



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

August 13, 2010

-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-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 I ECR 670 GCL I RAD I SSC	pontaining Form 42-9 Form	Exhibit TJK -	Sincerely, All Sincerely, John T. Butler	th
ADM				

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

COCUMEN REMEDIATE

an FPL Group company

WWW. Committee C. Fr.

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:

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

James D. Beasley, Esq.
J. Jeffrey Wahlen, Esq.
Ausley & McMullen
Attorneys for Tampa Electric
P.O. Box 391
Tallahassee, Florida 32302

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

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

Shayla L. McNeill, Capt., USAF Counsel for Federal Executive Agencies AFLSA/JACL-ULT 139 Barnes Drive, Suite 1 Tyndall AFB, FL 32403-5319 J. R Kelly, Esq Patricia Christensen, Esq. Charles Beck, Esq. Office of Public Counsel c/o The Florida Legislature 111 W Madison St. Room 812 Tallahassee, FL 32399-1400

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

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

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

By: John T. Butler
Fla Bar No. 283479

1		BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2		FLORIDA POWER & LIGHT COMPANY
3		SUPPLEMENTAL TESTIMONY OF TERRY J. KEITH
4		DOCKET NO. 100007-EI
5		AUGUST 13, 2010
6		
7	Q.	Please state your name and address.
8	A.	My name is Terry J. Keith, and my business address is 9250 West Flagler
9		Street, Miami, Florida, 33174.
10	Q.	By whom are you employed and in what capacity?
11	A.	I am employed by Florida Power & Light Company (FPL) as Director, Cost
12		Recovery Clauses in the Regulatory Affairs Department.
13	Q.	Have you previously testified in this docket?
14	A.	Yes, I have.
15	Q.	What is the purpose of your supplemental testimony?
16	A.	My supplemental testimony presents and describes Form 42-9E, which
17		the Commission has directed FPL and other utilities to begin filing this
L 8		year. Form 42-9E shows the capital structure, components and cost rates
L 9		FPL used to calculate the revenue requirement rate of return applied to
20		capital investments and working capital amounts included for recovery in
21		the Environmental Cost Recovery (ECR) Clause 2010 Estimated/Actual
22		true-up costs.
3	Q.	Have you prepared or caused to be prepared under your direction,
24		supervision or control an exhibit for this proceeding?

1

06705 AUG 13 2

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.

- Q. What capital structure, components and cost rates did FPL use to calculate the revenue requirement rate of return for the period January 2010 through December 2010?
- For January and February 2010, FPL has used the actual 2006 capital A. 10 structure, components and debt cost rates from the December 2006 11 Surveillance Report, together with the 11.75% common equity cost rate 12 that was approved for regulatory purposes such as the ECR Clause in 13 14 FPL's 2005 rate case settlement agreement by Order No. PSC-05-0902-S-EI. For March 2010 through December 2010, FPL uses the capital 15 structure and cost rates approved in FPL's 2009 rate case per Order No. 16 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	Ø	11	75%
BUULLY	w.	T T	

Equity @ 11.75%	CAPITAL STRUCTURE AND COST RATES PER 12/31/2006 SURVEILLANCE REPORT (a)					
					PRE-TAX	
	ADJUSTED	•	MIDPOINT	WEIGHTED	WEIGHTED	
	RETAIL	RATIO	COST RATES	COST	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%	0.22319	
PREFERRED STOCK	0	0.000%	0.000%	0.0000%	0.00009	
CUSTOMER DEPOSITS	406,209,278	3,077%	5.963%	0.1835%	0.18359	
COMMON EQUITY	6,331,842,680	47,971%	11.750%	5.6366%	9.17639	
DEFERRED INCOME TAX	2,283,698,536	17.302%	0.000%	0.0000%	0.00009	
INVESTMENT TAX CREDITS	2,283,698,330	17.30276	0.00071	0.000078	0.00007	
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%	
			L			
· · · · · · · · · · · · · · · · · · ·	CALCULATION OF THE WEIGHT	TED COST FOR INVESTM				
	ADJUSTED		COST	WEIGHTED		
	RETAIL	RATIO	RATE	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%			1		
TAX CREDITS -WEIGHTED	0.0071%			;		
TOTAL DEBT	1.8767%			1		
EQUITY COMPONENTS:	and the second s	•	•			
PREFERRED STOCK	0.0000%]					
COMMON EQUITY	5.6366%					
TAX CREDITS -WEIGHTED	0.0274%			:		
TOTAL EQUITY	5.6640%			:		
TOTAL	7.5407%					
	T701104861031141240W					
PRE-TAX EQUITY						
PRE-TAX TOTAL	Fig. 13 - 14 - 14 - 14 - 14 - 14 - 14 - 14 -		i			
	. :					

