BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 060001-EI ORDER NO. PSC-06-1057-FOF-EI ISSUED: December 22, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

APPEARANCES:

R. WADE LITCHFIELD, ESQUIRE, and JOHN T. BUTLER, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408
On behalf of Florida Power & Light Company (FPL).

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self, P. A., P. O. Box 15579, Tallahassee, Florida 32317
On behalf of Florida Public Utilities Company (FPUC).

JEFFREY A. STONE, ESQUIRE, RUSSELL A. BADDERS, ESQUIRE, and STEVEN R. GRIFFIN, ESQUIRE, Beggs & Lane, P. O. Box 12950, Pensacola, Florida 32591-2950
On behalf of Gulf Power Company (GULF).

R. ALEXANDER GLENN, ESQUIRE, and JOHN T. BURNETT, ESQUIRE, Progress Energy Service Company, LLC, 100 Central Avenue, St. Petersburg, Florida 33701-3323
On behalf of Progress Energy Florida, Inc. (PEF).

JAMES D. BEASLEY, ESQUIRE, and LEE L. WILLIS, ESQUIRE, Ausley & McMullen, P. O. Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

MICHAEL B. TWOMEY, SR., ESQUIRE, P. O. Box 5256, Tallahassee, Florida 32314-5256
On behalf of AARP (AARP).

DAMUND E. WILLIAMS, CAPTAIN, KAREN WHITE, LIEUTENANT COLONEL, AFLSA/JACL-ULT, 139 Barnes Drive, Suite 1, Tyndall Air Force Base, FL 32403-5319
On behalf of Federal Executive Agencies, (FEA).

JOHN W. MCWHIRTER, JR., ESQUIRE, McWhirter, Reeves & Davidson, P. A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601-3350
On behalf of Florida Industrial Power Users Group (FIPUG).

ROBERT SCHEFFEL WRIGHT, ESQUIRE and JOHN T. LAVIA, III, ESQUIRE, Young van Assenderp, P. A., 225 South Adams Street, Suite 200, Tallahassee, Florida 32301
On behalf of Florida Retail Federation (FRF).

JAMES W. BREW, ESQUIRE, Brickfield, Burchette, Ritts & Stone, P. C., 1025 Thomas Jefferson Street, NW, Eighth Floor, West Tower, Washington, D.C. 20007-5201
On behalf of White Springs Agricultural Chemicals, Inc., d/b/a PCS Phosphate White Springs (White Springs).

CHARLES J. CRIST, JR., ESQUIRE, JACK SHREVE, ESQUIRE, and CECILIA BRADLEY, ESQUIRE, Office of the Attorney General, The Capitol – PL01, Tallahassee, Florida 32399-1050
On behalf of the Citizens of Florida (AG).

PATRICIA A. CHRISTENSEN, ESQUIRE, JOSEPH A. MCGLOTHLIN, ESQUIRE, and CHARLES J. BECK, ESQUIRE, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida (OPC).

LISA C. BENNETT, ESQUIRE, and WM. COCHRAN KEATING, IV, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

FINAL ORDER APPROVING EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS' AND PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

BY THE COMMISSION:

As part of this Commission's continuing fuel and purchased power cost recovery and generating performance incentive factor proceedings, a hearing was held on November 6-8, 2006, in this docket, and continued to December 8, 2006. The hearing addressed the issues set out in Order No. PSC-06-0920-PHO-EI, issued November 2, 2006, in this docket (Prehearing Order). Several of the positions on these issues were stipulated or not contested by the parties and presented to us for approval, but some contested issues remained for our consideration. As set forth fully below, we approve each of the stipulated and uncontested positions presented. Our rulings on the remaining issues are also discussed below.

We have jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

I. GENERIC FUEL COST RECOVERY ISSUES

A. Shareholder Incentive Benchmarks

The parties stipulated that the actual benchmark levels for calendar year 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI are as follows:

FPL: $19,136,028
GULF: $3,546,453
PEF: $5,626,264
TECO: $787,027

We approve this stipulation as reasonable.

The parties also stipulated that the estimated benchmark levels for the calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI are as follows:

FPL: $19,849,221
GULF: $3,092,606
PEF: $3,005,206
TECO: $946,443

We approve this stipulation as reasonable.

B. Over or Under Recovery Calculations and Notifications.

The parties stipulated that an informal meeting to discuss the correct methodology for calculating over and under recoveries of projected fuel costs pursuant to Order No. 13694, issued September 20, 1984, in Docket No. 840001-EI, and Order No. PSC-98-0691-EI, issued May 19, 1998, in Docket No 980269-PU, be held between all parties to this proceeding and Commission staff. Once that meeting has been conducted, the Commission staff will bring a proposed agency action recommendation to this Commission for our consideration. Included in the informal meeting and subsequent discussion will be a recommendation on the appropriate timing of notification to the Commission for costs which are more than 10% over or under the utility's projections. We approve this stipulation as reasonable.

C. Appropriate Credits for Emissions Allowances for 2005, 2006, 2007

The parties stipulated that the appropriate credits for emissions allowances for power sales for each investor owned utility for the years 2005 through 2007 are as follows:

FPL: For power sales reported on Schedule A6, all related emission allowances shall be reported separately from other fuel expenses in the future and made available to our staff upon request.

GULF:	2005	$10,229,597	
	2006	$19,580,767	(Jan-Jul. actual; Aug.-Dec. estimated)
	2007	$29,645,000	(Projected)

PEF: For power sales reported on Schedule A6, all related emission allowances shall be reported separately from other fuel expenses in the future and made available to our staff upon request.

TECO:	2005	$6,593
	2006	$35,443
	2007	$40,100

We approve this stipulation as reasonable.

