planned purchases of land and to provide water rights to the "future power plant" on the McDaniel site.

Q. DOES FPL HAVE ANY SPECIFIC PLANS FOR THE FORT DRUM SITE BEYOND WHAT WAS NOTED IN THE ABOVE QUOTE?

A. No. As it relates to FPL's plans for the Fort Drum site, the response to Staff Interrogatory 240 stated, in part:

> FPL does not currently have a specific expected in-service date for generation facilities at this site. Rather, FPL acquired the site in order to have definite, secure access to a desirable location to support future generation expansion. **As such, FPL does not currently have a proposed date of construction or determination of need.**
> (emphasis added)

Since FPL has neither a proposed date of construction for the Fort Drum site, nor an estimated date to file a determination of need with the Commission for this site, it should be removed from test year PHFFU. In my opinion, it is not reasonable to expect ratepayers to pay a return on the costs of the land on an annual recurring basis with no estimated or targeted date for which it will ever be used to actually provide service to them.

Q. HAS FPL PURCHASED ALL THREE OF THESE PROPERTIES?

A. The Fort Drum and McDaniel sites were acquired by FPL in June 2011.[2] However, the Hendry County property also consists of three separate parcels that FPL has not yet acquired.[3] FPL has designated these as Parcels A, B and C.[4] Of these three Hendry County parcels, FPL included Parcels A and B in its 2013 test year rate base. The Company stated in the response to Staff Interrogatory 241 that it expects to purchase Parcels A and B of the Hendry County land during 2012 and 2013, respectively, for a total cost of \$70 million. Parcel C would fall under a 2nd Purchase Option expiring in 2016. The table below shows the amount of acres for Parcels A and B, as well as the price per acre.

Description	Acres	Price Per Acre	Cost
Parcel A	4,742	\$ 7,381	\$ 35,000,702
Parcel B	4,667	\$ 7,499	\$ 34,997,833
			\$ 69,998,535

Note: Amounts per the response to Staff Interrogatory 243

The response to Staff Interrogatory 57 states: "The purchases of parcels A-C are subject to FPL's due diligence and certain conditions precedent." Since FPL has not even acquired these parcels, and considering the fact that FPL does not have an estimate of when it may need the land in the future, if ever, these properties should be excluded from the 2013 test year rate base in this case.

Q. ARE THE FORT DRUM, MCDANIEL AND HENDRY COUNY PLANT SITES REFERENCED IN FPL'S TEN YEAR POWER PLANT SITE PLAN?

[2] The McDaniel site is part of the Hendry County property per the responses to Staff Interrogatories 57, 243 and 248.

[3] See the responses to Staff Interrogatories 57, 241 and 243.

[4] See the responses to Staff Interrogatories 57 and 243.

A. A review of FPL's Ten Year Power Plant Site Plan for the period 2012-2021, dated April 2012 ("Ten Year Site Plan") merely indicates that the McDaniel Site in Hendry County "...is a possibility for a future PV facility and/or natural gas power generation." The PV designation in the study is for photovoltaic generation. The Fort Drum site similarly is identified as a potential site for "...future PV facility or natural gas generation." The remaining Hendry County properties are not discussed in the Ten Year Site Plan.

Q. YOU STATED THAT FPL DESIGNATED THE MCDANIEL PROPERTY AND THE FORT DRUM PROPERTY AS POTENTIAL SITES IN ITS TEN YEAR SITE PLAN. WHAT IS FPL'S DESCRIPTION OF A POTENTIAL SITE?

A. On page 121 of the Ten Year Site Plan, the Company stated, in part, the following with respect to potential sites:

> Potential Sites are those sites that have attributes that support the siting of generation and are under consideration as a location for future generation. Some of these sites are currently in use as existing generation sites and some are not. **The identification of a Potential Site does not indicate that FPL has made a definitive decision to pursue generation (or generation expansion in the case of an existing generation site) at that location, nor does this designation indicate that the size or technology of a generator has been determined.**
> (emphasis added)

Based on the Company's definition, the fact that a property is designated as a "potential site" does not provide any assurance that that property will ever be developed and placed into service. Since FPL has stated that it has no expected in-service date for the McDaniel plant site or the Fort Drum plant site, they should be removed from test year PHFFU.

Q. DOES THE COMPANY'S TEN YEAR PLAN LIST OTHER POTENTIAL SITES, AND IF SO, ARE THESE OTHER POTENTIAL SITES INCLUDED IN THE 2013 TEST YEAR PHFFU?

A. In addition to the McDaniel and Fort Drum plant sites, the Ten Year Plan, at pages 151 through 158, discusses eight other potential sites for possible future generation. Of those additional potential sites, only the DeSoto plant site, with costs totaling $9.3 million, is included in the 2013 test year PHFFU. The difference between the DeSoto site and the Fort Drum and McDaniel sites is that there is currently a 25 MW photovoltaic ("PV") facility on the DeSoto site, which has been operational since 2009. In addition, the response to OPC Interrogatory 124 stated that up to an additional 275 MW of PV generation could be constructed in phases on the remaining undeveloped land and that FPL has initiated permitting for these additional facilities[5] with interconnection dates scheduled for 2014 and 2015. With the DeSoto plant site, FPL has demonstrated that it not only has plans for the site, but it has also begun implementing those plans. The same cannot be said for the Fort Drum, McDaniel and Hendry County sites.

It should be noted that MFR Schedule B-15 states that the DeSoto site was transferred from the Nuclear Future Use category to Other Production Use in December 2011. In response to Staff Interrogatory 59, which asked why FPL this transfer was made, the Company stated:

> FPL transferred the DeSoto future use plant from "nuclear future use" to "other production use" in order to properly reflect FPL's current intended use of the property and be consistent with what is reflected in FPL's current 10 year site plan. The transfer does not impact any other accounts or areas since this property was a transfer within FERC Account 105.

[5] The Company's Ten Year Site Plan states the same thing at page 152.

Q. WHAT IS YOUR RECOMMENDATION WITH REGARD TO THE FORT DRUM, MCDANIEL AND REMAINING HENDRY COUNTY PLANT SITES?

A. For the reasons discussed above, I recommend that the Fort Drum, McDaniel and remaining Hendry County plant sites be removed from test year rate base. The removal of these properties from the 13-month average test year PHFFU balance is shown on Exhibit DR-2, Schedule B-2. FPL has made it clear that it has no specific plans to develop these sites and/or place them into service at any time in the foreseeable future.

Q. ARE YOU RECOMMENDING THE REMOVAL OF ANY OTHER PROPERTIES FROM FPL'S TEST YEAR PHFFU BALANCE?

A. Yes. The detail that was provided in the response to OPC Interrogatory 124 listed nine properties under the Transmission Future Use category, where the expected in-service dates are either classified as "2022-2023", or "TBA," (presumably meaning To Be Announced, although not defined in the response). In terms of the Company's plans for these sites, under the "planning" column, OPC Interrogatory 124 referenced Note 3 of the response, which stated:

> On an annual basis, FPL conducts planning studies to determine what facilities will be needed over the next ten years in order to meet NERC reliability standards. Typically, projects resulting from these studies require FPL to purchase property which can require zoning, permitting or lengthy eminent domain proceedings. Large projects, such as Bobwhite-Manatee, are subject to the Transmission Line Siting Act which can add several years to the process. All of these processes dictate that the property is purchased ahead of the projected in-service date. Changes to the load growth forecast can result in modification to the transmission expansion plans and associated property in-service dates.

FPL's inclusion of the plant sites with expected in-service dates of 2022-2023 go beyond the "...next ten years" indicated in the passage above and the Company's Ten Year Site Plan. Therefore, I recommend that these sites be removed from the 2013 test year PHFFU balance that is included in rate base. Similarly, those plant sites in which FPL designated the expected in-service date as "TBA" should also be removed since "TBA" as an in-service date is vague and speculative. Therefore, those plant sites should not warrant consideration for inclusion in PHFFU.

Q. WHAT COSTS DID FPL ASSIGN TO THESE NINE PLANT SITES?

A. A description of these nine plant sites and their associated costs, which total $8,555,599 on a 13-month average basis (per OPC Interrogatory 124), are summarized on Exhibit No. DR-2, Schedule B-2, lines 8-16.

Q. PLEASE SUMMARIZE YOUR OVERALL ADJUSTMENT TO PHFFU.

A. As shown on Exhibit No. DR-2, Schedule B-2, my adjustment removes the Fort Drum, McDaniel and Hendry County plant sites, reducing the 13-month average test year PHFFU by $108,952,000. I have also removed the nine sites discussed above from the Transmission Future Use category, which further reduces the 13-month average test year PHFFU by $8,555,000, resulting in an overall adjustment that reduces test year rate base by $117,507,000.

<u>Construction Work in Progress</u>

Q. HAS FPL INCLUDED CONSTRUCTION WORK IN PROGRESS ("CWIP") IN ITS RATE BASE REQUEST?

A. Yes. While FPL has removed the CWIP associated with costs recovered through its various clauses and interest-bearing CWIP that accrues an Allowance for Funds Used During Construction ("AFUDC"), the non-AFUDC CWIP remains in rate base. FPL MFR B-1 shows that $501,876,000 remains in jurisdictional rate base for CWIP.

Q. IS THE CWIP THAT REMAINS IN RATE BASE A SUBSTANTIAL PORTION OF THE TOTAL PROJECTED TEST YEAR CWIP OR PLANT-IN-SERVICE BALANCES?

A. No, it is not. The majority of FPL's forecasted test year projects qualify for AFUDC accrual. In its filing, FPL has removed $1,872,719 of interest-bearing CWIP on a jurisdictional basis from its average test year CWIP balances. FPL clearly is permitted to earn a return through AFUDC on the vast majority of its projected test year CWIP balances.

Q. SHOULD THE COMMISSION ALLOW THE NON-INTEREST-BEARING CWIP TO BE INCLUDED IN RATE BASE AS PROPOSED BY FPL?

A. It is my opinion that CWIP should not be afforded rate base treatment. CWIP, by its very nature, is plant that is not completed and is not providing service to customers. More specifically, and in reference to this proceeding, CWIP is not used or useful in delivering electricity to FPL's customers. Under the ratemaking process, utilities are permitted to earn a return on the assets that are used and useful in providing service to a utility's customers. Assets that are still undergoing construction clearly are not used in providing service to customers during the construction period. Because of this, the ratemaking process in most jurisdictions excludes CWIP from rate base, requiring that assets be classified as used and useful in serving customers prior to earning a return on those assets being recovered from ratepayers. Therefore, as a general regulatory principle, CWIP should be excluded from rate base and from costs being charged to customers until such time as it is providing service to those customers.

However, it is my understanding that the Commission has consistently allowed the inclusion of non-interest-bearing CWIP projects for electric utilities in rate base. This understanding was affirmed in the Commission's Order No. PSC-12-0179-FOF-EI in the recent Gulf Power Company general rate case proceeding, issued April 3, 2012. In that order, at page 20, the Commission reaffirmed that: "...the inclusion of CWIP (not eligible for AFUDC) in rate base is consistent with our practice." In acknowledgement of the Commission's practice and its recent affirmation thereof, I have not removed the non-interest-bearing CWIP from rate base for purposes of determining OPC's recommended revenue requirement in this case. However, the fact that the removal has not been reflected in OPC's revenue requirement calculations in this case should not be interpreted to mean that OPC's position on this issue has changed, or that OPC will not pursue this important policy issue in future proceedings.

Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE AMOUNT OF NON-INTEREST-BEARING CWIP INCLUDED IN TEST YEAR RATE BASE IN FPL'S FILING?

A. Yes, a correction needs to be made to the amount of CWIP remaining in test year rate base in FPL's filing. In response to Staff's 3rd Set of Interrogatories, Interrogatory 88, Attachment No. 1, FPL indicated that the adjusted, 13-month average CWIP balance for the 2013 test year includes $4,685,000 on a total Company basis related to the Riviera Modernization Project that is eligible for AFUDC treatment. In the attachment, FPL agrees with OPC's position that the $4,685,000 should be removed from rate base in this case. Because of this, I removed the $4,685,000 ($4,234,000 jurisdictional) from CWIP on Exhibit DR-2, Schedule B-1, page 2.

Advanced Metering Infrastructure – Smart Meters

Q. IN ITS PRIOR RATE CASE, FPL PROJECTED SIGNIFICANT INVESTMENTS IN SMART METERS FROM 2009 TO 2013 AS PART OF ITS ADVANCED METERING INFRASTRUCTURE (AMI) PROJECT. HOW MUCH CAPITAL INVESTMENT HAS FPL PROJECTED IN THIS CASE FOR THE IMPLEMENTATION OF SMART METERS, AND HOW DOES THE LEVEL IN THE CURRENT CASE COMPARE TO THE AMOUNT PROJECTED IN THE PRIOR CASE?

A. On a net basis, the total dollar amount is fairly consistent; however, the timing of the capital additions has been accelerated compared to the prior case. The table below presents a comparison of the capital costs by year, as well as the annual amounts and total amount: 1) from FPL's last general rate case (as identified at page 95 of the Commission's Order No. PSC-10-0153-FOF-EI); 2) amounts incorporated in the Company's filing in the current case; and 3) FPL's best current estimate.[6]

(Amounts in Millions)	2009	2010	2011	2012	2013	5 Yr Total
Capital Costs, Prior Case	$ 43.7	$ 168.5	$ 158.7	$ 151.5	$ 122.5	$ 644.9
Capital Costs, Current Case	$ 32.8	$ 161.7	$ 187.5	$ 191.2	$ 70.5	$ 643.7
Capital Cost, Current Estimate	$ 32.8	$ 161.7	$ 187.5	$ 205.9	$ 56.0	$ 643.9

While these expenditures lagged in 2009 and 2010, it appears that they were greatly accelerated in 2011 and 2012.

Q. HOW MUCH IS INCLUDED IN PLANT IN SERVICE AND ACCUMULATED DEPRECIATION FOR SMART METERS IN THE COMPANY'S FILING?

[6] Amounts from current filing and current best estimate provided by FPL in response to OPC's 9th Set of Interrogatories, Interrogatory No. 173.

