BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 080001-EI ORDER NO. PSC-08-0824-FOF-EI ISSUED: December 22, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

APPEARANCES:

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On behalf of Florida Power & Light Company (FPL).

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On behalf of Florida Public Utilities Company (FPUC).

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On behalf of Gulf Power Company (GULF).

JOHN T. BURNETT, ESQUIRE, Progress Energy Service Company, LLC, 100 Central Avenue, St. Petersburg, Florida 33701-3323 and GARY PERKO, ESQUIRE
On behalf of Progress Energy Florida, Inc. (PEF).

JAMES D. BEASLEY, ESQUIRE and LEE L. WILLIS, ESQUIRE, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

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On behalf of Florida Retail Federation (FRF).

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On behalf of the Citizens of the State of Florida (OPC).

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On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate).

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On behalf of Federal Executive Agencies (FEA).

LISA C. BENNETT, ESQUIRE, JEAN E. HARTMAN, ESQUIRE, and KEINO YOUNG, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

FINAL ORDER APPROVING EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS; AND PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

BY THE COMMISSION:

As part of our continuing fuel and purchased power cost recovery and generating performance incentive factor proceedings, a hearing was held on November 4, 5, 6, and 12, 2008, in this docket. The hearing addressed the issues set out in Order No. PSC-08-0726-PHO-EI, issued October 31, 2008, in this docket (Prehearing Order). Several of the positions on these issues were not contested by the parties and were presented to us for approval without objections, but some contested issues remained for our consideration. As set forth fully below, we approve each of the uncontested positions presented. Our rulings on the remaining issues are also discussed below.

We have jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

I. GENERIC FUEL COST RECOVERY ISSUES

Shareholder Incentive Benchmarks

The actual benchmark levels for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI were uncontested by the parties. Our staff, after reviewing the testimony and exhibits, concurred with the utilities' positions. Accordingly, we approve the actual benchmark levels for calendar year 2008 as follows:

FPL: $19,668,561
GULF: $3,340,925
PEF: $2,083,339
TECO: $811,475

The estimated benchmark levels for the calendar year 2009 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI were uncontested by the parties. Our staff, after reviewing the testimony and exhibits, concurred with the utilities' positions. Accordingly, we approve the estimated benchmark levels for calendar year 2009 as follows:

FPL: $18,812,528 subject to adjustments in the 2008 final true-up filing to include all actual data for the year 2008.

GULF: $2,642,498 subject to adjustments in the 2008 final true-up filing to include all actual data for the year 2008.

PEF: $2,017,095 subject to adjustments in the 2008 final true-up filing to include all actual data for the year 2008.

TECO: $816,969 subject to adjustments in the 2008 final true-up filing to include all actual data for the year 2008.

II. COMPANY-SPECIFIC FUEL COST RECOVERY ISSUES

A. Progress Energy Florida, Inc.

Hedging Activities for 2007 and for January through July 2008

Having reviewed the testimony, exhibits and discovery responses of PEF for its hedging activities from January 1, 2007, through July 31, 2008, our staff took a position on the prudence of those activities. PEF agreed with our staff's position. All other parties took no position or agreed with staff's position. Accordingly, based on the testimony and exhibits in the record, we find that PEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices for the periods January 1, 2007, through July 31, 2008, were prudent.

PEF's hedging activities were non-speculative and were designed to mitigate fuel price volatility. The company entered into hedging transactions, primarily swaps, at market prices. The company continually monitors its hedge positions. The volumes of natural gas and residual oil hedged were consistent with the ranges specified in the company's risk management plan. The company adequately monitors counter-party credit risk.

Risk Management Plan for 2009

Having reviewed the testimony, exhibits, and discovery responses of PEF for its 2009 Risk Management Plan, our staff took a position on the plan. PEF agreed with our staff's position. All other parties took no position, or agreed with staff's position. Based on the testimony and exhibits in the record, we approve PEF's 2009 Risk Management Plan. We have reviewed the framework and direction set forth in Order No. PSC-02-1484-FOF-EI (the Hedging Order), issued October 30, 2002, in Docket No. 011605-EI, In re: Review of investor-owned electric utilities' risk management policies and procedures. The Hedging Order approved a settlement, referred to as the Proposed Resolution of Issues, with respect to risk management of fuel procurement for Florida's largest investor-owned electric utilities (IOUs). The Hedging Order provides for the filing of annual risk management plans to allow us and the parties to monitor each utility's practices and transactions. Following the issuance of the Hedging Order, each IOU developed financial hedging programs as a means of reducing price volatility and risk of purchased fuel. A staff assessment of each IOU's hedging program was recently performed in the Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities, published in June 2008. In Order No. PSC-08-0667-PAA-EI (Clarifying Guidelines), issued October 8, 2008, in the instant docket, we approved clarifying guidelines regarding utility hedging programs, including the timing and content of annual hedging plans. While the guidelines demonstrate regulatory support for hedging programs, the Order is clear that the guidelines do not bind us in our prudence review of a utility's hedging practices.

Based on our review of PEF's 2009 Risk Management Plan (Plan), utility testimony, and discovery responses, we find that the Plan meets the requirements of the 2002 Hedging Order. The Plan is also consistent with the 2008 Clarifying Guidelines. The Plan includes 2009 hedging volume goals, target ranges, and utilizes approved hedging instruments and activities. The Plan's annual hedging targets provide the structural basis for the utility executing, monitoring and reporting on activities related to the long-term hedging strategy and approach. The Plan is adequately controlled, organized, and is non-speculative. For these reasons, we approve PEF's 2009 Risk Management Plan.

B. Florida Power & Light Company

Hedging Activities for 2007 and for January through July 2008

Having reviewed the testimony, exhibits, and discovery responses of FPL for its hedging activities from January 1, 2007, through July 31, 2008, our staff took a position on the prudence of those activities. FPL agreed with our staff's position. All other parties took no position or agreed with staff's position. Based on the testimony and exhibits in the record, we find FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices for the periods January 1, 2007, through December 31, 2007, and January 1, 2008 through July 31, 2008, were prudent.

FPL's hedging activities were non-speculative and were designed to mitigate fuel price volatility. The company entered into hedging transactions, primarily swaps, at market prices. The company continually monitors its hedge positions. The volumes of natural gas and residual oil hedged were consistent with the ranges specified in the company's risk management plan. The company adequately monitors counter-party credit risk.