II. COMPANY-SPECIFIC FUEL COST RECOVERY ISSUES

A. Progress Energy Florida

Hedging Activities for Years 2005 through 2007

By Order No. PSC-02-1484-FOF-EI, issued October 30, 2002, in Docket No. 011605-EI, this Commission authorized the recovery of hedging costs by investor owned electric utilities. The purpose of the resolution which was adopted by the order was to manage price volatility of fuel and purchased power for each investor owned utility. While allowing recovery of prudently incurred hedging costs and incremental operation and maintenance expenses associated with hedging, the Commission reserved its ability to review those costs annually during the fuel hearing.

In accordance with Order No. PSC-02-1484-FOF-EI, Progress submitted its risk management plan and its hedging costs. Mr. Joseph McAllister and Javier Portuondo presented testimony that PEF executes physical and financial natural gas hedging in accordance with the

Company's approved natural gas hedging strategy. PEF has in the past and will continue to utilize physical fixed price agreements and financial products, including fixed price swaps and options to hedge natural gas prices. PEF also hedges, using financial products, the prices it pays for residual oil. PEF's hedging activities, according to the testimony presented, has produced customer savings of approximately $87.7 million for its purchases of natural gas and heavy oil for 2006.

In its prehearing statement and in its opening statement, FIPUG argued that insufficient evidence of customer benefit had been presented in light of the fact that the utilities' 2006 fuel costs passed through to customers exceeded market price. According to FIPUG, it was seeking to understand each utility's plans on a going forward basis to show how customer's benefit from the hedging plans. According to FIPUG, fuel volatility is already avoided by annualizing fuel costs in the annual fuel proceedings and there needs to be some proof that the hedging programs are working. Counsel for FIPUG extensively cross-examined Javier Portuondo for Progress. The witness concluded that PEF's hedging program was successful because it met the objective, to minimize price volatility and create stability for its customers.

After evaluating the exhibits and testimony filed by PEF, staff recommended that the Commission find that Progress, through its hedging activities, has adequately mitigated the price risk for natural gas, residual and purchased power through September 1, 2006. Staff summarized that each utility presented testimony that the objective of the hedging programs is to minimize price volatility, and that prices are uncertain and volatile, particularly for natural gas, so there will be periods when the companies have hedging gains and other periods where the companies will have hedging losses. Staff also found that the utilities follow risk management plans to avoid speculation. Staff's belief is that minimizing price volatility produces customer benefits.

Based upon the evidence in the record, we agree with staff that Progress has adequately mitigated the price risk for natural gas, residual oil, and purchased power through September 1, 2006. We are of the opinion that the purpose of Order No. PSC-02-1484-FOF-EI continues to be viable. Reducing price volatility by participating in hedging programs continues to be a benefit to customers. We will continue to monitor each utilities' hedging and risk management policies.

B. Florida Power and Light

Hedging Activities for Years 2005 through 2007

In accordance with Order No. PSC-02-1484-FOF-EI, FPL also submitted its risk management plan and hedging costs. FPL witness Gerard Yupp testified that FPL's policy of maintaining price stability and avoiding volatility was met by its hedging and risk management plans.

After evaluating the exhibits and testimony filed by FPL, staff recommended that the Commission find that FPL has adequately mitigated the price risk for natural gas, residual and purchased power through September 1, 2006. Based upon the evidence in the record, we agree with staff that FPL has adequately mitigated the price risk for natural gas, residual oil and purchased power through September 1, 2006, for the same reasons identified above for Progress. We will continue to monitor each utility's hedging and risk management policies.

Southeast Supply Header Pipeline

FPL requested that the Commission approve recovery of its costs associated with its proposed participation in the Southeast Supply Header Pipeline (SESH) through the fuel clause. FPL testified that the costs are all gas transportation costs which are recoverable by Order No. 14546, issued July 8, 1985, in Docket No. 850001-EI-B. The main goal for the project is supply reliability. The project will connect FPL to two new supply basins in east Texas and north Louisiana. It is appropriate to diversify by supply basin and to pick up additional supply basins given the current dependence by Florida utilities on the Gulf of Mexico and Mobile Bay area for supply, because those two areas are showing a decline in production. There is an additional cost to get the gas from Texas and Louisiana down to Mobile Bay, but there is also a potential for savings in that SESH may reduce the premium FPL now pays for gas in the Mobile Bay area by bringing in more supply and hence more competition.

An additional reason for this project is to meet new demand. The project will come on-line in 2008. FPL will have increased demand for natural gas beginning in 2007 and continuing through 2010. FPL did consider alternatives to this project such as liquefied natural gas and other pipelines, and after deliberation, chose SESH as its best alternative.

Although FPL presented its Precedent Agreement to give evidence of the costs associated with its participation in the SESH project, we note that we are not being asked to affirm or approve the contract. The costs associated with FPL's participation in the SESH project will come to us each year during our annual fuel adjustment proceeding and will be subject to audits and true-ups similar to the audits and true-ups of our ongoing annual review of Gulfstream and FGT transportation costs. In addition, the administration of the contract and all costs associated with the SESH project will be subject to a prudence review by us. We retain our jurisdiction to review the prudence for all costs that come before us, whether they are associated with participation in this pipeline project or other such project.

Based upon our review of the evidence in the record, and the fact that historically, transportation costs for natural gas have been eligible for cost recovery through the fuel clause, there is nothing in this record to indicate that FPL's participation in the SESH project is not a wise or strategic move. By making this finding, we specifically retain our oversight of the administration of the contract and the recovery of all costs associated with participation in the project for review annually during the fuel clause hearings and any subsequent review for prudence. Thus, we approve the costs associated with FPL's participation in the Southeast Supply Header Pipeline project as appropriate for recovery through the fuel cost-recovery clause beginning in 2008, subject to the oversight discussed above.

