

STEEL  
HECTOR  
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REGISTERED LIMITED LIABILITY PARTNERSHIP

Steel Hector & Davis LLP  
215 South Monroe, Suite 601  
Tallahassee, Florida 32301-1804  
850.222.2300  
850.222.8410 Fax  
www.steelhector.com

Matthew M. Childs, P.A.

September 7, 2001

- VIA HAND DELIVERY -

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399

050001-EI

COMMISSION  
CLERK

01 SEP - 7 PM 4: 57

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RE: DOCKET NO. 010001-EI

Dear Ms. Bayó:

Enclosed is Florida Power & Light Company's ("FPL") answer to Staff's First Set of Interrogatories Nos. 9,14,15,54,56,58,60 and 78 and response to Staff's First Request for Production of Documents Nos. 1-33. FPL filed an Amended Notice of Intent to Seek Confidential Classification on September 7, 2001.

Very truly yours,

Matthew M. Childs, P.A.

MMC/gc

Enclosures

cc: All Parties of Record (w/o enclosures)

**DECLASSIFIED  
CONFIDENTIAL**

PR 6-28-03

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11203 SEP-7 01

FPSC-COMMISSION CLERK

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FEDERAL BUREAU OF RECORDS  
202 SEP-7 01

FPSC-COMMISSION CLERK

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Florida Power & Light Company  
Docket No 010001-EI  
Staff's First Request for Production of Documents  
Production of Documents Nos. 1 through 33

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DOCUMENT NUMBER-DATE

11202 SEP-75

FPSC-COMMISSION CLERK

**Q.** Please provide FPL Group's and FPL's objectives and goals that reference managing risks associated with fuel and wholesale energy transactions.

**A.** See attached documents, FPL Group Risk Management and Trading Policy Manual, and Florida Power & Light Company Energy Marketing & Trading and FPL Energy Power Marketing, Inc., Risk Management and Trading Procedures Manual.

FPL has filed a Notice of Intent to Request Confidential Classification of the attached information. Please note that FPL considers the entire two attached manuals to be confidential.

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question Nos. 1 and 3-22

**CONFIDENTIAL**

# **FPL Group**

## **Risk Management and Trading**

### **Policy Manual**

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## 1. ORGANIZATIONAL STRUCTURE

### 1.1. Purpose

FPL Group Inc. (FPL Group) has established certain business units ("Business Units") to become active buyers, sellers and traders of physical energy commodities such as electricity, gas and oil, as well as financial products with prices that are determined from these commodities. At this time the primary business units conducting such transactions are Energy Marketing and Trading (EMT), a division of Florida Power & Light (FPL), FPL Energy Power Marketing, Inc. (PMI), a subsidiary of FPL Energy Inc. (FPLE) and FPL Energy Services (FPLES), a subsidiary of FPL Group, Inc.. The Business Units' activities will be undertaken with the intent of making the most effective use of FPL Group's assets while satisfying FPL's native load needs, and deriving value from market imbalances. In pursuit of these goals, the Business Units may enter into transactions undertaken to profit from market movements, not for risk management, so long as the trading and risk tolerance parameters specified in the attached Appendices are not exceeded.

Trading in physical and financial commodity markets may be used in an effort to manage financial risks but these activities also can increase financial exposures. These exposures include, but are not limited to, underlying price volatility, credit risk, market risk and related variation in cash flows.

The purpose of the FPL Group Risk Management and Trading Policy Manual ("Policies" or "Policy Manual") is to specify operating parameters, controls and management responsibilities relating to such trading and risk management activities. These policies and limits are Business Unit specific and are detailed in the Appendices.

In addition to the policies set forth in this manual, all employees involved in the trading and risk management process shall receive a copy of the Business Unit's Risk Management and Trading Procedures Manual (the "Procedures" or "Procedures Manual"). It is the employee's responsibility to understand and adhere to the Policies and Procedures which constitute the Business Unit's risk management and trading program. Employees involved in the trading and risk management process shall document annually in writing that they have obtained, read and will adhere to the Policy and Procedures Manuals.

### 1.2. Exposure Management Committee

The day-to-day trading and risk management activities are the responsibility of the Presidents of the individual Business Units, operating within approved parameters. To facilitate a process of developing and modifying operational parameters and to provide an effective oversight mechanism, the Chairman of FPL Group, Inc. has approved the formation of an Exposure Management Committee (EMC)

The EMC shall consist of no less than three and no more than seven voting members. The current members of the EMC are listed in Appendix A to this Policy Manual. The EMC shall provide a report at least annually to the Finance Committee of the Board of Directors of FPL Group, Inc. Additional reporting may be provided, as determined appropriate by the EMC.

### 1.3. EMC Responsibilities

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of Documents  
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The EMC is responsible for the following:

- establishing a general framework for monitoring results of trading activities and compliance with policies and procedures;
- authorization of the trading and risk management policies;
- approve any changes made by the business units to the procedures at least once per year;
- authorization of trading and hedging parameters for each business unit including tolerances for counterparty credit risk, market risk, and other applicable limits (loss limits and volumetric limits);
- authorization of specific commodities, geographic regions and other instruments to be traded;
- evaluating proposed uses of instruments which are either not specifically or clearly permitted by policy, and authorizing transactions considered appropriate;
- authorization of appropriate systems for recording, monitoring and reporting the results of the risk and exposure management activities;
- monitoring results of the risk management and trading activity; and
- approving confidence intervals and holding periods to be used in market risk calculations.

### 1.4. Meetings of the EMC

The EMC shall meet at least quarterly to review the performance and current business environment surrounding the trading activities. A quorum is necessary for binding approvals of EMC decisions, with more than 50% of the voting membership representing a quorum. A majority of attending EMC members voting in favor of an initiative represents EMC approval.

From time to time, officers or employees who represent the Business Units will make recommendations to the EMC. Decisions by the EMC will be made in consultation with these individuals. Should a Business Unit bring forward a proposal for a new trading product or change to the approved Policies or Procedures, it will be expected to provide an explanation of the application, benefit and related risks of all such proposals brought to the EMC.

Modification of the policies described in this document requires EMC approval. In addition, increases to the maximum market risk limits specified in the Appendices require the approval of the Chairman of the EMC of FPL.

Minutes of the EMC meetings will be recorded and distributed to EMC members, the President of FPL and the Controller of FPL Group, the Presidents of all Business Units that engage in any activity governed by the EMC, and the Director of Internal Audit in a timely fashion. These minutes will constitute the official record of EMC approvals. Changes made to the Policy Manual shall be distributed to EMC members, the President of FPL and Controller of FPL Group, the President of the Business Unit and all Business Unit employees involved in the risk management and trading process, and the Director of Internal Audit.

## 2. MARKET RISK MANAGEMENT

### 2.1. Defined

Market exposure can be defined as the extent of the uncertainty related to a change in the portfolio's value due to a change in the underlying business environment. These changes are related, but not limited, to changes in the pricing of the underlying commodities in which the Business Unit trades, changes in

load, changes in portfolio concentration (eg: geographic and instruments), changes in generation capabilities and changes in import/export volumes.

## 2.2. Risk Management Function

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The Director of Risk Management will report to the Corporate Controller of FPL Group to provide clear independence and authority to the risk management function with a dotted-line relationship to the President of each Business Unit. The Director of Risk Management is responsible for:

- monitoring compliance with limits as specified in the Appendices of this Policy Manual;
- designing and implementing appropriate scenarios to test the portfolios for sensitivities such as market gaps, volatility swings, market concentrations or stress testing;
- maintaining and utilizing appropriate and accurate historic performance and volatility data used in valuing the portfolio (includes price verification for Mark to Market calculations);
- selecting confidence intervals and holding periods and other modeling assumptions to be used in market risk calculations;
- monitoring of variance between the actual volatility of portfolio value and that predicted by the measurement of market risk;
- review and approval of pricing models and valuation systems used by the Traders and Marketers, and Accounting and Finance personnel; and
- Annual testing of valuation models, products, etc. with an unbiased or external party (this is required due to the fact that Risk Analytics supports both the Trading/Asset Valuation and Risk Management quantitative and modeling functions).

## 2.3. Market Risk

### 2.3.1. Value at Risk ("VaR")

Market exposure is expressed as the amount that an instrument in the trading portfolio may deviate from its existing market value, resulting in an impact on earnings and cash flows. VaR is defined conceptually as the largest expected loss over a specified period of time under normal market conditions within a specified probabilistic confidence interval and should be calculated daily.

### 2.3.2. Limits

Separate limits have been established for each Business Unit. These limits must consider the aggregate exposure associated with financial transactions, basis positions and physical positions in combination.

The Current Limits specified in the Appendices of this Policy Manual are the levels approved by the EMC and each Business Unit must operate within these limits. The Maximum Limits in the Appendices represent the levels authorized by the Chairman of the EMC. The EMC may, at its discretion, alter the Current Limits for any Business Unit, however cannot increase the authorized Current Limits above the Maximum Limit specified for the respective Business Unit without the approval of the Chairman of the EMC.

At no time should the Current Limits specified in the appropriate Appendix be exceeded. In the event such limits are exceeded, the EMC is to be notified immediately. Upon notification, any member of the EMC may request a meeting of the EMC to determine the appropriate action. The Chairman of the EMC and the Chairman of FPL Group, Inc. must be immediately notified if the Maximum Limits are exceeded.



### 3. CREDIT RISK MANAGEMENT

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#### 3.1. Defined

Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. Total credit exposure should include both current exposure (short-term replacement cost) and potential exposures (longer-term replacement or liquidation costs). Credit risk should be aggregated, taking into consideration enforceable netting arrangements.

The Credit Manager of EMT/PMI is responsible for developing credit risk measurement standards, assigning credit ratings and monitoring credit limits in accordance with the limits established in the appropriate Appendix of this Policy Manual relating to EMT/PMI. The Director of Revenue Recovery is responsible for developing credit risk measurement standards, assigning credit ratings and monitoring credit limits in accordance with the criteria ~~limits~~ established in the appropriate Appendix of this Policy Manual relating to FPL Energy Services. Sufficient segregation must exist between the credit function and trading activities. Credit enhancements, such as cash prepayments, letters of credit and guarantees may be used at the Credit Manager's or Director of Revenue Recovery's discretion. In order to minimize credit risk, legally enforceable master netting agreements should be used whenever possible.

#### 3.2. Limits

At no time should credit exposure exceed the limits established in the appropriate Appendix of this Policy. In the event such limits are exceeded, EMC members will be immediately notified as specified in Appendix C. Upon notification, any member of the EMC may request a meeting of the EMC to determine the appropriate action.

### 4. ACCOUNTING, NEW PRODUCT INITIATION AND RESTRICTIONS

#### 4.1. Accounting for Transactions

The process of accounting for transactions is a key control element. Sufficient segregation must exist between accounting, trading and risk management activities. The Risk Management function is responsible for verifying trading data input and for the mark-to-market and validation functions.

The Business Unit's financial books and records will be maintained in accordance with generally accepted accounting principles and be consistent with regulatory accounting requirements, where applicable.

#### 4.2. New Product Initiation Process

A new product is a commodity, financial instrument or participation in a geographic market other than those instruments and markets previously approved by the EMC. Examples of new products would include, but not be limited to, entry into different products or market lines, the use of derivatives with different risk characteristics or the use of derivatives to implement different business strategies or goals.

The EMC must approve the use of all new products or the entry into different commodity markets prior to execution of any such trade by a Business Unit. Financial instruments and physical markets approved for trading are listed in appropriate Appendix of this Policy Manual.

**CONFIDENTIAL****4.3. Restricted Activities of Personnel**

No trading of futures or options in the commodities (and related financial instruments) specified in the Appendices will be carried out by employees of any Business Unit except on behalf of the Business Unit. Employees involved in trading or risk management, or whose spouses or dependents are involved in trading or risk management activities, will be subject to the Business Unit's Restricted Activities Process. This process, at a minimum, will require that certain activities (such as acting as a broker or trading certain instruments ) be identified within the Appendices of the Policy document. The process also requires an annual review process, including a signed statement of compliance by the employee regarding the restricted activities of the employee, their spouse, and any dependent.

