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September 2, 2008

**-VIA HAND DELIVERY -**

Ms. Ann Cole, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Docket No. 080001-EI**

Dear Ms. Cole:

I am enclosing for filing in the above docket the original and seven (7) copies of the petition of Florida Power & Light Company for Approval of its levelized Fuel Cost Recovery Factors, Capacity Cost Recovery Factor and Generating Performance Incentive Factors for January through December 2009, its 2009 Risk Management Plan and Its Full Requirements Electric Service Agreement with Lee County Electric Cooperative, and for Confirmation of Generation Base Rate Adjustment Calculations, together with the diskette containing the electronic version of same.

Also enclosed for filing are the original and (15) fifteen copies of the prefiled testimony and exhibits of Florida Power and Light Company witnesses K. Dubin, T. Jones, F. Irizarry, T.W. Gerrish and G. Yupp as well as the affidavits of R. Deaton and S. Sim.

Finally, I am enclosing for filing in the above docket the original and (7) seven copies of Florida Power & Light Company's Request for Confidential classification of information provided in Exhibit GJY-4 and Short Term Capacity Payment Information provided in Schedule E12, together with a diskette containing the electronic version of same. Please note that copies of Exhibit GJY-4 and Schedule E12 that contain highlighted and unredacted confidential information are enclosed with the original of the request, in a separate sealed folder marked "Confidential."

COM  
ECR  
GCL  
OPC  
RCP  
SSC  
SGA  
ADM  
CLK

2 If there are any questions regarding this transmittal, please contact me at 561-304-5639.

Sincerely,  
*John T. Butler*  
John T. Butler

Enclosure  
cc: Counsel for Parties of Record (w/encl.)

DOCUMENT NUMBER-DATE  
08028 SEP-2 8  
FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: Fuel and Purchase Power Cost ) Docket No. 080001-EI  
Recovery Clause and Generating )  
Performance Incentive Factor. ) Filed: September 2, 2008  
\_\_\_\_\_ )

**PETITION OF FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF ITS LEVELIZED FUEL COST RECOVERY FACTORS, CAPACITY COST RECOVERY FACTORS AND GENERATING PERFORMANCE INCENTIVE FACTORS FOR JANUARY THROUGH DECEMBER 2009, ITS 2009 RISK MANAGEMENT PLAN AND ITS FULL REQUIREMENTS ELECTRIC SERVICE AGREEMENT WITH LEE COUNTY ELECTRIC COOPERATIVE, AND FOR CONFIRMATION OF GENERATION BASE RATE ADJUSTMENT CALCULATIONS**

Florida Power & Light Company ("FPL"), pursuant to Order No. 9273 in Docket No. 74680-CI, Order No. 10093 in Docket No. 810001-EU, and Commission Directives of April 24 and April 30, 1980, hereby petitions the Commission (1) to approve (a) 6.744 cents per kWh as its levelized Fuel and Purchased Power Cost Recovery ("FCR") charge for non-time differentiated rates and 7.546 cents per kWh and 6.383 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the January 2009 through May 2009 billing period; (b) 6.603 cents per kWh as its levelized FCR charge for non-time differentiated rates and 7.405 cents per kWh and 6.242 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the June 2009 through October 2009 billing period; (c) 6.475 cents per kWh as its levelized FCR charge for non-time differentiated rates and 7.277 cents per kWh and 6.114 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the November 2009 through December 2009 billing period; and (d) the Capacity Cost Recovery ("CCR") factors submitted as Attachment I to this Petition for the January 2009 through December 2009 billing period, with all such charges