Risk Management Plan for 2009

Having reviewed the testimony, exhibits and discovery responses of FPL for its 2009 Risk Management Plan, our staff took a position on the plan. FPL agreed with our staff's position. All other parties took no position, or agreed with staff's position. Based on the testimony and exhibits in the record, we approve FPL's 2009 Risk Management Plan. We have reviewed the framework and direction set forth in the Hedging Order. The Hedging Order approved a settlement, referred to as the Proposed Resolution of Issues, with respect to risk management of fuel procurement for Florida's largest IOUs. The Hedging Order provides for the filing of annual risk management plans to allow us and the parties to monitor each utility's practices and transactions. Following the issuance of the Hedging Order, IOU developed financial hedging programs as a means of reducing price volatility and risk of purchased fuel. A staff assessment of each IOU's hedging program was recently performed in the Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities, published in June 2008. We approved Clarifying Guidelines regarding utility hedging programs, including the timing and content of annual hedging plans. While the guidelines demonstrate regulatory support for hedging programs, the Order is clear that the guidelines do not bind us in our prudence review of a utility's hedging practices.

Based on our review of FPL's 2009 Risk Management Plan (Plan), utility testimony, and discovery responses, we find that the Plan meets the requirements of the 2002 Hedging Order.

The Plan is also consistent with the 2008 Clarifying Guidelines. The Plan includes 2009 hedging volume goals, target ranges, and utilizes approved hedging instruments and activities. The Plan's annual hedging targets provide the structural basis for the utility executing, monitoring and reporting on activities related to the long-term hedging strategy and approach. The Plan is adequately controlled, organized, and is non-speculative. For these reasons, we approve FPL's 2009 Risk Management Plan.

Turkey Point Unit 3 Pressurized Pipe

An issue was raised in the fuel proceeding as to whether customers or FPL should be responsible for additional fuel costs incurred as a result of an outage extension in 2006 at Turkey Point Unit 3 which was caused by a drilled hole in the pressurized piping. This issue has been briefed separately by the parties and will be the subject of a separate order.

Turkey Point 5 Generation Base Rate Adjustment (GBRA)

Pursuant to the Stipulation and Settlement Agreement approved by us in Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI, a revised GBRA factor has been computed based on the actual capital costs of Turkey Point Unit 5, using the same data and methodology incorporated in the initial GBRA Factor. Accordingly, we approve FPL's proposal to reduce the GBRA factor for the Turkey Point Unit 5 from 3.271 percent to 3.129 percent.

Turkey Point Unit 5 True-Up Credit

Pursuant to the Stipulation and Settlement Agreement approved by us in Order No. PSC-05-0902-S-EI, issued September 14, 2005 in Docket No. 050045-EI, once Turkey Point Unit 5's actual capital costs are known, if the unit's actual capital costs are less than the projected costs used to develop the initial GBRA Factor, a one-time credit is to be made through the capacity clause. Accordingly, we approve $9,307,126 as the appropriate one time true-up credit associated with the Turkey Point Unit 5 GBRA factor reduction.

Generation Based Rate Adjustment Factor for West County Energy Center (WCEC) Unit 1

Paragraph 17 of the Stipulation and Settlement Agreement approved by us in Order No. PSC-05-0902-S-EI, provides for a GBRA to FPL's rates upon commercial operation of WCEC Unit 1. WCEC Unit 1, approved through the Florida Power Plant Siting Act, is expected to achieve commercial operation in June 2009. The computation of FPL's proposed GBRA factor for WCEC Unit 1 was made in accordance with the Stipulation and Settlement Agreement. Accordingly, we approve FPL's GBRA factor of 3.583 percent for the WCEC Unit 1.

Consistent with the Settlement Agreement, FPL will begin applying the GBRA to meter readings made on or after the commercial in service date of WCEC Unit 1, which is expected to occur in June 2009. FPL will submit for our staff's administrative approval revised tariff sheets reflecting these new charges prior to the actual commercial in service date.

Generation Based Rate Adjustment Factor for West County Energy Center Unit 2

The Stipulation and Settlement Agreement approved by us in Order No. PSC-05-0902-S-EI, provides for a GBRA to FPL's rates upon commercial operation of WCEC Unit 2. WCEC Unit 2, approved through the Florida Power Plant Siting Act, is expected to achieve commercial operation in November 2009. The computation of FPL's proposed GBRA factor for WCEC Unit 2 was made in accordance to the Stipulation and Settlement Agreement. Accordingly, we approve FPL's proposed GBRA factor of 3.154 percent for the WCEC Unit 2.

Consistent with the Settlement Agreement, FPL will begin applying the GBRA to meter readings made on or after the commercial in service date of WCEC Unit 2, which is expected to occur in November 2009. FPL will submit for our staff's administrative approval revised tariff sheets reflecting these new charges prior to the actual commercial in service date.

Fuel Savings Associated with West County Energy Center Units 1 and 2

FPL utilized its POWERSYM model to quantify the benefits of WCEC Units 1 and 2, which is the same model that FPL uses to calculate the fuel costs that are included in FPL's projection filing. For this analysis FPL ran two individual cases for each unit, one with the new unit and one without the new unit, to determine fuel costs, and then compared the two cases to determine the savings for each unit. Accordingly, we approve FPL's calculation of fuel savings associated with the addition of WCEC Units 1 and 2.

Levelized Fuel Bill

Having reviewed the testimony, exhibits and discovery responses of FPL regarding its proposed levelized fuel bill, our staff took a position on the issue. FPL agreed with our staff's position. All other parties took no position. Upon consideration of the testimony and exhibits in the record, we find that FPL shall adjust its fuel factors to offset the increase in base rates. WCEC Unit 1 will be commercially operational in June 2009, and accordingly, the GBRA will go into effect and result in an increase in base rates and thus customer bills. WCEC Unit 2 will be commercially operational in November 2009, and the GBRA will go into effect at that time. The GBRAs for WCEC Units 1 and 2 were approved in Docket No. 060225-EI.

FPL will reduce the fluctuations in bills by offsetting both GBRAs with fuel savings attributable to WCEC Units 1 and 2. While only the 1,000 kWh residential bill will be completely levelized, all customer classes and consumption levels will see less of a fluctuation in their bills in 2009.

FPL's current (2008) 1,000 kWh residential bill is $111.12. Bills are projected to increase in January 2009 as a result of higher fuel, conservation, and environmental costs. Absent FPL's proposal to levelize bills, bills would increase again in June 2009, as a result of the WCEC Unit 1 GBRA increase in base rates, and again in November 2009 as a result of the WCEC Unit 2 GBRA increase in base rates. Under FPL's proposal to levelize bills, the 1000 kWh residential bill for January through December 2009 will be $118.99.