Fuel Savings Associated with Turkey Point Unit 5

In May 2007, FPL will bring on line a new generating unit known as Turkey Point Unit 5, which is a gas-fired generating unit that will operate very efficiently compared to other FPL gas-fired generating units. The record demonstrates that there will be 2007 fuel savings in the amount of $73,493,954, associated with the commencement of commercial operation of Turkey Point Unit 5, with the anticipated in-service date of May 2007. Based on the evidence in the record, we find that FPL's calculation of $73,493,954 in fuel savings for FPL's customers from May through December 2007 is reasonable, with the understanding that the fuel savings are subject to audit and true-up through the normal course of our fuel and purchased power cost recovery clause proceedings. We find that these fuel savings are properly credited to FPL customers in the 2007 fuel factors, as discussed below.

Levelization of Bills for 2007 Caused by Fuel Savings Associated with Turkey Point Unit 5

Construction of the new generating unit, Turkey Point Unit 5, was the subject of a prior base rate proceeding involving FPL. During that proceeding, FPL entered into a stipulation with intervenors providing for an adjustment to FPL's base rates upon commencement of commercial operation of Turkey Point Unit 5. In Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI, we approved the stipulation. As stated above, Turkey Point Unit 5 will be commercially operational in May 2007, and accordingly, the generation base rate adjustment (GBRA) will go into effect. FPL proposed to levelize the residential 1000 kWh bill by offsetting GBRA with fuel savings attributable to the new Turkey Point Unit 5 generation facility as well as a portion of fuel savings attributable to the overall reduction in 2007 fuel costs. The purpose of levelization is to provide all customer classes with a more stable bill in 2007. If we did not approve FPL's levelization proposal, bills would decrease in January 2007. Then, in May 2007, when Turkey Point Unit 5 begins commercial operations, the GBRA would become effective and would result in an increase in base rates and thus customer bills.

FPL's current 1000 kWh residential bill is $108.61. Absent FPL's proposal to levelize the bill, the bill would decrease to $102.61 in January 2007 as a result of the lower fuel costs, and increase in May 2007 to $103.89, as a result of the GBRA increase in base rates. Under FPL's proposal to levelize bills, the 1000 kWh residential bill for January through December 2007 will be $103.51.

Under the standard methodology to calculate fuel factors for a 12-month period, fuel costs, including savings, are levelized over the projected 12 month period, resulting in a levelized fuel factor for 12 months. However, in order to offset the impact of the GBRA on customer bills from May through December 2007, FPL proposed one set of fuel factors for January through April 2007 and a different set of fuel factors for May through December 2007. Only the May through December fuel factors include the fuel savings of the new unit. The May through December factors also include some additional fuel savings attributable to the overall reduction in 2007 fuel costs. The May through December fuel factors are lower than the January through April fuel factors under FPL's proposal. The lower May through December fuel factors are designed to offset the increase in GBRA.

We are reluctant to deviate from the standard methodology of levelizing fuel costs over the full 12-month period, but we also believe that, in this particular instance, the price stability offered by FPL's proposal would send customers a more consistent price signal through 2007. Based on the evidence in the record, we find that in this instance FPL's proposal to levelize the 1000 kWh residential bill by offsetting GBRA with fuel savings is appropriate.

Additional Fuel Cost Incurred for Turkey Point Unit 3 Outage

FPL, OPC, and our staff stipulated that the additional fuel cost incurred as a result of the outage extension at Turkey Point Unit 3 in March and April 2006 was $6,163,000. Based on the evidence in the record, we agree.

While FPL and OPC agreed to the dollar amount of the costs associated with the extended outage, they did not agree on the recovery of the amount. OPC raised an issue in this docket regarding the prudence of the additional fuel costs associated with the outage extension at Turkey Point Unit 3. FPL requested that the issue be heard at a later date because the cause of the outage is still subject to criminal investigation by the FBI and other agencies. FPL stated it has been requested by the investigating agencies not to disclose the results of the investigation. Because of this request, it would be difficult to hold hearings on the facts associated with the on-going investigation. The prehearing officer agreed and so ordered. In the meantime, FPL requested that it be allowed to recover the additional fuel cost of the Turkey Point Unit 3 outage beginning in 2007, subject to refund with interest, if the Commission were to subsequently determine that the outage was due to imprudence on the part of FPL. OPC urged the Commission to disallow the costs associated with the outage and if the Commission were to later deem them prudent, FPL could collect the costs (including interest) from ratepayers in 2008. The parties presented the Commission with legal argument in support of their positions. Upon review of the arguments presented, we determine that FPL shall be allowed to recover the costs, subject to refund with interest, if the costs are deemed imprudent by us. We are mindful that if recovery is postponed, there is a possibility that customers will pay interest to FPL. Thus, the additional fuel cost incurred as a result of the outage extension at Turkey Point Unit 3 in March and April 2006 of $6,163,000 shall be recovered by FPL in 2007, subject to interest, with a prudence review by us in a subsequent fuel proceeding.

C. Florida Public Utilities

Prudence of Purchased Power Contracts

FPUC has a purchased power contract with Jacksonville Electric Authority (JEA) to serve customers in its Fernandina Beach Division, and a purchased power contract with Gulf Power Company (GULF) to serve customers in its Marianna Division. Both contracts were scheduled to expire at the end of 2007, and FPUC hired consultant Robert Camfield to assist in obtaining new, favorable, long-term contracts. As Mr. Camfield testified at the hearing, FPUC began its search for replacement contracts in 2005. Mr. Camfield testified about the steps FPUC took to procure a reasonable replacement contracts. In 2005, FPUC began looking for the replacement contracts. It conducted a request for proposal (RFP) process but the successful bidder was not able to serve the Fernandina Beach Division because of transmission constraints. After determining that transmission constraints required a different provider, FPUC negotiated a new contract with JEA for the Fernandina Beach Division. The new contract is an embedded cost agreement and commences January 1, 2007, thus terminating the existing contract one year early. The benefit to the early termination is a more favorable long-term, ten year contract with JEA. According to the testimony, the contract with GULF for the Marianna Division will remain in effect until the end of December 2007. Although, FPUC is currently negotiating a new long-term contract with GULF, the 2007 purchased power prices for the Marianna Division will still be governed by the existing contract with GULF.

