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August 13, 2010

-VIA HAND DELIVERY -

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

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COMMISSION
CLERK

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-3, which is Form 42-9E for the Environmental Cost Recovery 2010 Estimated/Actual True-Up Period. Form 42-9E shows the capital structure, components, and cost rates relied upon to calculate the revenue requirement rate of return for the 2010 Estimated/Actual True-Up period. Also enclosed is a CD containing Microsoft Excel files of Form 42-9E, pages 1 of 2 and 2 of 2.

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

- COM 5
- APA 1
- ECR 1
- GCL 1
- RAD 1
- SSC
- ADM
- OPC
- CLK CF-RPR

Handwritten: 15 copies containing Exhibit TJK-3 and Form 42-9E both in excel Form

Sincerely,

Handwritten signature: Nancy Redmond
for John T. Butler

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

DOCUMENT NUMBER: 100007-EI
10 AUG 13 2010
PPSC-COMMISSION CLERK

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 2010 Estimated/Actual True-Up Period has been furnished by hand delivery(*) or U.S. mail this 13th day of August 2010 to the following:

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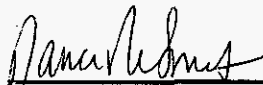
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By: 
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
SUPPLEMENTAL TESTIMONY OF TERRY J. KEITH
DOCKET NO. 100007-EI
AUGUST 13, 2010

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 42-9E, which the Commission has directed FPL and other utilities to begin filing this year. Form 42-9E 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 2010 Estimated/Actual 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-3 consists of Form 42-9E for the January
2 2010 through December 2010 true-up period. Thus, Exhibit TJK-3
3 reflects the capital structure, components and cost rates FPL used to
4 calculate the revenue requirement rate of return applied to ECR capital
5 investments and working capital amounts for the period January 2010
6 through December 2010.
- 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 2010 through December 2010?**
- 10 A. For January and February 2010, FPL has used the actual 2006 capital
11 structure, components and debt cost rates from the December 2006
12 Surveillance Report, together with the 11.75% common equity cost rate
13 that was approved for regulatory purposes such as the ECR Clause in
14 FPL's 2005 rate case settlement agreement by Order No. PSC-05-0902-
15 S-EI. For March 2010 through December 2010, FPL uses the capital
16 structure and cost rates approved in FPL's 2009 rate case per Order No.
17 PSC-10-0153-FOF-EI.
- 18 **Q. Does this conclude your testimony?**
- 19 A. Yes.

SUPPLEMENT TO
APPENDIX I
FILED AUGUST 2, 2010

ENVIRONMENTAL COST RECOVERY
COMMISSION FORM 42-9E

TJK-3
DOCKET NO. 100007-EI
EXHIBIT _____
PAGES 1-3

**FLORIDA POWER & LIGHT COMPANY
COST RECOVERY CLAUSES**

For the Period January 2010 - February 2010

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% | 0.0000% |
| TOTAL | \$13,199,388,522 | 100.00% | | 7.541% | 11.05% |

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% |

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% |

| | |
|------------------------|-----------------|
| PRE-TAX EQUITY: | 9.2210% |
| PRE-TAX TOTAL | 11.0977% |

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.

**FLORIDA POWER & LIGHT COMPANY
COST RECOVERY CLAUSES**

For the Period March 2010 - Forward

**CAPITAL STRUCTURE AND COST RATES PER 2009 RATE CASE (a)
Docket No 080677-EI Order No PSC-10-0153-FOF-EI**

Equity @ 10.00%

| | ADJUSTED RETAIL | RATIO | MIDPOINT COST RATES | WEIGHTED COST | PRE-TAX WEIGHTED COST |
|------------------------|-------------------------|----------------|------------------------|------------------|-----------------------------|
| LONG TERM DEBT | 5,298,960,654 | 31.565% | 5.49% | 1.73% | 1.73% |
| SHORT TERM DEBT | 156,113,805 | 0.930% | 2.11% | 0.02% | 0.02% |
| PREFERRED STOCK | 0 | 0.000% | 0.00% | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | 544,711,775 | 3.245% | 5.98% | 0.19% | 0.19% |
| COMMON EQUITY | 7,889,967,199 | 46.999% | 10.00% | 4.70% | 7.65% |
| DEFERRED INCOME TAX | 2,892,247,084 | 17.229% | 0.00% | 0.00% | 0.00% |
| INVESTMENT TAX CREDITS | | | | | |
| ZERO COST | 0 | 0.000% | 0.00% | 0.00% | 0.00% |
| WEIGHTED COST | 5,429,401 | 0.032% | 8.19% | 0.00% | |
| | | | 0 | | |
| TOTAL | \$16,787,429,918 | 100.00% | | 6.65% | 9.60% |

CALCULATION OF THE WEIGHTED COST FOR CONVERTIBLE INVESTMENT TAX CREDITS (C-ITC) (b)

| | ADJUSTED RETAIL | RATIO | COST RATE | WEIGHTED COST | PRE-TAX COST |
|-----------------|-------------------------|----------------|--------------|------------------|-----------------|
| LONG TERM DEBT | \$5,298,960,654 | 40.18% | 5.49% | 2.21% | 2.21% |
| PREFERRED STOCK | 0 | 0.00% | 0.00% | 0.00% | 0.00% |
| COMMON EQUITY | 7,889,967,199 | 59.82% | 10.00% | 5.98% | 9.74% |
| TOTAL | \$13,188,927,853 | 100.00% | | 8.19% | 11.94% |

DEBT COMPONENTS:

| | |
|-----------------------|----------------|
| LONG TERM DEBT | 1.7329% |
| SHORT TERM DEBT | 0.0196% |
| CUSTOMER DEPOSITS | 0.1940% |
| TAX CREDITS -WEIGHTED | 0.0007% |
| TOTAL DEBT | 1.9473% |

EQUITY COMPONENTS:

| | |
|-----------------------|----------------|
| PREFERRED STOCK | 0.0000% |
| COMMON EQUITY | 4.6999% |
| TAX CREDITS -WEIGHTED | 0.0019% |
| TOTAL EQUITY | 4.7019% |
| TOTAL | 6.6492% |

| | |
|-----------------------|----------------|
| PRE-TAX EQUITY | 7.6546% |
| PRE-TAX TOTAL | 9.6019% |

Note:

(a) Reflects approved capital structure and ROE reflected in Docket 080677-EI which ended in Order No. PSC-10-0153-FOF-EI. The above capital structure started effective March 2010

(b) This capital structure applies only to Convertible Investment Tax Credit (C-ITC)