Under the standard methodology to calculate fuel factors for a 12-month period, fuel costs, including savings, are levelized over the projected 12 month period, resulting in a levelized fuel factor for 12 months. However, to offset the GBRAs that become effective in June 2009 (WCEC 1) and November 2009 (WCEC 2), FPL proposes to credit the units' fuel savings to customers over the same timeframe that the GBRAs will be in effect. Offsetting the GBRA impacts on the 1,000 kWh residential bill will not require all the projected fuel savings of WCEC Units 1 and 2, and thus FPL will spread the remaining savings over the January through May 2009 period. As shown below in the fuel cost recovery factor, FPL proposes one set of fuel factors for January through May 2009, a different set of fuel factors for June through October 2009, and finally a different set of fuel factors for November through December 2009. The fuel factors decrease for all rate classes in June and again in November 2009.

We have previously approved in Order No. PSC-06-1057-FOF-EI, issued on December 22, 2006, the levelization of bills caused by fuel savings when in May 2007, Turkey Point Unit 5 became commercially operational, and the GBRA associated with that unit went into effect. Accordingly, we approve FPL's request to levelize its 2009 fuel bill.

C. Florida Public Utilities Company

Allocation of Substation Costs in the Northwest Division to Both Divisions of FPUC

Having reviewed the testimony, exhibits, and discovery responses of FPUC regarding the allocation of substation costs, our staff took a position on FPUC's proposed allocation. FPUC agreed with our staff's position. All other parties took no position. Based on the testimony and exhibits in the record, we find that the distribution charge associated with the distribution substation in the Northwest (NW) Division shall be allocated to both divisions for an equitable cost distribution and recovery among customers.

FPUC has consolidated base rates and charges but fuel charges remain separate. The distribution substations in the Northeast (NE) Division are owned by FPUC and their costs are recovered through base rates paid for by customers in both divisions. Specifically, $6.7 million in distribution substation equipment located in the NE Division is included in base rates. The corresponding distribution substation in the NW Division is owned by Gulf and FPUC pays a distribution charge ($936,364 annually) as part of the purchased power agreement with these costs reflected in the fuel factors paid only by customers in the NW Division.

While Gulf has always owned the substation serving the NW Division, its cost components previously were rolled into the purchased power contract, and not separately identified. Gulf and FPUC negotiated a new purchased power contract in 2007, pursuant to the Federal Energy Regulatory Commission's (FERC) Open Access Transmission Tariff (OATT). Under the new purchased power contract, generation, transmission, and distribution costs are separately identified.

Leasing the substation from Gulf is more cost effective for all of FPUC's ratepayers than if FPUC were to purchase land and build its own substation and include those costs in base rates. It is unfair for the NW Division to pay the total cost of its substation and also half of the substation serving the NE Division, just because the costs are collected through different mechanisms. Both divisions have approximately the same number of sales, and FPUC shall therefore be allowed to allocate half of the NW substation costs, i.e., $486,182, to the purchased power costs of the NE division.

We find that, whenever possible, rate differences between FPUC's two divisions which benefit one division and create subsidies for the other division shall be eliminated. We hold that in this unique instance, as described above, all FPUC customers shall contribute to both distribution substation costs in an equitable manner.

E. Gulf Power Company

Hedging Activities for 2007 and for January through July 2008

Having reviewed the testimony, exhibits, and discovery responses of GULF for its hedging activities from January 1, 2007, through July 31, 2008, our staff took a position on the prudence of those activities. GULF agreed with our staff's position. All other parties took no position or agreed with staff's position. Accordingly, based on the testimony and exhibits in the record, we find that GULF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices for the periods January 1, 2007, through July 31, 2008, were prudent.

GULF's hedging activities were non-speculative and were designed to mitigate fuel price volatility. The company entered into hedging transactions, primarily swaps, at market prices. The company continually monitors its hedge positions. The volume of natural gas hedged was consistent with the range specified in the company's risk management plan. The company adequately monitors counter-party credit risk.

Risk Management Plan for 2009

Having reviewed the testimony, exhibits, and discovery responses of GULF for its 2009 Risk Management Plan, our staff took a position on the plan. GULF agreed with our staff's position. All other parties took no position, or agreed with our staff's position. Based on the testimony and exhibits in the record, we approve GULF's 2009 Risk Management Plan. We reviewed the framework and direction set forth in the Hedging Order. The Hedging Order approved a settlement, referred to as the Proposed Resolution of Issues, with respect to risk management of fuel procurement for Florida's largest IOUs. The Hedging Order provides for the filing of annual risk management plans to allow us and the parties to monitor each utility's practices and transactions. Following the issuance of the Hedging Order, each IOU developed financial hedging programs as a means of reducing price volatility and risk of purchased fuel. A staff assessment of each IOU's hedging program was recently performed in the Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities, published in June 2008. We approved Clarifying Guidelines regarding utility hedging programs, including the timing and content of annual hedging plans. While the guidelines demonstrate regulatory support for hedging programs, the Order is clear that the guidelines do not bind us in our prudence review of a utility's hedging practices.

Based on our review of GULF's 2009 Risk Management Plan (Plan), utility testimony, and discovery responses, we find the Plan meets the requirements of the 2002 Hedging Order. The Plan is also consistent with the 2008 Clarifying Guidelines. The Plan includes 2009 hedging volume goals, target ranges, and utilizes approved hedging instruments and activities. The Plan's annual hedging targets provide the structural basis for the utility executing, monitoring and reporting on activities related to the long-term hedging strategy and approach. The Plan is adequately controlled, organized, and is non-speculative. For these reasons, we approve GULF's 2009 Risk Management Plan.

F. Tampa Electric Company

Hedging Activities for 2007 and for January through July 2008

Having reviewed the testimony, exhibits, and discovery responses of TECO for its hedging activities from January 1, 2007, through July 31, 2008, our staff took a position on the prudence of those activities. TECO agreed with our staff's position. All other parties took no position or agreed with our staff's position. Accordingly, based on the testimony and exhibits in the record, we find that TECO's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices for the periods January 1, 2007, through July 31, 2008, were prudent.

TECO's hedging activities were non-speculative and were designed to mitigate fuel price volatility. The company entered into hedging transactions, primarily swaps, at market prices. The company continually monitors its hedge positions. The volume of natural gas hedged was consistent with the range specified in the company's risk management plan. The company adequately monitors counter-party credit risk.