A. On a 13-month average test year basis, MFR Schedule B-7, at page 4, shows \$439,587,000 for AMI Meters in plant in service. However, in response to OPC's 6th Set of Interrogatories, Interrogatory No. 128, the Company indicated that a credit of \$115 million was reflected in the AMI Meters line item amounts on MFR Schedule B-7, and that this credit should have been reflected for other plant accounts included on the schedule and not on the AMI Meter account. Thus, the amount included in the average test year plant in service for AMI Meters is \$554,587,000 (\$439,587,000 + \$115,000,000).

On a 13-month average test year basis, Company MFR Schedule B-9, at page 4, shows \$77,097,000 for AMI Meters in accumulated depreciation. The schedule also shows the depreciation accrued in 2013 (i.e., the 2013 depreciation expense) on the smart meters as \$28,670,000.

Q. DOES THE INCLUSION OF THE SMART METERS IN RATE BASE HAVE A SIGNIFICANT IMPACT ON RATES CHARGED TO FPL'S CUSTOMERS IN FLORIDA?

A. Yes, it does. In my opinion, it is important for the Commission to consider the total financial impact of FPL's smart meter program on FPL customer rates. Below, I present a table showing the estimated impact on revenue requirements for the smart meter capital costs included in the 2013 test year in this case. This table is based on FPL's requested rate of return in this case, and does not include the impact of deferred income taxes. While not exact, this table provides a reasonable estimate of the capital cost impact of the smart meter program.

1	AMI Meter Plant in Service	$ 554,587,000
2	AMI Meter Accumulated Depreciation	$ (77,097,000)
3	Net Plant in Service	$ 477,490,000
4	Rate of Return, per FPL	7.0%
5	Required Return (3 x 4)	$ 33,424,300
6	Depreciation	$ 28,670,000
7	Income tax effect (6 x -.38575)	$ (11,059,453)
8	Interest Synch [(3) x 1.71% x (-.38575)]	$ (3,149,679)
9	Total NOI Requirements	$ 47,885,168
10	NOI Multiplier	1.6319
11	Revenue Requirement (9 x 10)	$ 78,143,806

It is important to note that the $78.14 million impact presented above does not include the O&M (operation and maintenance) costs included in the filing for smart meters.

Q. IN THE PRIOR CASE, FPL PROJECTED COST SAVINGS THAT WOULD RAMP UP AS THE SMART METERS ARE IMPLEMENTED. WOULD YOU PLEASE DISCUSS THE INFORMATION PRESENTED TO THE COMMISSION IN THE LAST CASE WITH REGARDS TO NET COST SAVINGS?

A. Yes. Commission Order No. PSC-10-0153-FOF-EI provided a table at page 95 showing projected O&M expenses, cost savings and net O&M expense resulting from the implementation of smart meters for each year, 2009 through 2013. These amounts are presented in the table below:

(Amounts in Thousands)	2009	2010	2011	2012	2013
O&M Expense	$ 2,274	$ 6,883	$ 7,819	$ 11,882	$ 10,458
O&M Savings	$ (167)	$ (418)	$ (4,700)	$ (18,203)	$ (30,401)
Net O&M	$ 2,107	$ 6,465	$ 3,119	$ (6,321)	$ (19,943)

As shown in the above table, FPL projected net O&M costs for the first three years in the prior rate case, with annual net savings beginning in 2012. By 2013 (the test year in this case), FPL projected net O&M savings of $19,943,000.

Q. HAS FPL REFLECTED $19,943,000 OF SMART METER NET COST SAVINGS IN THE CURRENT CASE?

A. No. In discovery, FPL was asked to provide an updated version of the table appearing at page 95 of the Commission's Order PSC-10-0153-FOF-EI (see OPC's 9th Set of Interrogatories, Interrogatory No. 173). This interrogatory requested that FPL include the amounts incorporated in the Company's filing in this case on the updated table. The information provided by FPL in response shows that the O&M expense associated with the smart meters in the test year exceeds the savings by $3,744,000.

Also, FPL has projected $20,739,000 of O&M expense in 2013, which is $10.3 million higher than the estimated 2013 expenses presented to the Commission in the prior rate case. For the same period, FPL has projected savings of $16,996,000, which is $13.4 million less than what was previously presented to the Commission. The table below shows the O&M expenses, cost savings and the net O&M expense presented by FPL in its response to OPC Interrogatory No. 173.

(Amounts in Thousands)	2009	2010	2011	2012	2013
O&M Expense	$ 1,662	$ 7,421	$ 13,705	$ 18,161	$ 20,739
O&M Savings	$ (173)	$ (449)	$ (3,179)	$ (9,125)	$ (16,996)
Net O&M	$ 1,489	$ 6,972	$ 10,526	$ 9,036	$ 3,743

The table below provides a comparison of the net cost savings that FPL presented to the Commission in the prior rate case and what the Company has presented in the current rate case.

(Amounts in Millions)	2009	2010	2011	2012	2013
Net O&M, Prior Case	$ 2,107	$ 6,465	$ 3,119	$ (6,321)	$ (19,943)
Net O&M, Current Case	$ 1,489	$ 6,972	$ 10,526	$ 9,036	$ 3,743
Variance - (favorable)/unfav.	$ (618)	$ 507	$ 7,407	$ 15,357	$ 23,686

Q. WHAT IS THE OVERALL IMPACT OF THE SMART METERS ON THE REVENUE REQUIREMENTS PRESENTED BY FPL IN THIS CASE?

A. Based on FPL's requested rate of return, the estimated impact of the capital costs already presented, and the net O&M expenses of $3.7 million, smart meters have an impact of approximately $82 million on FPL's requested revenue requirements. Also, there are some incremental revenues incorporated in FPL's filing as a result of better theft detection from the meter implementation and additional deferred income tax amounts that offset some of the revenue requirements. However, the additional revenues and deferred income tax benefits would not come close to making up for the $82 million identified above.

Q. SHOULD THE NET O&M EXPENSE OF $3.7 MILLION BE FACTORED INTO BASE RATES?

A. No. What is being requested in this case with regard to the smart meters is grossly unfair to FPL's customers. I recommend that the net O&M expense of $3,744,000 in the filing be removed. This O&M adjustment is presented on Exhibit No. DR-2, Schedule C-1, page 2 of 2. It is bad enough for ratepayers that the capital expenditures associated with the implementation of the smart meter program is having such a significant impact on revenue requirements in this case. Ratepayers should not be expected to fund any net

O&M expenses that exceed 2013 savings as part of base rates, particularly when FPL projects that savings will begin to be realized in 2014 and continue to grow after 2014.

Q. WHAT LEVEL OF ADDITIONAL SMART METER COST SAVINGS DOES FPL PROJECT BEYOND THE 2013 TEST YEAR?

A. FPL's response to Staff's 4th Set of Interrogatories, Interrogatory No. 146, shows that FPL projects net O&M cost savings of $12.9 million in 2014 and $27.6 million in 2015. The response shows that the projected O&M costs will decline from the $20.4 million incorporated in the filing for 2013 to $13.6 million by 2015. The annual O&M savings are projected to increase from the $16.5 million of savings incorporated in the filing for 2013 to $41.2 million by 2015. Thus, while FPL has projected a net O&M cost of $3.9 million in the test year, it is projecting annual net O&M savings of $27.6 million by 2015.

Additionally, the net plant balance for the smart meters will decline each year as the smart meters are depreciated, thus reducing the amount of rate base associated with the smart meters in future periods. Once the full impact of the smart meter project is included in base rates as a result of this case, FPL will begin to benefit the very next year as the cost savings begin to be realized and eventually escalate as the net plant balance declines.

Q. DO YOU RECOMMEND NET COST SAVINGS BE FACTORED INTO BASE RATES TO BE SET IN THIS CASE?

A. Yes. I recommend for purposes of setting base rates that FPL be held to the net O&M savings projection for 2013 identified at pages 95 and 96 of Order No. PSC-10-0153-

FOF-EI. This would result in net O&M savings of $19,943,000, which I have included on Exhibit DR-2, Schedule C-1, page 2 of 2. It would be grossly unfair to require ratepayers to fund the full capital costs associated with the smart meter implementation in base rates yet receive none of the net savings that will result. This is especially the case, given the projections upon which the Commission predicated its approval of the AMI deployment. Inclusion of the $19,943,000 of net cost savings is still less than the full annual net cost savings that FPL projects will ultimately result from the smart meter implementation.

Generation Overhaul Expense

Q. ARE YOU AWARE OF ANY COST PROJECTIONS INCORPORATED IN THE TEST YEAR THAT ARE NOT REPRESENTATIVE OF A NORMAL ANNUAL COST LEVEL?

A. Yes. FPL is projecting a significant increase in generation overhaul expense in the 2013 test year. Based on the workpapers provided by FPL in response to OPC's Second Request for Production of Documents, POD 12, at Bates Stamp OPC 294683, test year expenses include $15,034,000 for steam generation overhauls and $53,309,000 for other generation plant overhauls. These amounts are broken out on a unit by unit basis in the workpapers. In addition to the projected costs on per unit basis is $1,265,000 of "Central Maintenance" expense associated with overhauls. The workpaper also shows that the test year total generation overhaul expenses of $69,609,000 exceeds the 2013 benchmark by $11,718,000, with the steam generation overhauls $18.8 million below the benchmark, while other generation overhauls $30.2 million above the benchmark.

Some of the variance to benchmark is explained by the retirement of several steam generation facilities and the addition of the combined cycle units. However, the projected test year overhaul expense is still significantly higher than the projected 2012 expense due largely to the timing of planned overhauls. The response to SFHHA's First Set of Interrogatories, Interrogatory 87, indicates that the company has "...identified a higher level of planned maintenance (overhaul) work for the combined cycle fleet in 2013, increasing planned maintenance costs over 2012 by $17.4 million."

Generation facilities are not overhauled on an annual basis. Additionally, the amount of overhaul expense incurred varies depending on the type of overhaul and the type of work needed during the overhaul. For example, the response to Staff's 7th Set of Interrogatories, Interrogatory 284, indicates that combined cycle unit outages are scheduled based on the life of combustion turbine parts. This response indicates that most of the General Electric 7FA combustion turbine units have 24,000-hour combustion parts requiring a Hot Gas Path outage in three years. The response also indicates that at year 6, additional work is done with a Major Inspection.

Test year generation overhaul expenses are significantly higher than a normalized cost level. The changes to base rates resulting from this case will likely be in effect longer than a one-year period. Thus, in setting rates, the costs should be based on a normalized cost level.

Q. HOW DO YOU RECOMMEND A NORMALIZED COST LEVEL BE DETERMINED?

A. I recommend that the normalized costs to be included in rates be based on a four-year average cost level. Given the retirement of several steam units and the addition of several other production plants in recent years, I recommend the four-year average be based on the actual costs for 2010 and 2011 and FPL's projected costs for 2012 and 2013.

Q. HAS FPL PROVIDED THE INFORMATION NEEDED TO CALCULATE A NORMALIZED COST LEVEL?

A. Yes. In response to OPC's 14th Set of Interrogatories, Interrogatories 264 through 267, FPL provided the actual 2010 and 2011 as well as the projected 2012 and 2013 generation overhaul expenses on unit-by-unit basis.

Q. DO ANY REVISIONS NEED TO BE MADE TO THE ACTUAL OR PROJECTED COSTS PRIOR TO DETERMINING THE 4-YEAR AVERAGE NORMALIZED COST LEVEL?

A. Yes, several specific adjustments need to be made. First, the actual steam plant overhaul expenses for the Port Everglades Units need to be removed from the 2010 and 2011 amounts as these units will be retired January 2013. The modernized Port Everglades combined cycle units are not projected to go into service until mid-2016.

The response to OPC Interrogatory 264 includes $862,000 for overhaul expense for the Cape Canaveral Modernized Unit. Since the Canaveral costs are removed from the January 2013 Base Rate Change calculations by FPL, I have removed the costs in determining the four-year normalized cost level. However, FPL will still recover costs associated with Canaveral overhaul expenses as the Canaveral Step Increase request includes $3 million for maintenance expense in Account 553.

The final adjustment is for the West County Unit 3. There was no overhaul expense associated with the new unit in 2010 and 2011. For purposes of normalizing the costs, I increased the 2010 and 2011 other production plant overhaul expenses by the average 2012 and 2013 projected costs for overhauls of this unit.

Q. WHAT ADJUSTMENT DO YOU RECOMMEND TO NORMALIZE TEST YEAR OVERHAUL EXPENSE?

A. My recommended adjustment is presented on Exhibit No. DR-2, Schedule C-3. As shown on the schedule, the adjustment is based on the average of the actual 2010 and 2011 as well as the projected 2012 and 2013 generation overhaul expenses, adjusted for the items identified above. Consistent with the FPSC benchmarking analysis methodology, I inflated the costs to 2013 levels based on the CPI-U compound multiplier. As shown on the schedule, FPL's projected test year generation overhaul expenses specific to the generation units should be reduced by $9,177,000. This allows for the non-unit specific costs incorporated in FPL's filing (i.e., the "Central Maintenance" expenses), as well as a normalized cost level for the unit specific costs.

<u>Rate Case Expense</u>

Q. PLEASE EXPLAIN THE COMPANY'S ADJUSTMENT TO RATE CASE EXPENSE.

A. As discussed in the direct testimony of Company witness Kim Ousdahl, FPL has estimated rate case expenses totaling $5,515,000, which it proposes to amortize over a four-year period beginning in 2013. In the workpapers provided in response to OPC POD 12, at Bates Stamp No. OPC296520, FPL provided the breakdown of its projected $5.5 million of rate case expense for this case. These workpapers, included with this testimony as Exhibit No. DR-6, provide a breakdown of the estimated cost into the following categories: (1) FPL Salaries & Wages - $287,600; (2) Payroll Overhead Allocations - $60,000; (3) Employee Related - $601,450; (4) Contractor & Professional - $4,233,700; (5) Equipment & M&S - $14,700; and (6) Office & Facilities Administration - $317,550.

Using the four-year amortization period, FPL proposes to include $1,378,750 for test year rate case expense amortization. In addition, as shown on MFR Schedule B-2, page 4 of 9, at line 27, FPL proposes to include the 13-month average unamortized balance of rate case expense associated with this proceeding of $4.826 million in the working capital component of rate base.