The use of leveraged instruments is inappropriate under this Policy. Instruments are considered to be leveraged if the instrument's price is determined from a formula involving a multiple of the underlying commodity's price (small changes in the underlying price, rate or index can produce comparatively large gains or losses). Specific written authorization from the EMC must be obtained prior to entering into any leveraged transaction, as defined.

**5. FUTURES COMMISSION MERCHANTS**

Any Business Unit that executes transactions involving exchange traded derivatives must have no fewer than two Futures Commission Merchants (firms legally authorized to solicit or accept orders for the purchase or sale of futures contracts). All Futures Commission Merchants' must be either a Clearing Member of the respective exchanges the Business Unit uses, or an Introducing Broker that is affiliated with a specific Clearing Member.

**6. MANAGEMENT REPORTING**

Management reporting is an essential element of the trading and risk management program. Such reporting not only provides management with timely results of activities but also provides an essential control mechanism by highlighting exceptions and proximity to authorized limits. The types of reporting required, the originator, distribution and frequency are detailed in the Management Reporting section of the Procedures Manual.

**7. DISCIPLINARY ACTION**

To ensure that employees involved in risk management and trading activities adhere to guidelines and limitations specified in the Policy and Procedures Manuals, disciplinary action will be taken in the event of a breach of Policy. (Exceeding authorized limits due solely to changes in market conditions is not considered a breach of Policy for purposes of disciplinary action.) Depending on the nature and extent of the Policy breach, such disciplinary action may include termination and criminal prosecution (See "Risk Management and Trading Discipline Process" issued separately).

**8. APPENDIX A - EXPOSURE MANAGEMENT COMMITTEE MEMBERS**

## Voting Members:

- Paul Evanson, President of FPL (Chairman of EMC)
- Mike Davis, Corporate Controller, FPL Group, Inc.
- Lew Hay, President, FPL Energy, Inc.
- Anthony Altmann, President, EMT
- Edward Tancer, Senior Attorney, FPL
- Mark Maisto, President, PMI
- Open, Chief Financial Officer, FPL Group, Inc.

*↳ Moray Dewhurst*

## Non-voting Members:

- Maria Fogarty, Director of Internal Audit
- Open, Risk Manager
- George Wayne, Director of Risk Analytics FPL Energy, Inc.
- James Nowill, Outside Advisory Member

Other members of Corporate or Business Unit Management mentioned within this Policy or the Procedures Manual include:

- Director of Forward Markets Group – Terry Morrison
- Director of Wholesale Operations – Joe Stepenovitch
- Director of Accounting & Finance – Scott Borgmeyer
- Director of Operations & Administration – Keyvan Bohlooli
- Credit Manager – Bob Cooper
- Risk Management Position Manager – Linda Wedeen
- Bill Hamilton – President of FPLES
- Dennis Brandt – Vice President of FPLES

Note: The above positions are all EMT/FPLES position titles. The PMI equivalents will be determined.

**9. APPENDIX B - VALUATION ASSUMPTIONS**

A 95% one-tailed confidence interval and the following holding periods should be used when computing VaR. This will apply to all asset and traded/marketed product valuations.

<b>Instrument</b>	<b>Minimum Holding Period<sup>(1)</sup></b>
Exchange-traded futures and options	1 Day
Over-the counter swaps and options	1 Day
Other financial instruments	1 Day

(1) Holding period assumptions can be increased based on the judgment of the Director of Risk Management.

**10 APPENDIX C - CREDIT POLICY****EMT and PMI****CONFIDENTIAL**Credit Limits and Exposure

The credit limit is intended to provide a current credit exposure as measured by the sum of the any current or past due receivables (including amounts due that have not yet been invoiced) plus the mark to market gains for any forward transactions . Credit limits are established only for trading counterparty customers and credit support providers. Entities such as ISO's, RTO's, Transco's and exchanges shall all have pre-specified credit conditions and should be accounted for on a case by case basis.

The credit limit is intended to cover trading activity only and does not consider additional exposures arising from structured transactions. Counter parties for whom credit exposure arises from both trading and structured transactions will be reviewed individually and appropriate aggregate exposure levels will be determined and approved by EMT and PMI management with additional review by the EMC. Any contractual agreements acquired due to the acquisition of assets (i.e. generating facilities, etc.) or structured transactions (non standard deals that require negotiation and occur over a period of time) may be provided an exception to the credit policy by applicable business unit management. However, this action must be integrated into the current Credit Limit Policy and Procedures within 90 days of execution of the exception item. If after the 90 days, the obligation requires a permanent adjustment to the counterparty credit profile in excess of current EMC limits then the Credit Manager will establish a counterparty specific limit and report it as a separate rating class within all distributed documentation. Simultaneously all business management personnel will be notified of the permanent exception as well as all EMC members voting and non-voting. This procedure requires the applicable business unit management chief financial officer to notify the Credit Manager of any outstanding credit issues/concerns in a timely manner following execution of the contract.

A Counterparty's credit limit is established by utilizing the predefined matrix for the appropriate FPL Group business unit, should the individual business unit not have an individual matrix then the appropriate parental matrix shall apply. The matrix identifies the counterparty's or credit support provider's credit rating, either externally or internally derived and the counterparty's relative size in terms of tangible net worth. In cases where there are different ratings the lowest credit rating, either external or internal is to be used.

The Credit Manager has the ability to halt trading with a counterparty that is deemed not to be creditworthy.

The following matrix identifies FPL Group maximum exposure to a single corporate entity inclusive of unsecured credit lines only.

FPL Group Credit Matrix (Unsecured Portion) Per Single Corporate Entity

Internal Credit Rating	Reference Moody's/S&P Bond Rating	Total Amount of Tangible Equity		
		EMT/PMI Credit Manager	CFO of FPLE and CFO of FPL or designee	EMC
1	Aaa/AAA	\$60,000,000	\$100,000,000	>\$100,000,000
2	Aa/AA	\$55,000,000	\$100,000,000	>\$100,000,000
3	A/A	\$45,000,000	\$100,000,000	>\$100,000,000
4	Baa/BBB	\$35,000,000	\$70,000,000	>\$70,000,000
5	Ba/BB	\$10,000,000	\$50,000,000	>\$50,000,000
6	B/B	\$2,000,000	\$40,000,000	>\$40,000,000
7	Caa/CCC or Below	-	\$3,000,000	>\$3,000,000

- [1] – The Credit Manager's authority is limited to the lesser of 5% of Tangible Net Worth or the above credit limit amount.
- [2] – This matrix is applicable for most credit reviews. The Credit Manager is responsible for establishing unique reviews for "non standard" counterparties such as Co-Ops, municipalities, exchanges, ISO's, etc. Limits for "non standard counterparties will be assigned an internal rating and conform to the above dollar limits.

### Credit Rating

The external credit rating is defined as the rating applied by nationally recognized credit rating agencies (e.g., Moody's, Standard & Poors or Duff & Phelps) to the counterparty's Senior Long-Term Debt. The internal credit rating is developed by using the approved Counter Party Customer Credit Review Process. Lower credit limits and shorter terms than those identified in the appropriate matrix may be assigned to counterparties at the discretion of the Credit Manager.

### Credit Enhancements

Credit enhancements, such as bonds and guaranties are considered unsecured credit while letters of credit, escrow accounts, and cash prepayments are considered secured credit. Each enhancement may be used to provide or extend a counterparty's credit limit as defined in the approved Application of Credit Enhancements Process.

### Timing of/Frequency of Credit Reviews

All credit requests from Commercial personnel will be prioritized to identify the immediacy of the response required. Requests received for pending deals require a response within the current business day, all other requests require a response within thirty (30) business days from Credit Management.

After a permanent credit line has been established, the creditworthiness of every counterparty or credit support provider will be monitored on an on-going basis to detect changes in creditworthiness and shall be comprehensively reviewed at least once each year.

### Credit Exceptions

Should the counterparty credit limits be exceeded, the exception will be investigated, documented and forwarded to EMT/PMI management, Risk Management and the EMC members, if required. All notifications and assignments of exceptions will be clearly communicated daily.

Party Notified	Amount in excess of current Approved Credit Limit
EMT/FPLE-PMI Management	Up to 10% of approved unsecured credit line
EMC Members	Above 10% of approved unsecured credit line

Excluded information relates to unregulated activities.

written off. Collection activities will continue after write off and may include the use of collection agencies.

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**11. APPENDIX D - AUTHORIZED TRADING PRODUCTS**

**11.1. Physical Markets**

<u>Commodity</u>	<u>Regions/Locations</u>
Electricity	All NERC Regions within Continental United States
Natural Gas	All delivery points within Continental United States
Heating Oil	All delivery points within Continental United States
WTI	All delivery points within Continental United States
Emissions	All points within Continental United States



Excluded information relates to unregulated activities.

**11.2 Regulated Commodity Exchange Traded Instruments**

<u>Exchange</u>	<u>Contract</u>	<u>Futures</u>	<u>Options</u>
NYMEX	Natural Gas	X	X
	Electricity	X	X
	Heating Oil	X	X
	WTI	X	X
	Emissions	X	X
KCBOT	Natural Gas	X	X
CBOT	Electricity	X	X

**11.2.3 Over-the-Counter Derivatives**

Over-the-Counter (OTC) derivatives will be either swaps or options on swaps.

The floating price component(s) of traded swaps can be based on any of the authorized trading products included in 11.1. and 11.2. above.

OTC options can be traded against any authorized swap contract.



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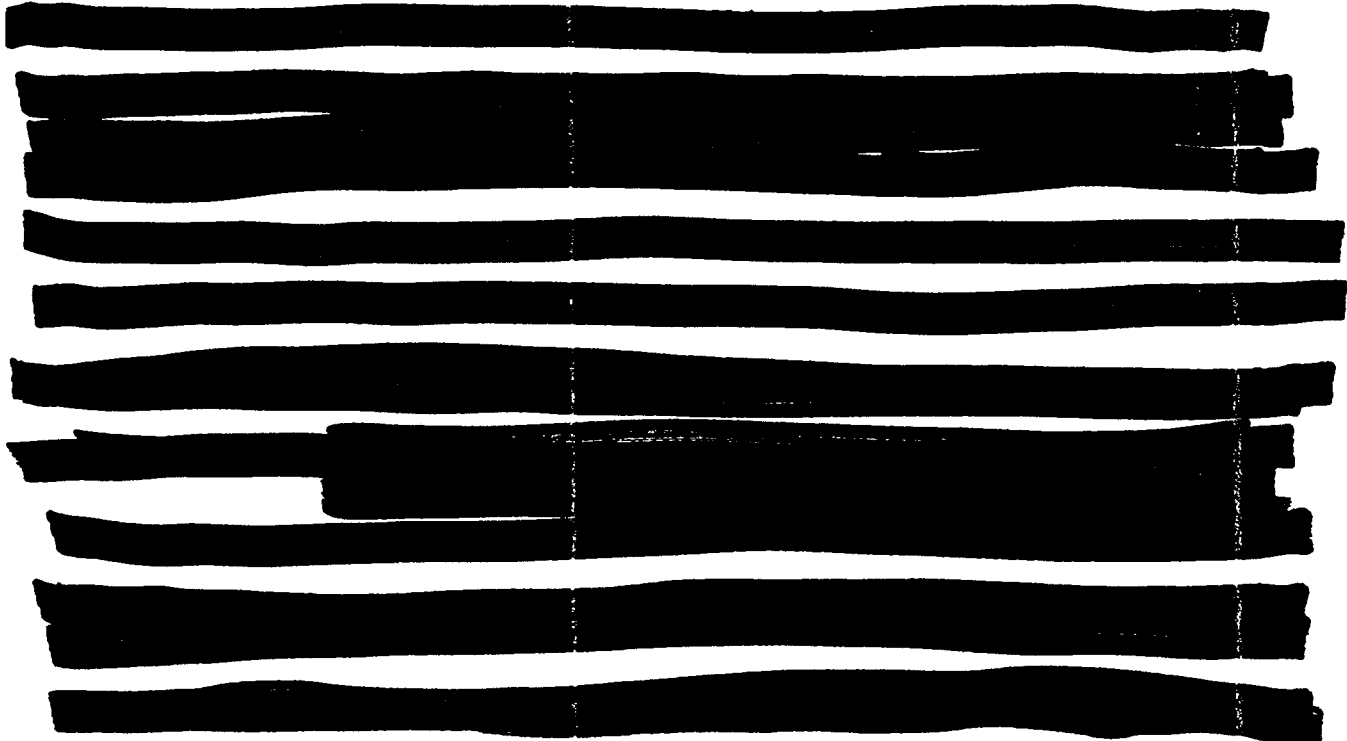
12. APPENDIX E - MARKET RISK LIMITS