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-El. 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

ADJUSTED RETAIL RATIO MIDPOINT COST RATES COST LONG TERM DEBT 5,298,960,654 31.565% 5.49% 1.73% SHORT TERM DEBT 156,113,805 0,930% 2.11% 0.02% PREFERRED STOCK 0 0,000% 0.000% 0.00% CUSTOMER DEPOSITS 544,711,775 3.245% 5.98% 0.19% COMMON EQUITY 7,889,967,199 46,999% 10,00	Equity @ 10.00%	Docket No 080677-EI Order No PSC-10-0153-FOF-EI					
RETAIL RATIO COST RATES COST LONG TERM DEBT 5.298,966,654 31.565% 5.49% 1.73% SHORT TERM DEBT 15(1).2805 0.930% 2.11% 0.02% PREFERRED STOCK 0 0.0000% 0.000% 0.00		ADILISTED		MIDPOINT	WEIGHTED	PRE-TAX WEIGHTED	
SHORT TERM DEBT 156,113,805 0,920% 2,11% 0,02% PREFERRED STOCK 0 0,00% 0			RATIO			COST	
### 156,113,805	ONG TERM DEPT	5 200 0'50 554"	3) 5250		1 =20/	1.77	
PREFERED STOCK 0 0.000% 0.00% 0.00% USTOMER DEPOSITS 5.44,711,775 3.245% 5.98% 0.19% DEPERATED INCOME TAX 7.889,967,199 46,999% 10,00% 0.00% NESTMENT TAX CREDITS 2ERO COST 0 0.000% 0.00% 0.00% WEIGHTED COST 5.429,401 0.032% 8.19% DOBLE COST CALCULATION OF THE WEIGHTED COST FOR CONVERTIBLE INVESTMENT TAX CREDITS (COST) ADJUSTED RETAIL RATIO CALCULATION OF THE WEIGHTED COST FOR CONVERTIBLE INVESTMENT TAX CREDITS (COST) RETAIL RATIO CONG TERM DEBT S.5.29,960,654 40,18% 5.49% PREFERRED STOCK 0 0.000% 0.00% COMMON EQUITY 7.889,967,199 59,82% 10,00% TOTAL \$13,188,927,853 100,00% TOTAL \$13,188,927,853 100,00% TOTAL \$13,188,927,853 100,00% TOTAL \$10,7339% HORD TERM DEBT 1.7339% HORD TERM DEBT 1.7339% HORD TERM DEBT 1.7437% COULTY COMPONENTS: CONG TERM DEBT 1.9443% COULTY COMPONENTS: CONG TERM DEBT 1.9443% COULTY COMPONENTS:		1				1.73	
SUBSTORE DEPOSITS 5.44.711.775 3.245% 5.98% 0.19%			!			0.03	
COMMON EQUITY						0.00	
DEFERED INCOME TAX 1,892,247,084 17,229% 0,00%						0.19	
NVESTMENT TAX CREDITS 0						7.65	
Debt Components:		2,892,247,084	17.229%	0.00%	0.00%	0.00	
VALUE VALU		, in the second					
CALCULATION OF THE WEIGHTED COST FOR CONVERTIBLE INVESTMENT TAX CREDITS (COST WEIGHTED PRETAIL RATIO RATE COST PRETAIL RATIO RATE COST PRETAIL RATIO RATE COST PRETAIL RATIO RATE COST PRETAIL RATIO RATE COST PRETAIL RATIO RATE COST C		0	0.000%	0.00%	0.00%	0.00	
CALCULATION OF THE WEIGHTED COST FOR CONVERTIBLE INVESTMENT TAX CREDITS (C. ADJUSTED RETAIL RATIO RATE COST WEIGHTED P. RETAIL RATIO RATE COST. ONG TERM DEBT S.2,98,960,654 40,18% 5.49% 0.00%	WEIGHTED COST	5,429,401	0.032%		0.00%		
ADJUSTED RETAIL RATIO RATE COST WEIGHTED P. RETAIL RATIO RATE COST COMMORED COMMORED S15,298,960,654 40.18% 5.49% 0.00	OTAL	\$16,787,429,918	100.00%	Ţ	6.65%;	9.60	