Q. DO YOU AGREE THAT THE COMPANY'S PROJECTED RATE CASE EXPENSE OF $5.5 MILLION IS REASONABLE OR SUPPORTED?

A. No. There are several costs included in the Company's projected rate case expense that should be removed. Also, there are other costs that appear significantly overstated and/or unsupported.

Q. COULD YOU PLEASE DISCUSS WHAT COSTS APPEAR TO BE SIGNIFICANTLY OVERSTATED?

A. As an example, there are many costs included by FPL in the "Employee Related" category that are excessive. FPL's workpaper, provided as Exhibit No. DR-6, provides a breakdown of the total Employee Related costs of $601,450, which is provided in the table below.

Description	Total Estimate
Vehicle - Contract	$ 4,800
Books, Subscriptions (Lexus/Nexus)	$ 6,500
Hotels/Lodging	$ 253,500
Business Meals	$ 155,900
Airline Travel	$ 92,300
Vehicle - Car Rental	$ 28,650
Travel Expenses	$ 18,200
Vehicle - Occasional	$ 41,600
	$ 601,450

Of these employee related amounts, the estimates for Hotels/Lodging, Business Meals and Airline Travel throughout this proceeding, especially during the hearing phase, appear to be particularly excessive.

Q. WHY DO YOU BELIEVE THAT FPL'S ESTIMATES FOR LODGING, BUSINESS MEALS AND AIRLINE TRAVEL EXPENSES ARE EXCESSIVE?

A. From the total amounts identified above for lodging and business meals, FPL allocated $73,000 and $30,000, respectively, for each month from August through October 2012. With respect to airline travel, FPL allocated $29,000 for both August and September and $15,000 for October. The Company's rate case expense workpaper defines this period as either "Technical Hearings" (August) or "Staff Recommendation-Commission Vote-Prepare to Implement Rates" (September and October). These amounts are excessive for a few reasons. First, the hearings for this proceeding are scheduled for August 20-24 and August 27-31, 2012, with the post-hearing briefs due to be filed by the parties on September 14, 2012. For the Company to presume that for each month, August through October, it will incur lodging and business meal costs of $73,000 and $30,000, as well as airline travel expenses of $58,000 in August and September and $15,000 in October is not reasonable.

Additionally, as shown in the table below, the Company's rate case expense workpaper also includes estimates for Employee Related expenses totaling $22,450, which FPL estimated will be incurred from January through December 2013,[7] long after the hearings in this proceeding have occurred and after the new base rates resulting from this proceeding take effect.

Implementation & Follow-Up

Description	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	Total
Vehicle - Contract	$ 100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 100
Books, Subscriptions (Lexus/Nexus)	$ 500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 500
Hotels/Lodging	$ 600	$ 500	$ 400	$ 300	$ 200	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 2,700
Business Meals	$ 1,000	$ 1,000	$ 1,000	$ 200	$ 200	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 4,100
Airline Travel	$ 3,000	$ 1,000	$ 1,000	$ 500	$ 500	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 7,400
Vehicle - Car Rental	$ 500	$ 300	$ 300	$ 200	$ 100	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 1,750
Travel Expenses	$ 300	$ 300	$ 300	$ 200	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 1,900
Vehicle - Occasional	$ 1,200	$ 500	$ 500	$ 400	$ 300	$ 200	$ 200	$ 200	$ 200	$ 100	$ 100	$ 100	$ 4,000
	$ 7,200	$ 3,600	$ 3,500	$ 1,800	$ 1,400	$ 750	$ 750	$ 750	$ 750	$ 650	$ 650	$ 650	$ 22,450

Q. OTHER THAN THE COSTS IDENTIFIED ABOVE, ARE THERE ANY ADDITIONAL 2013 COSTS IN FPL'S RATE CASE EXPENSE ESTIMATES?

A. Yes. In addition to the 2013 estimated Employee Related category of rate case expenses, FPL has also included 2013 related rate case expense under the following categories:

Description	2013 Estimate
Outside Legal Fees	$ 20,100
Contractor & Professional	$ 2,400
Equipment and M&S	$ 600
Office & Facilities Administration	$ 11,800
	$ 34,900

FPL has neither demonstrated why it expects to incur expenses related to this proceeding during 2013 (in some cases more than a year after the filing of the post-hearing briefs), nor explained why costs incurred after this case is fully processed and the new rates are in effect should be allowed for inclusion in rate case expense as a regulatory asset to be

[7] The rate case expense workpaper describes the period January through December 2013 as "Implementation & Follow-up".

amortized in rates. In any event, the projected 2013 costs should not be included in FPL's projected rate case expense.

Q. YOU STATED THAT THERE ARE OTHER CATEGORIES INCLUDED IN THE COMPANY'S ESTIMATE FOR RATE CASE EXPENSE THAT SHOULD BE ADJUSTED AND/OR REMOVED. PLEASE ELABORATE.

A. As indicated previously, FPL has included $287,600 for "FPL Salaries & Wages". This category includes current fiscal year costs such as overtime, overtime meals and regulatory affairs labor costs. Because FPL's labor costs are already included in current base rates, these expenses would also need to be considered in the calculation of the amount of depreciation reserve sufficiency that will be amortized in 2012. Therefore, it is inappropriate to also include these labor costs as part of the rate case expense to be recovered from ratepayers in future periods.

Q. HAS THE COMMISSION PREVIOUSLY DISALLOWED THE INCLUSION OF INTERNAL LABOR COSTS IN RATE CASE EXPENSE?

A. Yes. In Order No. PSC-10-0153-FOF-EI (dated March 17, 2010), which was issued pursuant to FPL's last rate case in Docket No. 080677-EI, the Commission stated the following with respect to FPL including overtime labor in its projected rate case expense:

> FPL included $450,000 for overtime and/or bonuses for salaried employees in its original total rate case expense filing. We have historically disallowed recovery of additional pay or bonuses as part of rate case expense. In Order No. PSC-08-0327-FOF-EI, we stated "Salaried Overtime Pay for Extraordinary Work Load" shall be disallowed because these employees and managers are paid a salary, not an hourly wage. Salaried employees are usually expected to work the hours required to complete their job duties without extra compensation.

Q. ARE THERE OTHER CATEGORIES OF COSTS THAT APPEAR TO BE OVERPROJECTED OR UNSUPPORTED?

A. Yes. For example, projected rate case expense includes $444,200 for Temporary Payroll, $942,000 for data processing costs, $242,500 for non-professional outside services, $41,000 for Security costs, $183,500 for "Company Forms" and $2,075,000 for professional services.

Several of the cost estimates included in the Professional Services category appear to be either excessive or questionable. For example, $475,000 was included for "Direct: John Reed, Concentric Energy, Benchmarking". The Company also included $278,000 for "Direct: Steven Harris, EQECAT, Storm Reserve," yet no direct testimony was filed by either Mr. Harris or EQECAT. In addition, the Company has included costs for additional rebuttal witnesses totaling $839,500. Interestingly, FPL projected that it would begin to incur these costs in March 2012, which is several months prior to the intervenor testimony filing deadline of July 2, 2012. In fact, over half of the projected rebuttal witness costs, or $471,200, was projected to be incurred from March 2012 – June 2012, well before the intervenor filing date of July 2, 2012.

Q. WHAT IS YOUR RECOMMENDED AMOUNT TO BE ALLOWED FOR RATE CASE EXPENSE IN THIS CASE?

A. My recommended adjustment is presented on Exhibit No. DR-2, Schedule C-2. Because several of the projected costs are inappropriate for inclusion in rate case expense, and other costs appear excessive, I recommend that the costs in this case be limited to the amount of rate case expense allowed by the Commission in FPL's prior rate case, adjusted for inflation. In FPL's prior rate case, Order No. PSC-10-0153-FOF-EI, the

Commission authorized a rate case expense recovery of $3,207,000. I escalated the allowed level from the prior docket using the O&M multiplier for CPI[8] of 1.072066 to the 2013 test year to determine the recommended amount of rate case expense. As shown on Exhibit DR-2, Schedule C-2, this adjustment results in an overall rate case expense of $3,438,116, or $2,076,884 less than the Company's requested amount of $5,515,000. The annual amortization of these costs, using FPL's proposed four-year amortization period, is $859,529, or $519,221 less than the amount proposed by FPL. Thus, test year amortization expense should be reduced by $519,221.

Unamortized Rate Case Expense

Q. HAS THE COMPANY INCLUDED THE PROJECTED TEST YEAR BALANCE OF UNAMORTIZED RATE CASE EXPENSE IN ITS WORKING CAPITAL REQUEST IN THIS CASE?

A. Yes. As noted above, the working capital component of rate base for the 2013 test year includes $4.826 million for FPL's projected unamortized rate case expense associated with this case.

Q. SHOULD FPL BE PERMITTED TO INCREASE RATE BASE FOR THE UNAMORTIZED RATE CASE EXPENSE BALANCE?

A. No, it should not. The Commission has consistently disallowed the inclusion of unamortized rate case expense in working capital. This long-standing Commission policy was recently reaffirmed in Commission Order No. PSC-10-0131-FOF-EI involving Progress Energy Florida. At pages 71 to 72 of that Order, the Commission stated the following with regard to unamortized rate case expense:

[8] See MFR Schedule C-40 from FPL's filing.

> We have a long-standing policy in electric and gas rate cases of excluding unamortized rate expense from working capital, as demonstrated in a number of prior cases. The rationale for this position was that ratepayers and shareholders should share the cost of a rate case: i.e., the cost of the rate case would be included in the O&M expenses, but the unamortized portion would be removed from working capital. It espouses the belief that customers should not be required to pay a return on funds expended to increase their rates.
>
> While this is the approach that has been used in electric and gas cases, water and wastewater cases have included unamortized rate case expense in working capital. The difference stems from a statutory requirement that water and wastewater rates be reduced at the end of the amortization period (Section 367.0816,F.S.). While unamortized rate case expense is not allowed to earn a return in working capital for electric and gas companies, it is offset by the fact that rates are not reduced after the amortization period ends.
>
> We agree with the long-standing policy that the cost of the rate case should be shared, and therefore find that the unamortized rate case expense amount of $2,787,000 shall be removed from working capital.

In a footnote on page 71 of the Order, the Commission identified the following cases that confirm and validate its long-standing policy of excluding the unamortized rate case expense from working capital in electric and gas cases:

> Order No. 23573, issued October 3, 1990, in Docket No. 891345-EI, In re: Application of Gulf Power Company for a rate increase; Order No. PSC-09-0283-FOF-EI, issued April 30, 2009; in Docket No. 08317-EI, In re: Petition for rate increase by Tampa Electric Company; Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. PSC-09-0375-PAA-GU, In re: Petition for rate increase by Florida Public Utilities Company.

In addition, in Order No. PSC-10-0153-FOF-EI (dated March 17, 2010), which was issued pursuant to FPL's last rate case in Docket No. 080677-EI, the Commission stated in part:

> We do not agree with the Company that the unamortized balance of rate case expense should be included in rate base. Historically, the unamortized balance of rate case expense has been excluded from rate base to reflect a sharing of the rate case cost between the ratepayers and the shareholders. Rate case expenses are recovered from ratepayers through the amortization process as a cost of doing business in a regulated environment. However, the unamortized balance of rate case expense has

> been excluded from rate base to reflect that an increase in rates is a benefit to the shareholders.

Later, this policy was also affirmed in Commission Order No. PSC-12-0179-FOF-EI (dated April 3, 2012) involving Gulf Power Company, where the Commission stated at pages 30 and 31:

> ....We have a long-standing practice in electric and gas rate cases of excluding unamortized rate case expense from working capital, as demonstrated in a number of prior cases. The rationale for this position is that ratepayers and shareholders should share the cost of a rate case; i.e., the cost of the rate case would be included in O&M expense, but the unamortized portion would be removed from working capital. This practice underscores the belief that customers should not be required to pay a return on funds spent to increase their rates.
>
> ....For the foregoing reasons, we find that the unamortized rate case expense of $2,450,000 shall be removed from working capital consistent with our long standing practice.

In a footnote on page 30 of the Gulf Power Order, the Commission identified the same cases referenced in the footnote of the Progress Energy Florida Order discussed above.

Q. DO YOU RECOMMEND THAT THE UNAMORTIZED RATE CASE EXPENSE BE EXCLUDED FROM RATE BASE IN THIS CASE?

A. Yes, I recommend that the Commission continue to follow its long-standing policy in electric cases of not allowing inclusion of the unamortized rate case expense in rate base. Consistent with the Commission's findings in the most recent Progress Energy Florida base rate case, the Gulf Power Company base rate case, and FPL's last rate case, it would be unfair for customers to pay a return on the costs incurred by the Company in this case when these are being used to increase customer rates. On Exhibit No. DR-2, Schedule B-1, page 2, I have removed the full amount of the unamortized balance of rate case expense from working capital in this case, thus reducing rate base by $4.826 million.

Income Tax Expense

Q. HAVE YOU ADJUSTED INCOME TAX EXPENSE TO REFLECT THE IMPACT OF THE ADJUSTMENTS SPONSORED BY CITIZENS' WITNESSES TO NET OPERATING INCOME?

A. Yes. On Exhibit No. DR-2, Schedule C-4, I calculate the impact of federal and state income tax expenses resulting from the recommended adjustments to operating expenses. The result is carried forward to the Net Operating Income Summary on Exhibit No. DR-2, Schedule C-1, page 2.

Interest Synchronization

Q. WHAT IS THE PURPOSE OF YOUR INTEREST SYNCHRONIZATION ADJUSTMENT ON EXHIBIT NO. DR-2, SCHEDULE C-5?

A. The interest synchronization adjustment allows the adjusted rate base and cost of debt to coincide with the income tax calculation. Since interest expense is deductible for income tax purposes, any revisions to the rate base or to the weighted cost of debt will impact the test year income tax expense. OPC's proposed rate base and weighted cost of debt differ from the Company's proposed amounts. Thus, OPC's recommended interest deduction for determining the 2013 test year income tax expense will differ from the interest deduction used by FPL in its filing. Consequently, OPC's recommended debt ratio increase in this case will lead to a greater interest deduction in the income tax calculation, which would in turn result in a reduction to income tax expense.