The following table summarizes VaR and Loss Limits approved by the EMC, Chairman of the EMC, and Chairman of FPL Group:

Business Unit	Risk Types/Periods	Current Limits	Maximum Limits	Duration Limits [2]
Florida Power & Light Company	<b>FPL Transactions (1) :</b>			
	Value at Risk	\$5,000,000	\$30,000,000	2 Years
	Loss Limit, year to date (1)	\$12,000,000	\$20,000,000	2 Years
	<b>EMT Trading:</b>			
	Value at Risk	\$ 500,000	\$15,000,000	2 Years
	Loss Limit, year to date	\$ 1,000,000	\$ 5,000,000	2 Years

(1) FPL Transactions include losses in comparison to market prices, even though FPL consumes the gas or power involved in most of its transactions. When opportunity losses occur for power or gas used by the FPL system, no actual loss is incurred. Using this method for risk management is more rigorous and conservative, models an unregulated environment, and provides better procurement practices and potential results for customers.

(2) Any period from next calendar month forward.



Excluded information relates to unregulated activities.

**Notification Requirements In The Event Of An Exception:****The EMC Member's obligation to Risk Management/Business Unit Request:**

- It is not required that the EMC convene upon receipt of a notification/request. However, there must be communication amongst the members and a response drafted back to Risk Management and EMT or PMI Management before the end of the business day following the notification, particularly if there has been a request to raise the Current Limit.
- We are aware that not all members of the EMC will be in town when a notification is sent out. As such, the EMC member responsible for polling the other members and drafting a response will be, in order of availability (being in town):
  - Paul Evanson
  - Mike Davis
  - Ed Tancer
- Any approved requests must be endorsed by a majority of voting members.
- Upon notification that a majority of the voting members are not available to approve a request, Risk Management and EMT or PMI Management will immediately execute the plan to bring the VaR level within the business unit's existing VaR tolerance.

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**Florida Power & Light Company  
Docket No 010001-EI  
Staff's First Set of Interrogatories**

**Interrogatories Nos. 9, 14, 15, 54, 56, 58, 60 and 78**

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**Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Set of Interrogatories  
Question No. 9**

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**Q9. For each subsidiary of FPL Group listed in response to staff's Interrogatory No. 6, other than FPL, please list the fossil fuel suppliers that the subsidiary had in common with FPL during 1999 and 2000.**

**A. Note: As stated in the response to Interrogatory #8 FPL Energy Power Marketing, Inc. ("PMI") is responsible for purchasing fossil fuel for FPL Energy's generation portfolio, therefore, the suppliers listed below had contracts w/ both FPL and PMI.**

Anadarko Energy Services Company (PMI)  
Aquila Energy Marketing Corporation  
BP Energy Company  
Bridgeline Gas Marketing, LLC  
Cinergy Marketing & Trading, LLC  
Constellation Energy Source, Inc.  
Coral Energy Resources, LP  
Distrigas of Massachusetts Corporation  
Duke Energy Trading and Marketing, LLC  
Dynergy Marketing & Trade  
El Paso Merchant Energy, LP  
Energy Authority, Inc. (The)  
Energy USA-TPC Corp.  
Enron North America Corp.  
Florida Public Utilities Company  
Marathon Oil Company  
Mirant Americas Energy Marketing, LP  
NUI Energy Brokers, Inc.  
Occidental Energy Marketing, Inc.  
ONEOK Energy Marketing & Trading Co., LP  
Pan Canadian Energy Services, Inc.  
PG&E Energy Trading-Gas Corporation  
ProGas Limited  
Proliance Energy, LLC  
Public Service Electric & Gas Company  
Reliant Energy Services, Inc.  
Sempra Energy Trading Corp.  
Tenaska Marketing Ventures  
Texaco Natural Gas Inc.  
TransCanada Gas Services Inc.  
TXU Energy Trading Company  
Virginia Power Energy Marketing, Inc.  
Western Gas Resources, Inc.  
Williams Energy Marketing & Trading Company

**Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Set of Interrogatories  
Question No. 14**

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**Q14. For each subsidiary of FPL Group listed in response to staff's Interrogatory No. 11, other than FPL, please list the wholesale energy suppliers that the subsidiary had in common with FPL during 1999 and 2000.**

A. Note: As stated in the response to Interrogatory #13 FPL Energy Power Marketing, Inc. ("PMI") is responsible for purchasing fossil fuel for FPL Energy's generation portfolio, therefore, the suppliers listed below had contracts w/ both FPL and PMI.

AES NewEnergy, Inc.	LG&E Energy Marketing Inc.
Alabama Municipal Electric Authority	Louisville Gas and Electric Company
Allegheny Energy Supply Company, L.L.C.	Mirant Americas Energy Marketing, LP
Allegheny Power Service Corporation	Morgan Stanley Capital Group, Inc.
American Electric Power Service Corp.	New Smyrna Beach Util. Commiss. City of
Aquila Energy Marketing Corporation	New York Independent System Operator
Avista Energy, Inc.	NRG Power Marketing, Inc.
BP Energy Company	OGE Energy Resources, Inc.
Cargill-Alliant, LLC	Oglethorpe Power Corporation
Central Maine Power Company	PECO Energy Company
Cinergy Capital & Trading, Inc.	PG&E Energy Trading-Power, L.P.
Cinergy Services, Inc.	PJM Interconnection, L.L.C.
Commonwealth Edison Company	Potomac Electric Power Company
Conectiv Energy Supply, Inc.	PPL EnergyPlus, LLC.
Constellation Power Source, Inc.	PSEG Energy Resources & Trade LLC
Coral Power, L.L.C.	Reliant Energy Services, Inc.
DTE Energy Trading, Inc.	Rochester Gas and Electric Corporation
Duke Energy Trading and Marketing, L.L.C.	Sempra Energy Trading Corp.
Duke Power, a div of Duke Energy Corp.	South Carolina Electric & Gas Company
Dynegy Power Marketing, Inc.	Southern Company Services, Inc.
Edison Mission Marketing & Trading, Inc.	Statoil Energy Trading, Inc.
El Paso Merchant Energy, L.P.	Tenaska Power Services Co.
Energy Authority, Inc. (The)	Tennessee Power Company
Enron Power Marketing, Inc.	Tractebel Energy Marketing, Inc.
Entergy Power Marketing Corp.	TXU Energy Trading Company
FirstEnergy Trading Services, Inc.	Virginia Electric and Power Company
GPU Energy	Williams Energy Marketing & Trading Co.
Legacy Energy Group, LLC, The	

**Florida Power & Light Company  
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Staff's First Set of Interrogatories  
Question No. 15**

**CONFIDENTIAL**

**Q15. For each subsidiary of FPL Group listed in response to staff's Interrogatory No. 11, other than FPL, please list the wholesale energy customers that the subsidiary had in common with FPL during 1999 and 2000.**

A. Note: As stated in the response to Interrogatory #13 FPL Energy Power Marketing, Inc. ("PMI) is responsible for purchasing fossil fuel for FPL Energy's generation portfolio, therefore, the suppliers listed below had contracts w/ both FPL and PMI.

AES NewEnergy, Inc.	LG&E Energy Marketing Inc.
Alabama Municipal Electric Authority	Louisville Gas and Electric Company
Allegheny Energy Supply Company, L.L.C.	Mirant Americas Energy Marketing, LP
Allegheny Power Service Corporation	Morgan Stanley Capital Group, Inc.
American Electric Power Service Corp.	New Smyrna Beach Util. Commiss. City of
Aquila Energy Marketing Corporation	New York Independent System Operator
Avista Energy, Inc.	NRG Power Marketing, Inc.
BP Energy Company	OGE Energy Resources, Inc.
Cargill-Alliant, LLC	Oglethorpe Power Corporation
Central Maine Power Company	PECO Energy Company
Cinergy Capital & Trading, Inc.	PG&E Energy Trading-Power, L.P.
Cinergy Services, Inc.	PJM Interconnection, L.L.C.
Commonwealth Edison Company	Potomac Electric Power Company
Conectiv Energy Supply, Inc.	PPL EnergyPlus, LLC.
Constellation Power Source, Inc.	PSEG Energy Resources & Trade LLC
Coral Power, L.L.C.	Reliant Energy Services, Inc.
DTE Energy Trading, Inc.	Rochester Gas and Electric Corporation
Duke Energy Trading and Marketing, L.L.C.	Sempra Energy Trading Corp.
Duke Power, a div of Duke Energy Corp.	South Carolina Electric & Gas Company
Dynegy Power Marketing, Inc.	Southern Company Services, Inc.
Edison Mission Marketing & Trading, Inc.	Statoil Energy Trading, Inc.
El Paso Merchant Energy, L.P.	Tenaska Power Services Co.
Energy Authority, Inc. (The)	Tennessee Power Company
Enron Power Marketing, Inc.	Tractebel Energy Marketing, Inc.
Entergy Power Marketing Corp.	TXU Energy Trading Company
FirstEnergy Trading Services, Inc.	Virginia Electric and Power Company
GPU Energy	Williams Energy Marketing & Trading Co.
Legacy Energy Group, LLC, The	

Florida Power & Light Company  
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Question No. 54

**CONFIDENTIAL**

**Q54. Please provide the following information concerning FPL's natural gas commodity contracts in effect for any amount of time between March 1999 and March 2001.**

- a) Name of supplier;
- b) Contract start date;
- c) Contract ending date;
- d) Whether the contract was market-indexed;
- e) For those contracts that were market-indexed, the market base and corresponding premium/discount;
- f) Minimum monthly purchase; and
- g) Maximum monthly purchase.

