

**Steel Hector & Davis**

Tallahassee, Florida

Matthew M. Childs, P.A.  
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September 28, 1990

Mr. Steve Tribble  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32399

**ORIGINAL  
FILE COPY**

900796-EE

RE: PETITION OF FLORIDA POWER & LIGHT  
COMPANY FOR INCLUSION OF THE SCHERER  
UNIT NO. 4 PURCHASE IN RATE BASE, INCLUDING  
AN ACQUISITION ADJUSTMENT

Dear Mr. Tribble:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Petition For Inclusion Of The Scherer Unit No. 4 Purchase In Rate Base Including An Acquisition Adjustment. Also enclosed please find the original and fifteen (15) copies of the testimonies of C. O. Woody, G. R. Cepero, R. R. Denis, S. S. Waters and H. A. Gower.

Respectfully submitted,



Matthew M. Childs, P.A.

MMC/eg

Petition  
DOCUMENT NUMBER-DATE  
08690 SEP 28 1990

FPSC-RECORDS/REPORTING

Petition  
DOCUMENT NUMBER-DATE  
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FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition Of Florida Power & )  
Light Company For Inclusion Of The )  
Scherer Unit No. 4 Purchase in Rate )  
Base, Including An Acquisition )  
Adjustment )

DOCKET NO. 900796-E1  
FILED: September 28, 1990

PETITION

Florida Power & Light Company ("FPL"), pursuant to Section 366.076(1), Fla. Stats. (1990), hereby petitions for authority to include the purchase price of Scherer Unit No. 4 in rate base, including the portion which exceeds the depreciated original cost of that Unit (the "Acquisition Adjustment"). By this Petition, FPL does not seek to change any rates or charges to customers but, because of the uncertainty of the regulatory treatment of the Acquisition Adjustment associated with the purchase of Scherer Unit No. 4, requests prior approval thereof as herein described. FPL also requests expedited consideration of this Petition and to facilitate that consideration, has incorporated the prepared written testimony of witnesses in support of the relief herein requested.

Any pleadings, motions, notices, orders or other documents required to be served in this docket should be furnished to:

Matthew M. Childs, P.A.  
Steel Hector & Davis  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301

Roberto Denis  
Florida Power & Light Company  
P. O. Box 029100  
Miami, FL 33102

## INTRODUCTION AND SUMMARY OF TRANSACTION

1. FPL is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") pursuant to Chapter 366, Florida Statutes. FPL's general offices are at 9250 West Flagler Street, Miami, Florida 33174. FPL is not aware of the existence of any disputed issues of material fact.

2. FPL proposes to purchase 76.36% (646 MW) of Unit No. 4 of the Robert W. Scherer Generating Plant (a coal-fired generating unit) located in Monroe County, Georgia. The total purchase price, estimated to be \$615,504,000, or approximately \$953 per installed kilowatt, exceeds the depreciated book cost for the portion of the unit to be obtained by FPL by an estimated \$111,362,307. Absent the installation or acquisition of sufficient additional generating capacity, FPL will not be able to continue to meet its 1996 forecast peak load and maintain adequate levels of reliability. The acquisition of an undivided ownership interest in Scherer Unit No. 4, as proposed by FPL, is a reasonable and prudent investment necessary to enable FPL to meet its forecast 1996 system load requirements. Under Section 366.076(1), Fla. Stats., this Commission has the express authority to conduct a limited proceeding to consider and act upon any matter within its jurisdiction. Because the proposed purchase of Scherer Unit No. 4 is a reasonable and prudent means of providing a reliable source of power to FPL and

its customers and because the proposed purchase offers substantial additional benefits to FPL's customers, FPL respectfully submits that its inclusion in rate base and the Acquisition Adjustment should be approved.

TERMS OF THE PROPOSED SCHERER UNIT NO. 4 PURCHASE

The Letter of Intent

3. On July 31, 1990, FPL, Georgia Power Company ("GPC") and the Jacksonville Electric Authority ("JEA") executed a Letter of Intent expressing each of the parties respective intentions. The Letter of Intent, which is appended hereto as Attachment A, contemplates that definitive agreements will be reached on: the purchase and sale of Scherer Unit No. 4 and other facilities; transmission expansion and service; operation and maintenance of the Unit and other facilities; fuel supply; unit power sales to FPL; and, the assignment by JEA to FPL of certain rights and obligations concerning a unit power agreement with the Southern Companies. The Letter of Intent also contemplates obtaining regulatory consents and approvals including those from the Federal Energy Regulatory Commission, the Securities and Exchange Commission and the Florida Public Service Commission.

Under the Letter of Intent, should the necessary regulatory consents and approvals not be obtained by December

31, 1990, in order to allow the first closing of a sale of ownership interest in the Unit by January 1, 1991, then the definitive agreements will commit to the purchase and sale of 300 MW of unit power capacity beginning January 1, 1991, and continuing through June 30, 1991. Absent Commission approval in time to permit the first closing by June 30, 1991, the opportunity for FPL to purchase in accordance with the terms and conditions of the Letter of Intent will terminate.

4. The parties intend that FPL will purchase an aggregate of 76.36% of Scherer for an estimated \$615,504,000 on the following schedule:

<u>Closing Dates</u>	<u>Ownership Percentages</u>	<u>Estimated Payments</u>
January 1, 1991	17.73	\$147,900,000
June 1, 1993	31.44	\$252,434,000
June 1, 1994	16.55	\$131,740,000
<u>June 1, 1995</u>	<u>10.64</u>	<u>\$ 83,430,000</u>
TOTAL	76.36	\$615,504,000

JEA will purchase an aggregate of 23.64% of Scherer for an estimated \$194,250,000 on the following schedule:

<u>Closing Dates</u>	<u>Ownership Percentages</u>	<u>Estimated Payments</u>
January 1, 1991	17.73	\$147,900,000
<u>June 1, 1995</u>	<u>5.91</u>	<u>\$ 46,350,000</u>
TOTAL	23.64	\$194,250,000

FPL and JEA will be entitled to corresponding percentages of the Unit's net output. Scherer Unit No. 4 has a dependable net

electrical output of 846 MW. Thus, FPL's 76.36% ownership equates to 646 MW of net output and JEA's ownership of 23.64% equates to 200 MW.

5. GPC will provide transmission services to transmit the energy associated with the ownership interests of the Unit to established interconnection points with FPL and JEA. The rate for such service is to be negotiated and will be similar to a transmission service schedule expressly incorporated in the Letter of Intent. JEA and FPL have reached agreement in principle on transmission service by JEA for transmission of FPL's share of the Unit's output to FPL's service area. In addition, Southern Companies has agreed to use its best efforts to negotiate agreements with peninsular Florida utilities for the construction of additional transmission facilities so as to provide an additional 500 MW of Southern/Florida interface capability to FPL. FPL's purchase of an ownership interest in Scherer is contingent upon obtaining definitive agreements for all aspects of transmission capability necessary to transmit FPL's share of the Unit output to FPL's service area.