CANAVERAL MODERNIZATION PROJECT STEP INCREASE

Q. COULD YOU PLEASE BRIEFLY DESCRIBE FPL'S REQUEST AS IT PERTAINS TO THE CANAVERAL MODERNIZATION PROJECT?

A. FPL projects that the Cape Canaveral Modernization Project will be completed and placed into service in mid-2013. FPL removed the impacts of this project from the 2013 test year in its base rate increase calculations that would be effective on January 2, 2013. Rather, FPL is requesting that the project be included in a Step Increase that would go into effect when the project is placed into service and begins serving customers, which was projected to be in June 2013 at the time of FPL's original filing. The purpose of removing the project from the 2013 test year and to instead treat it as a step increase in base rates is so that base rates will reflect an annual level of the Canaveral Modernization Project costs, beginning with the date the project is used to serve FPL customers. Thus, instead of recovering the costs associated with the Canaveral Modernization Project throughout 2013 and in subsequent years based on the average test year approach, recovery of the project costs would begin after project completion based on an annualized cost level.

FPL provided the calculation of the requested Canaveral Modernization Project Step Increase in a separate set of MFRs that are specific to the project. These MFRs show a projected annualized rate base of $821,325,000, a requested 9.06% overall rate of return applied to the rate base, and a projected net operating income (loss) associated with the project of ($32,092,000). Altogether, these amounts result in FPL's projected first year annualized revenue requirement for the Canaveral Modernization Project of $173,851,000.

Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE AMOUNT OF CANAVERAL MODERNIZATION PROJECT STEP INCREASE REQUESTED BY FPL?

A. Yes, I am recommending several adjustments. First, I recommend that the rate of return the Commission will apply to the project rate base be based on OPC's overall recommended rate of return. Next, I recommend that the projected amount of rate base and operating costs associated with the project be updated based on more recent forecasts. Additionally, I recommend that the start-up costs included in FPL's projections be removed so that base rates established at the time of the proposed step increase are based on normalized costs and exclude one-time non-recurring charges.

Q. HAVE YOU PREPARED AN EXHIBIT PRESENTING OPC'S RECOMMENDED REVENUE REQUIREMENT AS IT PERTAINS TO THE CANAVERAL MODERNIZATION PROJECT STEP INCREASE TO BASE RATES?

A. Yes. I have prepared Exhibit No. DR-3, consisting of Schedules A-1, B-1 – B-2, and C-1 - C-3. Each of these schedules is specific to the calculation of OPC's primary revenue requirement calculation for the Canaveral Step Increase.

Q. IN CALCULATING THE REVENUE REQUIREMENT FOR THE CANAVERAL STEP INCREASE, DID YOU USE THE COMPANY'S PROPOSED RATE OF RETURN?

A. No, I did not. In calculating the revenue requirement for the Canaveral Step Increase, the Company based the calculation of the increase on an overall rate of return of 9.06%. The determination of this 9.06% overall rate of return was based on the following hypothetical capital ratio for the Canaveral Modernization Project: 39.03% for long-term debt, 60.97% for equity, a 5.26% rate for long-term debt and a 11.50% rate of return on equity. In my opinion, it is not appropriate to use a different capital structure and overall rate of return to calculate the revenue requirement associated with FPL's requested step increase than the appropriate capital structure and overall rate of return for the January 2013 Base Rate Change. Thus, as shown on Exhibit No. DR-3, Schedule A-1, OPC's primary recommendation for FPL's requested Canaveral Step Increase is calculated based on OPC's recommended overall rate of return of 5.56%.

Q. DID FPL EXPLAIN WHY IT USED A DIFFERENT CAPITAL STRUCTURE AND OVERALL RATE OF RETURN FOR THE CANAVERAL STEP INCREASE CALCULATIONS?

A. A footnote at the bottom of MFR Schedule D-1a – Canaveral Step Increase states that "The capital structure reflects incremental sources of capital consistent with the analysis submitted in connection with its need determination proceeding."

Q. DOES THIS EXPLANATION SUPPORT THE USE OF A RATE OF RETURN THAT DIFFERS FROM THE RATE OF RETURN TO BE USED FOR CALCULATING THE JANUARY 2013 BASE RATE CHANGE?

A. No, it does not. Additionally, it is my understanding that the Commission has based prior approved step increases associated with certain major capital projects on the authorized overall rate of return found to be appropriate for determining the change to base rates in a rate case proceeding.

A recent example of this can be found in Order No. PSC-12-0179-FOF-EI, issued April 3, 2012. That decision, at page 142, shows that the Commission applied its authorized overall rate of return that it found appropriate for purposes of determining the base rate increase for Gulf Power Company in its calculation of the January 2013 step increase associated with the annualization of the Crist Units 6 & 7 turbine upgrade projects.

Similarly, in Order No. PSC-09-0283-FOF-EI, issued April 30, 2009, the Commission applied its authorized overall rate of return it found appropriate for determining the base rate increase for Tampa Electric Company in its calculation of the January 1, 2010 step increase associated with five combustion turbine units being placed into service. This is demonstrated at pages 138 and 139 of the Order, on Schedules 5 and 6.

Q. YOU STATED THAT THE PROJECTED AMOUNT OF RATE BASE AND OPERATING COSTS ASSOCIATED WITH THE CANAVERAL MODERNIZATION PROJECT SHOULD BE UPDATED BASED ON MORE RECENT FORECASTS. PLEASE EXPLAIN.

A. OPC requested that FPL provide a complete copy of its current forecast for the construction and other costs associated with the Canaveral Modernization Project. In response to OPC's 6th Request for Production of Documents, POD 62, FPL provided revised versions of many of the MFR Schedules that were specific to the Canaveral Step Increase, as well as supporting workpapers. The revised MFR Schedule A-1 – Canaveral Step Increase shows the revenue requirement for the step increase as $172,016,000, which is $1,835,000 less than the Company's original filing amount of $173,851,000.

Q. WHAT ADJUSTMENTS DID FPL MAKE TO RATE BASE THAT RESULTED IN FPL'S REVISED REVENUE REQUIREMENT FOR THE CANAVERAL STEP INCREASE?

A. The primary adjustment FPL made was to update its projected construction costs related to Other Production. Specifically, in its original Canaveral step increase filing, FPL's projected 13-month average balance of Other Production Plant for the period ended May 2014 totaled $963,790,000 on a total Company basis, as reflected on MFR Schedule B-8

– Canaveral Step Increase. On the revised MFR Schedule B-8 – Canaveral Step Increase (Bates Stamp No. OPC 300800), FPL's 13-month average balance of Other Production Plant for the same period was $953,430,000 on a total Company basis. Thus, the updated projection of the Other Production Plant is $10,360,000 lower than the amount in the original filing. This also impacted the accumulated depreciation and depreciation expense in the case. Each of the rate base adjustments that needs to be made to reflect the impact of FPL's update to the Canaveral Modernization Project costs is presented on Exhibit DR-3, Schedule B-2. As shown on line 8 of that schedule, the overall rate base impact on of FPL's update is a reduction of $9,782,000 on a total Company basis.

Q. WHAT CHANGES DID FPL MAKE TO THE PROJECTED OPERATING COSTS IN ITS UPDATED CANAVERAL STEP INCREASE CALCULATIONS?

A. FPL revised its projected Other Production related depreciation and amortization expense and property tax expense to correspond with the updated Plant in Service. Specifically, on a total Company basis, FPL's revised Other Production depreciation and amortization expense is $31,494,000, which is $341,000 less than the original filing amount of $31,835,000. Similarly, FPL's revised Property Tax Expense of $17,808,000 is $215,000 less than the as-filed amount of $18,023,000. Also, FPL's revisions include the impacts on income tax expense that resulted from these updates. The revisions to the various net operating income components are presented on Exhibit DR-3, Schedule C-2.

Q. DID FPL'S REVISED MFR SCHEDULES FOR THE CANAVERAL STEP INCREASE INCLUDE ANY OTHER ADJUSTMENTS?

A. Yes. In addition to the rate base and operating expense revisions presented in Exhibit DR-3, Schedules B-2 and C-2, FPL revised many of the jurisdictional separation factors that it used for rate base and operating costs in its original Canaveral Step Increase calculations. I did not include the revision to the jurisdictional allocation factors and left them at the factors used in FPL's filing.

Q. PREVIOUSLY YOU INDICATED THAT YOU RECOMMEND REMOVAL OF THE PROJECTED START-UP COSTS. WOULD YOU PLEASE ELABORATE?

A. Yes. FPL included projected non-fuel O&M expenses of $10.455 million in its Canaveral Step Increase filing. The response to Staff's 7th Set of Interrogatories, Interrogatory 290, shows that $831,000 is included in the non-fuel O&M expenses for start-up costs. The response to Staff Interrogatory 290 stated that "the start-up costs were identified and quantified after the submission of the needs filing and included in the current proceeding." In response to OPC's 10th Set of Interrogatories, Interrogatory 206, which asked why FPL included start-up costs in its projected non-fuel O&M expense related to the Canaveral Step Increase, the Company stated, in part:

> Traditionally, in the bidding process to assess the most cost-effective option for new generating units, the fuel and non-fuel expenses associated with producing this generation are not included in the project's O&M budget proforma since these are non-recurring expenses. Rather, these start-up expenses are budgeted for as part of the project's construction costs. Once the start-up phase begins, native load sales during this period are considered revenue to FPL and the associated expenses of producing this generation are credited to the project cost and charged or debited as an O&M expense to the plant. Hence, this is part of the 2013 O&M budget for the Canaveral Modernization Project.

Q. DO YOU AGREE THAT START-UP COSTS SHOULD BE INCLUDED IN THE CALCULATION OF THE REVENUE REQUIREMENT ASSOCIATED WITH FPL'S REQUESTED CANAVERAL STEP INCREASE?

A. No, I do not. The start-up costs that FPL projects to expense in the twelve-month period ending May 31, 2014 are one-time, non-recurring expenses that should not be incorporated in the Canaveral Step Increase. As shown on Exhibit No. DR-3, Schedule C-1, I have removed non-recurring start-up expenses of $831,000 on a total Company basis and $816,000 on a jurisdictional basis.

Q. ARE THERE ANY ADDITIONAL ADJUSTMENTS THAT NEED TO BE MADE FOR PURPOSES OF CALCULATING THE REVENUE REQUIREMENT ASSOCIATED WITH FPL'S REQUESTED CANAVERAL STEP INCREASE?

A. Yes. As addressed previously in this testimony, OPC's recommended revision to the capital structure results in the weighted cost of debt being higher than the amount incorporated in the Company's filing. This increase in the weighted cost of debt impacts the calculation of the interest deduction in the income tax calculations (i.e., the interest synchronization adjustment). On Exhibit No. DR-3, Schedule C-3, I provide the calculation of the adjustment that needs to be made to FPL's updated income tax expense amount to reflect the impact of the interest synchronization adjustment, which reduces the updated income tax expense by $104,000.

Q. WHAT IS THE RESULTING REVENUE REQUIREMENT ASSOCIATED WITH FPL'S REQUESTED CANAVERAL STEP INCREASE RECOMMENDED BY THE OPC IN THIS CASE?

A. As shown on OPC Exhibit No. DR-3, Schedule A-1, OPC's recommended adjustments discussed above result in a Canaveral Step Increase for FPL of $121,486,000. This is $52,365,000 less than the $173,851,000 Canaveral Step Increase requested by FPL in its original filing. This calculation is based on OPC's primary overall cost of capital of 5.56%.

OVERALL FINANCIAL SUMMARY – ALTERNATIVE RECOMMENDATION

Q. HAVE YOU CALCULATED AN ALTERNATIVE REVENUE REQUIREMENT FOR FPL IN THE EVENT THE COMMISSION ADOPTS THE DEBT-TO-EQUITY RATIO IN THE CAPITAL STRUCTURE REQUESTED BY FPL?

A. Yes. Exhibit No. DR-4, totaling four pages, shows the revisions that need to be made to OPC's primary recommendation for the January 2013 Base Rate Change presented in Exhibit No. DR-2 if the Commission adopts the 2013 test year debt-to-equity ratio used by FPL for its requested overall rate of return. As shown on page 1 of Exhibit No. DR-4, if the Commission adopts FPL's proposed debt-to-equity ratio, the revenue requirements for the January 2013 Base Rate Change would result in a reduction of $184,396,000 to FPL's current base rates.

Q. WHAT IS THE REVISED RATE OF RETURN RECOMMENDED BY OPC UNDER THIS ALTERNATIVE SCENARIO?

A. The overall rate of return would increase from the OPC's primary recommendation in this case from 5.56%[9] to 5.62%. The calculation of OPC's recommended rate of return under this alternative scenario, as well as the resulting reconciliation of OPC's recommended rate base to the capital structure, is presented on Exhibit No. DR-4, page 2 of 4.

OPC witness Woolridge testifies that if the Commission accepts the debt-to-equity ratios presented by FPL in this case, his original recommended rate of return on equity should be reduced from his primary recommendation of 9.0% based on OPC's proposed capital

[9] Calculation of the 5.56% Rate of Return shown in Exhibit No. DR-2, Schedule D.

structure to 8.50%. This recommended 8.50% rate of return on equity is included in the calculations presented on Exhibit No. DR-4, page 2 of 4.

Q. WHAT ADDITIONAL MODIFICATIONS NEED TO BE MADE TO OPC'S RECOMMENDED REVENUE REQUIREMENT CALCULATIONS UNDER THIS ALTERNATIVE SCENARIO?

A. The weighted cost of debt would change because of FPL's proposed debt-to-equity ratio. Since OPC has accepted the debt cost rates incorporated in FPL's capital structure calculations, the weighted cost of debt to be applied to rate base to calculate the tax deductible interest expense would be the same under this scenario. The only difference between FPL and OPC with regard to the interest synchronization adjustment under this scenario should be because OPC is recommending a lower rate base amount than FPL. Exhibit No. DR-4, page 4 presents the interest synchronization calculation based on OPC's recommended rate base. The result of this calculation is carried forward to page 3 of Exhibit No. DR-4 to determine the impact on OPC's recommended net operating income resulting from the modification to the interest synchronization calculation.