A. See Question 54, Attachment 1.

<b>Florida Power &amp; Light Company</b> <b>Docket No. 010001-EI</b> <b>Staff's First Set of Interrogatories</b> <b>Question 54</b> <b>Attachment 1</b>						
<b>(A)</b> <b>Name of Supplier</b>	<b>(B)</b> <b>Contract Start Date</b>	<b>(C)</b> <b>Contract End Date</b>	<b>(D)</b> <b>Market Indexed Y/N</b>	<b>(E)</b> <b>Market Base and Premium or (Discount)</b>	<b>(F)</b> <b>Volume (Min)</b>	<b>(G)</b> <b>Volume (Max)</b>
Adams Resources Marketing, Ltd.	12/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
AEC Marketing (USA) Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
AEP Energy Services, Inc.	01/27/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
AGIP Petroleum Co. Inc.	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Air Products and Chemicals, Inc.	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Alabama Power Company	09/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Alliance Energy Services Partnership	08/26/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Amerada Hess Corporation	10/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Amoco Canada Marketing Corp	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Amoco Energy Trading Corporation	12/01/96	01/01/00	Y	Negotiated	Negotiated	Negotiated
Anadarko Energy Services Company	07/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
ANR Pipeline Co.	12/16/99	11/01/99	Y	Negotiated	Negotiated	Negotiated
Aquila Energy Marketing Corporation	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Arcadia Energy Corporation	05/01/00	06/01/00	Y	Negotiated	Negotiated	Negotiated
Ashland Chemical Company, a div of Ashland Inc.	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Avista Energy, Inc.	05/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Baltimore Gas & Electric Company	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
BP Energy Company (formerly Amoco Energy Trading Corp)	01/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Bridgeline Gas Marketing, L.L.C.	03/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Cabot Oil & Gas Marketing Corporation	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Castle Power, LLC	10/05/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
CC Pace Resources	02/01/00	03/01/00	Y	Negotiated	Negotiated	Negotiated
Cinergy Marketing & Trading, LLC (formerly Producers Energy Marketing, LLC)	02/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Citrus Trading Corp.	05/10/94	09/01/99	Y	Inside F.E.R.C. Monthly plus Annual Adders	7221242	13734239
CNG Energy Services Corporation	08/13/98	04/01/99	Y	Negotiated	Negotiated	Negotiated
CNG Field Services Company	06/01/99	10/01/99	Y	Negotiated	Negotiated	Negotiated
CNG Producing Company	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Coast Energy Group, div of Cornerstone Propane, LP	12/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
CoEnergy Trading Company	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Colonial Energy Inc.	11/07/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Columbia Energy Services Corporation	01/01/98	11/01/98	Y	Negotiated	Negotiated	Negotiated
Con. Ed. Co. of NY, Inc./Orange & Rockland Utils Inc.	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Conoco, Inc.	06/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
Florida Power & Light Company						
Constellation Energy Source, Inc.	05/28/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Consumers' Gas Company Ltd. (The)	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Copano Energy Services/Upper Gulf Coast, LP	01/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Coral Energy Resources, L.P.	08/13/98	05/11/99	Y	Negotiated	Negotiated	Negotiated
Coral Energy Resources, L.P.	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Corning Natural Gas Corporation	03/23/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
CXY Energy Marketing (U.S.A.) Inc.	03/01/99	04/01/99	Y	Negotiated	Negotiated	Negotiated
Delmarva Power & Light Company	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Dominion Exploration & Production, Inc. (formerly CNG Producing Company)	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Duke Energy Trading and Marketing, L.L.C.	09/01/97	06/18/01	Y	Negotiated	Negotiated	Negotiated
Duke Energy Trading and Marketing, L.L.C.	09/01/00	Evergreen	Y	Negotiated	840000	1330000
Dynegy Marketing & Trade	12/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Eagle Energy Development Company (formerly Eagle Natural Gas Company)	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Eagle Natural Gas Company	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
El Paso Merchant Energy LP (formerly Engage Energy US, L.P.)	08/01/98	02/01/01	Y	Negotiated	Negotiated	Negotiated
El Paso Merchant Energy, L.P. (formerly El Paso Marketing Services Company)	07/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Empire Natural Gas Corporation	10/15/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Encina Gas Marketing Company, L.L.C.	03/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Energy Authority, Inc. (The)	06/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Energy Masters International, Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Energy USA-TPC Corp (formerly TPC Corporation)	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Engage Energy US, L.P.	08/13/98	09/01/99	Y	Negotiated	Negotiated	Negotiated
Enron North America Corp.	09/01/99	02/28/10	Y	Inside F.E.R.C. Monthly plus Annual Adders	3960000	12400000
Enron North America Corp. (formerly Enron Capital & Trade Resources Corp.)	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Enserch Energy Services, Inc.	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Entex Gas Marketing Company	10/05/98	09/01/01	Y	Negotiated	Negotiated	Negotiated
E'prime, Inc. (dba Texas-Ohio Gas, Inc.)	12/11/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
ERI Services, Inc.	12/01/96	Evergreen	Y	Negotiated	Negotiated	Negotiated
Exxon Corp.	08/13/98	03/23/99	Y	Negotiated	Negotiated	Negotiated
Exxon Corp.	02/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Exxon Mobil Corporation (formerly Exxon Corp)	02/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Fina Natural Gas Co.	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
FirstEnergy Trading Services, Inc.	10/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Gas Transmission Company	10/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Gas Utility	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Public Utilities Company	02/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
FPL Energy Power Marketing, Inc.	02/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
GulfMark Energy, Inc.	04/01/99	12/08/99	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Florida Power &amp; Light Company</b>						
H&N Gas Ltc.	10/05/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Hardee Powe Partners Limited	07/10/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Hess Energy Services Company, LLC	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Highland Energy Co.	10/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Howard Energy Marketing, LLC	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
HS Energy Services, Inc.	01/27/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Husky Gas Marketing, Inc.	01/27/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Husky Oil Operations Limited	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
IDACORP Energy Solutions LP	10/22/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
IMD Stor, Trans & Asset Mgmt Co. LLC (agent / Koch)	04/01/98	11/08/00	Y	Negotiated	Negotiated	Negotiated
Infinite Energy Inc.	05/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Innovative Gas Services, Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Interstate Gas Supply, Inc.	03/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Jacksonville Electric Authority	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
KeySpan Gas East Corp dba Key Span Energy	12/28/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Koch Energy Trading, Inc.	08/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Lakeland Electric & Water (formerly Lakeland, City of)	12/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
LDC Gas Supply Group (agent for CNG Dist. Co.)	06/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
LG&E Energy Marketing Inc.	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Marathon Oil Company	08/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Markwest Hydrocarbon	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Merchant Energy Group of the Americas, Inc.	08/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Mid-East Gas Gathering	10/08/98	11/01/99	Y	Negotiated	Negotiated	Negotiated
Mirant Americas Energy Marketing, LP (formerly Southern Company Energy Marketing L.P.)	05/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Morgan Stanley Capital Group, Inc.	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Municipal Gas Authority of Florida	02/24/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Municipal Gas Authority of Georgia	02/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Murphy Exploration & Production Company	01/14/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Mystic River Energy Corporation	11/01/99	Evergreen	Y	Negotiated	90000	456000
Nashville Gas Company	05/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
National Fuel Gas Distribution Corporation	01/05/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
National Fuel Resources, Inc.	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
New Jersey Natural Gas Company (formerly New Jersey Resources Corp.)	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
New Jersey Resources Corp.	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
New York State Electric & Gas Corporation	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
NGO Development Corporation	03/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
NGTS LLC	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Niagara Mohawk Energy Marketing, Inc.	10/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Nine Energy Services, LLC	06/09/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
NJR Energy Services Company	09/01/98	10/12/00	Y	Negotiated	Negotiated	Negotiated
Noble Gas Marketing, Inc.	01/01/00	11/02/99	Y	Negotiated	Negotiated	Negotiated
North Carolina Natural Gas Corp.	07/06/98	Evergreen	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Florida Power &amp; Light Company</b>						
Northeast Energy Associates, LP (Bellingham)	09/21/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
NUI Corporation	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
NUI Energy Brokers, Inc.	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
NUI Energy Brokers, Inc.	08/01/00	12/31/05	Y	Negotiated	600000	300700
Occidental Energy Marketing, Inc. (formerly Occidental Energy Marketing, Inc.)	02/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Okaloosa Gas District	10/09/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
ONEOK Energy Marketing & Trading Co., LP (formerly KN Marketing, L.P.)	03/01/99	11/02/00	Y	Negotiated	Negotiated	Negotiated
Onyx Gas Marketing Company, L.C.	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Orlando Utilities Commission	05/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
PanCanadian Energy Services, Inc.	10/24/97	08/31/01	Y	Negotiated	Negotiated	Negotiated
Peoples Gas System, a div of Tampa Electric Company	08/13/98	09/01/98	Y	Negotiated	Negotiated	Negotiated
Peoples Gas System, a div of Tampa Electric Company	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
PEPCO Services, Inc.	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Perry Gas Companies, Inc.	03/01/98	09/01/00	Y	Negotiated	Negotiated	Negotiated
Petrocom Energy Group, Ltd.	08/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
PG&E Energy Trading-Gas Corporation	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
PG&E Energy Trading-Gas Corporation	02/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Phillips Petroleum Company	04/07/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Piedmont Natural Gas Company, Inc.	05/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
PPL Electric Utilities Corporation dba PPL Utilities (formerly PP&L, Inc.)	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Prior Energy Corporation	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
ProGas Limited	09/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Proliance Energy, L.L.C.	12/16/99	10/01/00	Y	Negotiated	Negotiated	Negotiated
PSEG Energy Resources & Trade LLC	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Reedy Creek Improvement District	09/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Reliant Energy Services, Inc.	10/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Renaissance Energy (US) Inc.	07/01/98	02/22/01	Y	Negotiated	Negotiated	Negotiated
Riley Natural Gas Company	06/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Santa Fe Snyder Corp (formerly Santa Fe Energy Resources, Inc. )	10/19/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Scana Energy Marketing, Inc.	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Select Energy, Inc.	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Sempra Energy Trading Corp.	06/23/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Smurfit Stone Container Corp.	12/26/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Sonat Marketing Company L.P.	11/01/96	05/22/00	Y	Negotiated	Negotiated	Negotiated
South Carolina Pipeline Corporation	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
South Jersey Gas Company	08/13/98	07/01/99	Y	Negotiated	Negotiated	Negotiated
South Jersey Resources Group, LLC	07/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Southern Connecticut Gas Company	11/10/98	01/01/00	Y	Negotiated	Negotiated	Negotiated
St. Joe Natural Gas Company, Inc.	06/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Superior Natural Gas Corp & Walter Oil Co-Sellers	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Florida Power &amp; Light Company</b>						
Tallahassee, City of	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tauber Oil Company	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
TECO Gas Services, Inc.	04/30/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tenaska Marketing Ventures	07/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Texaco Natural Gas Inc.	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Texas-Ohio Gas, Inc.	07/29/97	07/01/99	Y	Negotiated	Negotiated	Negotiated
Torch Energy TM, Inc. (formerly Torch-CoEnergy L.L.C.)	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tractebel Energy Marketing, Inc.	01/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
TransCanada Energy Marketing USA, Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
TransCanada Gas Services Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Transco Energy Marketing Company	10/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tropicana Products, Inc.	07/23/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
TXU Energy Trading Company (formerly Enserch Energy Services, Inc.)	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Union Pacific Fuels Inc.	Pending	Evergreen	Y	Negotiated	Negotiated	Negotiated
Unocal Energy Trading, Inc.	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Virginia Power Energy Marketing, Inc. (formerly Virginia Electric and Power Company)	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Volunteer Energy Corp.	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
V-P Energy, Inc. (formerly Volunteer Energy Corp.)	03/01/98	03/01/00	Y	Negotiated	Negotiated	Negotiated
Washington Gas Energy Services, Inc.	06/29/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Western Gas Resources Inc.	08/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Williams Energy Marketing & Trading Company	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
WPS Energy Services, Inc.	06/06/00	Evergreen	Y	Negotiated	Negotiated	Negotiated

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**Q56. Based on information currently available, please provide the following information concerning FPL's natural gas commodity contracts in effect, or to be in effect, for any amount of time between March 2001 and March 2003:**

- a) Name of supplier;**
- b) Contract start date;**
- c) Contract ending date;**
- d) Whether the contract is or was market-indexed;**
- e) For those contracts that are or were market-indexed, the market base and corresponding premium/discount;**
- f) Minimum monthly purchase; and**
- g) Maximum monthly purchase.**

**A. See Question 56, Attachment 1.**

**Florida Power & Light Company**  
**Docket No. 010001-EI**  
**Staff's First Set of Interrogatories**  
**Question 56**  
**Attachment 1**