6. Included in the purchase of the Unit is a corresponding percentage ownership interest in the existing fuel supply for Scherer. FPL and JEA will have the right to participate in the fuel procurement process for all future fuel supply; the terms, conditions, and extent of the participation is to be negotiated. FPL and JEA will, during the course of

negotiations, have an opportunity to determine that the expected average cost of fuel for the Unit will be competitive with long-term market prices for comparable fuel.

7. A unique benefit of the proposed transaction is the agreement of the Southern Companies to use their reasonable best efforts to offer to sell additional energy to FPL and JEA from other generating units so that the equivalent of a 90% capacity factor will be achieved for Unit No. 4 of Scherer. The time period during which the energy will be available is to be negotiated but it will be available at least through 1994. These energy transactions will take precedence over any economy transactions of the Southern Companies.

#### Adjustments to UPS Sales

8. The Letter of Intent recognizes that adjustments to the present UPS contracts between FPL and Southern and between JEA and Southern will be made if Unit No. 4 is purchased by FPL and JEA. In brief, FPL's and JEA's early options for capacity under the 1988 UPS contract will be reduced proportionate to the ownership interest acquired in Unit No. 4; UPS sales from Unit No. 4 pursuant to the 1982 UPS contract will be replaced by sales from other units such that the aggregate cost of the replacement capacity will be comparable to, but not greater than the total capacity charges for the replaced capacity. Also, FPL will receive 37.50% of JEA's share of the 1982 UPS contract.

9. Also, an additional UPS sale from Southern's other generating resources has been agreed to as part of the overall purchase arrangement. Commencing November 1, 1990, FPL will purchase 300 MW of capacity from Units 3 (52 MW) and 4 (248 MW) of Scherer pursuant to an UPS agreement executed on August 31, 1990. This sale will terminate by January 1, 1991, unless FPL's purchase of the first increment of Unit No. 4 has not been consummated, in which case the UPS sale may be extended.

FPL NEEDS THE SCHERER CAPACITY

10. The capacity available to FPL through the purchase of Scherer Unit No. 4 is required to permit FPL to meet its system load requirements while maintaining an adequate level of reserve margin. The purchase of Scherer Unit No. 4 is phased, with the first 150 MW scheduled to occur as early as January 1, 1991, and other purchases scheduled to occur prior to 1996. The incremental purchases will provide FPL an assured source of power during the 1991 - 1995 time frame should there be further changes in the load forecast, in-service dates of planned QF projects, or a change in the duration of the planned upgrade program at Turkey Point. However, the aggregate of the purchased capacity is intended to permit FPL to continue to meet the increase in system load beginning in 1996 and FPL has evaluated the economic justification for the purchase with principal emphasis on the cost of other generating alternatives available in 1996.



11. A significant challenge to a utility in meeting the growth in system electrical demand is to appropriately react to load growth projections and provide necessary additional generation when required. Because of the long "lead-times" associated with the licensing, design and construction of generating units, particularly large base load units, a utility must make commitments substantially in advance of the date by which additional generating facilities are forecasted to be required. FPL has previously presented its forecasts of system load growth and generation expansion plans to meet that growth in Docket Nos. 890973-EI and 890974-EI (the Determination of Need proceedings for the Lauderdale plant repowering and the Martin expansion project).

12. As shown by FPL's 1989 Need Study, which was presented to this Commission in Docket Nos. 890973-EI and 890974-EI, FPL needed approximately 1300 MW of base load generation in 1996/1997 in order to continue to meet system peak demand and meet appropriate reliability criteria. Of this level of additional required capacity, FPL forecast that 580 MW would be furnished by future contracts with Qualifying Facilities for firm energy and capacity. Thus, FPL's need for additional generating capacity in 1996/1997 after counting that amount forecast as achievable from Qualifying Facilities was approximately 800 MW. The components of this load forecast and generation expansion plan are shown on Attachment B hereto.

FPL's Response To The Need For Capacity Was Appropriate

13. Although there was no standard offer contract in place, FPL sought to obtain additional firm capacity and energy from Qualifying Facilities by 1996.

14. FPL has sought to maximize the opportunity for Qualifying Facilities to fulfill the identified need for approximately 1300 MW of cost effective and reliable base load generating capacity in 1996/1997.

15. To obtain the additional generating capacity required, FPL issued a Request for Power Supply Proposals (RFP) seeking up to 800 MW of reliable and cost-effective electric energy and capacity from alternative sources (including cogenerators, small power producers, independent power producers and others) in the 1994 to 1997 time frame. FPL received thirty four proposals totalling 10,793 MW from twenty four different respondents; thirty three proposals were subjected to a detailed evaluation. After this evaluation, the proposal of the Southern Companies to sell capacity and energy from its Scherer Unit No. 4 on a unit power basis was determined to be the best proposal by a significant margin. Southern Company was notified of this result and another group of proposals were selected for further evaluation in the event agreement was not reached for the top ranking project and/or additional capacity was determined to be required. Because of the overall benefits available from the purchase of an ownership interest in the Scherer Unit, FPL decided to meet its capacity requirements by pursuing that alternative.

THE PROPOSED PURCHASE OF A PORTION OF SCHERER  
UNIT NO. 4 IS REASONABLE AND PRUDENT

16. The purchase of 646 MW of Scherer Unit No. 4 offers FPL the opportunity to obtain needed reliable generating capacity on a long term basis for the benefit of its customers.

17. As established by FPL's 1989 Need Study, FPL required approximately 1300 MW of additional generating capacity in 1996/1997. That Need Study also established that the most cost-effective type of generating capacity to be built by FPL to meet this requirement was Integrated Coal Gasification Combined Cycle (IGCC) capacity to be installed at FPL's Martin Plant site. The Martin Plant site is located close to FPL's major center of load and may be integrated into FPL's 500 KV transmission system to deliver the electrical output of the generating units to that load center.

18. Over a thirty year period, the total costs of the 646 MW of Scherer Unit No. 4 are forecast to be substantially less than the costs of an equivalent amount of IGCC capacity installed at the Martin Plant site. Attachment C shows this result. The costs associated with Scherer Unit No. 4, including the return on the total investment to be made to acquire that unit, commences on January 1, 1991, and are phased in as each of the four installments of that purchase are to be completed. Despite the fact that the costs associated with purchasing and operating Scherer Unit No. 4 commence before the

costs associated with the IGCC unit (i.e. 1996), because the Scherer purchase is available at a favorable price, it is still cheaper than an equivalent amount of the IGCC unit on both a nominal and a net present value basis. Therefore, FPL submits that its proposed acquisition of Scherer Unit No. 4 is reasonable and prudent.