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

and factors to become effective starting with meter readings scheduled to be read on or after Cycle Day 3 and with the charges and factors described in (c) and (d) to remain in effect until modified by subsequent order of this Commission; (2) to approve FPL's revised estimated/actual FCR true-up of \$296,048,402 under-recovery and revised estimated/actual CCR true-up of \$26,832,716 under-recovery, which incorporate actual data through July 2008; (3) to approve the proposed Generation Performance Incentive Factor ("GPIF") Targets for the period January 2009 through December 2009 of 87.6 % for the weighted system average equivalent availability and 8,346 Btu/kWh for the average net operating heat rate; (4) to approve FPL's 2009 risk management plan; (5) to find that FPL's Long-Term Agreement for Full Requirement Electric Service, dated August 21, 2007 (the "LCEC Agreement") with Lee County Electric Cooperative ("LCEC") is prudent and consistent with the interests of FPL's retail customers; (6) to confirm FPL's proposed calculation of the Generation Base Rate Adjustments ("GBRAs") and the resulting revisions to FPL's rates and charges to be implemented upon the commercial operation of West County Energy Center ("WCEC") Units 1 and 2; (7) to confirm FPL's proposed calculation of the revised GBRA for Turkey Point Unit 5, based on the final, actual capital costs for that unit; and (8) to confirm FPL's calculation of the credit to be made to the 2009 CCR Factors to refund to customers the difference between the revenues collected using the originally approved GBRA for Turkey Point Unit 5 and the revised GBRA for that unit. In support of this Petition, FPL incorporates the prepared written testimony and exhibits of FPL witnesses K.M. Dubin, G. J. Yupp, T.O. Jones, F. Irizarry and T.W. Gerrish, and the affidavits of R.B Deaton and S.R. Sim, and FPL states as follows:

#### **FCR Factors**

1. The calculation of FCR Factors for the period January 2009 through December 2009 are contained in Commission Schedules E1-E10 and H1 (designated Minimum Filing

Requirements by the Commission's April 24, 1989, Directive), which are attached as Appendix II to the testimony of FPL witness K.M. Dubin.

2. The revised estimated/actual \$296,048,402 FCR under-recovery for the period January 2008 through December 2008 was calculated in accordance with the methodology set forth in Schedule 1, page 2 of 2, attached to Order 10093, dated June 19, 1981. This estimated/actual FCR under-recovery has been revised from that filed on August 4, 2008 to reflect July actual data. The supporting documentation is contained in the prepared testimony and exhibit of Ms. Dubin.

3. FPL's total FCR under-recovery is \$296,048,402. This total under-recovery of \$296,048,402 is to be carried forward and included in the fuel factor for January through December 2009.

#### **CCR Factors**

4. The calculation of FPL's CCR Factors for the period January 2009 through December 2009 is shown in Attachment I to this Petition.

5. The revised estimated/actual \$26,832,716 CCR under-recovery for the period January 2008 through December 2008 was calculated in accordance with the methodology set forth in Schedule 1, page 2 of 2, attached to Order No. 10093, dated June 19, 1981. This estimated/actual CCR under-recovery has been revised from that filed on August 4, 2008 to reflect July actual data. The supporting documentation is contained in the prepared testimony and exhibit of Ms. Dubin.

6. FPL's total CCR under-recovery is \$30,540,170. This consists of the \$26,832,716 revised estimated/actual under-recovery for 2008 plus the final under-recovery of \$3,707,455 for the period ending December 2007 filed on March 3, 2008. This total under-recovery of \$30,540,170 is to be carried forward and included in the CCR Factors for January through December 2009.

### **FPL's Proposed Levelization of the 1,000 kWh Residential Bill**

7. As set forth above, FPL is proposing three sets of FCR Factors for 2009, the first for January through May, the second for June through October, and the third for November through December, with the intention of levelizing the impacts in 2009 of the GBRA's for WCEC Units 1 and 2 that become effective in June and November, respectively. As described below, the GBRA's revise FPL's base rates and charges to reflect the commencement of commercial operation of WCEC Units 1 and 2. FPL proposes to offset the GBRA's that become effective in June 2009 (WCEC 1) and November 2009 (WCEC 2), by crediting the units' fuel savings to customers over the same timeframe that the GBRA's will be in effect for 2009. Offsetting the GBRA impacts will not require all of the projected fuel savings associated with operation of WCEC Units 1 and 2 in 2009; the remaining savings will be spread over the five month period of January through May 2009. In June 2009, the Base charge on a 1,000 kWh Residential bill increases by \$1.41 due to the WCEC Unit 1 GBRA but, under FPL's proposal, is offset by the \$1.41 decrease in the fuel charge due to the fuel savings associated with WCEC Unit 1. Then, in November 2009, the Base charge on a 1,000 kWh Residential bill increases by \$1.28 due to the WCEC Unit 2 GBRA but, under FPL's proposal, is offset by the \$1.28 decrease in the fuel charge due to the fuel savings associated with WCEC Unit 2.