Q. HAVE YOU CALCULATED THE REVENUE REQUIREMENT ASSOCIATED WITH FPL'S REQUESTED CANAVERAL STEP INCREASE THAT WOULD RESULT IF THE COMMISSION ADOPTS THE DEBT-TO-EQUITY RATIO IN THE CAPITAL STRUCTURE REQUESTED BY FPL?

A. Yes. Under this alternative scenario, and as shown on Exhibit No. DR-5, page 1 of 2, the revenue requirement associated with FPL's requested Canaveral Step Increase would be $122,455,000, which is $51,396,000 less than the $173,851,000 step increase requested by FPL in its original filing.

Q. DOES THIS COMPLETE YOUR PREFILED TESTIMONY?

A. Yes, it does.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony of Donna Ramas has been furnished by electronic mail and/or U.S. Mail on this 2nd day of July, 2012, to the following:

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Keino Young
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QUALIFICATIONS OF DONNA RAMAS

Q. WHAT IS YOUR OCCUPATION?

A. I am a certified public accountant, licensed in the State of Michigan, and senior regulatory consultant in the firm of Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I graduated with honors from Oakland University in Rochester, Michigan in 1991. I have been employed by the firm of Larkin & Associates, PLLC, since 1991. As a certified public accountant and regulatory consultant with Larkin & Associates, PLLC, my duties have included the analysis of utility rate cases and regulatory issues, researching accounting and regulatory developments, preparation of computer models and spreadsheets, the preparation of testimony and schedules and testifying in regulatory proceedings. I have also developed and conducted five training programs on behalf of the Department of Defense - Navy Rate Intervention Office on measuring the financial capabilities of firms bidding on Navy assets and one training program on calculating the revenue requirement for municipal owned water and wastewater utilities. Additionally, I have served as an instructor at the Michigan State University - Institute of Public Utilities as part of their Annual Regulatory Studies programs.

I have prepared and submitted expert testimony and/or testified in the following cases, most of which were filed under the name of Donna DeRonne:

Arizona: Ms. Ramas prepared testimony on behalf of the Staff of the Arizona Corporation Commission in the following case before the Arizona Corporation Commission: Southwest Gas Corporation (Docket No. G-01551A-00-0309).

California: Ms. Ramas prepared testimony on behalf of the Division of Ratepayer Advocates of the California Public Utilities Commission in the following cases before the California Public Utilities Commission:

San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.05-08-021), Request for Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc., Resulting in Change of Control of California-American Water Company (Application 06-05-025), California Water Services Company (Docket No. 07-07-001*), Golden State Water Company (Docket No. 08-07-010), and Golden State Water Company (Docket No. 11-07-017*).

Ms. Ramas also prepared testimony on behalf of the Department of Defense in the following cases before the California Public Utilities Commission: San Diego Gas and Electric Company (Docket No. 98-07-006) and Southern California Edison Company and San Diego Gas & Electric Company (Docket No. 05-11-008*).

Additionally, Ms. Ramas prepared testimony on behalf of the City of Fontana in the following rate cases before the California Public Utilities Commission: San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.08-07-009) - Phases 1 and 2; San Gabriel Valley Water Company, Los Angeles Division (Docket No. A.10-07-019*), and San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.11-11-005).

Ms. Ramas also prepared testimony on behalf of The Utilities Reform Network in the following rate case before the California Public Utilities Commission: California American Water Company (Docket No. 10-07-007).

Connecticut: Ms. Ramas has prepared testimony on behalf of the Connecticut Office of Consumers Counsel in the following cases before the State of Connecticut, Department of Public Utility Control:

Connecticut Light & Power Company (Docket No. 92-11-11), Connecticut Natural Gas Corporation (Docket No. 93-02-04), Connecticut Natural Gas Corporation (Docket No. 95-02-07), Southern Connecticut Gas Company (Docket No. 97-12-21), Connecticut Light & Power Company (Docket No. 98-01-02), Southern Connecticut Gas Company (Docket No. 99-04-18 Phase I), Southern Connecticut Gas Company (Docket No. 99-04-18 Phase II), Connecticut Natural Gas Corporation (Docket No. 99-09-03 Phase I), Connecticut Natural Gas Corporation (Docket No. 99-09-03 Phase II), Connecticut Light & Power Company (Docket No. 00-12-01), Yankee Gas Services Company (Docket No. 01-05-19), United Illuminating Company (Docket No. 01-10-10), Connecticut Light & Power Company (Docket No. 03-07-02), Southern Connecticut Gas Company (Docket No. 03-11-20), Yankee Gas Services Company (Docket No.

04-06-01*), The Southern Connecticut Gas Company (Docket No. 05-03-17PH01), The United Illuminating Company (Docket No. 05-06-04), Connecticut Natural Gas Corporation (Docket No. 06-03-04* Phase I), Yankee Gas Services Company (Docket No. 06-12-02PH01*), Aquarion Water Company of Connecticut (Docket No. 07-05-19), Connecticut Light & Power Company (Docket No. 07-07-01), The United Illuminating Company (Docket No. 08-07-04), Connecticut Light & Power Company (Docket No. 09-12-05), and Yankee Gas Services Company (Docket No. 10-12-02).

Ms. Ramas also assisted the Connecticut Office of Consumer Counsel by conducting cross-examination of utility witnesses in the following cases: Southern Connecticut Gas Company (Docket No. 08-12-07), Connecticut Natural Gas Corporation (Docket No. 08-12-06), UIL Holdings Corporation and Iberdrola USA, Inc. (Docket No. 10-07-09), and Northeast Utilities/NSTAR Merger (Docket No. 12-01-07).

District of Columbia: Ms. Ramas prepared testimony on behalf of the Office of the People's Counsel of the District of Columbia in the following case before the Public Service Commission of the District of Columbia: Washington Gas Light Company (Formal Case No. 1016), Potomac Electric Power Company (Formal Case No. 1076), and Potomac Electric Power Company (Formal Case No. 1087).

Florida: Ms. Ramas prepared testimony on behalf of the Florida Office of Public Counsel in the following cases before the Florida Public Service Commission:

Southern States Utilities (Docket No. 950495-WS), United Water Florida (Docket No. 960451-WS), Aloha Utilities, Inc. – Seven Springs Water Division (Docket No. 010503-WU), Florida Power Corporation (Docket No. 000824-EI*), Florida Power & Light Company (Docket No. 001148-EI**), Tampa Electric Company d/b/a Peoples Gas System (Docket No. 020384-GU*), The Woodlands of Lake Placid, L.P. (Docket No. 020010-WS), Utilities, Inc. of Florida (Docket No. 020071-WS), Florida Public Utilities Company (Docket No. 030438-EI*), The Woodlands of Lake Placid, L.P. (Docket No. 030102-WS), Florida Power & Light Company (Docket No. 050045-EI*), Progress Energy Florida, Inc. (Docket No. 050078-EI*), Florida Power & Light Company (Docket No. 060038-EI), Water Management Services, Inc. (Docket No. 100104-WU), and Gulf Power Company (Docket No. 110138-EI).

Louisiana: Ms. Ramas prepared testimony on behalf of various consumers in the following case before the Louisiana Public Service Commission: Atmos Energy Corporation d/b/a Trans Louisiana Gas Company (Docket No. U-27703*).

Massachusetts: Ms. Ramas prepared testimony on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy in the following cases before the Massachusetts Department of Public Utilities: New England Gas Company (DPU 10-114), Fitchburg Electric Company (DPU 11-01), Fitchburg Gas Company (DPU 11-02) and NStar/Northeast Utilities Merger (DPU 10-170).

New York: Ms. Ramas prepared testimony on behalf of the New York Consumer Protection Board in the following cases before the New York Public Service Commission:

New York State Electric & Gas Corporation (Case No. 05-E-1222), KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island (Case Nos. 06-G-1185 and 06-G-1186*), Consolidated Edison Company of New York, Inc. (Case No. 06-G-1332*), and Consolidated Edison Company of New York, Inc. (Case No. 07-E-0523).

Nova Scotia: Ms. Ramas prepared testimony on behalf of the Nova Scotia Utility and Review Board – Board Counsel in the following case: Halifax Regional Water Commission (W-HRWC-R-10); Nova Scotia Power Incorporated (NSPI-P-892*); Heritage Gas Limited (NG-HG-R-11*); and NPB Load Retention Rate Application – NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd. (NSPI-P-202).

North Carolina: Ms. Ramas assisted Nucor Steel-Hertford, A Division of Nucor Corporation in the review of an application filed by Dominion North Carolina Power for an Increase in rates (Docket no. E-22, Sub 459**). The case was settled prior to the submittal of intervenor testimony.

Utah: Ms. Ramas prepared testimony on behalf of the Utah Committee of Consumer Services in the following cases before the Public Service Commission of Utah:

PacifiCorp dba Utah Power & Light Company (Docket No. 99-035-10), PacifiCorp dba Utah Power & Light Company (01-035-01*), PacifiCorp dba Utah Power & Light Company (Docket No. 01-035-23 Interim (Oral testimony)), PacifiCorp dba Utah Power & Light Company (Docket No. 01-035-23**), Questar Gas Company (Docket No. 02-057-02*), PacifiCorp (Docket No. 04-035-42*), PacifiCorp (Docket No. 06-035-21*), Rocky Mountain Power (Docket Nos. 07-035-04, 06-035-163 and 07-035-14), Rocky Mountain Power (Docket No. 07-035-93), Questar Gas Company (Docket No. 07-057-13*), Rocky Mountain Power (Docket No. 08-035-93*), Rocky Mountain Power (Docket No. 08-035-38*), Rocky Mountain Power Company (Docket No. 09-035-23), Questar Gas Company (Docket No. 09-057-16**), Rocky Mountain Power Company (Docket No. 10-035-13), Rocky Mountain Power Company (Docket No. 10-035-38), Rocky Mountain Power Company (Docket No. 10-035-89), Rocky Mountain Power Company (Docket No. 10-035-124*), and Rocky Mountain Power Company (Docket No. 11-035-200).

Vermont: Ms. Ramas prepared testimony on behalf of the Vermont Department of Public Service in the following cases before the Vermont Public Service Board: Citizens Utilities Company – Vermont Electric Division (Docket No. 5859), Central Vermont Public Service Corporation (Docket No. 6460*), and Central Vermont Public Service Corporation (Docket No. 6946 & 6988).

Washington: Ms. Ramas prepared testimony on behalf of the Public Counsel Section of the Washington Attorney General's Office in the following case before the Washington Utilities and Transportation Commission: PacifiCorp (Docket No. UE-090205**).

West Virginia: Ms. Ramas has prepared testimony on behalf of the West Virginia Consumer Advocate Division in the following cases before the Public Service Commission of West Virginia: Monongahela Power Company (Case No. 94-0035-E-42T), Potomac Edison Company (Case No. 94-0027-E-42T), Hope Gas, Inc. (Case No. 95-0003-G-42T*), and Mountaineer Gas Company (Case No. 95-0011-G-42T*).

* Case Settled / ** Testimony not filed/submitted due to settlement

Schedule A-1

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Revenue Requirement
(Thousands of Dollars)

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	$ 21,036,823	$ 20,535,584	Exh. DR-2, Sch. B-1
2	Required Rate of Return	7.00%	5.56%	Exh. DR-2, Sch. D
3	Jurisdictional Income Required	1,472,878	1,141,893	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	1,156,359	1,297,203	Exh. DR-2, Sch. C-1
5	Income Deficiency (Sufficiency)	316,519	(155,310)	Line 3 - Line 4
6	Earned Rate of Return	5.50%	6.32%	Line 4 / Line 1
7	Net Operating Income Multiplier	1.63188	1.63188	MFR Sch. A-1
8	Revenue Deficiency (Sufficiency)	$ 516,520	$ (253,446)	Line 5 x Line 7

Source/Notes:
Col. (A): MFR Schedule A-1

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Adjusted Rate Base
(Thousands of Dollars)

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company	OPC Adjustments	Adjusted Juris. Total Amount per OPC
		(A)	(B)	(C)
1	Plant in Service	30,424,227	-	30,424,227
2	Accumulated Depreciation & Amortization	(11,901,711)	(20,275)	(11,921,986)
3	Net Plant in Service	18,522,516	(20,275)	18,502,241
4	Construction Work in Progress	501,676	(4,234)	497,442
5	Plant Held For Future Use	230,192	(112,537)	117,655
6	Nuclear Fuel	565,229		565,229
7	Total Net Plant	19,819,614	(137,046)	19,682,568
8	Working Capital Allowance	1,217,209	(364,193)	853,016
9	Other Rate Base Items	-		-
10	Total Rate Base	21,036,823	(501,239)	20,535,584

Source/Notes:
Col. (A): Company MFR Schedule B-1
Col. (B): See Exhibit DR-2, Schedule B-1, page 2

Schedule B-1, page 2 of 2

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Docket No 120015-EI
January 2013 Rate Change - Primary
Exhibit No DR-2
Page 3 of 11

Adjusted Rate Base-Summary of Adjustments
(Thousands of Dollars)

Line No.	Adjustment Title	Reference (a)	OPC Adjustments	Jurisdictional Separation Factor	Jurisdictional Amount
	Plant in Service Adjustments:				
1					-
2	*Total Plant in Service*		-		-
3					
4					
5	Accumulated Depreciation Adjustments:				
6	Surplus Depreciation Reserve	Exh HWS-10 x 50%	(20,275)	1 000000	(20,275)
7	*Total Accumulated Depreciation*		(20,275)		(20,275)
8					
9	Construction Work in Progress:				
10	Remove Transmission Related CWIP Eligible for AFUDC	Ramas Testimony	(4,685)	0 903761	(4,234)
11	*Total Construction Work in Progress*		(4,685)		(4,234)
12					
13	Plant Held for Future Use:				
14	Reduction to Other Production PHFFU	Exh DR-2, Sch B-2	(108,952)	0 961940	(104,805)
15	Reduction to Transmission PHFFU	Exh DR-2, Sch B-2	(8,555)	0 903781	(7,732)
16	*Total Plant Held for Future Use*		(117,507)		(112,537)
17					
18	Working Capital Adjustments				
19	Adjustment to Working Capital	Exhibit HWS-11	(365,378)	Various	(359,367)
20	Remove Unamortized Rate Case Expense	Ramas Testimony	(4,826)	1 000000	(4,826)
21	*Total Working Capital*		(370,204)		(364,193)

Notes:
Jurisdictional Separation Factors from FPL's MFR Schedule B-6
(a) References beginning with Exh HWS refer to exhibits presented with the testimony of Helmuth W Schultz, III

Reduction to Plant Held For Future Use (PHFFU)
(Thousands of Dollars)

Line No.	Description	13 Month Avg. Test Year Amount
1	Reduction to Other Production Future Use (Line 7, below)	(108,952)
2	Reduction to Transmission Future Use (Line 17, below)	(8,555)
3	Overall Reduction to Plant Held For Future Use	(117,507)

Line No.	Name of Property Recommended for Removal from PHFFU	13 Month Avg. Test Year Amount
	Other Production Future Use:	
4	Fort Drum Site	17,755
5	McDaniel Site	39,982
6	Hendry County Site	51,215
7	Adjustment to Other Production Future Use	108,952
	Transmission Future Use:	
8	Galloway-South Miami Loop to S West Sub	1,834
9	Manatee-Ringling 138kV Trm Line	1,518
10	Turkey Point-Levee (Levee-South Dade)	1,445
11	DeSoto-Orange River EHV R/W	901
12	Levee Sub	789
13	Harbor Punta Gorda #2 - Acq Easements	738
14	Arch Creek	683
15	Rima Sub & Rima-Volusia 230kV R/W Line	620
16	Line to Portsaid Sub	27
17	Adjustment to Transmission Future Use	8,555

Source/Notes:
Response to OPC's 6th Set of Interrogatories, Interrogatory No. 124.