19. FPL believes it to be inappropriate to evaluate the economics or cost effectiveness of the proposed purchase of the 646 MW of Scherer Unit No. 4 by comparing it to the standard offer contract. Among the reasons such a comparison is inappropriate are that Scherer Unit No. 4 has been built and is already in operation while the viability and reliability of capacity available under a standard offer contract has not been established. Nevertheless, the capacity and energy to be provided by the proposed purchase of Scherer Unit No. 4 is more cost effective than the standard offer contract and is therefore reasonable and prudent if a comparison to the standard offer contract were to be made. This result is shown on Attachment D.

THE SCHERER UNIT NO. 4 PURCHASE SHOULD  
BE INCLUDED IN RATE BASE

20. The estimated purchase price of \$615,504,000 for the 76.36% ownership interest in Scherer Unit No. 4 was arrived at through arm's length negotiation. This price exceeds the depreciated book value of this ownership percentage by an estimated \$111,362,307. FPL submits that the proposed purchase

by it of an ownership interest in the Scherer Unit No. 4 is a reasonable and prudent means of providing reliable electric service to its customers. Accordingly, the entire purchase price, including the Acquisition Adjustment, should be included in FPL's rate base for rate making purposes and amortized over the depreciable life of Scherer Unit No. 4.

21. FPL has the ability to obtain the necessary additional capital on reasonable terms and conditions to permit the purchase of the ownership percentages in Scherer Unit No. 4 in accordance with the purchase schedule set forth in the Letter of Intent.

#### CONCLUSION

FPL submits that its proposed purchase of a 76.36% ownership interest in Scherer Unit No. 4 is reasonable, prudent and necessary. It offers a significant opportunity to achieve reliability in the supply of needed capacity and energy to FPL's customers.

WHEREFORE, FPL respectfully requests that this Commission exercise its express authority under Section 366.076(1), Fla. Stats. and make a finding of fact that the purchase of a portion of Scherer Unit No. 4 by FPL is a reasonable and prudent investment and authorize the inclusion of

the purchase price for Scherer Unit No. 4, including the Acquisition Adjustment, in rate base.

DATED this 28th day of September, 1990.

Respectfully submitted,  
STEEL HECTOR & DAVIS  
215 South Monroe Street  
Suite 601  
Tallahassee, Florida 32301-1804  
Attorneys for Florida Power  
& Light Company

By:



Matthew M. Childs, P. A.



ATTACHMENT A

July 30, 1990

Georgia Power Company  
Post Office Box 4545  
Atlanta, Georgia 30302

Attention: Mr. F.D. Williams

Alabama Power Company, Georgia Power Company,  
Gulf Power Company, Mississippi Power Company  
and Savannah Electric and Power Company ("Southern  
Companies")  
c/o Southern Company Services, Inc.  
Post Office Box 2625  
Birmingham, Alabama 35202

Attention: Mr. R.O. Usry

Jacksonville Electric Authority  
21 West Church Street  
Jacksonville, Florida 32202-3139

Attention: Mr. Royce Lyles

Re: Letter of Intent regarding (1) Florida Power & Light Company's ("FPL") and Jacksonville Electric Authority's ("JEA") proposed purchases of undivided ownership interests in Unit 4 of Plant Scherer and (2) transmission of the energy associated with FPL's and JEA's proposed ownership interests in Unit 4 of Plant Scherer to their respective interconnection points with Southern Companies.

Gentlemen:

This Letter of Intent, when fully executed in the spaces provided below by authorized representatives of Georgia Power Company ("GPC"), Southern Companies, JEA, and FPL, shall evidence the present mutual intent of the parties relative to the above captioned topics, all as more fully set forth and described below. FPL intends that its proposed purchase of ownership

interests in Unit 4 of Plant Scherer will provide energy and capacity to FPL at a delivered price below FPL's cost of duplication. It is the parties' intent to negotiate promptly to arrive at mutually satisfactory terms and conditions which shall be based on the following principles:

1. FPL and JEA, respectively, will agree to purchase, and GPC will agree to sell, undivided ownership interests in Unit 4 of the Robert W. Scherer Electric Generating Plant, a coal-fired electric generating unit having a demonstrated nominal current net output of 846 MW, located in Monroe County, Georgia ("Unit 4 of Plant Scherer" or "Unit"). The undivided ownership interests which FPL and JEA will be purchasing in Unit 4 of Plant Scherer specifically include commensurate undivided ownership interests in all Plant Scherer common facilities (including land), fuel stock, materials and supplies, governmental permits, engineering records and drawings, operation and maintenance procedure manuals, and existing warranties. FPL and JEA would also be entitled to any emission and other such environmental allowances associated with their respective undivided ownership interests in the Unit as a result of the contemplated amendments to the Clean Air Act or any other legislative or regulatory action.

2. The parties intend that FPL will purchase, and GPC will sell, an aggregate of 76.36 percent of the Unit on the schedule set forth below:

<u>Closing Dates</u>	<u>Ownership Percentages</u>	<u>Payment</u>
January 1, 1991	17.73	\$147,900,000
June 1, 1993	31.44	252,434,000
June 1, 1994	16.55	131,740,000
<u>June 1, 1995</u>	<u>10.64</u>	<u>83,430,000</u>
Total	76.36	\$615,504,000



The payment for the first ownership percentage (scheduled for January 1, 1991) is subject to reduction by the actual depreciation incorporated in the charges paid by FPL in connection with the purchase of Initial UPS (described in paragraph 14) and the purchase of 1991 UPS (described in paragraph 15).

In the event that FPL does not purchase, or purchases less than the amounts shown above, JEA and GPC will meet as soon as practicable to determine whether and to what extent JEA and GPC desire to go forward with the purchases of ownership interests in the Unit set forth in paragraph 3 hereof.

3. The parties intend that JEA will purchase, and GPC will sell, an aggregate of 23.64 percent of the Unit on the schedule set forth below:

<u>Closing Dates</u>	<u>Ownership Percentages</u>	<u>Payment</u>
January 1, 1991	17.73	\$147,900,000
<u>June 1, 1995</u>	<u>5.91</u>	<u>46,350,000</u>
Total	23.64	\$194,250,000

To the extent that JEA does not purchase, or purchases less than the amounts shown above, FPL will be afforded an opportunity to purchase such amounts at such cost and on such Closing Dates if mutually acceptable transmission arrangements can be negotiated among the parties.

4. By virtue of their respective undivided ownership interests, FPL and JEA will be entitled to corresponding percentages of Unit 4 of Plant Scherer's net output (i.e., after deduction of any Plant Scherer station service for which Unit 4 of Plant Scherer is responsible and net of losses to the respective interconnection points with FPL and JEA described below). It is the intent of the parties to negotiate equitable provisions such that, to the extent of FPL's and JEA's

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ownership interests, Unit 4 of Plant Scherer would be dispatched to meet their respective requirements.