FPUC has asked this Commission to determine that the costs associated with its purchased power contracts for both its Fernandina Beach and Marianna Divisions are reasonable and prudent for 2007. Based on the evidence in the record, we find that FPUC's purchased power costs for Marianna and Fernandina Beach, as proposed for recovery in its 2007 fuel factors and as reflected in its purchased power agreements are prudent and reasonable for 2007.

D. Gulf

Hedging Activities for Years 2005 through 2007

In accordance with Order No. PSC-02-1484-FOF-EI, GULF submitted its risk management plan and its hedging costs. Witness H. R. Ball testified that GULF's hedging policy is a benefit to the customer because it helps avoid extreme price increases. The benefits must be looked at on a long term basis. Mr. Ball also testified that GULF has presented proof that the hedging program has saved its customers' money in the past and is a proven benefit to GULF customers. GULF has protected its customers from large price increases and expects to do so in the future.

After evaluating the exhibits and testimony filed by GULF, staff recommended that the Commission find that GULF has adequately mitigated the price risk for natural gas, residual and purchased power through September 1, 2006. Based upon the evidence in the record, for the same reasons identified for FPL and Progress, we find that GULF has adequately mitigated the price risk for natural gas, residual oil and purchased power through September 1, 2006. We will continue to monitor each utilities hedging and risk management policies.

Operation and Maintenance Expenses for Hedging for 2007

Prior to the hearing, our staff agreed with GULF concerning the utility's total fuel clause projected recovery request for 2007. However, during cross examination by FIPUG, we learned that GULF included in its request, $98,402 in incremental operation and maintenance expenses for hedging for the year 2007. Thus, our staff recommended an adjustment be made to exclude GULF's incremental operation and maintenance expenses from GULF's fuel factors for 2007.

Staff's recommendation was based on its reading of Order No. PSC-02-1484-FOF-EI, issued October 30, 2002, in Docket No. 011605, which staff believes prohibits recovery of any hedging-related operation and maintenance expenses after December 31, 2006.

Based on the recommendation of staff that operation and maintenance expenses are not recoverable under Order No. PSC-02-1484-FOF-EI, we disallow the recovery of 2007 operation and maintenance expenses for hedging, but we specifically reserve the right to hear evidence from GULF and other interested parties regarding the reinstatement of the disallowed costs in the next year's fuel proceeding. We are concerned that this issue was not raised sufficiently to allow all viewpoints to be expressed and to allow evidence to be taken and, accordingly will, if brought before us in 2007, hear testimony and arguments in support of recovery and after consideration, may reinstate recovery of those costs.

E. <u>Tampa Electric Company</u>

<u>Hedging Activities for Years 2005 through 2007</u>

In accordance with Order No. PSC-02-1484-FOF-EI, TECO also submitted its risk management plan and its hedging costs. Witness Joann Wehle testified that TECO's policy of maintaining price stability and avoiding volatility was implemented through its hedging and risk management plans.

After evaluating the exhibits and testimony filed by TECO, our staff recommended that the Commission find that TECO has adequately mitigated the price risk for natural gas, residual and purchased power through September 1, 2006. Based upon the evidence in the record, for the same reasons identified for the other utilities, we agree with staff that TECO has adequately mitigated the price risk for natural gas, residual oil and purchased power through September 1, 2006. We will continue to monitor each utilities hedging and risk management policies.

III. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL COST RECOVERY FACTORS

Based on the evidence in the record, we approve the following as the appropriate final fuel adjustment true-up amounts for the period of January 2005 through December 2005:

<u>FPL:</u>	$307,437,600 under-recovery.	
<u>FPUC:</u>	Marianna:	$53,882 under-recovery
	Fernandina Beach:	$153,867 under-recovery
<u>GULF:</u>	$20,174,117 under-recovery.	
<u>PEF:</u>	$385,055 under-recovery.	
<u>TECO:</u>	$106,516,837 under-recovery.	

Based on the evidence in the record, we approve the following as the appropriate estimated/actual fuel adjustment true-up amounts for the period of January 2006 through December 2006:

FPL:	$216,430,642 over-recovery	
FPUC:	Marianna:	$262,709 under-recovery
	Fernandina Beach:	$738,815 under-recovery
GULF:	$26,505,347 under-recovery.	
PEF:	$46,865,312 over-recovery.	
TECO:	$51,260,142 under-recovery.	

Based on the evidence in the record, we approve the following as the appropriate fuel adjustment true-up amounts to be collected/refunded from January 2007 through December 2007:

FPL:	$91,006,958 under-recovery	
FPUC:	Marianna:	$316,591 under-recovery.
	Fernandina Beach:	$892,682 under-recovery.
GULF:	$46,679,464 under-recovery.	
PEF:	$46,480,257 over-recovery	
TECO:	$157,776,979 under-recovery.	