Name of Supplier	Contract Start Date	Contract End Date	Market Indexed Y/N	Market Base and Premium or (Discount)	Volume (Min)	Volume (Max)
Adams Resources Marketing, Ltd.	12/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
AEC Marketing (USA) Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
AEP Energy Services, Inc.	01/27/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
AGIP Petroleum Co. Inc.	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Air Products and Chemicals, Inc.	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Alabama Power Company	09/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Alliance Energy Services Partnership	08/26/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Amerada Hess Corporation	10/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Amoco Canada Marketing Corp	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Anadarko Energy Services Company	07/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Aquila Energy Marketing Corporation	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Ashland Chemical Company, a div of Ashland Inc.	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Avista Energy, Inc.	05/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Baltimore Gas & Electric Company	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
BP Energy Company (formerly Amoco Energy Trading Corp)	01/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Bridgeline Gas Marketing, L.L.C.	03/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Cabot Oil & Gas Marketing Corporation	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Castle Power, LLC	10/05/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Cinergy Marketing & Trading, LLC (formerly Producers Energy Marketing, LLC)	02/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
CNG Producing Company	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Coast Energy Group, div of Cornerstone Propane, LP	12/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
CoEnergy Trading Company	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Colonial Energy Inc.	11/07/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Con. Ed. Co. of NY, Inc./Orange & Rockland Utils Inc.	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Conoco, Inc.	06/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Constellation Energy Source, Inc.	05/28/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Consumers' Gas Company Ltd. (The)	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Copano Energy Services/Upper Gulf Coast, LP	01/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Coral Energy Resources, L.P.	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Corning Natural Gas Corporation	03/23/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Delmarva Power & Light Company	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Dominion Exploration & Production, Inc. (formerly CNG Producing Company)	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Duke Energy Trading and Marketing, L.L.C.	09/01/97	06/18/01	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Florida Power &amp; Light Company</b>						
Duke Energy Trading and Marketing, L.L.C.	09/01/00	Evergreen	Y	Negotiated	840000	1330000
Dynegy Marketing & Trade	12/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Eagle Energy Development Company (formerly Eagle Natural Gas Company)	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Eagle Natural Gas Company	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
El Paso Merchant Energy, L.P. (formerly El Paso Marketing Services Company)	07/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Empire Natural Gas Corporation	10/15/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Encina Gas Marketing Company, L.L.C.	03/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Energy Authority, Inc. (The)	06/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Energy Masters International, Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Energy USA-TPC Corp (formerly TPC Corporation)	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Enron North America Corp.	09/01/99	02/28/10	Y	Inside F.E.R.C. Monthly plus Annual Adders	3960000	12400000
Enron North America Corp. (formerly Enron Capital & Trade Resources Corp.)	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Enserch Energy Services, Inc.	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Entex Gas Marketing Company	10/05/98	09/01/01	Y	Negotiated	Negotiated	Negotiated
E'prime, Inc. (dba Texas-Ohio Gas, Inc.)	12/11/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
ERI Services, Inc.	12/01/96	Evergreen	Y	Negotiated	Negotiated	Negotiated
Exxon Corp.	02/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Exxon Mobil Corporation (formerly Exxon Corp)	02/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Fina Natural Gas Co.	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
FirstEnergy Trading Services, Inc.	10/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Gas Transmission Company	10/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Gas Utility	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Power Corporation	04/04/01	Evergreen	Y	Negotiated	Negotiated	Negotiated
Florida Public Utilities Company	02/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
FPL Energy Power Marketing, Inc.	02/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
H&N Gas Ltd.	10/05/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Hardee Powe Partners Limited	07/10/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Hess Energy Services Company, LLC	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Highland Energy Co.	10/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Howard Energy Marketing, LLC	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
HS Energy Services, Inc.	01/27/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Husky Gas Marketing, Inc.	01/27/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Husky Oil Operations Limited	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
IDACORP Energy Solutions LP	10/22/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Infinite Energy Inc.	05/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Innovative Gas Services, Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Interstate Gas Supply, Inc.	03/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Jacksonville Electric Authority	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
KeySpan Gas East Corp dba Key Span Energy	12/28/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Koch Energy Trading, Inc.	08/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Florida Power &amp; Light Company</b>						
Lakeland Electric & Water (formerly Lakeland, City of)	12/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
LDC Gas Supply Group (agent for CNG Dist. Co.)	06/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
LG&E Energy Marketing Inc.	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Marathon Oil Company	08/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Markwest Hydrocarbon	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Merchant Energy Group of the Americas, Inc.	08/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Mirant Americas Energy Marketing, LP (formerly Southern Company Energy Marketing L.P.)	05/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Morgan Stanley Capital Group, Inc.	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Municipal Gas Authority of Florida	02/24/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Municipal Gas Authority of Georgia	02/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Murphy Exploration & Production Company	01/14/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Mystic River Energy Corporation	11/01/99	Evergreen	Y	Negotiated	90000	456000
Nashville Gas Company	05/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
National Fuel Gas Distribution Corporation	01/05/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
National Fuel Resources, Inc.	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
New Jersey Natural Gas Company (formerly New Jersey Resources Corp.)	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
New Jersey Resources Corp.	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
New York State Electric & Gas Corporation	05/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
NGO Development Corporation	03/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
NGTS LLC	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Niagara Mohawk Energy Marketing, Inc.	10/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Nine Energy Services, LLC	06/09/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
North Carolina Natural Gas Corp.	07/06/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Northeast Energy Associates, LP (Bellingham)	09/21/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
NUI Corporation	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
NUI Energy Brokers, Inc.	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
NUI Energy Brokers, Inc.	08/01/00	12/31/05	Y	Negotiated	600000	300700
Occidental Energy Marketing, Inc. (formerly Occidental Energy Marketing, Inc.)	02/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Okaloosa Gas District	10/09/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
ONEOK Energy Marketing & Trading Co., LP	04/02/01	Evergreen	Y	Negotiated	Negotiated	
Onyx Gas Marketing Company, L.C.	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Orlando Utilities Commission	05/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
PanCanadian Energy Services, Inc.	10/24/97	08/31/01	Y	Negotiated	Negotiated	Negotiated
PanCanadian Energy Services, Inc.	06/01/01	Evergreen	Y	Negotiated	Negotiated	Negotiated
Peoples Gas System, a div of Tampa Electric Company	09/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
PEPCO Services, Inc.	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Petrocom Energy Group, Ltd.	08/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
PG&E Energy Trading-Gas Corporation	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
PG&E Energy Trading-Gas Corporation	02/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Phillips Petroleum Company	04/07/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Piedmont Natural Gas Company, Inc.	05/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Florida Power &amp; Light Company</b>						
PPL Electric Utilities Corporation dba PPL Utilities (formerly PP&L, Inc.)	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Prior Energy Corporation	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
ProGas Limited	09/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
PSEG Energy Resources & Trade LLC	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Reedy Creek Improvement District	09/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Reliant Energy Services, Inc.	10/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Riley Natural Gas Company	06/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Santa Fe Snyder Corp (formerly Santa Fe Energy Resources, Inc. )	10/19/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Scana Energy Marketing, Inc.	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Select Energy, Inc.	04/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Seminole Electric Cooperative, Inc.	05/01/01	Evergreen	Y	Negotiated	Negotiated	Negotiated
Sempra Energy Trading Corp.	06/23/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Smurfit Stone Container Corp.	12/26/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
South Carolina Pipeline Corporation	11/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
South Jersey Resources Group, LLC	07/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
St. Joe Natural Gas Company, Inc.	06/01/00	Evergreen	Y	Negotiated	Negotiated	Negotiated
Superior Natural Gas Corp & Walter Oil Co-Sellers	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tallahassee, City of	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tauber Oil Company	01/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
TECO Gas Services, Inc.	04/30/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tenaska Marketing Ventures	07/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
Texaco Natural Gas Inc.	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Torch Energy TM, Inc. (formerly Torch-CoEnergy L.L.C.)	11/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tractebel Energy Marketing, Inc.	01/01/99	Evergreen	Y	Negotiated	Negotiated	Negotiated
TransCanada Energy Marketing USA, Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
TransCanada Gas Services Inc.	04/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Transco Energy Marketing Company	10/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Tropicana Products, Inc.	07/23/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
TXU Energy Trading Company (formerly Enserch Energy Services, Inc.)	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Union Pacific Fuels Inc.	Pending	Evergreen	Y	Negotiated	Negotiated	Negotiated
Unocal Energy Trading, Inc.	09/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Virginia Power Energy Marketing, Inc. (formerly Virginia Electric and Power Company)	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Volunteer Energy Corp.	03/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Washington Gas Energy Services, Inc.	06/29/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
Western Gas Resources Inc.	08/01/97	Evergreen	Y	Negotiated	Negotiated	Negotiated
Williams Energy Marketing & Trading Company	07/01/98	Evergreen	Y	Negotiated	Negotiated	Negotiated
WPS Energy Services, Inc.	06/06/00	Evergreen	Y	Negotiated	Negotiated	Negotiated

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**Q58. Please provide the following information concerning FPL's residual oil commodity contracts in effect for any amount of time between March 1999 and March 2001:**

- a) Name of supplier;**
- b) Contract start date;**
- c) Contract ending date;**
- d) Whether the contract was market-indexed;**
- e) For those contracts that were market-indexed, the market base and corresponding premium/discount;**
- f) Minimum monthly purchase; and**
- g) Maximum monthly purchase.**

**A. See Question 58, Attachment 1.**

Florida Power & Light Company  
 Docket No. 010001-EI  
 Staff's First Set of Interrogatories  
 Question 58  
 Attachment 1

**Q58: RESIDUAL FUEL OIL COMMODITY CONTRACTS: MARCH 1999 - March 2001**

PRICING METHODS      MI = MARKET-INDEXED  
 FC = FIXED COST

(a)                      (b)                      (c)                      (d)                      (e)                      (f)                      (g)

NAME OF SUPPLIER	CONTRACT START DATE	CONTRACT ENDING DATE	PRICING METHOD = MI = FC	MARKET BASE & PREMIUM / DISCOUNT (\$/BBL)	MINIMUM MONTHLY PURCHASE	MAXIMUM MONTHLY PURCHASE
Coastal States Trading, Inc.	01/01/1995	12/31/2001	MI	5-day average (day discharge begins and 4 preceding days) of Platt's & Argus USGC #6 fuel oil low postings (or interpolated low) for sulfur grade ordered.  API gravity discount, \$0.08 per bbl (except Manatee Plant).  Transportation adder, varies by delivery port.	6,000,000 bbls/yr	8,250,000 bbls/yr
Fuel & Marine Marketing, LLC	01/01/2000	06/30/2001	MI	3-day average (centered on day of "notice of readiness") of Platt's & Argus, USGC #6 fuel oil interpolated mean (mean is average of the low and high postings for the day).  Transportation adder, varies by delivery port.	100,000 bbls/mo	480,000 bbls/mo
Novarco, Ltd.	03/01/2000	02/28/2002	MI	3-day average (centered on day of "notice of readiness") of Platt's & Argus, USGC #6 low postings (or interpolated low) for sulfur grade ordered.  API gravity discount \$0.08 per bbl, contingent on API gravity at locations.  Disport adder which varies by delivery port, plus "two port" delivery fee.	4,800,000 bbls/yr	---
Koch Petroleum Group, LP	04/30/2000	09/30/2000	MI	Formula based on average of daily Platt's USGC "low" postings for USGC (waterborne # 6, 1% S, 8 API) during the month.  Premium of \$180,160 paid to FPL.  Transportation adder = \$0.60 (cargo), \$0.70 (barge).	640,000 mmbtu nat gas -OR- 100,000 bbl #6 fuel oil	
Koch Petroleum Group, LP	07/01/2000	09/30/2000	MI	Formula based on average of daily Platt's USGC "low" postings for USGC (waterborne # 6, 1% S, 8 API) during the month.  Premium of \$230,400 paid to FPL.  Transportation adder = \$0.60 (cargo), \$0.70 (barge).	640,000 mmbtu nat gas -OR- 100,000 bbl #6 fuel oil	
Coastal States Trading, Inc.	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated
Enron Capital & Trade	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Fuel & Marine Marketing, LLC	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Glencore, Ltd	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Koch Petroleum Group, LP	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Koch Supply & Trading	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Novarco, Ltd.	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Rio Energy Ltd.	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Steuart Petroleum Company	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated
Texaco Refining Company	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Tosca Refining Company	N/A	N/A	FC	Negotiated	Negotiated	Negotiated
Trafigura	N/A	N/A	MI	Negotiated	Negotiated	Negotiated
Vitol S.A., Inc	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Set of Interrogatories  
Question No. 60

**CONFIDENTIAL**

**Q60. Based on information currently available, please provide the following information concerning FPL's residual oil commodity contracts in effect, or to be in effect, for any amount of time between September 2000 and September 2002:**