5. GPC will provide transmission services to transmit the energy associated with FPL's ownership interests in Unit 4 of Plant Scherer to the interconnections with FPL established by the Interchange Contract between Southern Companies and FPL dated October 18, 1979, as amended. GPC will also provide transmission services to transmit the energy associated with JEA's ownership interests in Unit 4 of Plant Scherer to the interconnections with JEA established by the Interchange Contract between Southern Companies and JEA dated February 27, 1981, as amended. It is understood that the provision of such services may require GPC to reach certain agreements with its joint transmission owners on reasonable terms. The rate charged to FPL and JEA for this transmission service will be a formula rate resulting in charges similar to those shown on Attachment A hereto. This rate will recognize GPC's embedded transmission cost, a scheduling fee, a reactive charge, and an interface component.

6. On and after the Closing Dates specified in paragraphs 2 and 3 above, both FPL and JEA will pay for all fuel received under all existing contracts for Plant Scherer based upon their respective aggregate ownership percentage at various points in time multiplied by 25 percent. An estimate of the fuel volumes for which FPL and JEA will assume purchase responsibility is included in Attachment B hereto. FPL and JEA, respectively, will assume ownership of that amount of fuel and will pay for the fuel pursuant to arrangements to be negotiated between the parties. FPL and JEA will be allowed to participate in the procurement decision process for all future fuel supply (including renewals of or amendments to existing contracts). The terms and conditions and extent of such participation will be determined in the definitive agreements. GPC

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has assured FPL and JEA that they will be given the opportunity for participation in long-term coal supplies for Plant Scherer pursuant to bids that GPC is currently considering in an attempt to achieve the average cost for fuel referred to below. Subject to the confidentiality agreement referenced in paragraph 19, GPC will, within ten days of the date hereof, provide to FPL copies of such bids, the co-owner agreements related to Plant Scherer, and the existing fuel contracts so that FPL may satisfy itself that the expected average cost of fuel at the Unit will be competitive with long-term market prices for comparable fuel. Subject to the confidentiality agreement referenced in paragraph 19, GPC will, within ten days of the date hereof, make available to JEA the same information at the offices of GPC. If FPL or JEA determines that the expected average cost of fuel will not be competitive with long-term prices for comparable fuel, FPL and JEA shall each have the right to terminate its respective rights and obligations under this Letter of Intent as of the date of such determination. The parties acknowledge that the definitive operating and fuel agreements will contain provisions intended to implement such average cost.

7. Southern Companies will use best reasonable efforts to offer to sell energy necessary for both FPL and JEA to achieve the equivalent of a 90 percent capacity factor from their respective ownership interests in Unit 4 of Plant Scherer. The time period during which such energy will be made available has not yet been established and will be the subject of further discussions, but it will be available until at least December 31, 1994. Energy sold to FPL will be priced at the average of Southern Companies' incremental energy cost and FPL's decremental energy cost, but in no event less than Southern Companies' incremental energy cost. Energy sold to JEA will be priced at the average of Southern Companies' incremental energy cost and JEA's decremental

energy cost, but in no event less than Southern Companies' incremental energy cost. These energy transactions shall take precedence over any economy transactions of Southern Companies.

8. It is understood that transmission limitations may exist prior to June 1993 that could inhibit FPL's ability from time to time to transmit its ownership entitlement from Unit 4 of Plant Scherer or the power purchases described in paragraphs 14 and 15 hereof into its service territory. As a result, GPC will have the use of such energy and will "bank" FPL's energy entitlement. FPL will have the right to receive such "banked" energy when said transmission constraints are eliminated. The "banking" mechanisms will be designed so that the energy withdrawn has reasonably equivalent value (cost- and time-wise) to the energy which was "banked."

9. Southern Companies will utilize best reasonable efforts to negotiate with electric utilities in peninsular Florida for the construction of additional transmission facilities so as to increase the Southern/Florida interface in an effort to make an additional 500 MW of interface capability available to FPL. Provision for expansion of transmission facilities satisfactory to FPL is a condition to FPL's purchase of ownership interests in Unit 4 of Plant Scherer.

10. It is understood that the ownership purchase by FPL and JEA in Unit 4 of Plant Scherer will require amendments to the two Unit Power Sales ("UPS") Agreements between the Southern Companies and FPL dated February 18, 1982 and July 20, 1988, and between Southern Companies and JEA dated May 19, 1982 and August 17, 1988, respectively. Specifically, (i) FPL's and JEA's early options for capacity under the 1988 UPS Agreements will be reduced to reflect the ownership interests purchased from Unit 4 of Plant Scherer and (ii) UPS Sales from

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Unit 4 of Plant Scherer under the 1982 UPS Agreements will be replaced by sales from other units covered by said agreements in a mix of quantities such that the aggregate cost of the replacement capacity will be comparable to, but not greater than, the total capacity charges for the replaced capacity. The parties also intend that JEA will assign, and FPL will assume 37.5 percent of JEA's rights and obligations for unit power capacity and energy under the UPS Agreement between JEA and Southern Companies dated May 19, 1982. This assumption will be provided for in the definitive agreements and by appropriate assignment to FPL of JEA's rights and obligations under the May 19, 1982 UPS Agreement between JEA and Southern Companies. Southern Companies will agree to accept such assignment.

11. The parties understand that the definitive agreements contemplated by this Letter of Intent shall include provisions for: (a) purchases and sales of interests in Unit 4 of Plant Scherer and other facilities to be transferred; (b) transmission expansion and service; (c) operation and maintenance of Unit 4 of Plant Scherer and the other facilities; (d) fuel supply; (e) UPS sales from Southern Companies to FPL; and (f) assignment to FPL of certain rights and obligations of JEA under the May 19, 1982 UPS Agreement with Southern Companies. The operation and maintenance agreement, pursuant to which GPC will operate and maintain Unit 4 of Plant Scherer for the benefit of its owners, will include mutually acceptable provisions to reflect, among other things, appropriate operation and maintenance expenses, appropriate administrative and general expenses, and an appropriate operating fee. The parties contemplate that the definitive operation and maintenance agreements will incorporate a "pay for performance" concept.

12. The parties further understand that FPL and JEA have agreed in principle on the terms, conditions, and pricing of transmission services that will provide for the transactions

contemplated by this Letter of Intent, including (i) transmission interface allocation and (ii) transmission service to permit FPL to transmit its ownership output from Unit 4 of Plant Scherer, the output assigned to FPL in connection with the May 19, 1982 UPS agreement between JEA and Southern Companies, and the power purchases described in paragraphs 14 and 15 into FPL's service territory. The transactions contemplated by this Letter of Intent are contingent upon execution of definitive agreements between JEA and FPL to provide for the foregoing.

13. FPL, JEA, and GPC intend that the normal incidents of tenancy in common, including but not limited to the rights to a sale for division, an accounting, and a partition, shall, unless otherwise agreed, have no application to the sales to FPL and JEA of ownership interests in Unit 4 of Plant Scherer and the common facilities (including land), fuel stock, and materials and supplies. It is intended that FPL, JEA, GPC and other co-owners, if any, will have no rights as tenant in common other than those specifically enumerated in the definitive agreements for the purchase and operation of the Unit.