Risk Management Plan for 2009

Having reviewed the testimony, exhibits, and discovery responses of TECO for its 2009 Risk Management Plan, our staff took a position on the plan. TECO agreed with our staff's position. All other parties took no position, or agreed with staff's position. Based on the testimony and exhibits in the record, we approve TECO's 2009 Risk Management Plan. We reviewed the framework and direction set forth the Hedging Order. The Hedging Order approved a settlement, referred to as the Proposed Resolution of Issues, with respect to risk management of fuel procurement for Florida's largest IOUs. The Hedging Order provides for the filing of annual risk management plans to allow us and the parties to monitor each utility's practices and transactions. Following the issuance of the Hedging Order, each IOU developed financial hedging programs as a means of reducing price volatility and risk of purchased fuel. A staff assessment of each IOU's hedging program was recently performed in the Review of Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities, published in June 2008. We approved Clarifying Guidelines regarding utility hedging programs, including the timing and content of annual hedging plans. While the guidelines demonstrate regulatory support for hedging programs, the Order is clear that the guidelines do not bind us in our prudence review of a utility's hedging practices.

Based on our review of TECO's 2009 Risk Management Plan (Plan), utility testimony, and discovery responses, we find that the Plan meets the requirements of the 2002 Hedging Order. The Plan is also consistent with the 2008 Clarifying Guidelines. The Plan includes 2009 hedging volume goals, target ranges, and utilizes approved hedging instruments and activities. The Plan's annual hedging targets provide the structural basis for the utility executing, monitoring and reporting on activities related to the long-term hedging strategy and approach. The Plan is adequately controlled, organized, and is non-speculative. For these reasons, we approve TECO's 2009 Risk Management Plan.

Procurement of Transportation Contract

Having reviewed the testimony, exhibits, and discovery responses provided by TECO regarding this issue, and considering our staff's recommendation, we find that TECO complied with all requirements of Order No. PSC-04-0999-FOF-EI in procuring its fuel transportation contracts that take effect beginning January 1, 2009.

Calculation of Adjustment to Coal Transportation Rates

Having reviewed the testimony, exhibits, and discovery responses of TECO on whether it appropriately calculated the adjustment to its coal transportation rates, our staff took a position on the issue. TECO agreed with our staff's position. All other parties took no position on the issue. Accordingly, based on the testimony and exhibits in the record, and recommendation of our staff we find that TECO shall calculate the waterborne coal transportation cost disallowance for 2008 using the same methodology we approved in calculating the adjusted base contract inland river and ocean rates used to determine the amount of the final disallowance for each of the fuel proceedings in 2004 – 2007. TECO shall add $3,000,000 to the final true-up of the 2008 disallowance amount (increased 2008 disallowance). This increased 2008 disallowance shall settle for all time and for all applicable years the issue of whether TECO has properly adjusted its waterborne coal transportation costs consistent with the requirements of Order No. PSC-04-0999-FOF-EI, issued October 12, 2004, in Docket No. 031033-EI, with the only remaining issue being the final true-up calculation of the increased 2008 disallowance, which shall be calculated consistent with the same methodology previously used and approved for calculation of the disallowance for all prior years.

Inverted Fuel Rate

Based on the testimony and exhibits in the record, and the recommendation of our staff, we approve the proposed fuel factors for the residential class that include one rate for the first 1,000 kWh usage per month and a second rate for usage over the first 1,000 kWh per month.

Fuel Factors by Voltage Level

Based on the testimony and exhibits in the record, and the recommendation of our staff, we approve the company's proposed fuel factors by voltage level.

III. APPROPRIATE PROJECTIONS AND TRUE-UP AMOUNTS FOR FUEL COST RECOVERY FACTORS

PEF, FPL, FPUC, GULF, and TECO presented evidence regarding the appropriate final fuel adjustment true-up for their company for 2007. All other parties took no position. Based on the testimony and exhibits in the record, we approve the following as the appropriate final fuel adjustment true-up amounts for the period of January 2007 through December 2007:

FPL:	$121,036,106 under-recovery
FPUC Marianna:	$442,219 over-recovery.
FPUC Fernandina Beach:	$949,245 over-recovery.
GULF:	$13,300,934 under-recovery
PEF:	$16,807,029 under-recovery
TECO:	$21,121,127 under-recovery

PEF, FPL, FPUC, GULF, and TECO presented evidence regarding the appropriate estimated/actual fuel adjustment true-up amounts for their company for 2008. All other parties took no position. Based on the evidence in the record, we approve the following as the appropriate estimated/actual fuel adjustment true-up amounts for the period of January 2008 through December 2008:

FPL:	$296,048,402 under-recovery
FPUC Marianna:	$629,876 under-recovery
FPUC Fernandina Beach:	$1,405,110 under-recovery
GULF:	$34,672,595 under-recovery
PEF:	$129,347,835 under-recovery
TECO:	$111,761,811 under-recovery

PEF, FPL, FPUC, GULF, and TECO presented evidence regarding the appropriate fuel adjustment true-up amounts for their company for 2009. All other parties took no position. Based on the evidence in the record, we approve the following as the appropriate fuel adjustment true-up amounts to be collected/refunded from January 2009 through December 2009:

FPL:	$296,048,402 to be collected
FPUC Marianna:	$187,657 to be collected
FPUC Fernandina Beach:	$455,865 to be collected
GULF:	$47,973,529 to be collected
PEF:	$146,154,866 to be collected
TECO:	$132,882,938 to be collected

Our staff reviewed the testimony and exhibits in the record regarding the utilities' appropriate revenue tax factors to be applied in calculating each investor-owned electric utility's levelized fuel factor and our staff recommended approval of the tax factors. All other parties took no position. Based on the evidence in the record, we approve the following as the appropriate revenue tax factors to be applied in calculating each electric IOU's levelized fuel factor for the period January 2009 through December 2009:

1.00072 for each investor-owned electric utility

PEF, FPL, FPUC, GULF, and TECO presented evidence regarding the appropriate projected net fuel and purchased power cost recovery amounts to be included in the fuel cost recovery factors for the period January 2009 through December 2009. FIPUG and FRF objected to the positions of the utilities. On November 6, 2008, the evidentiary record was closed for all issues except a single issue involving a 2006 incident at an FPL nuclear power plant. On November 6, 2008, FIPUG requested that it be permitted to brief the issue of the appropriate projected net amounts to be included in the fuel cost recovery factors for 2009 for FPL, PEF, and TECO. We agreed and received briefs from FIPUG, TECO, PEF, and FPL on November 10, 2008. Having considered the evidence in the record, and the briefs of the parties, we approve the following as the appropriate projected net fuel and purchased power cost recovery amounts to be included in the fuel cost recovery factors for the period January 2009 through December 2009:

FPUC Marianna:	$20,468,423
FPUC Fernandina Beach:	$21,531,537
GULF:	$683,661,231
PEF:	$2,691,843,085. Progress shall file a report on March 13, 2009, that states the effect projected fuel prices as of the end of February 2009, have on the current fuel factor and on the estimated true-up for 2009. Schedule E1-B based on actual experience through February and based on projected total fuel costs for 2009, as of February 27, 2009 would be an acceptable report to meet this requirement.
TECO:	The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2009 through December 2009, adjusted by the jurisdictional separation factor, is $1,217,300,982. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is $1,350,306,418.
FPL (see below):	

In its brief and during the final day of the hearing, FPL requested that we defer our decision on the appropriate projected 2009 net fuel and purchased power cost recovery amounts to be included in FPL's 2009 fuel recovery factor until our December 2, 2008, Agenda

Conference. FPL stated that based on its most recent reprojections it would be more than ten percent over-recovered from the amounts included in FPL's September 2, 2008, projection testimony. To correct that over-recovery, FPL stated it would file a mid-course correction petition on November 17, 2008. FPL requested that we consider both the deferred post hearing decision and FPL's petition for a mid-course correction at our December 2, 2008 Agenda Conference.