Based on the evidence in the record and stipulation of the parties we approve the following as the appropriate revenue tax factors to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2007 through December 2007:

1.00072 for each investor-owned electric utility

Based on the evidence in the record, we approve the following as the appropriate projected net fuel and purchased power cost recovery amounts to be included in the fuel cost recovery factors for the period January 2007 through December 2007:

FPL:	$6,106,351,832	
FPUC:	Marianna:	$13,920,307
	Fernandina Beach:	$$22,203,752
GULF:	$454,168,401	
PROGRESS:	$2,095,303,822	
TECO:	$1,177,662,727	

Based on the evidence in the record and the resolution of the generic and company–specific fuel cost recovery issues discussed above, we approve the following as the appropriate levelized fuel cost recovery factors for the period January 2007 through December 2007:

FPL:	5.763 cents/kWh for January through April 2007; and	
	5.638 cents/ kWh for May through December 2007.	
GULF:	3.938 cents/kWh	
FPUC:	Marianna:	2.709¢/kwh

	Fernandina Beach: 3.412¢/kwh
PEF:	5.132 cents per kWh
TECO:	5.897 cents per kWh

Based on the evidence in the record and stipulation of the parties, we approve the following as the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class:

FPL: JANUARY 2007 – DECEMBER 2007

GROUP	RATE SCHEDULE	LINE LOSS MULTIPLIER
A	RS-1 first 1,000 kWh All additional kWh	1.00194 1.00194
A	GS-1,SL-2, GSCU-1	1.00194
A-1*	SL-1,OL-1,PL-1	1.00194
B	GSD-1	1.00187
C	GSLD-1 & CS-1	1.00077
D	GSLD-2,CS-2,OS-2 & MET	.99464
E	GSLD-3 & CS-3	.95644
	TIME OF USE RATES	
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 1.00194 1.00194
B	GSDT-1,CILC-1(G),HLTF(21-499 kW) ON-PEAK OFF-PEAK	 1.00187 1.00187
C	GSLDT-1 & CST-1, HLTF(500-1,999 kW) ON-PEAK OFF-PEAK	 1.00077 1.00077
D	GSLDT-2 & CST-2, HLTF (2,000+ kW) ON-PEAK OFF-PEAK	 .99571 .99571
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 .95644 .95644
F	CILC-1(D) & ISST-1(D) ON-PEAK	 .99298

	OFF-PEAK	.99298
* WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK		

FPUC: Marianna: 1.0000 - All Rate Schedules
Fernandina Beach: 1.0000 - All Rate Schedules

GULF:

GROUP	RATE SCHEDULE	LINE LOSS MULTIPLIER
A	RS, RSVP, GS, GSD, GSDT, GSTOU, SBS(1), OSIII	1.00526
B	LP, LPT, SBS(2)	0.98890
C	PX, PXT, RTP, SBS(3)	0.98063
D	OSI/II	1.00529

PEF: :

Group	Delivery Voltage Level	Line Loss Multiplier
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

TECO:

Rate Schedule	Fuel Recovery Loss Multiplier
RS, GS and TS	1.0042
RST and GST	1.0042
SL-2, OL-1 and OL-3	N/A
GSD, GSLD, and SBF	1.0004
GSDT, GSLDT, and SBFT	1.0004
IS-1, IS-3, SBI-1, SBI-3	0.9742
IST-1, IST-3, SBIT-1, SBIT-3	0.9742

Based on the evidence in the record and the resolution of the generic and company-specific fuel cost recovery issues discussed above, we approve the following as the appropriate fuel recovery factors for each rate class/delivery voltage level class adjusted for line losses:

FPL:

JANUARY 2007 – APRIL 2007

GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
		(¢/kWh)
A	RS-1 first 1,000 kWh All additional kWh	5.420 6.420
A	GS-1,SL-2, GSCU-1	5.774
A-1*	SL-1,OL-1,PL-1	5.634
B	GSD-1	5.774
C	GSLD-1 & CS-1	5.768
D	GSLD-2,CS-2,OS-2 & MET	5.732
E	GSLD-3 & CS-3	5.512
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 6.422 5.484
B	GSDT-1,CILC-1(G),HLFT(21-499 kW) ON-PEAK OFF-PEAK	 6.422 5.484
C	GSLDT-1 & CST-1, HLFT(500-1,999 kW) ON-PEAK OFF-PEAK	 6.415 5.478
D	GSLDT-2, CST-2, HLFT (2,000+ kW) ON-PEAK OFF-PEAK	 6.383 5.450
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 6.131 5.235

F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 6.365 5.435
*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK		

MAY 2007 – DECEMBER 2007

GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
		(¢/kWh)
A	RS-1 first 1,000 kWh All additional kWh	5.295 6.295
A	GS-1,SL-2, GSCU-1	5.649
A-1*	SL-1,OL-1,PL-1	5.510
B	GSD-1	5.649
C	GSLD-1 & CS-1	5.643
D	GSLD-2,CS-2,OS-2 & MET	5.608
E	GSLD-3 & CS-3	5.393
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 6.297 5.359
B	GSDT-1,CILC-1(G),HLFT(21-499 kW) ON-PEAK OFF-PEAK	 6.297 5.359
C	GSLDT-1 & CST-1, HLFT(500-1,999 kW) ON-PEAK OFF-PEAK	 6.290 5.353
D	GSLDT-2 & CST-2, HLFT (2,000+ kW) ON-PEAK OFF-PEAK	 6.258 5.326
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 6.011 5.116

F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 6.241 5.311
*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK		

SEASONAL DEMAND TIME OF USE RIDER (SDTR)
FUEL RECOVERY FACTORS

ON PEAK: JUNE 2007 THROUGH SEPTEMBER 2007 – WEEKDAYS 3:00 PM TO 6:00 PM
OFF PEAK: ALL OTHER HOURS

(1) GROUP	(2) OTHERWISE APPLICABLE RATE SCHEDULE	(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) SDTR FUEL RECOVERY FACTOR
B	GSD(T)-1 ON-PEAK OFF-PEAK	 6.175 5.468	 1.00187 1.00187	 6.186 5.478
C	GSLD(T)-1 ON-PEAK OFF-PEAK	 6.175 5.468	 1.00077 1.00077	 6.180 5.472
D	GSLD(T)-2 ON-PEAK OFF-PEAK	 6.175 5.468	 0.99571 0.99571	 6.148 5.444

Note: All other months served under the otherwise applicable rate schedule.