14. By September 1, 1990, FPL will agree to purchase 300 MW of unit power capacity from GPC ("Initial UPS") and execute a contract for filing with the Federal Energy Regulatory Commission by such date. Initial UPS will be at rates and terms and conditions substantially similar to that contained in the UPS Agreement between Southern Companies and FPL dated February 18, 1982, as amended, except that transmission charges shall be determined in a manner similar to that provided for in paragraph 5. Initial UPS shall have a term of November 1, 1990 to December 31, 1990 and will be structured so that 248 MW of net dependable capacity is dedicated to the sale from Unit 4 of Plant Scherer and 52 MW from Unit 3 of Plant Scherer. FPL and JEA have agreed in principle on the terms, conditions, and pricing of transmission

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services necessary to allow this sale to commence on November 1, 1990; however, the sale of Initial UPS is contingent upon execution of a definitive transmission agreement between FPL and JEA by September 15, 1990. The contract for Initial UPS is to be executed by FPL by September 1, 1990 and will otherwise only be contingent upon FPL's determination (to be completed by September 15, 1990) that it is feasible to obtain the expected average fuel cost referred to in paragraph 6. It is understood that FPL will be responsible for all transmission charges or fees to JEA. In the event the contract for Initial UPS is not executed by September 1, 1990 or FPL terminates such contract on or before September 15, 1990, this Letter of Intent shall immediately terminate on such dates. The contract for Initial UPS shall otherwise survive the termination of this Letter of Intent or the failure of the parties to execute definitive agreements for the sale and purchase of ownership interests in Unit 4 of Plant Scherer.

15. Except for the initial UPS described in paragraph 14, the parties recognize that the transactions contemplated by this Letter of Intent will be contingent on the occurrence of the following events: (i) the provisions described in paragraphs 10, 11, and 12 above are reached on terms expressly determined to be satisfactory to the respective boards of directors of GPC and FPL, respectively, and, in the case of JEA, the Jacksonville Electric Authority Board and the City Council of the City of Jacksonville, Florida; (ii) execution of the definitive agreements on or before December 31, 1990; and (iii) all regulatory consents and approvals, including those from the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and the Florida Public Service Commission, have been received. In the event the parties are unable to obtain necessary regulatory approvals and consents by December 31, 1990 in order to allow the first closing of a sale of an ownership interest in the Unit by January 1, 1991, the definitive agreements will contain provisions which commit GPC to sell and FPL to purchase 300 MW of

unit power capacity beginning January 1, 1991 and continuing through June 30, 1991 ("1991 UPS"). The composition and pricing of the 1991 UPS will be identical to the Initial UPS described in paragraph 14. Subject to the fifth succeeding sentence below, FPL will have the sole option to terminate the 1991 UPS before June 30, 1991 if any conditions precedent have not been satisfied or waived on the later of the following dates: (i) a date 90 days after the execution of the definitive agreements or (ii) a date 60 days after FPL receives an order of approval or consent of the Florida Public Service Commission. In the event of an adverse decision (by public vote or order) by the Florida Public Service Commission, FPL shall have the right to terminate the 1991 UPS upon 30 days written notice. In the event of disapproval by the Securities and Exchange Commission or the Federal Energy Regulatory Commission, FPL shall have the right to terminate the 1991 UPS immediately. In the event that the Federal Energy Regulatory Commission's or the Securities and Exchange Commission's approval has not been received by June 30, 1991, the parties may by mutual agreement continue the 1991 UPS past June 30, 1991 for a reasonable period and extend the closing date appropriately. The terms and conditions of such extension are subject to negotiation for inclusion in the definitive agreements. In all events, the 1991 UPS will terminate upon the closing of the first sale of an ownership interest in the Unit.

Further, the parties recognize and understand that Units 1, 2, and 3 of Plant Scherer, the Plant Scherer common facilities, and the Plant Scherer coal stockpile are currently co-owned by GPC and other co-owners and are subject to existing ownership and operating agreements among GPC and the other co-owners which establish rights and obligations of GPC and other co-owners. The parties will strive to negotiate agreements which are consistent with such existing agreements. If the agreements to be negotiated between GPC, FPL, and JEA, respectively relating to FPL's and JEA's purchase of interests in Unit 4 of Plant Scherer are inconsistent with



July 30, 1990

Page 11

such existing agreements, GPC will use best reasonable efforts to obtain mutually satisfactory resolution with the co-owners.

16. FPL shall have the right to assign all or a part of its rights under this Letter of Intent to a subsidiary or affiliate provided that FPL provides adequate assurance to GPC that GPC will not be adversely affected by such assignment and that the assignee is, in GPC's judgment, financially responsible. In any event, GPC must give prior consent to the assignment in writing; provided, however, that such consent will not be unreasonably withheld.

17. It is understood that during the term of this Letter of Intent GPC will not negotiate with any party other than FPL and JEA concerning the purchase and sale of Unit 4 of Plant Scherer. After December 31, 1990, GPC will have the right to negotiate with other parties concerning the sale of the Unit subject to FPL's and JEA's rights established in the definitive agreements.

18. The parties agree that no public or other announcement concerning the transactions contemplated hereby shall be made except after mutual consultation and consent, provided, however, that (i) each party shall be permitted to make such disclosures to the public or to such governmental agencies as its counsel may deem reasonably necessary to comply with applicable laws or to respond to regulatory concerns; and (ii) each party may make such disclosures as may be necessary in the attempt to reach agreement with any party with whom an agreement is contemplated by this Letter of Intent.

19. During the negotiation of the provisions described in paragraph 11 above, FPL and JEA shall have the right (upon execution of a confidentiality agreement in a form and substance

acceptable to GPC) to review all accounting records, engineering and maintenance reports, all existing co-owner agreements related to Plant Scherer, and other operating and environmental data and other agreements related to Plant Scherer, to perform physical inspections and audits of the Plant site, and to interview Plant management.

20. It is understood that GPC will be solely responsible for all Federal and Georgia state tax consequences incurred on the Closing Dates of the sale of Unit 4 of Plant Scherer, including, but not limited to, Federal and Georgia state income taxes and Georgia state sales taxes and Georgia state transfer tax, if any. GPC will be responsible for all recording fees and filing fees, if any. FPL and JEA will use Georgia counsel, acceptable to GPC, for title and recording matters. As part of each closing GPC will deliver to FPL and JEA a limited warranty deed and bill of sale evidencing the transfer to FPL and JEA of insurable fee simple title to their undivided ownership interests in Plant Scherer.

21. Except for the right to review certain agreements contained in paragraph 6 and as otherwise provided in paragraphs 17, 18, and 19 hereof, this Letter of Intent is not intended to constitute an agreement which will be legally binding on any of the parties and is not intended to be relied upon by the parties as constituting a final agreement. This Letter of Intent is written with the understanding that, except for the right to review certain agreements contained in paragraph 6 and as otherwise provided in paragraphs 17, 18, and 19, no party will be bound by any of its terms until negotiations have been concluded and definitive agreements have been executed covering all of the foregoing matters and any additional matters the parties deem appropriate. This Letter of Intent is intended to be an expression of the parties' respective intentions and of

the parties' willingness to continue to negotiate in a good faith effort to reach definitive agreements.