- a) Name of supplier;**
- b) Contract start date;**
- c) Contract ending date;**
- d) Whether the contract was market-indexed;**
- e) For those contracts that are or were market-indexed, the market base and corresponding premium/discount;**
- f) Minimum monthly purchase; and**
- g) Maximum monthly purchase.**

**A. See Question 60, Attachment 1.**

Florida Power & Light Company  
 Docket No. 010001-EI  
 Staff's First Set of Interrogatories  
 Question 60  
 Attachment 1

Q60: RESIDUAL FUEL OIL COMMODITY CONTRACTS: SEPTEMBER 2000 - SEPTEMBER 2002

PRICING METHODS		MI =	MARKET-INDEXED				
		FC =	FIXED COST				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
NAME OF SUPPLIER	CONTRACT START DATE	CONTRACT ENDING DATE	PRICING METHOD = MI = FC	MARKET BASE & PREMIUM / DISCOUNT [\$/BBL]	MINIMUM MONTHLY PURCHASE	MAXIMUM MONTHLY PURCHASE	
1 Coastal States Trading, Inc.	01/01/1995	12/31/2001	MI	5-day average (day discharge begins and 4 preceding days) of Platt's & Argus USGC #6 fuel oil low postings (or interpolated low) for sulfur grade ordered.  API gravity discount, \$0.08 per bbl (except Manatee Plant).  Transportation adder, varies by delive	6,000,000 bbls/yr	8,250,000 bbls/yr	
2 Fuel & Marine Marketing, LLC	01/01/2000	06/30/2001	MI	3-day average (centered on day of "notice of readiness") of Platt's & Argus, USGC #6 fuel oil interpolated mean (mean is average of the low and high postings for the day).  Transportation adder, varies by delivery port.	100,000 bbls/mo	480,000 bbls/mo	
3 Novarco, Ltd.	03/01/2000	02/28/2002	MI	3-day average (centered on day of "notice of readiness") of Platt's & Argus, USGC #6 low postings (or interpolated low) for sulfur grade ordered.  API gravity discount \$0.08 per bbl, contingent on API gravity at locations.  Disport adder which varies by d	4,800,000 bbls/yr	--	
4 Koch Petroleum Group, LP	04/30/2000	09/30/2000	MI	Formula based on average of daily Platt's USGC "low" postings for USGC (waterborne # 6, 1% S, 8 API) during the month.  Premium of \$180,160 paid to FPL.  Transportation adder = \$0.60 (cargo), \$0.70 (barge)	640,000 mmbtu nat gas -OR- 100,000 bbl #6 fuel oil		
5 Koch Petroleum Group, LP	07/01/2000	09/30/2000	MI	Formula based on average of daily Platt's USGC "low" postings for USGC (waterborne # 6, 1% S, 8 API) during the month.  Premium of \$230,400 paid to FPL.  Transportation adder = \$0.60 (cargo), \$0.70 (barge)	640,000 mmbtu nat gas -OR- 100,000 bbl #6 fuel oil		
6 BP Oil Company	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
7 Coastal States Trading, Inc.	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
8 Colonial Oil	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated	
9 Equiva Trading Company	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
10 Fuel & Marine Marketing, LLC	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
11 Glencore, Ltd	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
12 Koch Petroleum Group, LP	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
13 Koch Supply & Trading	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated	
14 Novarco, Ltd.	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
15 Petrobras	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
16 Rio Energy Ltd.	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
17 Stuart Petroleum Company	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
18 Tosca Refining Company	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated	
19 Trafigura	N/A	N/A	MI	Negotiated	Negotiated	Negotiated	
20 Vitol S.A., Inc	N/A	N/A	MI & FC	Negotiated	Negotiated	Negotiated	

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**Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Set of Interrogatories  
Question No. 78**

**Q78. Please describe an actual case of FPL using the following instruments to hedge the price of natural gas in the past 12 months:**

**A.**

a) Futures contract;

FPL purchased a natural gas futures contract on July 13, 2001 at a price of \$3.25 to hedge the price of gas for the utility.

b) Options contract; and

FPL sold a put option on natural gas with a \$4.90 strike price on May 2, 2001 at a premium of \$.23.

c) Swaps contract.

FPL purchased natural gas at \$3.0525 on August 8, 2001.

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Q.

**Please provide all Board meeting minutes from January 1, 1998, to the present that reference managing risks associated with fuel and wholesale energy transactions.**

A.

See minutes of the meeting of the Finance Committee Board of Directors on 5/18/98 and 6/12/00, attached.



**MINUTES OF THE MEETING OF THE  
FINANCE COMMITTEE OF THE BOARD OF DIRECTORS**

The meeting of the Finance Committee of the Board of Directors was called to order at 7:45 a.m. on May 18, 1998 with Chairman Tregurtha presiding.

Members of the Finance Committee present were:


Mr. Paul R. Tregurtha, Chairman  
Ms. Sherry Barrat  
Mr. Marshall M. Criser  
Mr. Alexander Dreyfoos, Jr.  
Mr. Drew Lewis

Participating at the invitation of the Chairman were:

Mr. P. J. Evanson, President and Chief Operating Officer of Florida Power & Light Company -  
Mr. A. F. Altmann, Vice President, Energy Marketing & Trading  
Ms. D. L. Samil, Treasurer

Ms. Samil provided the Finance Committee with an overview of the activities of the Energy Marketing & Trading division of Florida Power & Light. Ms. Samil explained that in recognition of the financial risk associated with trading in the physical and financial commodity markets, the Company had put in place a risk management and measurement infrastructure. Ms. Samil reviewed the elements of the risk management infrastructure with the Finance Committee and explained that two key components were the risk management policy manual and the establishment of an Exposure Management Committee. Ms. Samil reviewed the key points of the policy manual with the Committee and also discussed the membership and responsibilities of the Exposure Management Committee. She concluded by noting that this was an informational meeting and there was no action required by the Finance Committee at this time. Ms. Samil also explained that the Company would review the activities of EMT once a year with the Finance Committee. Mr. Tregurtha requested that the Finance Committee be notified earlier to the extent there was an increase in the level of third party trading.

There being no further business the meeting adjourned at 8:15 a.m.

  
\_\_\_\_\_  
Dilek Samil, Secretary of the Meeting

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# MINUTES OF THE MEETING OF THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS

The meeting of the Finance Committee of the Board of Directors was called to order at 8:00 a.m. on June 12, 2000 with Chairman Tregurtha presiding.

Members of the Finance Committee present were:

- Mr. Paul R. Tregurtha, Chairman
- Mr. Drew Lewis
- Mr. Frederic V. Malek

Participating at the invitation of the Chairman were:

- Mr. J. L. Broadhead, Chairman and Chief Executive Officer
- Mr. P. J. Evanson, President of Florida Power & Light Company
- Mr. L. Hay, President of FPL Energy
- Mr. R. L. McGrath, FPL Energy Vice President of Finance, Chief Financial Officer
- Mr. K. M. Davis, Controller
- Mr. A. F. Altmann, FPL Vice President, Energy Marketing and Trading

Mr. Hay reviewed with the Committee the minutes from the February 14, 2000 meeting, which the Committee approved unanimously.

Mr. Altmann provided the Committee with its annual update of the activities of the Energy Marketing and Trading division of Florida Power & Light. Mr. Altmann detailed the growth in transactions under Energy Marketing and Trading Management, the benefits to the Company provided by its activities, and the growth in number of employees. Mr. Davis described the external reviews of its operations provided by both Internal Audit and Deloitte & Touche. Mr. Davis then reviewed recent organizational changes at Energy Marketing and informed the Committee of the present members of the Exposure Management Committee and their duties. Mr. Davis concluded by reviewing the Market and Counterparty risk limits in place.

Mr. McGrath then reviewed FPL Group's capital structure. Mr. McGrath began with a discussion of FPL Group's present and projected capital structure. Using guidelines published by Standard & Poor's, Mr. McGrath informed the Committee that the Company's current credit ratings could be under pressure in the near future. Mr. McGrath described the actions the Company was taking to mitigate the credit ratings pressure including the issuance of non-recourse, off-balance sheet debt for existing and new projects at FPL Energy.

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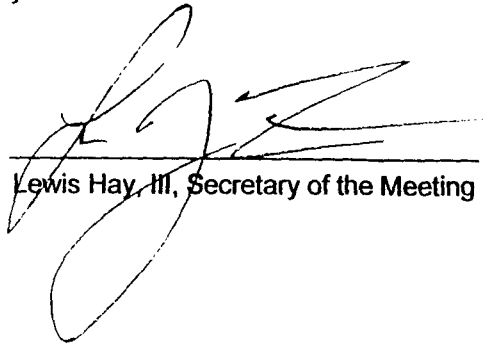
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cont'd...

Mr. McGrath then reviewed the findings of a study conducted to determine if the company should enter into a major share repurchase program. Mr. Hay informed the Committee that it was felt that the Company had insufficient balance sheet capacity to implement a large stock repurchase program, unless the Committee was willing to accept a significant downgrade in the Company's credit ratings. Mr. McGrath also informed the Committee that based on the results of other companies' repurchase programs, that while these programs appear to have modest short-term positive effects, the longer-term impacts were at best neutral. Mr. McGrath recommended to the Committee that the Company should not implement a large stock repurchase program and should continue its current modest share repurchase program.

Mr. Hay concluded by noting that this was an informational meeting and there was no action required by the Committee.

There being no further business, the meeting adjourned at 9:00 a.m.



Lewis Hay, III, Secretary of the Meeting

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**Q.** Provide FPL Group's and FPL's policies, directives, or guidelines that reference how FPL manages the business risk (i.e., imperfections in business strategies) associated with fuel and wholesale energy transactions.

**A.** See response to Question No. 1

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Q. Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the event risk (i.e., uncertainty related to random events) associated with fuel and wholesale energy transactions.

A. See response to Question No. 1

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Q. Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the financial risk (i.e., uncertain market and credit variables) associated with fuel and wholesale energy transactions.

A. See response to Question No. 1

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Q. Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the legal risk (i.e., uncertainty in enforceability of contracts) associated with fuel and wholesale energy transactions.

A. See response to Question No. 1

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**Q.**  
**Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the modeling risk (i.e., inaccurate or incorrect forecasts) associated with fuel and wholesale energy transactions.**

**A.**  
See response to Question No. 1

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Q. Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the operational risk (i.e., imperfections in systems, procedures, and people) associated with fuel and wholesale energy transactions.

A. See response to Question No. 1



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**Q.** Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the regulatory risk (i.e., uncertainty in laws and regulations) associated with fuel and wholesale energy transactions.

**A.** See response to Question No. 1

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**Q.**  
**Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the technological risk (i.e., uncertainty in new technology developments) associated with fuel and wholesale energy transactions.**

**A.**  
See response to Question No. 1

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**Q.**  
**Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity manages the volumetric and shaping risk (i.e., mismatch between scheduled supply and forecast load) associated with fuel and wholesale energy transactions.**

**A.**  
See response to Question No. 1

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Q. **Provide FPL Group's and FPL's policies, directives, or guidelines regarding the use of ratepayer funds to speculate with derivative instruments.**

A. See response to Question No. 1

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- Q. **Provide FPL Group's and FPL's policies, directives, or guidelines regarding the use of ratepayer funds to hedge with derivative instruments.**
- A. See response to Question No. 1

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- Q. Provide FPL Group's and FPL's policies, directives, or guidelines regarding whether and under what circumstances each entity should hedge its fuel and wholesale energy transactions with derivative instruments.
- A. See response to Question No. 1

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- Q. **Provide FPL Group's and FPL's policies, directives, or guidelines regarding when a physical hedge is more appropriate than a financial hedge to hedge its fuel and wholesale energy transactions.**
- A. See response to Question No. 1

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Q.

**Provide FPL Group's and FPL's policies, directives, or guidelines regarding when a bilateral transaction is more appropriate than an exchange-traded derivative to hedge its fuel and wholesale energy transactions.**

A.