At the time of FPL's request, the evidentiary record regarding the appropriate amounts to be included in FPL's 2009 factor had been closed. While we could re-open the record to take additional testimony on these issues, additional hearing dates would be required. To do so would likely delay the implementation of FPL's 2009 factor until later in 2009. We have previously established an interim rate-making tool, the mid-course correction, to address circumstances like this one in which the fuel hearing has concluded and yet the volatility of fuel costs causes enough of a change to warrant establishing corrected rates.[1]

On November 17, 2008, FPL filed its petition for mid-course correction. The petition is based upon the outlook for fuel prices for 2009 as of November 6, 2008. The mid-course correction petition is the subject of a separate order.

Based on FPL's September 2, 2008, filings, the appropriate projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2009 through December 2009 would be $7,027,720,757.

FPL filed its projection testimony on September 2, 2008. FPL witness Yupp testified that the projection filing was made based on the outlook for fuel prices for 2009 as of August 4, 2008. According to FPL's September 2, 2008, projection testimony, the appropriate projected net fuel and purchased power cost recovery amount to be included in the cost recovery factor would be $7,027,720,757, which was FPL's position for Issue 5 of the Prehearing Order.[2] This amount is used to calculate the levelized fuel factor, which is the basis for the fuel factors charged to all rate classes. The fuel factors are then used to determine whether a mid-course correction is needed.

As stated above, in its brief and on the final day of the fuel proceeding, FPL stated that, based on the amounts it had originally projected in its September 2, 2008, projection filings, it would need to petition for a mid-course correction. FPL stated that using the September 2, 2008, projection filings, it would be more than ten percent over-recovered. So that we have a basis for determining whether FPL is correctly calculating its over-recovery, we first make a decision on

[1] Order No. 13694, issued September 20, 1984, in Docket No. 840001-EI and Docket No. 840003-GU, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor; In re: Purchased gas cost recovery clause, and Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, in Docket No. 980269-PU, In re: Consideration of change in frequency and timing of hearing for the fuel and purchased power cost recovery clause, capacity cost recovery clause, generating performance incentive factor, energy conservation cost recovery clause, purchased gas adjustment (PGA) true-up, and environmental cost recovery clause, and Order No. PSC-07-00333-PAA-EI, issued April 16, 2007, in Docket No. 070001-EI.

[2] Issue 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009?

FPL's appropriate projected net fuel and purchased power cost recovery amount to be included in the recovery factor for January 2009 through December 2009, as presented in the November 2008 fuel proceedings. Based on FPL's September 2, 2008, projection filings and related exhibits filed in this docket, the appropriate projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2009 through December 2009, would be $7,027,720,757. The fuel factors based on this amount will be used to calculate FPL's mid-course correction petition, which is the subject of a separate order.

Based on the evidence in the record, and the resolution of the generic and company–specific fuel cost recovery issues discussed above, we approve the following as the appropriate levelized fuel cost recovery factors for the period January 2009 through December 2009:

FPL:	6.744 cents/kWh for January through May 2009, 6.603 cents/kWh for June through October 2009, 6.475 cents/kWh for November-December 2009.
FPUC Marianna:	6.411 cents/kWh
FPUC Fernandina Beach:	6.419 cents/kWh
GULF:	5.728 cents/kWh.
PEF:	6.616 cents per kWh
TECO:	6.754 cents per kWh

Staff and the utilities concurred regarding the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class. All other parties took no position. Based on the evidence in the record, we approve the following as the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class (tables appear on following pages):

FPL:

GROUP	RATE SCHEDULE		FUEL RECOVERY LOSS MULTIPLIER
A	RS-1 first 1,000 kWh		1.00183
	all additional kWh		1.00183
A	GS-1, SL-2, GSCU-1, WIES-1		1.00183
A-1	SL-1, OL-1, PL-1		1.00183
B	GSD-1		1.00178
C	GSLD-1 & CS-1		1.00078
D	GSLD-2, CS-2, OS-2 & MET		0.99318
E	GSLD-3 & CS-3		0.95923
A	RST-1, GST-1	ON-PEAK	1.00183
		OFF-PEAK	1.00183
B	GSDT-1, CILC-1(G),	ON-PEAK	1.00177
	HLFT-1 (21-499 kW)	OFF-PEAK	1.00177
C	GSLDT-1, CST-1,	ON-PEAK	1.00093
	HLFT-2 (500-1,999 kW)	OFF-PEAK	1.00093
D	GSLDT-2, CST-2,	ON-PEAK	0.99481
	HLFT-3 (2,000+)	OFF-PEAK	0.99481
E	GSLDT-3,CST-3,	ON-PEAK	0.95923
	CILC -1(T)	OFF-PEAK	0.95923
	& ISST-1(T)		
F	CILC -1(D) &	ON-PEAK	0.99371
	ISST-1(D)	OFF-PEAK	0.99371

SEASONAL DEMAND TIME OF USE RIDER (SDTR)

ON PEAK: JUNE 2009 THROUGH SEPTEMBER 2009 - WEEKDAYS 3:00 PM TO 6:00 PM
OFF PEAK: ALL OTHER HOURS

B	GSD(T)-1	ON-PEAK	1.00178
		OFF-PEAK	1.00178
C	GSLD(T)-1	ON-PEAK	1.00084
		OFF-PEAK	1.00084
D	GSLD(T)-2	ON-PEAK	0.99488
		OFF-PEAK	0.99488

FPUC:	Marianna:	1.0000 All Rate Schedules
	Fernandina:	1.0000 All Rate Schedules

GULF: See table below:

Group	Rate Schedules	Line Loss Multipliers
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00526
B	LP, LPT, SBS(2)	0.98890
C	PX, PXT, RTP, SBS(3)	0.98063
D	OSI/II	1.00529