22. GPC, JEA, and FPL will utilize best reasonable efforts to obtain on a timely basis all necessary and contemplated regulatory approvals in order to consummate the transactions contemplated in this Letter of Intent. Upon receipt of all necessary and contemplated regulatory approvals and satisfaction of all conditions precedent, the parties will take actions, as soon as reasonably practicable, to close the first sale of ownership interests provided for in paragraphs 2 and 3 hereof.

23. In the definitive agreements, GPC will grant to FPL and JEA for a term ending December 31, 1994 a contemporaneous right of first refusal on any future offers of sale of an undivided ownership interest in Unit 3 of Plant Scherer (other than offers to other affiliates and subsidiaries of The Southern Company or third parties located within the State of Georgia). JEA's contemporaneous right of first refusal will apply to 50 percent of the ownership interests offered for sale from Unit 3 of Plant Scherer until JEA has obtained a right to a maximum of 50 MW of ownership interest, after which JEA's right of first refusal will cease.

24. Unless otherwise provided herein, this Letter of Intent shall terminate on December 31, 1990.

July 30, 1990  
Page 14

If the foregoing correctly reflects our mutual understanding, please execute the enclosed copy of this Letter of Intent.

Very truly yours,

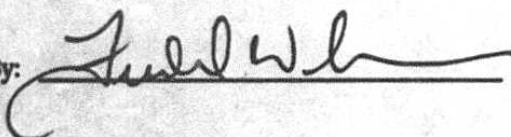
**FLORIDA POWER & LIGHT COMPANY**

By:   
Executive Vice President  
7/31/90

Date: 7-31, 1990

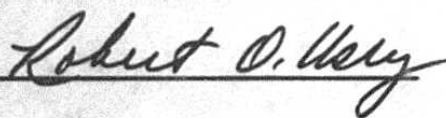
AGREED TO:

**GEORGIA POWER COMPANY**

By: 

Date: July 31, 1990

**SOUTHERN COMPANY SERVICES, INC.**  
as Agent for the Southern Companies

By: 

Date: July 31, 1990

**JACKSONVILLE ELECTRIC AUTHORITY**

By:   
Managing Director

Date: 7-31-90, 1990

APPROVED AS TO FORM:

By: Edward C. Tennen

Date: \_\_\_\_\_, 1990

**PROJECTED TRANSMISSION RATES FOR OWNERSHIP INTEREST  
IN SCHERER 4**

<b>Year</b>	<b>GPC Embedded Transmission Estimates (1) \$/kw-mo</b>	<b>Reactive Charge \$/kw-mo</b>	<b>Scheduling Charge (2) \$/kw-mo</b>	<b>Interface Improvement (3) \$/kw-mo</b>	<b>Total Estimated Transmission Cost \$/kw-mo</b>
1991	1.10	0.25	0.07	0.00	1.42
1992	1.11	0.24	0.07	0.00	1.42
1993	1.15	0.23	0.07	0.00	1.45
1994	1.13	0.23	0.07	0.00	1.43
1995	1.22	0.22	0.07	0.29	1.80
1996	1.27	0.22	0.07	0.28	1.84
1997	1.34	0.21	0.07	0.27	1.89
1998	1.37	0.21	0.07	0.27	1.92
1999	1.41	0.20	0.07	0.26	1.94
2000	1.47	0.20	0.07	0.25	1.99
2001	1.55	0.20	0.07	0.24	2.06
2002	1.61	0.19	0.07	0.24	2.11
2003	1.66	0.19	0.07	0.23	2.15
2004	1.72	0.18	0.07	0.22	2.19
2005	1.78	0.18	0.07	0.22	2.25
2006	1.83	0.18	0.07	0.21	2.29
2007	1.89	0.18	0.07	0.20	2.34
2008	1.95	0.18	0.07	0.20	2.40
2009	1.99	0.18	0.07	0.19	2.43
2010	2.15	0.18	0.07	0.19	2.59
2011	2.28	0.18	0.07	0.18	2.71
2012	2.34	0.18	0.07	0.18	2.77
2013	2.40	0.18	0.07	0.17	2.82
2014	2.40	0.18	0.07	0.17	2.82
2015	2.50	0.19	0.07	0.16	2.92
2016	2.60	0.19	0.07	0.16	3.02
2017	2.71	0.19	0.07	0.16	3.13
2018	2.82	0.19	0.07	0.16	3.24
2019	2.93	0.20	0.07	0.16	3.36
2020	3.05	0.20	0.07	0.15	3.47
2021	3.17	0.20	0.07	0.15	3.59
2022	3.30	0.21	0.07	0.15	3.73
2023	3.43	0.21	0.07	0.15	3.86
2024	3.57	0.22	0.07	0.15	4.01

**NOTES:**

- (1) **Embedded estimates reflect costs at the Scherer bus and do not provide for loss compensation to the Southern Companies/Florida interface.**
- (2) **Based on levelized costs for expenses charged to Account 556 - System Control and Load Dispatch.**
- (3) **Figures reflect estimated costs for a 1500 MW interface improvement.**

**PROJECTED PLANT SCHERER COAL VOLUMES  
FOR WHICH FPL AND JEA WILL ASSUME RESPONSIBILITY**

Year	FPL Projected Coal Volumes		JEA Projected Coal Volumes	
	(1)	(2)	(1)	(2)
	Tons		Tons	
1991		89,982		89,982
1992		112,145		112,145
1993	Jan-May	46,727		46,727
	Jun-Dec	181,426		65,418
1994	Jan-May	129,590		46,727
	Jun-Dec	242,483		65,418
1995	Jan-May	173,202		46,727
	Jun-Dec	281,734		87,224
1996		482,973		149,527
1997		379,092		117,366
1998		286,348		88,652
1999		286,348		88,652
2000		286,348		88,652
2001		286,348		88,652
2002		286,348		88,652
2003		286,348		88,652
2004		286,348		88,652
2005		286,348		88,652
2006		286,348		88,652
2007		286,348		88,652
2008		286,348		88,652

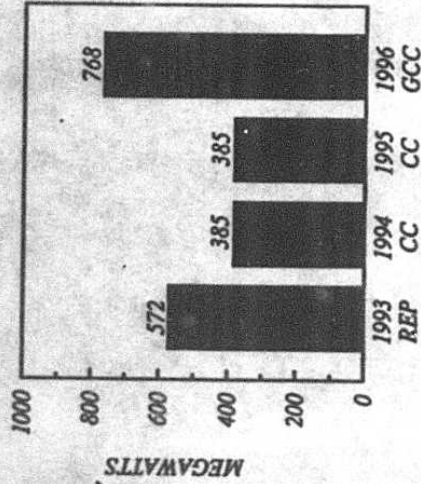
**NOTES:**

- (1) Volumes for 1991 assume a January 1, 1991 closing date.
- (2) One of the coal contracts has a 5 year term that can begin from January 1, 1992 through January 1, 1994, to be determined by GPC. For purposes of this projection it was assumed to begin on January 1, 1992.