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Adjusted Net Operating Income
(Thousands of Dollars)

Line No.	Description	Adjusted Jurisdictional Total per Company	OPC Adjustments	Adjusted Jurisdictional Total per Citizens
		(A)	(B)	(C)
	Operating Revenues:			
1	Revenue From Sales	4,266,616		4,266,616
2	Other Operating Revenues	140,637		140,637
3	Total Operating Revenues	4,407,253		4,407,253
	Operating Expenses:			
4	Other Operation & Maintenance	1,542,322	(143,828)	1,398,494
5	Fuel & Interchange	23,466		23,466
6	Purchased Power	-		-
7	Deferred Costs	-		-
8	Depreciation & Amortization	802,761	(40,550)	762,211
9	Taxes Other Than Income Taxes	371,710	(1,577)	370,133
10	Income Taxes	513,276	45,111	558,387
11	(Gain)/Loss on Disposal of Plant	(2,641)		(2,641)
12	Total Operating Expenses	3,250,894		3,110,050
13	Net Operating Income	1,156,359		1,297,203

Source/Notes
Col. (B): Exhibit DR-2, Schedule C-1, Page 2

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Net Operating Income-Summary of Adjustments
(Thousands of Dollars)

Line No.	Adjustment Title	Reference (a)	Total Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
	Other O & M :				
1	Rate Case Expense	Exh DR-2, Sch C-2	(519)	1 000000	(519)
2	Employee Count Adjustment	Exh HWS-2	(24,968)	0 984380	(24,578)
3	Employee Incentive Compensation Adjustment	Exh HWS-3	(22,726)	0 984380	(22,371)
4	Benefit Expense Adjustment	Exh HWS-4	(14,992)	0 985261	(14,771)
5	Distribution Vegetative Mgt - Tree Trimming	Exh HWS-6	(9,240)	0 999472	(9,235)
6	Pole Inspection Expense	Exh HWS-7	(2,734)	0 999472	(2,733)
7	Directors & Officers Liability Insurance	Exh HWS-8	(1,391)	0 984797	(1,370)
8	Uncollectible Expense	Exh HWS-9	(1,760)	1 000000	(1,760)
9	Reduction to Smart Meter Expenses	Ramas Testimony	(3,744)	0 997475	(3,735)
10	Reflect Smart Meter Cost Savings	Ramas Testimony	(19,943)	0 997475	(19,893)
11	O&M Expense Reduction - Affiliate Issues	Vondle (b)	(34,500)	0 981527	(33,863)
12	Generation Overhaul Expense Normalization	Exh DR-2, Sch C-3	(9,177)	0 980759	(9,000)
13	subtotal				(143,828)
14					
15	Depreciation & Amortization:				
16	Surplus Depreciation Reserve Amortization	Exh HWS-10	(40,550)	1 000000	(40,550)
17					-
18	subtotal				(40,550)
19					
20	Taxes Other Than Income:				
21	Payroll Tax Expense	Exh HWS-5	(1,601)	0 984797	(1,577)
22					-
23	subtotal				(1,577)
24					
25	Income Taxes:				
26	Impact of other adjustments	Exh DR-2, Sch C-4		Various	71,732
27	Interest Synchronization Adjustment	Exh DR-2, Sch C-5		Various	(26,621)
28	subtotal				45,111
29					
30					
31	Source/Notes:				
32	Jurisdictional Separation Factors from FPL MFR Schedule C-4				

(a) References beginning with Exh HWS refer to exhibits presented with the testimony of Helmuth W Schultz, III

(b) Adjustment presented in the testimony of David Vondle, at Section IV

Schedule C-2

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Docket No. 120015-EI
January 2013 Rate Change - Primary
Exhibit No. DR-2

Rate Case Expense

Line No.	Description	Total Rate Case Expense	Amortization Period (Years)	Amortization Expense	Reference
1	Rate Case Expense Authorized in 2010 Rate Case	$ 3,207,000			(a)
2	O&M CPI-U Compound Multiplier, 2010 - 2013	1.072066			(b)
3	OPC Recommended Rate Case Expense - Current Case	$ 3,438,116	4	$ 859,529	
4	FPL Estimated Rate Case Expense in Filing	5,515,000	4	1,378,750	(c)
5	Reduction to Rate Case Expense, per OPC	$ (2,076,884)		$ (519,221)	
6	Rounded Adjustment to Test Year Amortization Expense			$ (519)	

Source/Notes:
(a) Commission Order No. PSC-10-0153-FOF-EI
(b) MFR Schedule C-40
(c) MFR Schedule C-10

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Generation Overhaul Expense Normalization

Line No	Description	2010	2011	2012	2013	Four-Year Escalated Average
1	Steam Plant Overhaul Expense	$ 24,200	$ 8,915	$ 23,034	$ 15,034	
2	- Less Retired Units (Port Everglades Units)	(1,429)	(2,130)			
3	Subtotal	22,771	6,785	23,034	15,034	
4	O&M CPI-U Compound Multiplier. 2010 - 2013	1.072066	1.064729	1.037545	1.000000	
5	Steam Plant Overhaul Expense - Existing Plants	24,412	7,224	23,899	15,034	$ 17,642
6	Other Production Plant Overhaul Expense	$ 29,096	$ 38,849	$ 33,111	$ 53,309	
7	- Less Canaveral (Included in Step Increase)				(862)	
8	- Plus West County Unit 3 (Based on 2012 & 2013 Avg)	1,540	1,540			
9	Subtotal	30,636	40,389	33,111	52,447	
10	O&M CPI-U Compound Multiplier, 2010 - 2013	1.072066	1.064729	1.037545	1.000000	
11	Other Production Plant Overhaul Expense - Existing Plants	32,844	43,003	34,354	52,447	40,662
12	OPC Recommended Normalized Generation Overhaul Expense					58,304
13	2013 Generation Overhaul Expense in 2013 Base Rate Change, per FPL (Lines 1 and 9 for 2013)					67,481
14	Reduction to Generation Overhaul Expense					$ (9,177)

Source:
Lines 1 & 2: FPL Responses to OPC's 14th Set of Interrogatories, Interrogatories 266 and 267
Lines 6-8: FPL Responses to OPC's 14th Set of Interrogatories, Interrogatories 264 and 265
Lines 4 and 10: MFR Sch C-40

Income Tax Expense - Impact of Other Adjustments
(Thousands of Dollars)

Line No.	Description	Amount
1	OPC Jurisdictional Operating Income Adjustments (1)	$ 185,955
2	Composite Income Tax Rate (2)	38.575%
3	Adjustment to Income Tax Expense	$ 71,732

Source:
(1) Exhibit DR-2, Schedule C-1, Page 2
(2) Calculated using Florida state income tax rate of 5.50% and Federal income tax rate of 35%

Interest Synchronization Adjustment
(Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per OPC	$ 20,535,584	Exh. DR-2, Sch. B-1
2	Weighted Cost of Debt, per OPC	2.09%	Exh. DR-2, Sch. D
3	Interest Deduction for Income Taxes	$ 428,257	Line 1 x Line 2
4	Interest Deduction, per Company	$ 359,246	(a)
5	Increase (Reduction) in Deductible Interest	$ 69,011	
6	Composite Income Tax Rate	38.575%	
7	Reduction (Increase) to Income Tax Expense	$ 26,621	

(a) Per Company amount calculated as the per Company rate base of $21,036,823 times the per FPL weighted Cost of Debt (long term debt, short term debt and customer deposits) of 1.7077%.

Schedule D

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Docket No. 120015-EI
January 2013 Rate Change - Primary
Exhibit No. DR-2

Cost of Capital
(Thousands of Dollars)

		Jurisdictional Capital Structure Per Company	OPC Adjustments to Cap. Struct.	Adjusted Amounts	OPC Rate Base Adjustments	Per Citizens Adjusted Amounts	Ratio	Cost Rate	Per OPC Weighted Cost Rate
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Long Term Debt	6,199,550	1,476,157	7,675,707	(182,887)	7,492,820	36 49%	5 26%	1 92%
2	Short Term Debt	360,542	85,848	446,390	(10,636)	435,754	2 12%	2 11%	0 04%
3	Preferred Stock	-	-	-	-	-	0 00%	0.00%	0 00%
4	Common Equity	9,684,101	(1,562,005)	8,122,097	(193,523)	7,928,573	38 61%	9 00%	3 47%
5	Customer Deposits	426,531	-	426,531	(10,163)	416,368	2 03%	5 99%	0 12%
6	Deferred Taxes	4,365,176	-	4,365,176	(104,008)	4,261,168	20 75%	0 00%	0 00%
7	Investment Tax Credits	923	-	923	(22)	901	0.00%	7 18%	0.00%
8	Total	21,036,823	(0)	21,036,823	(501,239)	20,535,584	100.00%		5.56%

	Ratio of Debt & Equity Component	Per FPL Amounts	Effective FPL Ratio	Capitalization Ratio Per OPC^	Revised Allocations	Adjs. To Reflect OPC Cap. Struct.
		(a)	(b)	(c)	(d)	(e) = (d - a)
9	Long Term Debt	6,199,550	38 16%	47 25%	7,675,707	1,476,157
10	Short Term Debt	360,542	2 22%	2 75%	446,390	85,848
11	Common Equity	9,684,101	59.62%	50.00%	8,122,097	(1,562,005)
		16,244,193	100.00%	100.00%	16,244,193	-

	^ Ratio of Debt Components	Per FPL Amounts	Long/Short Term Ratio	Per OPC Debt Ratio	OPC Adjusted Debt Ratio
		(f)	(g)	(h)	(i) = (g x h)
12	Long Term Debt	6,199,550	94 50%		47 25%
13	Short Term Debt	360,542	5.50%		2.75%
14		6,560,092	100.00%	50.00%	50.00%

The per Company amounts are from MFR Sch D-1a
Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell
Column (G): Lines 1 - 3 and 5 based on per-FPL Cost rates. Return on Equity on line 4 sponsored by OPC witness Randall Woolridge Line 7 is a fall-out calculation

Schedule A-1

Docket No 120015-EI
Canaveral Step Increase - Primary
Exhibit No DR-3
Page 1 of 8

Florida Power & Light Company
Projected Year Ended May 31, 2014

Revenue Requirement - Canaveral Step Increase
(Thousands of Dollars)

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col (B) Reference
1	Jurisdictional Adjusted Rate Base	$ 821,325	$ 811,822	Exh DR-3, Sch B-1
2	Required Rate of Return	9.06%	5.56%	Exh DR-2, Sch D
3	Jurisdictional Income Required	74,442	45,142	Line 1 x Line 2
4	Jurisdictional Adj Net Operating Income	(32,092)	(29,304)	Exh DR-3, Sch C-1
5	Income Deficiency (Sufficiency)	106,534	74,446	Line 3 - Line 4
6	Net Operating Income Multiplier	1.63188	1.63188	MFR Sch A-1
7	Revenue Deficiency (Sufficiency)	$ 173,851	$ 121,486	Line 5 x Line 7

Source/Notes:
Col (A): MFR Schedule A-1 - Canaveral Step Increase

Florida Power & Light Company
Projected Year Ended May 31, 2014

Adjusted Rate Base - Canaveral Step Increase
(Thousands of Dollars)

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company	OPC Adjustments	Adjusted Juris. Total Amount per Citizens
		(A)	(B)	(C)
1	Plant in Service	956,492	(10,173)	946,422
2	Accumulated Depreciation & Amortization	(15,557)	168	(15,389)
3	Net Plant in Service	940,935	(10,005)	931,033
4	Construction Work in Progress	-		-
5	Plant Held For Future Use	-		-
6	Nuclear Fuel	-		-
7	Total Net Plant	940,935		931,033
8	Working Capital Allowance	-		-
9	Other Rate Base Items	(119,610)	399	(119,211)
10	Total Rate Base	821,325	399	811,822

Source/Notes:
Col. (A): Company MFR Schedule B-1 - Canaveral Step Increase
Col. (B): Exhibit No. DR-3, Schedule B-1, page 2

Schedule B-1, page 2 of 2

Florida Power & Light Company
Projected Year Ended May 31, 2014

Docket No. 120015-EI
Canaveral Step Increase - Primary
Exhibit No DR-3
Page 3 of 8

Adjusted Rate Base-Summary of Adjustments - Canaveral Step Increase
(Thousands of Dollars)

Line No.	Adjustment Title	Reference	OPC Adjustments	Jurisdictional Separation Factor	Jurisdictional Amount
	Plant in Service Adjustments:				
1	Plant in Service - Other Production	Exh. DR-3, Sch. B-2	(10,360)	0.981940	(10,173)
2	*Total Plant in Service*		(10,360)		(10,173)
	Accumulated Depreciation Adjustments:				
3	Acc Prov for Depr & Amort - Other Production	Exh. DR-3, Sch. B-2	171	0.981940	168
4	*Total Accumulated Depreciation*		171		168
	Other Rate Base Items:				
5	Deferred Income Taxes	Exh. DR-3, Sch. B-2	407	0.980925	399
6	*Total Other Rate Base Items*		407		399

Notes:
Jurisdictional Separation Factors from FPL's MFR Schedule B-6

Schedule B-2

Florida Power & Light Company
Projected Year Ended May 31, 2014
Canaveral Step Increase

Adjustments to Rate Base Items Per FPL Update
(Thousands of Dollars)

Line No.	Description	Revised Total Company Amount	As-Filed Total Company Amount	Adjustment
		(A)	(B)	(C)
	Electric Plant in Service			
1	Plant in Service - Other Production	953,430	963,790	(10,360)
2	Plant in Service - Transmission	11,297	11,297	-
3	Total Plant in Service	964,727	975,087	(10,360)
	Accumulated Provision for Depreciation & Amortization			
4	Accumulated Provision for Deprec. & Amort. - Other Production	(15,553)	(15,724)	171
5	Accumulated Provision for Deprec. & Amort. - Transmission (Excluding Clauses)	(130)	(130)	-
6	Total Accumulated Provision for Depreciation & Amortization	(15,683)	(15,854)	171
7	Other Rate Base Items (a)	(121,529)	(121,936)	407
8	Total Rate Base	827,515	837,297	(9,782)

Source/Notes:

Col. (A): Response to OPC's 6th Set of Requests for Production of Documents, POD 62 (Bates Page OPC 300799)

Col. (B): Amounts from FPL's MFR Schedule B-6 - Canaveral Step Increase

(a): MFR Schedule B-6 - Canaveral Step Increase states that "Other Rate Base" item reflects the deferred income taxes included in rate base for calculating the revenue requirement.