(1) Includes SBS customers with a contract demand in the range of 100 to 499 KW
(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 KW
(3) Includes SBS customers with a contract demand over 7,499 KW

PEF:

Group	Delivery Voltage Level	Line Loss Multiplier
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

TECO: The appropriate fuel recovery line loss multipliers are as follows:

Metering Voltage Schedule	Line Loss Multiplier
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

Based on the evidence in the record, and the resolution of the generic and company-specific fuel cost recovery issues discussed above, we approve the following as the appropriate fuel recovery factors for each rate class/delivery voltage level class adjusted for line losses (tables begin on following page):

FPL:

FUEL RECOVERY FACTORS – BY RATE GROUP
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)
JANUARY 2009 – MAY 2009

GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
		(¢/kWh)
A	RS-1 first 1,000 kWh All additional kWh	6.413 7.413
A	GS-1,SL-2, GSCU-1	6.757
A-1*	SL-1,OL-1,PL-1	6.581
B	GSD-1	6.756
C	GSLD-1 & CS-1	6.750
D	GSLD-2,CS-2,OS-2 & MET	6.698
E	GSLD-3 & CS-3	6.469
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 7.559 6.395
B	GSDT-1,CILC-1(G),HLFT(21-499 kW) ON-PEAK OFF-PEAK	 7.559 6.394
C	GSLDT-1 & CST-1, HLFT2(500-1,999 kW) ON-PEAK OFF-PEAK	 7.553 6.389
GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
D	GSLDT-2, CST-2, HLFT 3(2,000+ kW) ON-PEAK OFF-PEAK	 7.506 6.350
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 7.238 6.123
F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 7.498 6.343
*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK		

FUEL RECOVERY FACTORS – BY RATE GROUP
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)
JUNE 2009 – OCTOBER 2009

GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
		(¢/kWh)
A	RS-1 first 1,000 kWh All additional kWh	6.272 7.272
A	GS-1,SL-2, GSCU-1	6.615
A-1*	SL-1,OL-1,PL-1	6.440
B	GSD-1	6.615
C	GSLD-1 & CS-1	6.608
D	GSLD-2,CS-2,OS-2 & MET	6.558
E	GSLD-3 & CS-3	6.334
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 7.418 6.253
B	GSDT-1,CILC-1(G),HLFT(21-499 kW) ON-PEAK OFF-PEAK	 7.418 6.253
C	GSLDT-1 & CST-1, HLFT2(500-1,999 kW) ON-PEAK OFF-PEAK	 7.411 6.248
GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
D	GSLDT-2, CST-2, HLFT 3(2,000+ kW) ON-PEAK OFF-PEAK	 7.366 6.209
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 7.103 5.987
F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 7.358 6.203
*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK		

FUEL RECOVERY FACTORS – BY RATE GROUP
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)
NOVEMBER 2009 – DECEMBER 2009

GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
		(¢/kWh)
A	RS-1 first 1,000 kWh All additional kWh	6.144 7.144
A	GS-1,SL-2, GSCU-1	6.487
A-1*	SL-1,OL-1,PL-1	6.312
B	GSD-1	6.487
C	GSLD-1 & CS-1	6.480
D	GSLD-2,CS-2,OS-2 & MET	6.431
E	GSLD-3 & CS-3	6.211
A	RST-1,GST-1 ON-PEAK OFF-PEAK	 7.290 6.125
B	GSDT-1,CILC-1(G),HLFT(21-499 kW) ON-PEAK OFF-PEAK	 7.289 6.125
C	GSLDT-1 & CST-1, HLFT2(500-1,999 kW) ON-PEAK OFF-PEAK	 7.283 6.120
GROUP	RATE SCHEDULE	FUEL RECOVERY FACTOR
D	GSLDT-2, CST-2, HLFT 3(2,000+ kW) ON-PEAK OFF-PEAK	 7.239 6.082
E	GSLDT-3,CST-3 CILC-1(T)&ISST-1(T) ON-PEAK OFF-PEAK	 6.980 5.865
F	CILC-1(D) & ISST-1(D) ON-PEAK OFF-PEAK	 7.231 6.075
*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK		

SEASONAL DEMAND TIME OF USE RIDER (SDTR)
FUEL RECOVERY FACTORS

ON PEAK: JUNE 2009 THROUGH SEPTEMBER 2009 – WEEKDAYS 3:00 PM TO 6:00 PM
OFF PEAK: ALL OTHER HOURS

GROUP	OTHERWISE APPLICABLE RATE SCHEDULE	SDTR FUEL RECOVERY FACTOR
B	GSD(T)-1 ON-PEAK OFF-PEAK	 7.407 6.365
C	GSLD(T)-1 ON-PEAK OFF-PEAK	 7.400 6.359
D	GSLD(T)-2 ON-PEAK OFF-PEAK	 7.356 6.321

Note: All other months served under the otherwise applicable rate schedule.
See Schedule E-1E, Page 1 of 2

FPUC Marianna:

Rate Schedule	Fuel Recovery Factor per kWh	
RS	$.10395	
GS	$.10266	
GSD	$.09825	
GSLD	$.09416	
OL, OL1	$.08118	
SL1, SL2, and SL3	$.08179	
Step Rate for RS		
RS with less than a 1000 kWh/month		$.10093
RS with more than a 1000 kWh/month		$.11093

FPUC Fernandina Beach:

Rate Schedule	Fuel Recovery Factor per kWh
RS	$.08965
GS	$.08801
GSD	$.08447
GSLD	$.08502
OL	$.06839
SL	$.06841
Step Rate for RS	
RS with less than a 1000 kWh/month	$.08697
RS with more than a 1000 kWh/month	$.09697

GULF:

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	5.758	6.737	5.351
B	LP, LPT, SBS(2)	5.664	6.627	5.264
C	PX, PXT, RTP, SBS(3)	5.617	6.572	5.220
D	OSI/II	5.699	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

PEF:

Fuel Cost Factors (cents/kWh)						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factor	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	6.491	9.048	5.310
B	Distribution Primary	--	--	6.557	9.140	5.364
C	Distribution Secondary	6.290	7.290	6.623	9.232	5.418
D	Lighting	--	--	6.131	--	--

TECO: The appropriate factors are as follows:

Metering Voltage Level	Fuel Charge Factor (cents per kWh)	
Secondary	6.766	
Tier I-residential (Up to 1,000 kWh)	6.416	
Tier II-residential (Over 1,000 kWh)	7.416	
Distribution Primary	6.698	
Transmission	6.631	
Lighting Service	6.485	
Distribution Secondary	8.290	(on-peak)
	6.116	(off-peak)
Distribution Primary	8.207	(on-peak)
	6.055	(off-peak)
Transmission	8.124	(on-peak)
	5.994	(off-peak)