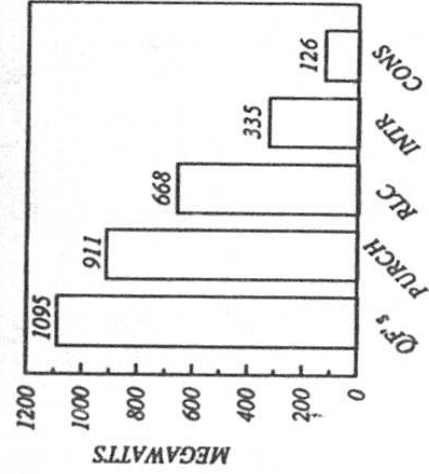


# CAPACITY PLAN COMPONENTS

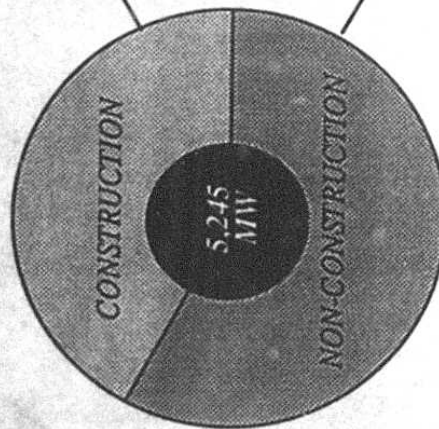
CONSTRUCTION PROJECTS



NON-CONSTRUCTION



1997 DEMAND



RMSF 12/04/89  
SPCOM  
EXEC FILES

**SYSTEM NET SUMMER PEAK LOAD  
HISTORY AND FORECAST  
(60 Minute Net Including Qualifying Facilities)**

Attachment B  
Page 2 of 4

<u>YEAR</u>	<u>PEAK (MW)</u>	<u>ANNUAL % CHANGE</u>
1978	8,345	6.4
1979	8,650	3.7
1980	9,623	11.2
1981	9,738	1.2
1982	9,893	1.6
1983	10,676	7.9
1984	10,270	-3.8
1985	10,654	3.7
1986	11,022	3.5
1987	12,394	12.4
1988	12,382	-0.1

Compound Average Annual Growth Rate  
1978 through 1988      4.0%

<u>YEAR</u>	<u>LOW PEAK MW</u>	<u>ANNUAL % CHANGE</u>	<u>MOST LIKELY PEAK MW</u>	<u>ANNUAL % CHANGE</u>	<u>HIGH PEAK MW</u>	<u>ANNUAL % CHANGE</u>
1989	12,564	1.5	12,962	4.7	13,387	8.1
1990	12,953	3.1	13,341	2.9	13,787	3.0
1991	13,170	1.7	13,613	2.0	14,116	2.4
1992	13,400	1.7	13,942	2.4	14,547	3.1
1993	13,730	2.5	14,355	3.0	15,046	3.4
1994	13,973	1.8	14,681	2.3	15,457	2.7
1995	14,294	2.3	15,092	2.8	15,961	3.3
1996	14,537	1.7	15,421	2.2	16,379	2.6
1997	14,761	1.5	15,732	2.0	16,780	2.4
1998	15,038	1.9	16,104	2.4	17,249	2.8
1999	15,334	2.0	16,499	2.5	17,746	2.9
2000	15,604	1.8	16,870	2.2	18,221	2.7
2001	15,864	1.7	17,232	2.1	18,688	2.6
2002	16,135	1.7	17,609	2.2	19,174	2.6
2003	16,371	1.5	17,951	1.9	19,625	2.4
2004	16,649	1.7	18,342	2.2	20,132	2.6
2005	16,977	2.0	18,793	2.5	20,709	2.9
2006	17,240	1.5	19,169	2.0	21,201	2.4
2007	17,454	1.2	19,493	1.7	21,638	2.1
2008	17,664	1.2	19,815	1.7	22,076	2.0

Compound Average Annual Growth Rate

	<u>LOW</u>	<u>MOST LIKELY</u>	<u>HIGH</u>
1988-1998	2.0%	2.7%	3.4%
1988-2008	1.8%	2.4%	2.9%

Source: 1989 FPL Need Study

**SYSTEM NET WINTER PEAK LOAD  
HISTORY AND FORECAST  
(60 Minute Net Including Qualifying Facilities)**

<u>YEAR</u>	<u>MW</u>	<u>ANNUAL % CHANGE</u>
1978-79	8,791	2.0
1979-80	9,732	10.7
1980-81	10,738*	10.3
1981-82	10,919**	1.7
1982-83	9,280	-15.0
1983-84	10,384***	11.9
1984-85	12,533	20.7
1985-86	12,139	-3.1
1986-87	10,779	-11.2
1987-88	12,372	14.8
1988-89	12,876	4.1

Compound Average Annual Growth Rate  
1978-79 through 1988-1989 3.9%

<u>YEAR</u>	<u>LOW PEAK MW</u>	<u>ANNUAL % CHANGE</u>	<u>MOST LIKELY PEAK MW</u>	<u>ANNUAL % CHANGE</u>	<u>HIGH PEAK MW</u>	<u>ANNUAL % CHANGE</u>
1989-90	12,551	-2.5	13,518	5.0	15,176	17.9
1990-91	12,983	3.4	13,970	3.3	15,650	3.1
1991-92	13,454	3.6	14,463	3.5	16,169	3.3
1992-93	13,946	3.7	14,979	3.6	16,712	3.4
1993-94	14,456	3.7	15,513	3.6	17,275	3.4
1994-95	14,980	3.6	16,062	3.5	17,853	3.3
1995-96	15,475	3.3	16,583	3.2	18,405	3.1
1996-97	15,931	2.9	17,061	2.9	18,909	2.7
1997-98	16,399	2.9	17,551	2.9	19,426	2.7
1998-99	16,876	2.9	18,051	2.8	19,953	2.7
1999-00	17,353	2.8	18,552	2.8	20,480	2.6
2000-01	17,849	2.9	19,072	2.8	21,030	2.7
2001-02	18,320	2.6	19,566	2.6	21,551	2.5
2002-03	18,799	2.6	20,069	2.6	22,087	2.5
2003-04	19,293	2.6	20,587	2.6	22,628	2.5
2004-05	19,798	2.6	21,117	2.6	23,187	2.5
2005-06	20,312	2.6	21,656	2.6	23,757	2.5
2006-07	20,809	2.4	22,178	2.4	24,308	2.3
2007-08	21,204	1.9	22,593	1.9	24,757	1.8

Compound Average Annual Growth Rate

	<u>LOW</u>	<u>MOST LIKELY</u>	<u>HIGH</u>
1988-89 through 1998-99	2.7%	3.4%	4.5%
1988-89 through 2007-08	2.7%	3.0%	3.5%