8. Under FPL's levelization proposal, the residential bill for 1,000 kWh for the period January 2009 through December 2009 will remain constant at \$119.41 although, as described above, the components of that total will change when WCEC Unit 1 and WCEC Unit 2 commence commercial operation. The details of the charges comprising the 1,000 kWh residential bill are shown on Schedule E10 in Appendix II to the testimony of FPL witness K.M. Dubin.

### **GPIF Targets**

9. The GPIF targets for the period January 2009 through December 2009 are calculated in accordance with the methodology contained in the Generating Performance Incentive Factor Implementation Manual adopted by Order No. 10168 in Docket No. 810001-EU, as revised by Order No. 10912 in Docket No. 820001-EU. The GPIF targets are presented in the testimony and exhibit of FPL witness F. Irizarry.

### **GBRA Calculation (WCEC Units 1 and 2)**

10. The Stipulation and Settlement Agreement approved by the Commission in its Order No. PSC-05-0902-S-EI, issued September 14, 2005 in Docket 050045-EI, provides for a Generation Base Rate Adjustment (“GBRA”) to FPL’s rates upon the commercial in-service date of any power plant that is approved pursuant to the Florida Power Plant Siting Act (“PPSA”) within the term of the Stipulation and Settlement Agreement. A PPSA need determination was granted by the Commission for WCEC Units 1 and 2 in Order No. PSC-06-0555-FOF-E1, issued on June 28, 2006, in Docket No. 060225-EI. FPL presently expects that WCEC Unit 1 will go into commercial operation in June 2009 and that WCEC Unit 2 will go into commercial operation in November 2009. Both of those dates are within the term of the Stipulation and Settlement Agreement. Accordingly, WCEC Units 1 and 2 are both eligible for a GBRA pursuant to the Stipulation and Settlement Agreement.

11. FPL submits for the Commission’s confirmation the revisions to FPL’s rates and charges resulting from the commencement of commercial operation at WCEC Units 1 and 2. FPL’s base rates will be increased by the estimated annual base revenue requirement for the first twelve months of operation exclusive of fuel of the costs upon which the cumulative present value revenue requirements (“CPVRR”) for WCEC Units 1 and 2 were predicated, and pursuant to which the need determination was granted in Order No. PSC-06-0555-FOF-E1.

12. The affidavit and supporting schedules of Dr. Sim present the base revenue requirements for the first twelve months of operation for WCEC Units 1 and 2, respectively, which are used to compute the GBRA for each unit. These base revenue requirements were calculated using the following projected total installed cost values reflected in the Company's Petition for a Determination of Need: \$140.7 million for WCEC Unit 1, and \$129.1 million for WCEC Unit 2.

13. Ms. Deaton, by attached affidavit and supporting schedules, presents the GBRA for WCEC Units 1 and 2 and the resulting revisions to FPL's rates and charges. The ratio of each unit's jurisdictional annual revenue requirements and the forecasted retail base revenues during the first twelve months of the unit's operation is the GBRA for that unit. The GBRA for each unit is applied to FPL's current base charges and non-clause recoverable credits by an equal percentage to produce the revised base rate charges.

14. Pursuant to the Stipulation and Settlement Agreement, FPL will begin applying the incremental base rate charges of the GBRA for WCEC Units 1 and 2, respectively, to meter readings made on or after the commercial in-service date of each unit. As noted above, FPL presently expects that WCEC Unit 1 will go into commercial operation in June 2009 and that WCEC Unit 2 will go into commercial operation in November 2009. FPL will submit for Staff's administrative approval revised tariff sheets reflecting these new charges prior to the actual commercial in service dates.