IV. COMPANY-SPECIFIC CAPACITY COST RECOVERY ISSUES

A. Progress Energy Florida, Inc.

FIPUG objected to the amount PEF included in the capacity cost recovery clause to be recovered by retail customers. FIPUG requested that it be permitted to brief the issue. FIPUG and PEF filed briefs on November 10, 2008. In making our decision, we have considered the testimony and exhibits in the record, and the briefs of the parties. PEF included in the capacity cost recovery clause the nuclear cost recovery amount as filed in Docket No. 080009-EI on May 1, 2008. The nuclear cost recovery amounts changed as a result of our vote approving PEF's costs at the October 14, 2008, Agenda Conference in Docket No. 080009-EI. Based on our vote, PEF filed revised supplemental testimony and schedules on October 15, 2008, reflecting those changes. Based on the testimony and evidence in the record, and the briefs of the parties, we find that pursuant to our decision in Docket No. 080009-EI, including the stipulations of the parties in that docket, PEF has included in the Capacity Clause the nuclear cost recovery amount of $418,311,136, as we ordered.

B. Florida Power & Light Company

FIPUG objected to the amount FPL included in the capacity cost recovery clause to be recovered by retail customers. FIPUG requested that it be permitted to brief the issue. FIPUG and FPL filed briefs on November 10, 2008. In making our decision, we have considered the testimony and exhibits in the record, and the briefs of the parties. Based on the testimony and exhibits in the record, and the briefs of the parties, we find that pursuant to our decision in Docket No. 080009-EI, including the stipulations of the parties in that docket, FPL has included in the Capacity Clause the nuclear cost recovery amount of $220,529,243, as we ordered.

V. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

Our staff and the utilities concurred as to the final capacity cost recovery true-up amounts for 2007. All other parties took no position. Based on the evidence in the record, we approve the following final capacity cost recovery true-up amounts for the period January 2007 through December 2007:

FPL:	$3,707,455 under- recovery
GULF:	$92,592 under-recovery
PEF:	$2,181,228 over-recovery
TECO:	$3,726,521 under-recovery

Our staff and the utilities concurred as to the estimated/actual capacity cost recovery true-up amounts for 2008. All other parties took no position. Based on the evidence in the record, we approve the following estimated/actual capacity cost recovery true-up amounts for the period January 2008 through December 2008:

FPL:	$26,832,716 under-recovery
GULF:	$274,796 under-recovery
PEF:	$13,111,748 over-recovery
TECO:	$16,102,421 under-recovery

Our staff and the utilities concurred as to the total capacity cost recovery true-up amounts to be collected/refunded during 2009. All other parties took no position. Based on the evidence in the record and agreement of the parties, we approve the following total capacity cost recovery true-up amounts to be collected/refunded during the period January 2009 through December 2009:

FPL:	$30,540,170 under-recovery
GULF:	$367,388 under-recovery
PEF:	$15,292,976 over-recovery
TECO:	$19,828,942 under-recovery

Our staff concurred with GULF and TECO regarding those utilities' projected net purchased power and cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009. FIPUG objected to FPL and PEF's projected net purchased power and cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009. FIPUG asked to brief the issue as to PEF. All other parties took no position. Having considered the testimony and exhibits in the record, and the briefs of PEF and FIPUG, we approve the following projected net purchased power and cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009:

FPL:	$621,136,906.
GULF:	$34,063,542
PEF:	$748,873,246
TECO:	$93,098,459

Our staff concurred with GULF and TECO regarding those utilities' jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January 2009 through December 2009. PCS Phosphate and FIPUG objected to PEF's jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January 2009 through December 2009. FIPUG asked to brief the issue as it relates to PEF. All other parties took no position. Having considered the testimony and exhibits in the record, and the briefs of FPL, PEF and FIPUG, we approve the following jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January 2009 through December 2009:

FPL:	FPSC 98.76729%
	FERC 1.23271%
GULF:	96.42160%
PEF:	Base - 93.753%, Intermediate – 79.046%, Peaking – 88.979%
TECO:	96.39735%

Our staff concurred with GULF and TECO regarding those utilities' projected capacity cost recovery factors for each rate class/delivery class for the period January 2009 through December 2009. FIPUG objected to FPL and PEF's projected capacity cost recovery factors for each rate class/delivery class for the period January 2009 through December 2009 and asked to brief the issue as to FPL and PEF. All other parties took no position. Having considered the evidence in the record, and the briefs of the parties, we approve the following projected capacity cost recovery factors for each rate class/delivery class for the period January 2009 through December 2009:

FPL:

RATE SCHEDULE	CAPACITY RECOVERY FACTOR ($/KW)	CAPACITY RECOVERY FACTOR ($/KWH)
RS1/RST1	-	0.00816
GS1/GST1	-	0.00823
GSD1/GSDT1/HLFT (21-499 kW)	2.43	-
OS2	-	0.00558
GSLD1/GSLDT1/CS1 /CST1/HLFT(500-1,999 kW)	3.05	-
GSLD2/GSLDT2/CS2 /CST2/HLFT(2,000+ kW)	3.02	-
GSLD3/GSLDT3/CS3 /CST3	3.08	-
CILCD/CILCG	3.18	-
CILCT	3.07	-
MET	3.15	-
OL1/SL1/PL1	-	0.00134
SL2, GSCU1	-	0.00494
RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) ($/kW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) ($/kW)
ISST1D	0.38	0.18
ISST1T	0.37	0.18
SST1T	0.37	0.18
SST1D1/SST1D2 /SST1D3	0.38	0.18

GULF: See table below:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RSVP	0.335
GS	0.307
GSD, GSDT, GSTOU	0.262
LP, LPT	0.227
PX, PXT, RTP, SBS	0.190
OS-I/II	0.079
OSIII	0.204

PEF:

Rate Class	CCR Factor
Residential	2.166 cents/kWh
General Service Non-Demand	1.833 cents/kWh
@ Primary Voltage	1.815 cents/kWh
@ Transmission Voltage	1.796 cents/kWh
General Service 100% Load Factor	1.255 cents/kWh
General Service Demand	1.547 cents/kWh
@ Primary Voltage	1.532 cents/kWh
@ Transmission Voltage	1.516 cents/kWh
Curtailable	1.123 cents/kWh
@ Primary Voltage	1.112 cents/kWh
@ Transmission Voltage	1.101 cents/kWh
Interruptible	1.344 cents/kWh
@ Primary Voltage	1.331 cents/kWh
@ Transmission Voltage	1.317 cents/kWh
Lighting	0.307 cents/kWh

TECO:

The appropriate factors for January 2009 through December 2009 are as follows*:

Rate Schedule and Metering Voltage	Capacity Cost Recovery Factor (cents per kWh)
RS Secondary	0.580
GS and TS Secondary	0.547
GSD	
Secondary	0.429
Primary	0.425
Transmission	0.420
GSLD and SBF	
Secondary	0.377
Primary	0.373
Transmission	0.369
IS-1, IS-3, SBI-1, SBI-3	
Secondary	0.035
Primary	0.035
Transmission	0.034
SL-2, OL-1 and OL-3	
Secondary	0.089

* The factors are subject to change pending the resolution of certain rate design modifications in TECO's pending base rate proceeding in Docket No. 080317-EI.

