



John T. Butler
Managing Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5639
(561) 691-7135 (Facsimile)
E-mail: John.butler@fpl.com

April 15, 2010

RECEIVED-FPSC
10 APR 15 PM 3:44
COMMISSION
CLERK

-VIA HAND DELIVERY -

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 100007-EI

Dear Ms. Cole:

I am enclosing for filing in the above docket the original and fifteen (15) copies of the prefiled supplemental testimony and exhibit of Florida Power & Light Company (FPL) witness T.J. Keith. This supplemental testimony presents and supports Exhibit TJK-2, which is Form 42-9A for the Environmental Cost Recovery True-Up Period Ending December 2009. Form 42-9A shows the capital structure, components, and cost rates relied upon to calculate the revenue requirement rate of return for the period ending December 2009. Also enclosed is a CD containing Microsoft Excel files of Form 42-9A as well as Forms 42-1A through 42-8A that accompanied Mr. Keith's prefiled testimony filed on April 1, 2010.

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

COM 5
APA 1
ECR 6 + CD
GCL 1
RAD 1
SSC _____
ADM _____
OPC _____
CLK CT, RPR Enclosures
cc: Counsel for Parties of Record (w/encl.)

Sincerely,

John T. Butler

DOCUMENT NUMBER-DATE

02871 APR 15 09

FPSC-COMMISSION CLERK

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
SUPPLEMENTAL TESTIMONY OF TERRY J. KEITH
DOCKET NO. 100007-EI
APRIL 15, 2010

Q. Please state your name and address.

A. My name is Terry J. Keith, and my business address is 9250 West Flagler Street, Miami, Florida, 33174.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Power & Light Company (FPL) as Director, Cost Recovery Clauses in the Regulatory Affairs Department.

Q. Have you previously testified in this docket?

A. Yes, I have.

Q. What is the purpose of your supplemental testimony?

A. My supplemental testimony presents and describes Form 42-9A, which the Commission has directed FPL and other utilities to begin filing this year. Form 42-9A shows the capital structure, components and cost rates FPL used to calculate the revenue requirement rate of return applied to capital investments and working capital amounts included for recovery in the Environmental Cost Recovery (ECR) Clause true-up costs.

Q. Have you prepared or caused to be prepared under your direction, supervision or control an exhibit for this proceeding?

- 1 A. Yes, I have. My Exhibit TJK-2 consists of Form 42-9A for the January
2 through December 2009 true-up period. Thus, Exhibit TJK-2 reflects the
3 capital structure, components and cost rates FPL used to calculate the
4 revenue requirement rate of return applied to ECR capital investments
5 and working capital amounts for the period January through December
6 2009.
- 7 **Q. What capital structure, components and cost rates did FPL use to**
8 **calculate the revenue requirement rate of return for the period**
9 **January through December 2009?**
- 10 A. FPL has used the actual 2006 capital structure, components and debt
11 cost rates from the December 2006 Surveillance Report, together with the
12 11.75% *common equity cost rate* that was approved for regulatory
13 purposes such as the ECR Clause in FPL's 2005 rate case settlement
14 agreement by Order No. PSC-05-0902-S-EI.
- 15 **Q. Does this conclude your testimony?**
- 16 A. Yes.

Form 42-9A

Equity @ 11.75%

CAPITAL STRUCTURE AND COST RATES PER 12/31/2006 SURVEILLANCE REPORT (a)

	ADJUSTED RETAIL	RATIO	MIDPOINT COST RATES	WEIGHTED COST	PRE-TAX WEIGHTED COST
LONG TERM DEBT	3,486,292,100	26.413%	5.539%	1.4630%	1.4630%
SHORT TERM DEBT	643,567,393	4.876%	4.576%	0.2231%	0.2231%
PREFERRED STOCK	0	0.000%	0.000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	406,209,278	3.077%	5.963%	0.1835%	0.1835%
COMMON EQUITY	6,331,842,680	47.971%	11.750%	5.6366%	9.1763%
DEFERRED INCOME TAX	2,283,698,536	17.302%	0.000%	0.0000%	0.0000%
INVESTMENT TAX CREDITS					
ZERO COST	0	0.000%	0.000%	0.0000%	0.0000%
WEIGHTED COST	47,778,535	0.362%	9.545%	0.0345%	0.0518%
TOTAL	\$13,199,388,522	100.00%		7.541%	11.10%

CALCULATION OF THE WEIGHTED COST FOR INVESTMENT TAX CREDITS

	ADJUSTED RETAIL	RATIO	COST RATE	WEIGHTED COST	
LONG TERM DEBT	\$3,486,292,100	35.51%	5.54%	1.97%	1.97%
PREFERRED STOCK	0	0.00%	0.00%	0.00%	0.00%
COMMON EQUITY	6,331,842,680	64.49%	11.75%	7.58%	12.34%
TOTAL	\$9,818,134,780	100.00%		9.54%	14.30%
RATIO					0.36% 0.05%

DEBT COMPONENTS:

LONG TERM DEBT	1.4630%
SHORT TERM DEBT	0.2231%
CUSTOMER DEPOSITS	0.1835%
TAX CREDITS -WEIGHTED	0.0071%

TOTAL DEBT 1.8767%

EQUITY COMPONENTS:

PREFERRED STOCK	0.0000%
COMMON EQUITY	5.6366%
TAX CREDITS -WEIGHTED	0.0274%

TOTAL EQUITY 5.6640%

TOTAL 7.5407%

Note:

(a) In 2005, FPL filed a base rate increase request using a 2006 test year in Docket 050045-EI which ended in a settlement agreement that was approved by the Commission in Order No. PSC-05-0902-EI. FPL calculated the clause rate of return using the actual 2006 capital structure and costs from the December Surveillance Report updated for the 11.75% common equity cost rate stipulated to in the docket Settlement Agreement. The above capital structure remained in place for the entire settlement period which ended Feb 28, 2010.

CERTIFICATE OF SERVICE

Docket No. 100007-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company Witness T.J. Keith's Supplemental Testimony and documents for Approval of Environmental Cost Recovery True-up for the Period Ending December 2009 has been furnished by hand delivery (*) or U.S. mail this 15th day of April, 2010 to the following:

Martha Brown, Esq.*
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

J. R Kelly, Esq
Charles J. Rehwinkel, Esq.
Charles Beck, Esq.
Office of Public Counsel
c/o The Florida Legislature
111 W Madison St. Room 812
Tallahassee, FL 32399-1400

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley & McMullen
Attorneys for Tampa Electric
P.O. Box 391
Tallahassee, Florida 32302

John T. Burnett, Esq.
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, Florida 33733-4042

John W. McWhirter, Jr., Esq.
McWhirter & Davidson, P.A.
P.O. Box 3350
Tampa, Florida 33601-3350
Attorneys for FIPUG

Gary V. Perko, Esq.
Hopping Green & Sams
P.O Box 6526
Tallahassee, FL 32314
Attorneys for Progress Energy Florida

Jeffrey A. Stone, Esq.
Russell A. Badders, Esq.
Beggs & Lane
Attorneys for Gulf Power
P.O. Box 12950
Pensacola, Florida 32576-2950

Jon C. Moyle, Esq.
Vicki Kaufman, Esq.
Co-Counsel for FIPUG
Keefe, Anchors, Gordon & Moyle, P.A.
118 N. Gadsden St.
Tallahassee, FL 32301

Shayla L. McNeill, Capt., USAF
Counsel for Federal Executive Agencies
AFLSA/JACL-ULT
139 Barnes Drive, Suite 1
Tyndall AFB, FL 32403-5319

By:



John T. Butler
Fla. Bar No. 283479