

State of Florida



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Public Service Commission

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COMMISSION
CLERK

DATE: May 25, 2006
TO: All Parties of Record *LB*
FROM: Lisa C. Bennett, Attorney, Office of the General Counsel
RE: Docket No. 060362-EI - Petition to recover natural gas storage project costs through fuel cost recovery clause, by Florida Power & Light Company, which could impact Docket No. 060001-EI.

VIA ELECTRONIC MAIL

ADDITIONAL AGENDA ITEMS

Please note that the Commission Staff will conduct an informal conference call and meeting with Florida Power & Light Company in the above-referenced docket at the following time and place:

9:30 a.m., Tuesday, May 30, 2006
Florida Public Service Commission
Room 362, Gerald L. Gunter Building
2540 Shumard Oak Blvd.
Tallahassee, Florida

The purpose of this meeting is to discuss the request by Florida Power & Light to recover certain expenses associated with a subsurface natural gas storage facility, MoBay Gas Storage Hub, and whether those expenses will be recoverable through the Fuel Cost Recovery Clause.

Attached is an additional list of questions, numbers 27-46 which will also be discussed at the meeting. These questions are in addition to questions 1-26 which were attached to the prior notice.

Parties wishing to participate by phone should call (850) 921-2560 or Suncom 291-2560 at the start time for this meeting.

If you have any questions concerning this meeting, please call me at (850)-413-6230.

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27. Within Mr. Yupp's affidavit, he notes a final decision has not been made on whether FPL will provide the base gas or insurance. Have these issues been decided, and if so, what is the basis for the decisions.

28. Is FSS rate schedule a FERC schedule? Is it negotiable?

29. How is this storage project affected by FERC regulation?

30. Have you done a cost benefit analysis to determine if the total incremental cost of the Mobay agreement will provide fuel cost savings above the incremental cost of storage? Does the added cost of storage, equal or exceed the savings from pancaking?

30-A. Has FPL backcasted net fuel savings/costs (credits/debits to the fuel clause) associated with MoBay if it were available in 2004 and/or 2005? If so, what were the fuel savings/costs for each year, what method was used to perform this analysis, and what assumptions were used?

31. While some level of fuel cost savings may be associated with the Mobay agreement, is the cost associated with the Mobay agreement more directly related to reliability?

32. In paragraph 5 of the affidavit, you refer to catastrophic failure risk associated with salt caverns and you specifically mention Moss Bluff. What happened at Moss Bluff and what failure risks are associated with salt caverns?

33. In paragraph 5, page 2 of the affidavit, you indicate that HDMC storage will have lower cost per unit than salt caverns. Please explain.

COST/RATEMAKING

34. Please refer to attachment 3. I realize the costs and charges are confidential. Can you provide the workpapers for the calculations of annual storage costs per Bcf?

35. Given the volume of gas FPL burns in a year and the annual storage cost per Bcf on attachment 3, can you provide a calculation showing the cost of MoBay storage per MMBtu based on FPL's annual gas consumption?

36. Are you proposing to charge the cost of the base gas immediately to the fuel clause?

37. How do you propose treating base gas for ratemaking purposes?

38. Referring to paragraph 9 of the affidavit, please explain how and when each cost will be charged to the fuel clause.

39. Injections of gas to MoBay will not be charged, only withdrawals. Is that correct?

40. Explain how and when the storage cost will be reported to the Commission?

41. How do you propose recording this in the A schedules?

42. Please refer to paragraph 13-b. of the petition. Please explain how and when base gas will eventually be withdrawn and consumed by FPL.

COMPETITIVE BIDDING

44. Since the petition contemplates a 15 year agreement for gas storage, what specific actions did FPL take, if any, to solicit multiple providers of gas storage in order to achieve the most competitive and reliable offer for increased gas storage supply?

45. If a solicitation was issued, what were the requirements of the solicitation, what entities were solicited, what offers were provided, what were the timeframes for the solicitations and responses, what method was used to evaluate the offers if more than one offer was received, and what records exist that document these solicitation and selection activities?

46. Is the gas stored in the Mobay gas storage facility modified in any way prior to its delivery to FPL's power plants, through distilling, refining, odorizing, or any other such process? Please explain.

cc: Division of Economic Regulation (Lester, McNulty)
Division of the Commission Clerk and Administrative Services (Docket file)