Schedule C-1, page 1 of 2

Florida Power & Light Company
Projected Year Ended May 31, 2014

Docket No. 120015-EI
Canaveral Step Increase - Primary
Exhibit No. DR-3
Page 5 of 8

Adjusted Net Operating Income - Canaveral Step Increase
(Thousands of Dollars)

Line No.	Description	Adjusted Jurisdictional Total per Company	OPC Adjustments	Adjusted Jurisdictional Total per OPC
		(A)	(B)	(C)
	Operating Revenues:			
1	Sales From Electricity	-		-
2	Other Operating Revenues	-		-
3	Total Operating Revenues	-		-
	Operating Expenses:			
4	Operation & Maintenance:	-		-
5	Fuel	-		-
6	Purchased Power	-		-
7	Other	12,127	(816)	11,311
8	Depreciation & Amortization	31,502	(335)	31,167
9	Decommissioning Expense	-		-
10	Taxes Other Than Income Taxes	17,957	(211)	17,746
11	Income Taxes - Current	(170,694)	211	(170,483)
12	Deferred Income Taxes - Net	141,200	(1,637)	139,563
13	Investment Tax Credit - Net	-		-
14	(Gain)/Loss on Disposal of Plant	-		-
15	Total Operating Expenses	32,092		29,304
16	Net Operating Income	(32,092)		(29,304)

Source/Notes:
Col. (A): FPL's MFR Schedule C-1 - Canaveral Step Increase
Col. (B): Exhibit DR-3, Schedule C-1, page 2

Florida Power & Light Company
Projected Year Ended May 31, 2014

Net Operating Income-Summary of Adjustments - Canaveral Step Increase
(Thousands of Dollars)

Line No.	Adjustment Title	Reference	OPC Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
	Operating Revenue Adjustments				
1				1.000000	-
2	subtotal				-
3					
4	Other O & M				
5	Remove Non-Recurring Start-up Costs	Ramas Testimony	(831)	0.981512	(816)
6	subtotal		(831)		(816)
7					
8	Depreciation & Amortization				
9	Depreciation & Amortization - FPL Update	Exh DR-3, Sch. C-2	(341)	0.981940	(335)
10	subtotal		(341)		(335)
11					
12	Taxes Other Than Income				
13	Real & Personal Property Tax Exp. - FPL Update	Exh DR-3, Sch. C-2	(215)	0.980428	(211)
14	subtotal		(215)		(211)
15					
16	Income Taxes - Deferred				
17	Net Deferred Income Taxes - FPL Update	Exh DR-3, Sch. C-2	(1,668)	0.981204	(1,637)
18					
19	Income Taxes - Current				
20	Remove Non-Recurring Start-up Costs - Tax Impact	Line 3 x 38.575%	321		315
21	Interest Synchronization Adjustment	Exh. DR-3, Sch. C-3			(104)
22	subtotal				211

Notes:
Jurisdictional Separation Factors from MFR Schedule C-4 or other schedules within the Company's filing.

Schedule C-2

Florida Power & Light Company
Projected Year Ended May 31, 2014
Canaveral Step Increase

Docket No. 120015-EI
Canaveral Step Increase - Primary
Exhibit No. DR-3
Page 7 of 8

Adjustment to Net Operating Income Items Per FPL Update
(Thousands of Dollars)

Line No.	Account	Description	Revised Total Company Amount (A)	As-Filed Total Company Amount (B)	Adjustment (C)
1	403 & 404	Depreciation & Amortization - Other Production	31,494	31,835	(341)
2	408	Taxes Other Than Income - Real & Personal Property Tax Expense	17,808	18,023	(215)
3	410	Deferred Federal Income Taxes	137,495	139,102	(1,607)
4	411	Deferred State Income Taxes	4,741	4,802	(61)
		Total Deferred Income Taxes	142,236	143,904	(1,668)
5		Total Adjustments to Net Operating Income	191,538	193,762	(2,224)

Source/Notes:
Col. (A): Response to OPC's 6th Set of Requests for Production of Documents, POD 62 (Bates Pages OPC 300803 and OPC 300804)
Col. (B): Amounts from FPL's MFR Schedule C-4 - Canaveral Step Increase

Schedule C-3

Florida Power & Light Company
Projected Year Ended May 31, 2014
Canaveral Modernization Project

Docket No. 120015-EI
Canaveral Step Increase - Primary
Exhibit No. DR-3
Page 8 of 8

Interest Synchronization Adjustment
(Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per Citizens	811,822	Exh. DR-3, Sch. B-1
2	Weighted Cost of Debt, per OPC	2.09%	Exh. DR-2, Sch. D
3	Interest Deduction for Income Taxes	16,930	
4	Jurisdictional Interest Deduction, per FPL Updated	16,661	(a)
5	Increase in Deductible Interest	269	
6	Combined Income Tax Rate	38.575%	
7	Reduction (Increase) to Income Tax Expense	104	

Notes:
(a): Calculated based on FPL's response to OPC's 6th Set of Requests for Production of Documents, POD 62, Bates Stamp Page (OPC 300808), which provides the total Company Interest Expense used by FPL of $16,985. The original jurisdictional factor from FPL's MFR Sch. C-23 - Canaveral Step Increase of .980925 was applied.

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Revenue Requirement - Alternative
(Thousands of Dollars)

Docket No. 120015-EI
January 2013 Rate Change - Alternative
Exhibit No. DR-4
Page 1 of 4

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	$ 21,036,823	$ 20,535,584	Exh. DR-2, Sch. B-1
2	Required Rate of Return	7.00%	5.62%	Exh. DR-4, Page 2
3	Jurisdictional Income Required	1,472,878	1,154,287	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	1,156,359	1,267,283	Exh. DR-4, Page 3
5	Income Deficiency (Sufficiency)	316,519	(112,996)	Line 3 - Line 4
6	Earned Rate of Return	5.50%	6.17%	Line 4 / Line 1
7	Net Operating Income Multiplier	1.63188	1.63188	MFR Sch. A-1
8	Revenue Deficiency (Sufficiency)	$ 516,520	$ (184,396)	Line 5 x Line 7

Source/Notes:
Col. (A): MFR Schedule A-1

Cost of Capital
(Thousands of Dollars)

		Jurisdictional Capital Structure Per Company	OPC Rate Base Adjustments	Per Citizens Adjusted Amounts	Capital Ratio Per FPL	Cost Rate	Per OPC Weighted Cost Rate
		(A)	(B)	(C)	(D)	(E)	(F)
1	Long Term Debt	6,199,550	(147,715)	6,051,835	29.47%	5.26%	1.55%
2	Short Term Debt	360,542	(8,591)	351,951	1.71%	2.11%	0.04%
3	Preferred Stock	-	-	-	0.00%	0.00%	0.00%
4	Common Equity	9,684,101	(230,741)	9,453,360	46.03%	8.50%	3.91%
5	Customer Deposits	426,531	(10,163)	416,368	2.03%	5.99%	0.12%
6	Deferred Taxes	4,365,176	(104,008)	4,261,168	20.75%	0.00%	0.00%
7	Investment Tax Credits	923	(22)	901	0.00%	6.47%	0.00%
8	Total	21,036,823	(501,239)	20,535,584	100.00%		5.62%

The per Company amounts are from MFR Sch. D-1a.
Column (E): Lines 1 - 3 and 5 based on per-FPL cost rates. Return on Equity on line 4 is based on FPL's proposed capital structure and supported by OPC witness Randall Woolridge. Line 7 is a fall-out calculation.

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Revision to OPC Adjusted NOI Under Alternative Recommendation
(Thousands of Dollars)

Docket No. 120015-EI
January 2013 Rate Change - Alternative
Exhibit No. DR-4

Line No.	Description	Amount	Reference
1	OPC Adjusted Net Operating Income, Primary Recommendation	1,297,203	Exh. DR-2, Sch. C-1, p.1
2	Less: Interest Synchronization Adjustment in OPC Adjusted NOI	(26,621)	Exh. DR-2, Sch. C-1, p.2
3	Add: Revised Interest Synchronization Adjustment Based on Alternative Recommended Cost of Debt	(3,299)	Exh. DR-4, page 4
4	OPC Adjusted NOI - Alternative Recommendation	1,267,283	

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Docket No. 120015-EI
January 2013 Rate Change - Alternative
Exhibit No. DR-4
Page 4 of 4

Interest Synchronization Adjustment - Alternative Recommendation
(Thousands of Dollars)

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per OPC	$ 20,535,584	Exh. DR-2, Sch. B-1
2	Weighted Cost of Debt, per OPC Alternative Capital Structure	1.7077%	Exh. DR-4, page 2
3	Interest Deduction for Income Taxes	$ 350,693	Line 1 x Line 2
4	Interest Deduction, per Company	$ 359,246	(a)
5	Increase (Reduction) in Deductible Interest	$ (8,553)	
6	Composite Income Tax Rate	38.575%	
7	Reduction (Increase) to Income Tax Expense	$ (3,299)	

(a) Per Company amount calculated as the per Company rate base of $21,036,823 times the per FPL weighted Cost of Debt (long term debt, short term debt and customer deposits) of 1.7077%.

Florida Power & Light Company
Projected Year Ended May 31, 2014

Revenue Requirement - Canaveral Step Increase Alternative
(Thousands of Dollars)

Docket No. 120015-EI
Canaveral Step Increase - Alternative
Exhibit No. DR-5
Page 1 of 2

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	$ 821,325	$ 811,822	Exh. DR-3, Sch. B-1
2	Required Rate of Return	9.06%	5.62%	Exh. DR-4, Page 2
3	Jurisdictional Income Required	74,442	45,632	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	(32,092)	(29,408)	Exh. DR-5, p.2
5	Income Deficiency (Sufficiency)	106,534	75,040	Line 3 - Line 4
6	Net Operating Income Multiplier	1.63188	1.63188	MFR Sch. A-1
7	Revenue Deficiency (Sufficiency)	$ 173,851	$ 122,455	Line 5 x Line 7

Source/Notes:
Col. (A): MFR Schedule A-1 - Canaveral Step Increase

Florida Power & Light Company
Projected Test Year Ended December 31, 2013

Revision to OPC Adjusted NOI Under Alternative Recommendation
(Thousands of Dollars)

Docket No. 120015-EI
Canaveral Step Increase - Alternative
Exhibit No. DR-5
Page 2 of 2

Line No.	Description	Amount	Reference
1	OPC Adjusted Net Operating Income, Primary Recommendation	(29,304)	Exh. DR-3, Sch. C-1, p. 1
2	Less: Interest Synchronization Adjustment in OPC Adjusted NOI	(104)	Exh. DR-3, Sch. C-3
4	OPC Adjusted NOI - Alternative Recommendation	(29,408)	

Notes:
Since OPC's and FPL's recommended cost of debt are the same under OPC's alternative recommendation, and no adjustments were recommended to the per FPL Canaveral Step Increase updated amount, the interest synchronization adjustment presented in Exhibit DR-3, Schedule C-3 is not needed under OPC's alternative recommendation.