FPUC: **Marianna:**

Rate Schedule	Fuel Recovery Factor per kWh
RS	$.04420
GS	$.04366
GSD	$.04177
GSLD	$.04001
OL	$.03447
SL	$.03463

Fernandina Beach:

Rate Schedule	Fuel Recovery Factor per kWh
RS	$.05170
GS	$.05056
GSD	$.04812
GSLD	$.04850
OL	$.03684
SL	$.03697

GULF: See table below:

GROUP	RATE SCHEDULE*	FUEL RECOVERY FACTOR(¢/KWH)
A	RS, RSVP, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	Standard – 3.959 On-Peak – 4.414 Off-Peak – 3.773
B	LP, LPT, SBS(2)	Standard – 3.894 On-Peak – 4.342 Off-Peak –3.712
C	PX, PXT, RTP, SBS(3)	Standard – 3.862 On-Peak – 4.306 Off-Peak – 3.681
D	OSI/II	Standard – 3.937 On-Peak – N/A Off-Peak – N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499KW will use the recovery factor applicable to Rate Schedule GSD;(2) customers with a contract demand in the range of 500 to 7,499KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499KW will use the recovery factor applicable to Rate Schedule PX.

PEF:

Fuel Cost Factors (cents/kWh)

					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factor	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	5.036	7.358	3.968
B	Distribution Primary	--	--	5.088	7.434	4.009
C	Distribution Secondary	4.798	5.798	5.139	7.508	4.050
D	Lighting	--	--	4.696	--	--

TECO: The appropriate factors are as follows:

Rate Schedule	Fuel Charge Factor (cents per kWh)
RS, GS and TS	5.922
RST and GST	7.392 (on-peak) 5.146 (off-peak)
SL-2, OL-1 and OL-3	5.483
GSD, GSLD, and SBF	5.899
GSDT, GSLDT and SBFT	7.364 (on-peak) 5.126 (off-peak)
IS-1, IS-3, SBI-1, SBI-3	5.745
IST-1, IST-3, SBIT-1, SBIT-3	7.171 (on-peak) 4.992 (off-peak)

IV. GENERIC CAPACITY COST RECOVERY ISSUES

Credits for Transmission Allowances

The parties did not contest that the appropriate credits for transmissions allowances for power sales for each investor-owned utility for the years 2005 through 2007 were as follows:

FPL:
2005: $3,299,310.
2006: $3,701,913; (actuals through June; July-Dec. estimated)
2007: $3,941,588

GULF:
2005: $200,008
2006: $203,633 (Jan-Jul. actual; Aug-Dec. estimated)
2007: $275,000

PEF:
2005: 348,286
2006: 332,333
2007: 260,281

<u>TECO</u>	2005:	$279,560
	2006:	$665,187
	2007:	$511,000

Based on the evidence in the record , we approve these amounts as reasonable.

V. COMPANY SPECIFIC CAPACITY COST RECOVERY ISSUES

A. PROGRESS ENERGY FLORIDA

<u>Incremental Security Costs</u>

The parties did not contest that PEF's incremental security costs as proposed in its 2007 projection filing are reasonable for capacity cost recovery purposes. Based on the evidence in the record, the amount of $3,235,933 for 2007 is approved as reasonable.

B. FLORIDA POWER AND LIGHT

<u>Generation Base Rate Adjustment for Turkey Point Unit 5</u>

The parties did not contest FPL's proposal to approve the Generation Base Rate Adjustment for Turkey Point Unit 5. Upon review of discovery and the record presented at the hearing, staff recommended that the appropriate Generation Based Rate Adjustment factor is 3.271% to be applied as an equal percentage to base charges and non-clause recoverable credits. Based on the evidence in the record , we approve this factor as reasonable.

<u>Incremental Security Costs</u>

The parties did not contest FPL's proposal to approve incremental security costs projected for 2007 as reasonable for cost recovery purposes. FPL proposed to recover a total of $30,442,387 for 2007, which includes $2,796,363 for security costs associated with the recently issued North American Reliability Council's Cyber Security Standards. Based on the evidence in the record, we approve those projected costs as reasonable for recovery through the capacity cost recovery clause.

<u>CILC-1 Load Control Demands</u>

The Federal Executive Agency (FEA) proposed that CILC-1 load control demands should not be included in developing FPL's capacity cost recovery factors. The CILC rate is an optional nonfirm rate for commercial/industrial customers who agree to let FPL control or interrupt at least a portion of the customer's load during periods of capacity shortage. In return for taking service under a nonfirm rate, CILC customers receive an incentive or a discount in their base rates. Those incentives are recovered from all ratepayers through the conservation cost recovery clause. Customers have the option to install backup generation, but it is not a requirement to take service under this rate.

FEA's witness, Dr. Goins, proposed that the demand-related production costs for FPL's CILC customers be excluded in the calculation of the capacity cost recovery factors because CILC customers do not cause FPL to incur demand-related purchased power costs. Dr. Goins also testified that FEA customers spend millions to install backup generation.

FPL witness, Dr. Morley, testified that FEA's proposal is unfair and inconsistent with Commission rules. The magnitude of the discount for nonfirm service must meet the requirements of Rule 25-6.0438, F.A.C., one of which is a determination of cost-effectiveness. Cost effective means that the benefits to the ratepayers must exceed the cost to the ratepayers.

CILC customers are compensated for any interruptions through discounted base rate charges that reflect the avoided cost benefits that these nonfirm customers provide to the rate payers. Rule 25-6.0438 requires that nonfirm load be maintained at cost-effective levels. FPL's most recent cost-effectiveness analysis as provided in response to FEA's first set of interrogatories, shows a benefit-cost ratio for the CILC rate of 1.02. Dr. Morley testified that a benefit-cost ratio close to 1 means that the rate is only marginally cost-effective.