See response to Question No. 1



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Q.

**Provide FPL Group's and FPL's policies, directives, or guidelines regarding when each entity should enter into a fixed-price contract instead of a market-indexed contract to hedge its fuel and wholesale energy transactions.**

A.

See response to Question No. 1

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Q.

**Provide FPL Group's and FPL's policies, directives, or guidelines that reference the maximum amount that traders (individually or collectively) may lose on one or more hedging transactions during a period of time.**

A.

See response to Question No. 1

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Q.

**Provide FPL Group's and FPL's policies, directives, or guidelines that reference the maximum amount that traders (individually or collectively) may have on a single position at any given time.**

A.

See response to Question No. 1

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**Q.** Provide FPL Group's and FPL's policies, directives, or guidelines that reference which employees have the authority to take hedging positions to manage risks associated with fuel and wholesale energy transactions.

**A.** See response to Question No. 1

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**Q.** Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity compensates its traders.

**A.** See response to Question No. 1

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Q. Provide FPL Group's and FPL's policies, directives, or guidelines that reference how each entity measures the risks associated with fuel and wholesale energy transactions.

A. See response to Question No. 1

**Q.**

**Please provide all reports, analyses, and studies done by or for FPL since January 1, 1999, that involve hedging, hedging strategies, or the use of hedging with fuel and wholesale energy transactions.**

**A.**

See attached documents which include:

- a) Fuels only - PPS strategies
- b) Daily Management reports for FPL (positions and performance)
- c) Presentations/Electronic documents
  - i) Fossil fuel strategy 12-06-00
  - ii) FPL utility Emissions strategy
  - iii) Fuel Strategies details 11-07-00
  - iv) Natural Gas PPS 5-11-01
  - v) Natural Gas procurement strategy 5-11-01

**CONFIDENTIAL****Inter-Office Correspondence**

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**TO:** Anthony Altmann                      **DATE:** May 11, 2001  
**FROM:** Joe Stepenovitch                      **RE:** Fixed Price Strategy in the  
Terry Morrison                                      FPL Procurement Book

**Background:**

As you will recall, last November at the EMC meeting EMT discussed becoming more pro-active fuels strategy for the utility in 2001. As part of that strategy, a series of tactics and approaches, under different market conditions, was presented. High volatility occurring in fuels markets and concerns over dramatic price fluctuations, especially relative to the Fuel Cost Recovery (FCR) filing, is an ongoing issue.

**Recent Activity:**

As a result of the foregoing, EMT has begun buying fixed priced natural gas for the months of June, July, August and September 2001. These anticipated volumes account for approximately 30-40% of the Natural Gas requirements for the utility for this period. As a result, the fuel procurement book for FPL (which represents opportunity costs and benefits) will hold a larger than usual position for this term (next four months).

The tactic for buying fixed price Natural Gas at these levels supports a commitment to actively pursue hedging strategies when prudent as well as to assure our customers a reasonable reduction in fuel cost versus the current FCR projections. Natural Gas has continued to trend downward since the high in mid December 2000 of \$10.00 Mmbtu to the current levels of \$4.50.

The differential of current prices versus the FCR projected price equates to approximately \$30 Mil (300,000 Mmbtu/day for the summer period) of incremental future benefit as of today. Locking in Natural Gas prices in a range of \$4.00 to \$4.50 MMBtu provides the opportunity to maintain stability in at least one fuel as the other (fuel oil) experiences volatility related to worldwide demand fluctuations and monopolistic factors controlled by OPEC. EMT continues to see this as an effective and appropriate portfolio diversification strategy.



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**Current Market:**

The current market for Natural Gas remains volatile and fundamentally supportive for higher future prices assuming the demand factors (i.e. weather, storage and new gas fired generation) remain on their current courses. The Fuel Oil market also remains supportive for volatile prices in the short term (next 90 days). However high refinery runs will tend to over supply the market with fuel oil. The recessionary fears worldwide have eased somewhat however are still suspect to minor changes in interest rates and fundamental factors within each economy. The current price for Natural Gas is approximately \$4.50 MMBtu versus Fuel Oil at \$3.90 MMBtu for the summer 2001. Our strategy is to remain committed to this position with possible profit taking strategies to be determined.

**Measurement Issues:**

The procurement book is measured based upon the mark to market value and includes both realized and unrealized gains and losses. The strategies currently at work were devised on absolute fuel savings and targeting the FCR. This strategy is being executed as a structured transaction and could test the current limits set forth by the EMC. As we get too close to the stop loss limit levels(\$12 mil), we will inform the EMC of the status however at this point do not plan to exit the strategy unless market conditions change dramatically.

The value at risk of this strategy once fully implemented will carry a Var of approximately \$7.5 m therefore EMT will likely test its currently approved limits structure daily current limit \$5.0 mil).

**Action Levels from Here:**

As of 5/11/00 our current target level is as follows (in Mmbtu/day):

	<b><u>June-September 2001</u></b>
	<b><u>Volume/Price</u></b>
<b>Natural Gas</b>	100,000 / \$4.50
<b>First Traunch</b>	
<b>Natural Gas</b>	100,000 / \$4.25
<b>Second Traunch</b>	
<b>Natural Gas</b>	100,000 / \$4.00
<b>Third Traunch</b>	

**The Recommended Strategy and Target Execution Levels from here:**

EMT will hold until liquidation unless major fundamental factors change in the Natural Gas market. These strategy and targets levels are subject to change and we will resubmit an update as necessary.

**Recommended Strategy to Mitigate Downside Exposure As Follows:**

The strategy is to stay committed to the current position until further notice or fundamental changes occur in the market place. EMT plans to take the total position to delivery as value against the \$5.30 FCR projection. If the loss limit is approached (i.e. \$12 million annual procurement book loss limit), a consensus strategy to address the issue will be documented. We will keep you informed of the any liquidation strategy prior to any execution of positions.

**Future issues**

In the future, EMT believes the EMC needs to revisit how the procurement strategies of the utility trading and marketing business should operate going forward. We need to further clarify with the EMC what constitutes accepted practices for hedging the FCR with market based products. As of today none of the benefits of this transaction will be applied against the EMT performance indicator.

If you have any questions, please contact me.



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# 2001 FPL Fuel Strategy

December 6, 2000

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# Mission Statement

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EMT's Mission is to procure fuel and power at costs below market. EMT was established to fully and effectively execute disciplined and controlled procurement, hedging and market strategies to meet the goals of optimal asset utilization and cost minimization for FPL's customers. EMT's fuel strategy is based on simplicity with the aim of mitigating price increases, while maintaining the opportunity to benefit from price decreases in the marketplace.

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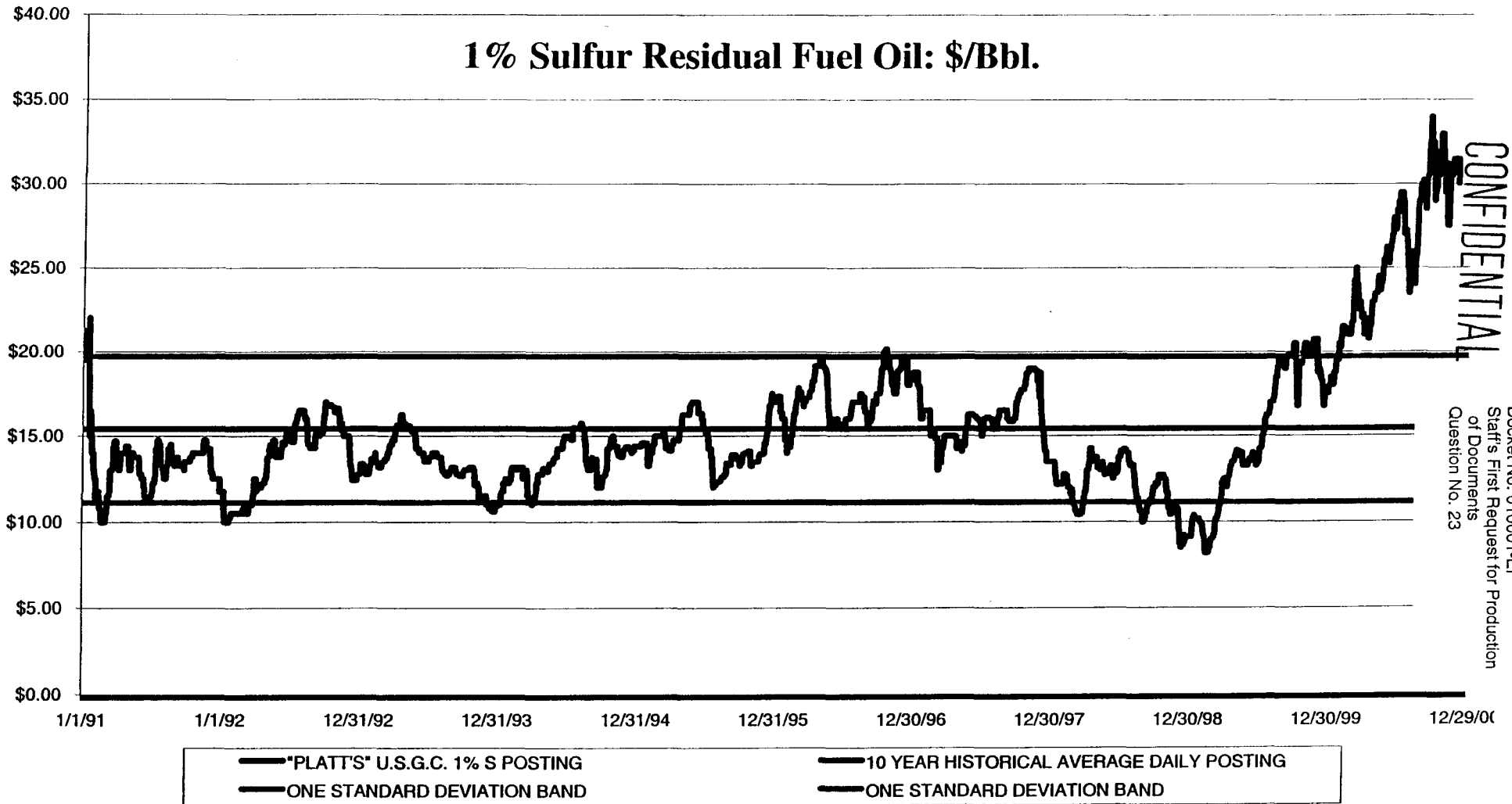
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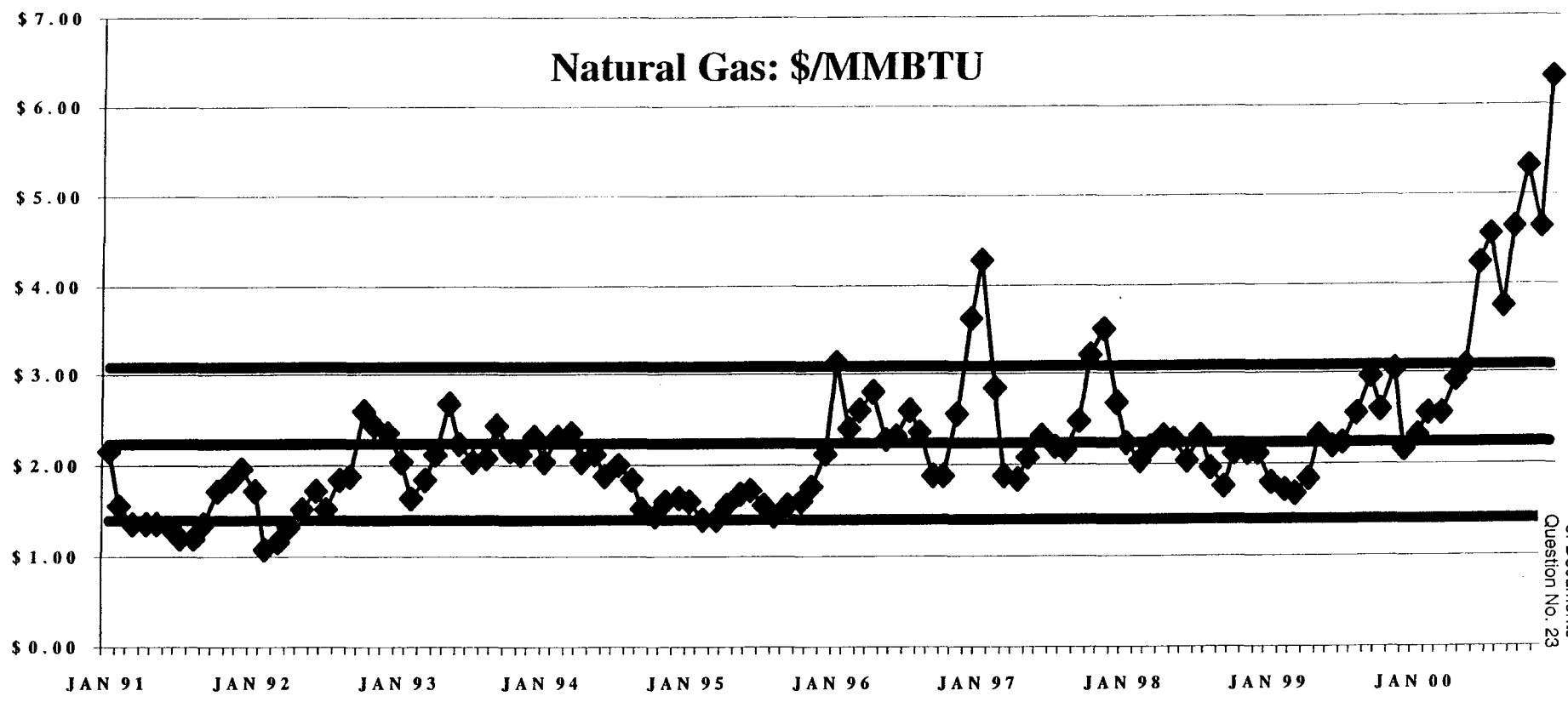
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# Historical Price Range