ADJUSTED RETAIL RATIO RATE COST WEIGHTED P. RETAIL RATIO RATE COST COMMON EQUITY 7,889,967,199 59,82% 10,00% 0,0		<u>'</u>		<u> </u>	:		
RETAIL RATIO RATE COST LONG TERM DEBT \$5,298,960,654 40.18% 5.49% 0 0.00% 0.00% 0.00% 0.00% 0.00% 10		CALCULATION OF THE WI	EIGHTED COST FOR CO	NVERTIBLE INVESTM	ENT TAX CREDI	rs (C-ITC) (b)	
S5,298,960,654 40,18% 5,49% 6,00% 0,		ADJUSTED	* - 1	COST	WEIGHTED	PRE TAX	
PREFERRED STOCK COMMON EQUITY 7.889,967,199 59.82% 10.00% 3.9884 POTAL \$13,188,927,853 100.00% \$10.00% \$10.00% \$1,00		RETAIL	RATIO	RATE	COST	COST	
PREFERED STOCK COMMON EQUITY 7,889,967,199 \$13,188,927,853 100.00% 8.19% DEBT COMPONENTS: CONG TERM DEBT 510,188,927,853 100.00% 8.19% DEBT COMPONENTS: CONG TERM DEBT 0.0196% CUSTOMER DEPOSITS 0.1940% TAX CREDITS - WEIGHTED 0.0007% FOTAL DEBT 1.9473% EQUITY COMPONENTS: PREFERED STOCK 0.0000% COMMON EQUITY 4.6999% TAX CREDITS - WEIGHTED 0.0019% FOTAL EQUITY 4.7019% FOTAL EQUITY 4.7019% FOTAL EQUITY 4.7019% FOTAL 6.6493% PREFAX EQUITY PREFA	LONG TERM DEBT	\$5,298,960,654	40.18%	5.49% §	(M) (12.21%	2.21	
TOTAL \$13,188,927,853 100.00% \$.19% DEBT COMPONENTS: LONG TERM DEBT 1.7329% SHORT TERM DEBT 0.0196% CUSTOMER DEPOSITS 0.1940% TAX CREDITS - WEIGHTED 0.0007% TOTAL DEBT 1.947396 EQUITY COMPONENTS: PREFERRED STOCK 0.0000% TAX CREDITS - WEIGHTED 0.0019% TAX CREDITS - WEIGHTED 0.0019% TAX CREDITS - WEIGHTED 0.0019% TOTAL EQUITY 4.70199% TOTAL EQUITY 4.70199% TOTAL TOTAL TOTAL 0.6492% PRE-TAX EQUITY 7.6466 PRE-TAX EQUITY 9.601964 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	PREFERRED STOCK	0	0.00%	0.00%		0.00	
DEBT COMPONENTS: CONG TERM DEBT CONG TERM DEBT COUSTOMER DEPOSITS CUSTOMER DEPOSITS CONGROUTH ON THE CONTROL OF CONT		7,889,967,199				9.74	
CONG TERM DEBT CUSTOMER DEPOSITS CUSTOMER DEPOSITS COTAL DEBT COTAL DEBT COULTY COMPONENTS: COMMON EQUITY COMMON EQUITY COMMON EQUITY COTAL EQUITY COTAL EQUITY COTAL EQUITY A.7019% COTAL COTA	OTAL	\$13,188,927,853	100.00%		8.19%	11.9	
ONG TERM DEBT SHORT TERM DEBT O.0196% CUSTOMER DEPOSITS O.1940% TOTAL DEBT O.0007% TOTAL DEBT 1.9473% EQUITY COMPONENTS: PREFERRED STOCK O.0000% COMMON EQUITY 4.6999% TOTAL EQUITY 4.7019% TOTAL EQUITY 4.7019% TOTAL TOTAL O.0019% O.0019% TOTAL TOTAL O.0019% O.0							
LONG TERM DEBT SHORT TERM DEBT 0.0196% CUSTOMER DEPOSITS 0.1940% TAX CREDITS - WEIGHTED 0.0007% FOTAL DEBT 1.9473% EQUITY COMPONENTS: PREFERRED STOCK 0.0000% COMMON EQUITY 4.6999% TAX CREDITS - WEIGHTED 0.0019% FOTAL EQUITY 4.7019% FOTAL EQUITY 5.66492% PRE-TAX EQUITY 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	DEBT COMPONENTS:		:				