The non-CILC ratepayer is already paying for the CILC base rate incentive. If the demands of the CILC customers were excluded in calculating the capacity cost recovery factors, this additional discount of $16.3 million would also be recovered from the remaining ratepayers, including residential customers, further reducing the cost-benefit ratio because there is no corresponding increase in benefits.

The purpose of the capacity clause is to allow the utility to recover the capacity component of purchased power costs. In order to supply the least cost power to all customers, nonutility generation is purchased when it is less costly than power generated by the utility. Dr. Morley stated that these transactions take place to serve all load, including CILC customers.

Based on the evidence presented in the record, we find that it is appropriate to continue to include the full demand responsibility of FPL's CILC customers in determining the appropriate factors. The capacity cost factors as established for FPL shall remain unchanged.

VI. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

Based on the evidence in the record and the resolution of the company-specific capacity cost recovery issues discussed above, we approve the following final capacity cost recovery true-up amounts for the period January 2005 through December 2005:

<u>FPL:</u>	$3,305,688 over- recovery
<u>GULF:</u>	$112,632 over-recovery
<u>PEF:</u>	$581,276 under-recovery
<u>TECO:</u>	$156,806 under-recovery

Based on the evidence in the record and the resolution of the company-specific capacity cost recovery issues discussed above, we approve the following estimated/actual capacity cost recovery true-up amounts for the period January 2006 through December 2006:

<u>FPL:</u>	$18,215,446 under-recovery
<u>GULF:</u>	$223,116 under recovery
<u>PEF:</u>	$4,799,289 under recovery
<u>TECO:</u>	$804,145 under-recovery

Based on the evidence in the record and the resolution of the company specific capacity cost recovery issues discussed above, we approve the following total capacity cost recovery true-up amounts to be collected/refunded during the period January 2007 through December 2007:

<u>FPL:</u>	$14,909,758 under-recovery
<u>GULF:</u>	$110,484 under-recovery
<u>PEF:</u>	$5,380,565 under recovery
<u>TECO:</u>	$960,951 under-recovery

Based on the evidence in the record and the resolution of the generic and company-specific capacity cost recovery issues discussed above, we approve the following projected net purchased power and cost recovery amounts to be included in the recovery factor for the period January 2007 through December 2007:

<u>FPL:</u>	$591,052,906
<u>GULF:</u>	$31,663,132
<u>PEF:</u>	$393,207,153
<u>TECO:</u>	$53,038,052

Based on the evidence in the record and stipulation of the parties, we approve the following jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January 2007 through December 2007:

<u>FPL:</u>	FPSC 98.68536%
<u>GULF:</u>	96.64872%
<u>PEF:</u>	Base 93.753% Intermediate 79.046% Peaking 88.979%
<u>TECO:</u>	0.9666743%

Based on the evidence in the record and the resolution of the generic and company-specific capacity cost recovery issues discussed above, we approve the following projected capacity cost recovery factors for each rate class/delivery class for the period January 2007 through December 2007:

FPL:

RATE SCHEDULE	CAPACITY RECOVERY FACTOR ($/KW)	CAPACITY RECOVERY FACTOR ($/KWH)
RS1/RST1	-	.00557
GS1/GST1	-	.00521
GSD1/GSDT1/HLFT(21-499 kW)	1.58	-
OS2	-	.00330
GSLD1/GSLDT1/CS1/CST1/HLFT(500-1,999 kW)	1.96	-
GSLD2/GSLDT2/CS2/CST2/HLFT(2,000+ kW)	1.91	-
GSLD3/GSLDT3/CS3/CST3	1.90	-
CILCD/CILCG	2.09	-
CILCT	2.01	-
MET	2.00	-
OL1/SL1/PL1	-	.00085
SL2, GSCU1	-	.00360
RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) ($/kW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) ($/kW)
ISST1D	.25	.12
ISST1T	.24	.11

RATE SCHEDULE	CAPACITY RECOVERY FACTOR ($/KW)	CAPACITY RECOVERY FACTOR ($/KWH)
SST1T	.24	.11
SST1D1/SST1D2 /SST1D3	.25	.12

GULF: See table below:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RSVP	0.311
GS	0.301
GSD, GSDT, GSTOU	0.267
LP, LPT	0.231
PX, PXT, RTP, SBS	0.193
OS-I/II	0.133
OSIII	0.200

PEF:

Rate Class	CCR Factor
Residential	1.132 cents/kWh
General Service Non-Demand	0.958 cents/kWh
@ Primary Voltage	0.948 cents/kWh
@ Transmission Voltage	0.939 cents/kWh

General Service 100% Load Factor	0.656 cents/kWh
General Service Demand	0.808 cents/kWh
@ Primary Voltage	0.800 cents/kWh
@ Transmission Voltage	0.792 cents/kWh
Curtailable	0.583 cents/kWh
@ Primary Voltage	0.577 cents/kWh
@ Transmission Voltage	0.571 cents/kWh
Interruptible	0.692 cents/kWh
@ Primary Voltage	0.685 cents/kWh
@ Transmission Voltage	0.678 cents/kWh
Lighting	0.161 cents/kWh

TECO:

Rate Schedule	Capacity Cost Recovery Factor (cents per kWh)
RS	0.325
GS, TS	0.311
GSD	0.261
GSLD, SBF	0.222
IS-1, IS-3, SBI-1, SBI-3	0.020
SL-2, OL-1 and OL-3	0.042

VII. GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

The parties stipulated that the appropriate Generation Performance Incentive Factor (GPIF) rewards/penalties for performance achieved during the period January 2005 through December 2005 are those set forth in Attachment A to this Order, which is incorporated by reference herein. We approve these stipulations as reasonable.

The parties stipulated that the appropriate GPIF targets/ranges for the period January 2007 through December 2007 are those set forth in Attachment A to this Order, which is incorporated by reference herein. We approve these stipulations as reasonable.

