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June 28, 1996

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399-0850

RE: DOCKET NO. 960001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of pages 12-16 of Florida Power & Light Company's Testimony of R. Silva regarding its Levelized Fuel Cost Recovery in the above-referenced docket.

On June 24, 1996, FPL filed testimony of R. Silva and in that filing pages 12-16 were inadvertently omitted. We apologize for any inconvenience this may cause.

Very truly yours,

Charles A. Hughes, Jr.

Matthew M. Childs, P.A.

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**CERTIFICATE OF SERVICE
DOCKET NO. 960001-EI**

I HEREBY CERTIFY that a true and correct copy of pages 12-16 of Florida Power & Light Company's Testimony of R. Silva regarding Levelized Fuel Cost Recovery has been furnished by Hand Delivery,** or U.S. Mail this 28th day of June, 1996, to the following:

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Matthew M. Childs, P.A.

1 addition, we project the purchase of 1,644,465 MWH of UPS
2 Replacement energy (Schedule R) at a cost of \$25,886,870. The total
3 UPS Energy plus Schedule R projections are presented on Schedule
4 E7 of Appendix II.

5
6 Energy purchases from the JEA-owned portion of the St. Johns River
7 Power Park generation are projected to be 1,374,901 MWH for the
8 period at an energy cost of \$21,424,670. FPL's cost for energy
9 purchases under the St. Lucie Plant Reliability Exchange Agreements
10 is a function of the operation of St. Lucie Unit 2 and the fuel costs to
11 the owners. For the period, we project purchases of 261,211 MWH
12 at a cost of \$1,101,000. These projections are shown on Schedule E7
13 of Appendix II.

14
15 In addition, as shown on Schedule E8 of Appendix II, we project that
16 purchases from Qualifying Facilities for the period will provide
17 2,968,817 MWH at a cost to FPL of \$56,346,004.

18
19 **Q. How were energy costs related to purchases from Qualifying**
20 **Facilities developed?**

21 **A. For those contracts that entitle FPL to purchase "as-available" energy**

1 we used FPL's fuel price forecasts as inputs to the POWRSYM model
2 to project FPL's avoided energy cost that is used to set the price of
3 these energy purchases each month. For those contracts that enable
4 FPL to purchase firm capacity and energy, the applicable Unit Energy
5 Cost mechanism prescribed in the contract is used to project monthly
6 energy costs.

7

8 **Q. Have you projected Schedule A/AF - Emergency Interchange**
9 **Transactions?**

10 A. No purchases or sales under Schedule A/AF have been projected since
11 it is not practical to estimate emergency transactions.

12

13 **Q. Have you projected Schedule B/BF - Short-Term Firm**
14 **Interchange Transactions?**

15 A. No commitment for such transactions had been made when projections
16 were developed. Therefore, we have estimated that no Schedule BF
17 sales or Schedule B purchases would be made in the projected period.

18

19

20 **Q. Please describe the method used to forecast the Economy**
21 **Transactions.**

- 1 A. The quantity of economy sales and purchase transactions are projected
2 based upon historic transaction levels, corrected to remove non-
3 recurring factors.
4
- 5 **Q. What are the forecasted amounts and costs of Economy energy
6 sales?**
- 7 A. We have projected 213,608 MWH of Economy energy sales for the
8 period. The projected fuel cost related to these sales is \$5,815,199.
9 The projected transaction revenue from the sales is \$7,494,441. Eighty
10 percent of the gain for Schedule C is \$1,343,394 and is credited to
11 our customers.
12
- 13 **Q. In what document are the fuel costs of economy energy sales
14 transactions reported?**
- 15 A. Schedule E6 of Appendix II provides the total MWH of energy and
16 total dollars for fuel adjustment. The 80% of gain is also provided on
17 Schedule E6 of Appendix II.
18
- 19 **Q. What are the forecasted amounts and costs of Economy energy
20 purchases for the October, 1996 to March, 1997 period?**
- 21 A. The costs of these purchases are shown on Schedule E9 of Appendix

1 II. For the period FPL projects it will purchase a total of 1,963,659
2 MWH at a cost of \$37,186,920. If generated, we estimate that this
3 energy would cost \$41,496,176. Therefore, these purchases are
4 projected to result in savings of \$4,309,256.

5
6 **Q. What are the forecasted amounts and cost of energy being sold**
7 **under the St. Lucie Plant Reliability Exchange Agreement?**

8 A. We project the sale of 261,225 MWH of energy at a cost of
9 \$1,007,000. These projections are shown on Schedule E6 of Appendix
10 II.

11
12 **Q. Would you please summarize your testimony?**

13 A. Yes. In my testimony I have presented FPL's fuel price projections
14 for the fuel cost recovery period of October, 1996 through March,
15 1997. In addition, I have presented FPL's projections for generating
16 unit heat rates and availabilities, and the quantities and costs of
17 interchange and other power transactions for the same period. These
18 projections were based on the best information available to FPL, and
19 were used as inputs to POWRSYM in developing the projected Fuel
20 Cost Recovery Factor for the October, 1996 through March, 1997
21 period.

1

2 Q. Does this conclude your testimony?

3 A. Yes, it does.

4

5

6