\* Unserved Load of 567 mW

\*\* Unserved Load of 426 mW

\*\*\* Unserved Load of 666 mW

**NET ENERGY FOR COMPANY LOAD  
HISTORY AND FORECAST**

<u>YEAR</u>	<u>ACTUAL GWH</u>	<u>ANNUAL % CHANGE</u>
1978	43,706	7.4
1979	45,342	3.7
1980	48,450	6.9
1981	50,023	3.2
1982	50,532	1.0
1983	52,500	3.9
1984	53,149	1.2
1985	55,998	5.4
1986	58,266	4.1
1987	61,616	5.7
1988	64,716	5.0

Compound Average Annual Growth Rate  
1978 through 1988 4.0%

<u>YEAR</u>	<u>LOW GWH</u>	<u>ANNUAL % CHANGE</u>	<u>MOST LIKELY GWH</u>	<u>ANNUAL % CHANGE</u>	<u>HIGH GWH</u>	<u>ANNUAL % CHANGE</u>
1989	67,794	4.8	68,101	5.2	68,958	6.6
1990	70,104	3.4	71,259	4.6	72,663	5.4
1991	71,802	2.4	73,370	3.0	75,183	3.5
1992	73,686	2.6	75,731	3.2	78,007	3.8
1993	75,232	2.1	77,676	2.6	80,168	2.8
1994	76,486	1.7	79,380	2.2	82,527	2.9
1995	77,613	1.5	81,246	2.4	85,220	3.3
1996	78,598	1.3	83,068	2.2	87,687	2.9
1997	79,846	1.6	84,808	2.1	90,449	3.1
1998	81,155	1.6	86,727	2.3	93,338	3.2
1999	82,695	1.9	88,814	2.4	96,398	3.3
2000	84,109	1.7	90,791	2.2	99,310	3.0
2001	85,586	1.8	93,144	2.6	102,441	3.2
2002	87,186	1.9	95,545	2.6	105,909	3.4
2003	88,802	1.9	97,746	2.3	109,287	3.2
2004	90,572	2.0	100,177	2.5	112,809	3.2
2005	92,644	2.3	102,881	2.7	116,723	3.5
2006	94,280	1.8	105,396	2.4	120,333	3.1
2007	96,251	2.1	108,190	2.7	124,532	3.5
2008	98,262	2.1	111,040	2.6	128,806	3.4

Compound Average Annual Growth Rate

	<u>LOW</u>	<u>MOST LIKELY</u>	<u>HIGH</u>
1988-1998	2.3%	3.0%	3.7%
1988-2008	2.1%	2.7%	3.5%

COMPARISON OF SCHERER UNIT 4 PURCHASE  
VS.  
FPL 1966 IGCC UNIT

	SCHERER PURCHASE PVRR (1991,000's) (A)	BASE CASE IGCC PVRR (1991,000's) (B)	DIFFERENCE PVRR (1991,000's) (A-B)
1989	1678690	1678690	0
1990	3202443	3197212	5231
1991	4678389	4646908	31481
1992	6146517	6099510	47007
1993	7684266	7614819	69448
1994	9325392	9218520	106872
1995	11023629	10898807	124822
1996	12630213	12652957	-22744
1997	14217746	14361786	-144040
1998	15955494	16144925	-189430
1999	17623869	17850643	-226773
2000	19333756	19658570	-324814
2001	21132959	21480125	-347166
2002	22898366	23323611	-425245
2003	24596947	25088823	-491876
2004	26343629	26841009	-497380
2005	28024880	28576898	-552018
2006	29635579	30234392	-598813
2007	31246655	31843215	-596560
2008	32763242	33357266	-594024
2009	34158827	34750593	-591766
2010	35442840	36032309	-589469
2011	36626678	37214194	-587516
2012	37717681	38303656	-585975
2013	38729637	39314361	-584724
2014	39667714	40251528	-583815
2015	40538872	41122022	-583150
2016	41347133	41929956	-582823
2017	42101909	42684783	-582874
2018	42805391	43388953	-583562

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NOTE: Discount Rate: 12.0%

COMPARISON OF SCHERER UNIT 4 PURCHASE  
VS.  
FPL STANDARD OFFER

	SCHERER PURCHASE PVRR (1991,000's) (A)	STANDARD OFFER NO RISK FACTOR (B)	DIFFERENCE PVRR (1991,000's) (A-B)
1989	1678690	1678690	0
1990	3202443	3197212	5231
1991	4678389	4646908	31481
1992	6146517	6099510	47007
1993	7684266	7614819	69448
1994	9325392	9218520	106872
1995	11023629	10898807	124822
1996	12630213	12513404	116809
1997	14217746	14111320	106426
1998	15955494	15865769	89725
1999	17623869	17556215	67655
2000	19333756	19291187	42569
2001	21132959	21117533	15426
2002	22898366	22910944	-12578
2003	24596947	24639808	-42861
2004	26343629	26417363	-73734
2005	28024880	28129067	-104187
2006	29635579	29771267	-135689
2007	31246655	31413106	-166451
2008	32763242	32960574	-197332
2009	34158827	34385252	-226425
2010	35442840	35696872	-254032
2011	36626678	36907238	-280560
2012	37717681	38023674	-305993
2013	38729637	39060029	-330392
2014	39667714	40021461	-353748
2015	40538872	40914855	-375983
2016	41347133	41744244	-397112
2017	42101909	42519142	-417233
2018	42805391	43241878	-436486

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NOTE: Discount Rate: 12.0%

COMPARISON OF SCHERER UNIT 4 PURCHASE  
VS.  
FPL STANDARD OFFER

	SCHERER PURCHASE PVRR (1991,000's) (A)	STANDARD OFFER 20% RISK FACTOR (B)	DIFFERENCE PVRR (1991,000's) (A-B)
1989	1678690	1678690	0
1990	3202443	3197212	5231
1991	4678389	4646908	31481
1992	6146517	6099510	47007
1993	7684266	7614819	69448
1994	9325392	9218520	106872
1995	11023629	10898807	124822
1996	12630213	12497040	133172
1997	14217746	14079522	138224
1998	15955494	15819454	136040
1999	17623869	17496218	127651
2000	19333756	19218304	115453
2001	21132959	21032511	100448
2002	22898366	22814465	83901
2003	24596947	24532552	64395
2004	26343629	26299951	43678
2005	28024880	28002082	22798
2006	29635579	29635230	348
2007	31246655	31268559	-21904
2008	32763242	32807999	-44757
2009	34158827	34225110	-66283
2010	35442840	35529626	-86785
2011	36626678	36733288	-106609
2012	37717681	37843402	-125720
2013	38729637	38873796	-144158
2014	39667714	39829629	-161915
2015	40538872	40717744	-178872
2016	41347133	41542135	-195003
2017	42101909	42312337	-210428
2018	42805391	43030657	-225265

NOTE: Discount Rate: 12.0%