#### **GBRA True-up Calculation (Turkey Point Unit 5)**

15. By Order No. PSC-06-1057-FOF-EI, issued in Docket No. 060001-EI on December 22, 2006, the Commission approved a GBRA Factor of 3.271% for Turkey Point Unit 5, which FPL began applying to customers' bills starting when Turkey Point Unit 5 went into commercial operation on May 1, 2007. As contemplated by the Stipulation and Settlement Agreement, the Turkey Point Unit 5 GBRA reflected the costs upon which the CPVRR for the

Turkey Point Unit 5 need determination was predicated in Order No. PSC-04-0609-FOF-EI. The approved GBRA reflected jurisdictional revenue requirements of \$126.80 million for the first twelve months of Turkey Point Unit 5's commercial operation.

16. The Stipulation and Settlement Agreement further provides that “[i]n the event that the actual capital costs of generation projects are lower than were or are projected in the need determination proceeding, the difference will be flowed back via a true-up to the Capacity Clause.” The affidavit and supporting schedules of Ms. Deaton show that the jurisdictional revenue requirements for the first twelve months of operation for Turkey Point Unit 5 based on the actual capital costs reflected in FPL's books and records is \$121.31 million. Ms. Deaton calculates that the revised GBRA based on those revised jurisdictional revenue requirements is 3.129%.

17. Commencing on December 31, 2008, FPL will begin applying the revised Turkey Point Unit 5 GBRA of 3.129% to customers' bills in lieu of the previous factor of 3.271%.<sup>1</sup> Consistent with the Stipulation and Settlement Agreement, FPL will refund to customers the difference between the cumulative base revenues since the implementation of the initial GBRA on May 1, 2007 and the cumulative base revenues that would have resulted if the revised GBRA Factor had been in-place during the same time period, via a credit to the calculation of the 2009 CCR factors with interest at the 30-day commercial paper rate as specified in Rule 25-6.109. Ms. Deaton has calculated that this credit, including interest, totals \$9.3 million. The 2009 CCR factors for which FPL seek approval in this Petition reflect that credit.

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<sup>1</sup> FPL is proposing to begin applying the revised Turkey Point Unit 5 GBRA on December 31, 2008 because this date, rather than Cycle Day 3, coincides with the cycle day on which the original Turkey Point Unit 5 GBRA went into effect. This will result in the original Turkey Point Unit 5 GBRA being applied to the same number of billing cycles for all customers, regardless of the cycle day on which they are billed.



## **2009 Risk Management Plan**

18. On August 5, 2008, FPL filed a petition in this docket requesting approval of Hedging Order Clarification Guidelines (the "Hedging Guidelines"). Section I of the Hedging Guidelines would provide for investor-owned utilities such as FPL to file a risk management plan covering the activities to be undertaken during the following calendar year for hedges applicable to subsequent years, and for the Commission to review such plans for approval in the annual fuel adjustment hearing held in November. Consistent with the Hedging Guidelines and in anticipation of their application in the November 2008 hearing in this docket, FPL's 2009 risk management plan is presented in the prepared testimony and exhibits of FPL witness G. J. Yupp.

### **LCEC Agreement**


19. The LCEC Agreement represents a large, long-term, discretionary commitment of FPL's resources to serving load outside its own retail service territory. LCEC and FPL have concluded that the LCEC Agreement will be in the best interests of both utilities and their customers, and is consistent with Florida's interest in diversifying the access to and utilization of generating resources within the state. Because of the size and duration of the commitment, FPL is hereby seeking a Commission finding that the LCEC Agreement is prudent and consistent with the interests of FPL's retail customers. The LCEC Agreement is presented and described, and its projected economic impact on FPL's retail customers is discussed, in the prepared testimony and exhibits of FPL witness T.W. Gerrish.