VII. GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

Our staff and the utilities concurred as to the rewards or penalties achieved during 2007 pursuant to the Generating Performance Incentive Factor (GPIF). All other parties took no position. Based on the evidence in the record, we approve the following GPIF rewards/penalties for performance achieved during the period January 2007 through December 2007:

FPL:	$5,383,572 reward
GULF:	$433,685 penalty
PEF:	$2,167,933 reward
TECO:	$849,634 penalty

Our staff and the utilities concurred as to the GPIF targets/ranges for 2009. All other parties took no position. Based on the evidence in the record, we approve the following GPIF targets/ranges for the period January 2009 through December 2009:

FPL:

PLANT/UNIT	EAF TARGET (%)	HEAT RATE HR. TARGET (BTU/KWH)
FT. MYERS 2	89.7	6,866
LAUDERDALE 5	93.5	7,776
MARTIN 4	92.0	7,080
MARTIN 8	83.2	6,803
MANATEE 3	92.7	6,975
SANFORD 4	90.2	6,962
SANFORD 5	88.4	6,969
SCHERER 4	96.0	10,193
ST. LUCIE 1	93.6	11,006
ST. LUCIE 2	81.8	11,272
TURKEY POINT 3	82.7	11,476
TURKEY POINT 4	81.3	11,488

GULF:

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	98.0	0.0	2.0	10,810
Crist 5	96.4	0.0	3.6	10,594
Crist 6	81.8	10.7	7.5	10,530
Crist 7	68.7	22.2	9.2	10,496
Smith 1	89.7	6.3	4.0	10,310
Smith 2	95.9	0.0	4.1	10,349
Daniel 1	81.2	15.3	3.5	10,096
Daniel 2	89.7	5.8	4.6	9,870

EAF = Equivalent Availability Factor (%)
POF = Planned Outage Factor (%)
EUOF = Equivalent Unplanned Outage Factor (%)

PEF:

Equivalent Availability and Heat Rate/NOF 2009 Targets for PEF Units

Unit	PEF EAF/POF/EUOF Targets			PEF HR/NOF Targets
	EAF	POF	EUOF	
Anclote 1	90.47	5.75	3.77	10,712/26.9
Anclote 2	91.07	4.38	4.54	10,734/27.8
Crystal River 1	88.32	4.38	7.30	10,235/81.3
Crystal River 2	87.29	2.47	10.24	9,934/75.9
Crystal River 3	74.62	23.29	2.09	10,314/98.8
Crystal River 4	95.04	0.00	4.96	9,570/85.4
Crystal River 5	65.31	30.68	4.01	9,499/92.5
Hines 1	78.91	15.34	5.74	7,530/75.3
Hines 2	91.48	3.84	4.69	6,983/79.2
Hines 3	89.92	3.84	6.25	7,153/76.8
Tiger Bay	80.87	1.92	17.21	7,731/90.2

TECO:

Equivalent Availability and Heat Rate/NOF 2009 Targets for Tampa Electric Co. Units

Unit	TEC EAF/POF/EUOF Targets			TEC HR/NOF Targets
	EAF	POF	EUOF	
Big Bend 1	72.5	9.3	18.2	10,774/90.9
Big Bend 2	56.1	32.6	11.3	10,396/90.5
Big Bend 3	54.3	3.8	41.8	10,751/77.3
Big Bend 4	67.5	15.3	17.2	10,598/90.1
Polk 1	79.7	9.8	10.6	10,707/86.9
Bayside 1	93.4	3.8	2.8	7,264/84.4
Bayside 2	94.1	3.8	2.0	7,378/77.7

VII. OTHER MATTERS

Our staff and the utilities concurred as to the effective date for the new factors. All other parties took no position. Based on the record evidence, the new fuel adjustment charges and capacity cost recovery factors approved in this Order shall be effective for each utility as follows:

FPL: The Company requested that the new Fuel Cost Recovery factor for January through May, June through October, and November through December, become effective during these periods which will provide five months of billing on the January through May factor, five months of billing on the June through October factor and two months of billing on the November through December factor. FPL requested that the Capacity Cost Recovery factors become effective with customer bills for January 2009 through December 2009. This will provide for 12 months of billing on the Capacity Cost Recovery factors for all FPL customers.

FPUC: FPUC's approved fuel adjustment and purchased power cost recovery factors shall be effective for all meter readings on or after January 1, 2009, beginning with the first or applicable billing cycle for the period January, 2009.

GULF: The new fuel and capacity factors shall be effective beginning with the first billing cycle for January 2009 and thereafter through the last billing cycle for December 2009. The first billing cycle may start before January 1, 2009, and the last cycle may be read after December 31, 2009, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

PEF: The new factors shall be effective beginning with the first billing cycle for January 2009, and thereafter through the last billing cycle for December 2009. The first billing cycle may start before January 1, 2009, and the last billing cycle may end after December 31, 2009, so long as each customer is billed for twelve months regardless of when the factors became effective.

TECO: For fuel, the new factors shall be effective beginning with the specified billing cycle and thereafter for the period January 2009 and thereafter through the last billing cycle for December 2009. The first billing cycle may start before January 1, 2009, and the last billing cycle may end after December 31, 2009, so long as each customer is billed for 12 months regardless of when the fuel factors became effective. The capacity factors are annualized factors that are expected to apply for the period January through April 2009 with a revision to those factors coincident with the effective date of the base rate modifications.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power & Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, and Florida Public Utilities Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2009 through December 2009. It is further

ORDERED the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power & Light Company, Progress Energy Florida, Inc., Gulf Power Company, and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors as set forth herein during the period January 2009 through December 2009. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based.

By ORDER of the Florida Public Service Commission this 22nd day of December, 2008.

ANN COLE
Commission Clerk

By: Kimberley M. Peña
Kimberley M. Peña
Chief Deputy Commission Clerk

(S E A L)

LCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.