OPC raised two additional issues regarding an amendment to the current GPIF manual. OPC requested and we granted an opportunity to brief the issues regarding whether the Commission should incorporate a "dead band" around the scale of Generating Performance Incentive Points and whether that "dead band," if adopted, should be applied for the current year so that rewards or penalties are applied to the period commencing January 1, 2007. We agreed to allow the parties to further brief this issue and accordingly our decision on these two issues will be the subject of a separate order.

VII. OTHER MATTERS

The parties stipulated that for FPUC, GULF, PEF, and TECO, the new fuel adjustment charges and capacity cost recovery factors approved in this Order should be effective beginning with the first billing cycle for January 2007 and thereafter through the last billing cycle for December 2007. The parties also stipulated that for FPUC, GULF, PEF, and TECO the first billing cycle may start before January 1, 2007, and the last billing cycle may end after December 31, 2007, so long as each customer is billed for 12 months regardless of when the factors became effective. We approve these stipulations as reasonable.

The parties stipulated as to FPL that the new Fuel Cost Recovery factors for January through April 2007 and May through December 2007 should become effective during those periods, respectively. There will be four months of billing on the January through April factor and eight months of billing on the May through December factor, thus providing for a total of 12 months of billing on the new Fuel Cost Recovery factors for all customers. We approve these stipulations as reasonable.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations and finding set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power and Light Company, Progress Energy Florida, Inc., Tampa Electric Company, GULF Power Company and Florida Public Utilities Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2007 through December 2007. It is further

ORDERED the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power and Light Company, Progress Energy Florida, Inc., Gulf Power Company, and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors as set forth herein during the period January 2007 through December 2007. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based.

By ORDER of the Florida Public Service Commission this 22nd day of December, 2006.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

LCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A

2005 GPIF Rewards and Penalties

Utility		Reward/Penalty
Florida Power & Light Co.	$8,478,098$	Reward
Gulf Power Co.	- 842,874	Penalty
Progress Energy Florida	-1,547,048	Penalty
Tampa Electric Co.	-99,791	Penalty

ATTACHMENT A
PAGE 2 of 3

FPL:

Equivalent Availability and Heat Rate/NOF 2007 Targets for FPL Units

Unit	FPL EAF/POF/EUOF Targets			FPL HR/NOF Targets
	EAF	POF	EUOF	
Ft. Myers 2	78.9	12.2	8.9	6,814 / 85.9
Lauderdale 4	82.6	13.4	4.0	7,650 / 85.1
Lauderdale 5	92.2	3.8	4.0	7,548 / 88.9
Manatee 1	86.6	7.7	5.7	10,220 /66.2
Martin 1	94.6	0.0	5.4	10,027 / 65.2
Martin 4	94.0	0.0	6.0	6,926 / 95.6
Sanford 4	90.2	5.8	4.0	6,878 /89.2
Sanford 5	91.3	1.9	6.8	6,844 / 90.0
Scherer 4	96.0	0.0	4.0	10,136 / 92.5
St. Lucie 1	84.0	9.6	6.4	10,961 / 97.6
St. Lucie 2	70.3	23.3	6.4	11,002 / 97.4
Turkey Point 3	84.2	8.2	7.6	11,112 / 97.6
Turkey Point 4	90.7	0.0	9.3	11,120 / 97.5

GULF:

Equivalent Availability and Heat Rate/NOF 2007 Targets for Gulf Power Co. Units

Unit	Gulf EAF/POF/EUOF Targets			Gulf HR/NOF Targets
	EAF	POF	EUOF	
Crist 4	98.3	0.0	1.7	10,545 / 99.0
Crist 5	97.1	0.0	2.9	10,422 / 99.2
Crist 6	85.3	8.2	6.5	10,258 / 99.2
Crist 7	83.5	3.3	13.2	10,225 / 99.4
Smith 1	78.6	19.7	1.7	10,259 / 99.6
Smith 2	89.4	0.0	10.6	10,328 / 99.4
Daniel 1	82.5	13.4	4.0	10,046 / 98.8
Daniel 2	93.9	1.9	4.2	9,834 / 99.2

Note: NOF is not used for target setting for GULF.

ATTACHMENT A
PAGE 3 of 3

PEF:

Equivalent Availability and Heat Rate/NOF 2007 Targets for PEF Units

Unit	PEF EAF/POF/EUOF Targets			PEF HR/NOF Targets
	EAF	POF	EUOF	
Anclote 1	90.02	5.75	4.23	10,073 / 51.9
Anclote 2	89.80	5.75	4.45	10,205 / 45.3
Bartow 3	88.38	5.75	5.87	10,311 / 51.2
Crystal River 1	84.46	9.59	5.95	10,195 / 78.8
Crystal River 2	72.99	15.34	11.67	9,766 / 80.3
Crystal River 3	86.86	9.86	3.27	10,304/ 98.4
Crystal River 4	94.10	0.00	5.90	9,421 / 93.0
Crystal River 5	91.95	2.47	5.59	9,445 / 92.9
Hines 1	84.77	11.51	3.72	7,363 / 79.7
Tiger Bay	86.82	9.59	3.59	8,024 / 82.9

Equivalent Availability and Heat Rate/NOF 2007 Targets for Tampa Electric Co. Units

Unit	TEC EAF/POF/EUOF Targets			TEC HR/NOF Targets
	EAF	POF	EUOF	
Big Bend 1	60.7	3.5	35.5	10,971 / 71.1
Big Bend 2	76.5	5.8	17.7	10,484 / 83.8
Big Bend 3	57.4	8.5	34.2	11,090 / 64.2
Big Bend 4	59.5	24.4	16.1	10,828 / 82.6
Polk 1	88.4	3.3	8.4	10,428 / 85.8
Bayside 1	81.0	9.6	9.4	7,378 / 84.7