OPC 296520
FPL RC-12

Docket No. 120015-EI
FPL Rate Case Exp Workpaper
Exhibit No. DR-6
Page 1 of 2

BUDGET

EAC# & LCTN	GL ACCT	Description	NOV 2011	DEC 2011	JAN 2012	FEB 2012	MAR 2012	APR 2012	MAY 2012	JUN 2012	JUL 2012	AUG 2012	SEP 2012	OCT 2012	NOV 2012	DEC 2012
		Schedule >>>>>>>	MFRs & Direct Testimony					Discovery	Discovery: Service Hearings / Rebuttal Testimony		Technical Hearings		Staff Recommendation / Commission Vote / Prepare to Implement Rates			
		Regulatory Affairs (Law Dept support, professional)			3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
	4280010	Regulatory Affairs (Law Dept support, administrative)			3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
		Regulatory Affairs MFR Audit support					3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200		
		Regulatory Affairs, Rates & Tariffs administrative support			3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
302/002	5202000	PR-ST-CI-Non Bargaining		-	9,900	9,900	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	9,900	9,900
004	4200050	Regulatory Affairs			4,400	8,500	4,400	2,700	2,100	2,100	3,100	9,800	6,100	1,900	1,100	100
009		Accounting			3,500	3,500	1,700	800	100	100	800	400	700			
017		Rates and Tariffs			3,900	3,900		200				300	300			
023		Customer Service - Planning					4,100	1,700	7,700	18,700	300	200				
053		Law Department						17,300	4,400	5,400	3,400	100				
275		Regulatory Accounting			500	500	1,100									
811	5500600	Cust Svc - Residential Bill & Payment				2,500										
441	5780110	FPSC Group Reporting				1,500	200			2,700	100					
305/806	5200000	PR-OT-CI-Non-Bargaining	-		12,300	20,400	11,500	23,700	14,300	29,000	7,700	10,600	9,100	1,900	1,100	100
620	5220000	PR-Overtime Meals			300	300	200	200	100	100	100	100	100			
		FPL Salaries & Wages Total	-	-	22,500	30,600	24,800	37,000	27,500	42,200	20,900	23,800	22,300	15,000	11,000	10,000
			6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%
	5002200	PP - FPL P/R Tax Oil	-		1,546	2,102	1,704	2,542	1,889	2,899	1,436	1,635	1,532	1,031	756	687
			13.490%	13.490%	14.000%	14.690%	14.630%	14.600%	14.600%	14.600%	14.590%	14.090%	14.600%	14.690%	14.600%	14.690%
	5092210	PP - FPL Fund Welfare	-	-	3,305	4,495	3,543	5,435	4,040	6,199	3,070	3,496	3,276	2,204	1,616	1,400
			5.410%	5.410%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%	5.420%
	5092211	PP - FPL Unfunded Svc Cost	-	-	1,720	1,659	1,344	2,005	1,491	2,287	1,133	1,250	1,209	813	506	542
			0.148%	0.148%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%	0.126%
	5092220	PP - BU - Workers Comp	-	-	28	33	31	47	35	53	26	30	25	19	14	13
			-7.940%	-7.940%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%	-6.530%
	5092257	PP - FPL Unfunded Benefit Cost	-	-	(1,469)	(1,998)	(1,619)	(2,416)	(1,790)	(2,750)	(1,365)	(1,554)	(1,450)	(980)	(718)	(653)
		Rounding		-	370	(297)	(103)	387	341	318	(300)	103	411	(87)	(254)	(58)
		Payroll Overhead Allocations	-	-	5,000	6,000	5,000	8,000	6,000	9,000	4,000	5,000	5,000	3,000	2,000	2,000
648	5330000	Vehicle - Contract			200	200	200	300	400	600	800	800	400	200	200	200
621	5340100	Books, Subscriptions (Lexus / Nexus)			500	500	500	500	500	500	500	500	500	500	500	500
002	5600000	Hotel/Lodging			400	400	700	400	5,900	8,000	6,000	73,000	73,000	73,000	5,000	3,000
101	5600100	Business Meals			500	4,700	2,600	5,300	3,300	7,200	20,000	30,000	30,000	30,000	15,000	3,000
003	5600200	Airline Travel								500	4,000	29,000	29,000	15,000	4,000	3,000
772	5600300	Vehicle - Car Rental			100	200	500	200	100	1,600	900	7,500	7,500	6,000	1,600	500
625	5600500	Travel Expense			200	200	400	400	400	700	1,000	4,000	4,000	3,000	1,500	500
648	5600700	Vehicle - Occasional			1,700	1,200	2,000	3,700	3,500	5,000	4,200	9,000	2,000	2,000	1,700	1,500
		Employee Related Total	-		3,100	7,400	7,100	10,800	14,100	23,300	38,400	153,800	146,400	121,700	28,700	12,200
		Technical Hearing Event Planning				200	200	200	400	400	2,000	10,000	4,200	300		
004		Regulatory Affairs (Regulatory support, administrative)			3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
004		Regulatory Affairs (2) (printing, copying, collating, etc)			6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400			
004		Regulatory Affairs (Courier)			3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200			
		Accounting Support			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	10,500
		Accounting Audit Support				4,500	9,000	9,000	9,000	9,000	9,000	9,000	4,500			
		Accounting Discovery Coordination				4,500	9,000	9,000	9,000	9,000	9,000	9,000	4,500			
618	5750500	Payroll-Temporary			27,800	37,000	40,000	46,000	46,200	46,200	47,800	55,800	41,000	18,500	18,200	13,700
		Radey, Yon, Thomas & Clark	10,000	10,000	18,000	15,000	30,000	30,000	30,000	40,000	40,000	40,000	40,000	30,000	10,000	5,000
		Gunster Law Firm, Guyton				10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000			
		Rutledge, Ecenia (Discovery Support)								6,700	6,700	6,700	6,700	6,700	6,700	6,700
601	5750100	Outside Legal Fees	10,000	10,000	18,000	25,000	40,000	40,000	40,000	56,700	56,700	56,700	51,700	36,700	16,700	11,700

EAC# & LCTN	GL ACCT	Description	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	Total
			Implementation & Follow-up												
		Regulatory Affairs (Law Dept support, professional)													41,000
	4280010	Regulatory Affairs (Law Dept support, administrative)													38,400
		Regulatory Affairs MFR Audit support													25,600
		Regulatory Affairs, Rates & Tariffs administrative support													38,400
302/002	5202000	PR-ST-CI-Non Bargaining	-	-	-	-	-	-	-	-	-	-	-	-	144,400
004	4200050	Regulatory Affairs													46,100
009		Accounting													11,600
017		Rates and Tariffs													8,600
023		Customer Service - Planning													32,700
053		Law Department													30,600
275		Regulatory Accounting													2,100
811	5500600	Cust Svc - Residential Bill & Payment													2,500
441	5780110	FPSC Group Reporting													4,500
305/806	5200000	PR-OT-CI-Non-Bargaining	-	-	-	-	-	-							141,700
620	5220000	PR-Overtime Meals													1,500
		FPL Salaries & Wages Total	-	-	-	-	-	-	-	-	-	-	-	-	287,600
			6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	6.870%	
	5002200	PP - FPL P/R Tax Oil	-	-	-	-	-	-	-	-	-	-	-	-	10,750
			15.940%	18.940%	18.940%	18.940%	18.940%	18.940%	18.940%	18.940%	18.940%	18.940%	18.940%	18.940%	
	5092210	PP - FPL Fund Welfare	-	-	-	-	-	-	-	-	-	-	-	-	42,248
			5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	5.990%	
	5092211	PP - FPL Unfunded Svc Cost	-	-	-	-	-	-	-	-	-	-	-	-	15,569
			0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	0.144%	
	5092220	PP - BU - Workers Comp	-	-	-	-	-	-	-	-	-	-	-	-	363
			-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	-6.340%	
	5092257	PP - FPL Unfunded Benefit Cost	-	-	-	-	-	-	-	-	-	-	-	-	(18,750)
		Rounding	-	-	-	-	-	-	-	-	-	-	-	-	821
		Payroll Overhead Allocations	-	-	-	-	-	-	-	-	-	-	-	-	60,000
648	5330000	Vehicle - Contract	100												4,600
621	5340100	Books, Subscriptions (Lexus / Nexus)	500												6,500
002	5600000	Hotel/Lodging	600	500	400	300	200	100	100	100	100	100	100	100	253,500
101	5600100	Business Meals	1,000	1,000	1,000	200	200	100	100	100	100	100	100	100	155,900
003	5600200	Airline Travel	3,000	1,000	1,000	500	500	200	200	200	200	200	200	200	92,300
772	5600300	Vehicle - Car Rental	500	300	300	200	100	50	50	50	50	50	50	50	28,650
625	5600500	Travel Expense	300	300	300	200	100	100	100	100	100	100	100	100	18,200
648	5600700	Vehicle - Occasional	1,200	500	500	400	300	200	200	200	200	100	100	100	41,000
		Employee Related Total	7,200	3,800	3,600	1,800	1,400	750	750	750	750	650	650	650	601,450
		Technical Hearing Event Planning													17,900
004		Regulatory Affairs (Regulatory support, administrative)													38,400
004		Regulatory Affairs (2) (printing, copying, collating, etc)													57,600
004		Regulatory Affairs (Courier)													28,800
		Accounting Support													175,500
		Accounting Audit Support													63,000
		Accounting Discovery Coordination													63,000
618	5750500	Payroll-Temporary													444,200
		Radey, Yon, Thomas & Clark	5,000	3,000	2,000	2,000									360,000
		Gunster Law Firm, Guyton													75,000
		Rutledge, Ecenia (Discovery Support)	2,000	1,100	1,000	1,000	1,000	1,000	1,000						55,000
601	5750100	Outside Legal Fees	7,000	4,100	3,000	3,000	1,000	1,000	1,000						490,000

OPC 296520
FPL RC-12

		BUDGET																											
		Schedule >>>>>>>	MFRs & Direct Testimony					Discovery	Discovery / Service Hearings / Rebuttal Testimony		Technical Hearings		Staff Recommendation / Commission Vote / Prepare to Implement Rates				Implementation & Follow-up												Total
EACT & LCTN	GL ACCT	Description	NOV 2011	DEC 2011	JAN 2012	FEB 2012	MAR 2012	APR 2012	MAY 2012	JUN 2012	JUL 2012	AUG 2012	SEP 2012	OCT 2012	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013	NOV 2013	DEC 2013	
		Direct Art Stall, Nuclear		10,000	10,000	15,000	10,000	15,000	10,000	10,000	10,000	10,000	10,000																100,000
		Direct John Reed, Concentric Energy, Benchmarking		18,000	45,000	45,000	47,000	60,000	60,000	60,000	60,000	60,000	20,000																475,000
		Direct William Avera, FINCAP, ROE & Capital Structure		23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300																233,000
		Direct Steven Harris, EQECAT, Storm Reserve		27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800																278,000
		Rebuttal: Christopher McGee, Mercer, Comp & Benefits					12,500	52,500	52,500	52,500	52,500	52,500	12,500																287,500
		Rebuttal, Terry Deason, RYTC					27,800	27,800	27,800	47,800	47,800	47,800	27,700																254,500
		Rebuttal: Mike Davis					12,500	12,500	12,500	12,500	12,500	12,500	12,500																87,500
		Consulting: Mike Davis		14,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500																		101,500
		Consulting: Booz & Company - Rebuttal					30,000	30,000	30,000	30,000	30,000	30,000	30,000																210,000
		Strategic Information Consultants	12,000					12,000	12,000	12,000																			48,000
692	5750700	Total Professional Services	12,000	93,100	118,600	118,600	203,400	208,400	208,400	288,400	276,400	293,900	163,800	-															2,075,000
		Other Outside Services								9,000	18,000	25,000	25,000	25,000	18,000	9,000													129,000
		Pitney Bowes					11,000	11,000	11,000	11,000	11,000																		55,000
		Transcripts / Court Reporters										16,000	16,000	16,000															48,000
		Courier					400	400	400	400	400																		2,000
		Demo Graphics									11,000																		11,000
		Movers										500	500	500															1,500
693	5750700	Outside Services	-	-			11,400	11,400	11,400	20,400	38,400	41,500	41,500	41,500	18,000	9,000	-	-	-	-	-	-	-	-	-	-	-	-	242,500
720	5773300	Communications - Print (Machado, Garcia & Serra)							40,000																				40,000
		Rate Factor Updates											37,500	22,500	15,000														85,000
		Service Charges								25,000	29,000	30,000	30,000	29,000	21,000														154,000
		Turtle Season Rider								22,500	22,500	21,000	22,000	22,000	14,000														124,000
		New Residential TOU Rate					48,000	48,000	55,000	80,000	55,000	50,000	50,000	45,000	19,000														450,000
		Rates and Tariffs Tech Support			8,200	10,000	10,000	20,000	20,000	20,000	20,000	20,000																	128,200
		Other Data Processing			1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200											16,800
773	5750450	Data Processing			9,400	11,200	59,200	69,200	76,200	123,700	126,700	122,200	130,700	119,700	50,200	1,200	1,200	1,200											942,000
		Contractor & Professional Total	22,000	103,100	172,400	181,800	380,000	435,000	482,800	835,400	846,000	840,100	428,700	218,400	141,100	35,600	8,200	8,300	3,000	3,000	1,000	1,000	1,000	-	-	-	-	-	4,233,700
650	5431710	Automotive Fuel			300	300	300	300	300	300	300	300	300																2,700
675	5430700	Freight & Transfer			100	100	100	100	100	100	100	100	100	100	100	100	100	100	100										1,500
676	5400100	Materials & Supplies			100	100	100	100	100	100	100	100	100	100	100	100	100	100	100										1,500
653	5431770	Vehicle - Monthly Lease			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000																9,000
		Equipment & M&S Total	-	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	200	200	200	200	200	200	-	-	-	-	-	-	-	-	-	14,700
620	5760300	Office Supplies			5,000	1,000	300	300	600	1,500	2,500	6,000	1,500	1,500	500	300	100	100	100										21,300
630	5760400	Postage			1,800	5,000	3,300	2,000	2,000	1,100	900	1,000	200	200	300	300	200	2,300											20,600
634	5760350	Company Forms			500	500	50,000		15,000	50,000	25,000	20,000	500	500	15,000	500	500	500	5,000										183,500
636	5440100	Rent - Copy Equipment			1,500	1,500	1,500	1,500	2,200	2,200	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500											27,400
630	5440000	Rent - Space										13,000	13,000																26,000
634	5750000	Security							500	500		20,000	20,000																41,000
730	5751000	Structures & Improvements (bldg svcs)						500	450	450	450	450	450																2,750
		Office & Facilities Administration Total	-	-	8,800	8,000	55,100	4,300	20,750	55,750	30,350	61,950	37,150	3,700	17,300	2,600	2,300	4,400	5,100	-	-	-	-	-	-	-	-	-	317,350
700	5300000	Miscellaneous/Contingency																											
		Total	22,000	103,100	214,700	748,500	483,500	496,800	832,050	868,150	842,150	786,150	841,050	358,000	201,300	82,600	17,900	13,300	11,800	4,600	2,400	1,750	1,750	780	750	850	880	880	5,515,000
																												Total Budget	5,515,000
																												delta	0