SHORT TERM DEBT CUSTOMER DEPOSITS 0.1940% TAX CREDITS - WEIGHTED 0.0007% FOTAL DEBT 1.9473% EQUITY COMPONENTS: PREFERRED STOCK COMMON EQUITY 4.6999% TAX CREDITS - WEIGHTED 0.0019% FOTAL EQUITY 4.7019% FOTAL EQUITY 7.63638 PRETAX EQUITY PRETAX TOTAL 9.601546 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		1.7329%					
CUSTOMER DEPOSITS O.1940% FAX CREDITS - WEIGHTED O.0007% TOTAL DEBT 1.9473% EQUITY COMPONENTS: PREFERRED STOCK COMMON EQUITY FAX CREDITS - WEIGHTED O.0019% FOTAL EQUITY PRE-TAX EQ							
TAX CREDITS -WEIGHTED 0.0007% FOTAL DEBT 1.9473% EQUITY COMPONENTS: PREFERRED STOCK 0.0000% COMMON EQUITY 4.6999% TAX CREDITS -WEIGHTED 0.0019% FOTAL EQUITY 4.7019% FOTAL 6.6492% PRE-TAX BOUTTY 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							
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 TOTAL: 9.8019% 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		j)					
EQUITY COMPONENTS: PREFERRED STOCK COMMON EQUITY A.6999% TAX CREDITS - WEIGHTED 0.0019% TOTAL EQUITY 4.7019% TOTAL 6.6492% PRE-TAX EQUITY PRE-TAX FOTAL 9.8019% 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	TAX CREDITS - WEIGHTED						
PREFERRED STOCK COMMON EQUITY 4.6999% TAX CREDITS -WEIGHTED 0.0019% FOTAL EQUITY 4.7019% FOTAL 6.6492% PRE-TAX BOULTY 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		1.9473%					
COMMON EQUITY FAX CREDITS - WEIGHTED O.0019% FOTAL EQUITY FOTAL ORE-TAX FOURTY 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	-						
TAX CREDITS -WEIGHTED 0.0019% TOTAL EQUITY 1.66492% PRE-TAX ROUITY 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		1					
PRE-TAX BOULTY 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							
PRE TAX BOUTTY PRETAX TOTAL 9.8013% 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	TAX CREDITS -WEIGHTED	0.0019%					
7.6546% PRE-TAX TOTAL Posting 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							
PRE-FAX TOTAL 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	nacian nacione management de la comprese del la comprese de la comprese della comprese de la comprese della com	6.6492%.			;		
(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	PRE-TAX TOTAL TO ST	9.6019%					
(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	Consideration for the street area to the street and the street and the street are street as a street and the street area.	A TO BE A REAL PROPERTY OF THE TAX OF THE A RESTORAGE WAY	·				
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	Note:		1				
b) This capital structure applies only to Convertible Investment Tax Credit (C-ITC)			677-EI which ended in Or	der No. PSC-10-0153-I	FOF-EI.		
	b) This capital structure applies only	to Convertible Investment Tax Cre	edit (C-ITC)	:			
				1	. 1		
					1		
		!					