WHEREFORE, FPL respectfully requests this Commission (1) to approve (a) 6.744 cents per kWh as its levelized FCR charge for non-time differentiated rates and 7.546 cents per kWh and 6.383 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the January 2009 through May 2009 billing period; (b) 6.603 cents per kWh as its levelized FCR charge for non-time differentiated rates and 7.405 cents per kWh and 6.242 cents per kWh as its levelized FCR charges for the on-peak and

off-peak periods, respectively, as its time differentiated rates for the June 2009 through October 2009 billing period; (c) 6.475 cents per kWh as its levelized FCR charge for non-time differentiated rates and 7.277 cents per kWh and 6.114 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the November 2009 through December 2009 billing period; and (d) the CCR factors submitted as Attachment I to this Petition for the January 2009 through December 2009 billing period, with all such charges and factors to become effective starting with meter readings scheduled to be read on or after Cycle Day 3 and with the charges and factors described in (c) and (d) to remain in effect until modified by subsequent order of this Commission; (2) to approve FPL's revised estimated/actual FCR true-up of \$296,048,402 under-recovery and revised estimated/actual CCR true-up of \$26,832,716 under-recovery, which incorporate actual data through July 2008; (3) to approve the proposed GPIF Targets for the period January 2009 through December 2009 of 87.6 % for the weighted system average equivalent availability and 8,346 Btu/kWh for the average net operating heat rate; (4) to approve FPL's 2009 risk management plan; (5) to find that FPL's Long-Term Agreement for Full Requirement Electric Service, dated August 21, 2007 (the "LCEC Agreement") with Lee County Electric Cooperative ("LCEC") is prudent and consistent with the interests of FPL's retail customers; (6) to confirm FPL's proposed calculation of the GBRA's and the resulting revisions to FPL's rates and charges to be implemented upon the commercial operation of WCEC Units 1 and 2; (7) to confirm FPL's proposed calculation of the revised GBRA for Turkey Point Unit 5, based on the final, actual capital costs for that unit; and (8) to confirm FPL's calculation of the credit to be made to the 2009 CCR Factors to refund to customers the difference between the revenues collected using the originally approved GBRA for Turkey Point Unit 5 and the revised GBRA for that unit.

Respectfully submitted,

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Telephone: (561) 304-5639  
Facsimile: (561) 691-7135

By:   
John T. Butler  
Fla. Bar No. 283479

**CERTIFICATE OF SERVICE**  
**Docket No. 080001-EI**

**I HEREBY CERTIFY** that a true and correct copy of Florida Power & Light Company's Petition for Approval of the Fuel and Capacity Cost Recovery Factors and GPIF for the Period January 2009 through December 2009, its 2009 Risk Management Plan and its Full Requirements Electric Service Agreement with Lee County Electric Cooperative, and for Confirmation of Generation Base Rate Adjustment Calculations has been furnished by hand delivery (\*) or U.S. Mail on September 2, 2008 to the following:

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Tallahassee, FL 32301

By:   
John T. Butler  
Fla. Bar No. 283479

FLORIDA POWER & LIGHT COMPANY  
 CALCULATION OF CAPACITY PAYMENT RECOVERY FACTOR  
 JANUARY 2009 THROUGH DECEMBER 2009

Rate Schedule	(1) Percentage of Sales at Generation (%)	(2) Percentage of Demand at Generation (%)	(3) Energy Related Cost (\$)	(4) Demand Related Cost (\$)	(5) Total Capacity Costs (\$)	(6) Projected Sales at Meter (kwh)	(7) Billing KW Load Factor (%)	(8) Projected Billed KW at Meter (kw)	(9) Capacity Recovery Factor (\$/kw)	(10) Capacity Recovery Factor (\$/kwh)
RS1/RST1	52.33820%	56.97040%	\$33,689,164	\$440,049,979	\$473,739,143	55,403,306,419	-	-	-	0.00855
GS1/GST1/WIES1	5.87518%	6.45440%	\$3,781,747	\$49,854,997	\$53,636,744	6,219,248,803	-	-	-	0.00862
GSD1/GSDT1/HLFT1 (21-499 kW)	23.56075%	21.83474%	\$15,165,633	\$168,655,628	\$183,821,261	24,942,068,687	47.36064%	72,142,643	2.55	-
OS2	0.01707%	0.01257%	\$10,990	\$97,089	\$108,079	18,498,130	-	-	-	0.00584
GSLD1/GSLDT1/CS1/CST1/HLFT2 (500-1,999 kW)	10.58999%	9.24918%	\$6,816,587	\$71,442,372	\$78,258,959	11,220,287,833	62.66433%	24,527,921	3.19	-
GSLD2/GSLDT2/CS2/CST2/HLFT3 (2,000+ kW)	2.00150%	1.58152%	\$1,288,333	\$12,215,963	\$13,504,296	2,133,689,890	68.48888%	4,267,646	3.16	-
GSLD3/GSLDT3/CS3/CST3	0.23657%	0.17720%	\$152,275	\$1,368,710	\$1,520,985	261,545,665	76.00256%	471,407	3.23	-
ISST1D	0.00000%	0.00000%	\$0	\$0	\$0	0	41.32527%	0	**	-
ISST1T	0.00000%	0.00000%	\$0	\$0	\$0	0	11.39886%	0	**	-
SST1T	0.07874%	0.04947%	\$50,681	\$382,149	\$432,830	87,048,226	11.39886%	1,046,106	**	-
SST1D1/SST1D2/SST1D3	0.00497%	0.00313%	\$3,198	\$24,168	\$27,366	5,382,413	41.32527%	17,842	**	-
CILC D/CILC G	3.20589%	2.44952%	\$2,063,577	\$18,920,544	\$20,984,121	3,419,610,773	74.45869%	6,291,271	3.34	-
CILC T	1.35069%	1.01074%	\$869,418	\$7,807,149	\$8,676,567	1,493,300,492	75.82759%	2,697,721	3.22	-
MET	0.08486%	0.08255%	\$54,621	\$637,623	\$692,244	91,941,054	60.06395%	209,688	3.30	-
OL1/SL1/PL1	0.55214%	0.05986%	\$355,401	\$462,404	\$817,805	584,472,455	-	-	-	0.00140
SL2/GSCU1	0.10345%	0.06471%	\$66,592	\$499,823	\$566,415	109,513,160	-	-	-	0.00517
TOTAL			\$64,368,217	\$772,418,597	\$836,786,814	105,989,914,000		111,672,245		

Note: There are currently no customers taking service on Schedules ISST1(D) and ISST1(T). Should any customer begin taking service on these schedules during the period, they will be billed using the applicable SST1 factor.

- (1) Obtained from Page 2, Col(8)
- (2) Obtained from Page 2, Col(9)
- (3) (Total Capacity Costs/13) \* Col (1)
- (4) (Total Capacity Costs/13 \* 12) \* Col (2)
- (5) Col (3) + Col (4)
- (6) Projected kwh sales for the period January 2009 through December 2009
- (7) (kWh sales / 8760 hours)/((avg customer NCP)(8760 hours))
- (8) Col (6) / ((7) \*730)
- (9) Col (5) / ( 8)
- (10) Col (5) / (6)

Totals may not add due to rounding.

CAPACITY RECOVERY FACTORS FOR STANDBY RATES

Demand =	<u>(Total col 5)/(Doc 2, Total col 7)/(10) (Doc 2, col 4)</u>	
Charge (RDD)	12 months	
Sum of Daily Demand =	<u>(Total col 5)/(Doc 2, Total col 7)/(21 onpeak days) (Doc 2, col 4)</u>	
Charge (DDC)	12 months	
<b>CAPACITY RECOVERY FACTOR</b>		
	RDC	SDD
	** (\$/kw)	** (\$/kw)
ISST1D	\$0.40	\$0.19
ISST1T	\$0.39	\$0.18
SST1T	\$0.39	\$0.18
SST1D1/SST1D2/SST1D3	\$0.40	\$0.19