# Historical Price Range

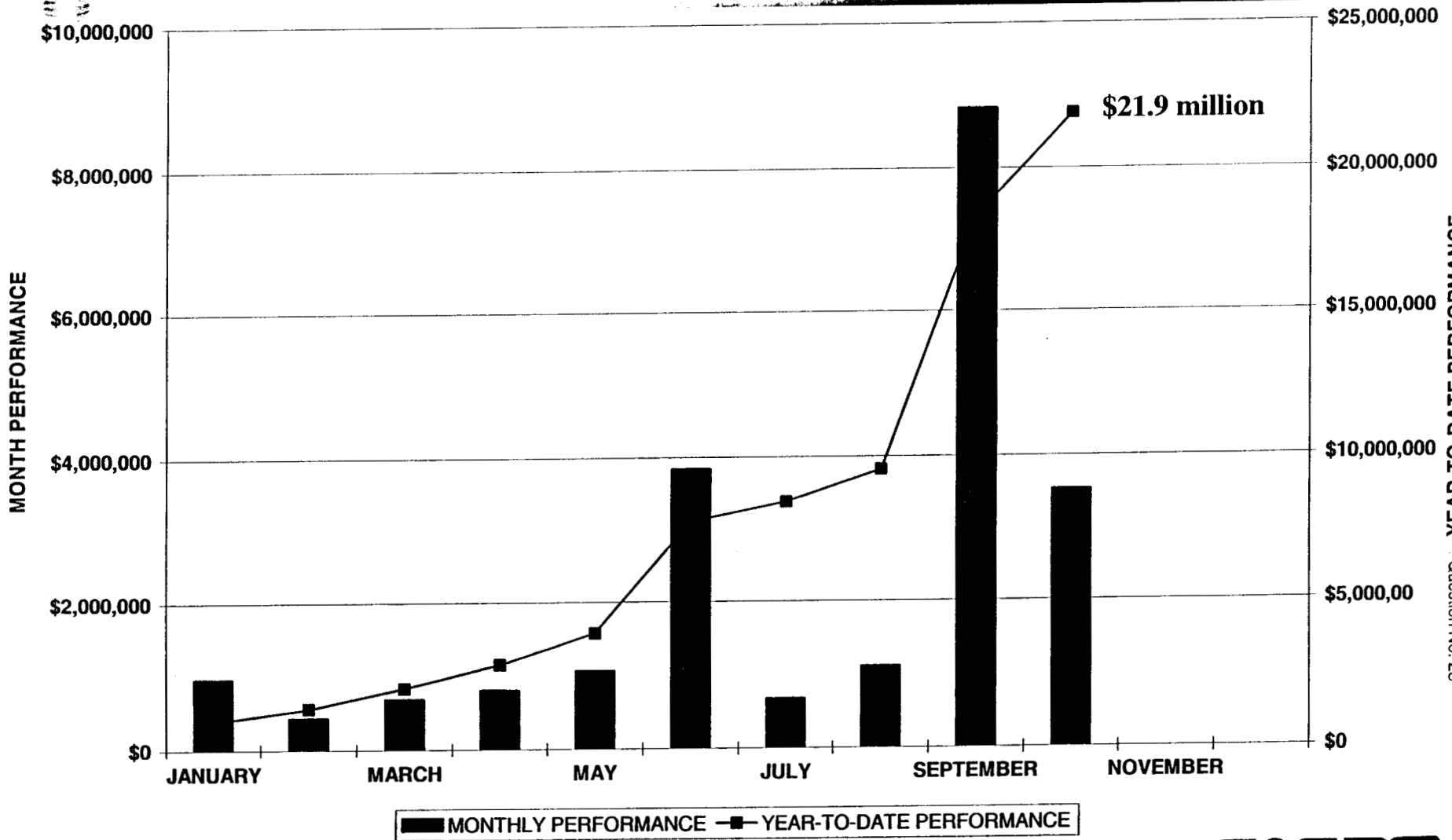


NYMEX LAST 3 DAY AVERAGE SETTLEMENT	10 YEAR HISTORICAL AVERAGE SETTLEMENT
ONE STANDARD DEVIATION	ONE STANDARD DEVIATION

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# 2000 Residual Fuel Oil Indicator



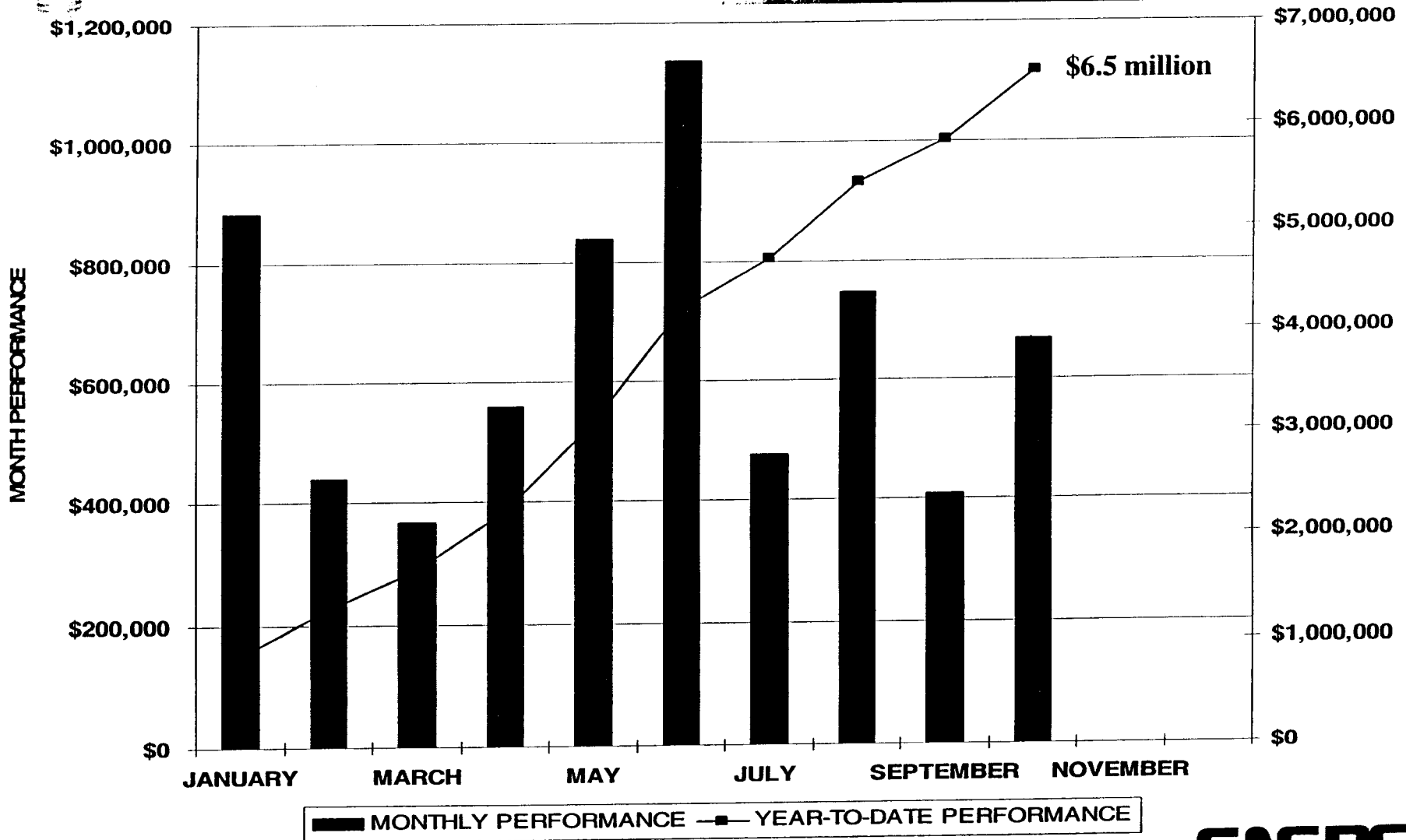
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 YEAR-TO-DATE PERFORMANCE

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# 2000 Natural Gas Indicator



YEAR-TO-DATE PERFORMANCE

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# 2001 Fuel Strategy Metrics

Fuel Type	Projected Annual Burn MMBTU	Projected Annual Burn Million Dollars	"Indicator" Savings Million Dollars **
Residual Fuel Oil	280,058,035 *	\$1,033.4	\$23.6
Natural Gas & Spreads	172,653,030	\$816.0	\$6.8
Total	452,711,065	\$1,849.4	\$30.4

\* 43,759,068 Barrels

\*\* Before new fuel hedging plans for 2001.

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# 2001 FPL Goals, Strategies, & Expected Outcome

## Goals

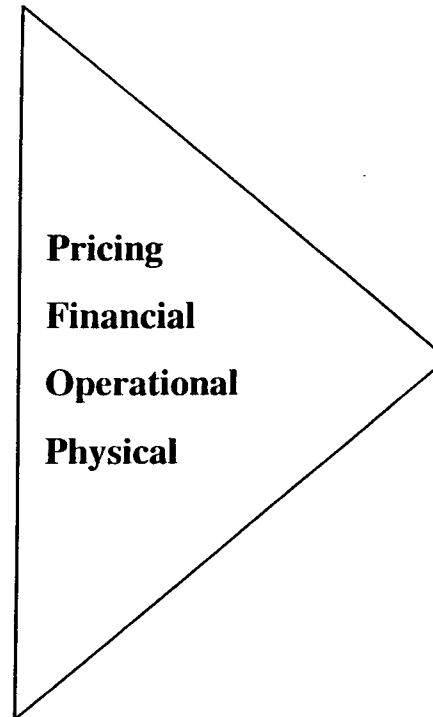
**1. Beat the Index  
and the other  
Florida IOU's**

- 75% to 100% of portfolio

**2. Avoid dramatic  
price increases  
while maintaining  
the opportunity  
to benefit from  
price decreases**

- 0% to 25% of portfolio

## Fuel Strategies



## Expected Outcome

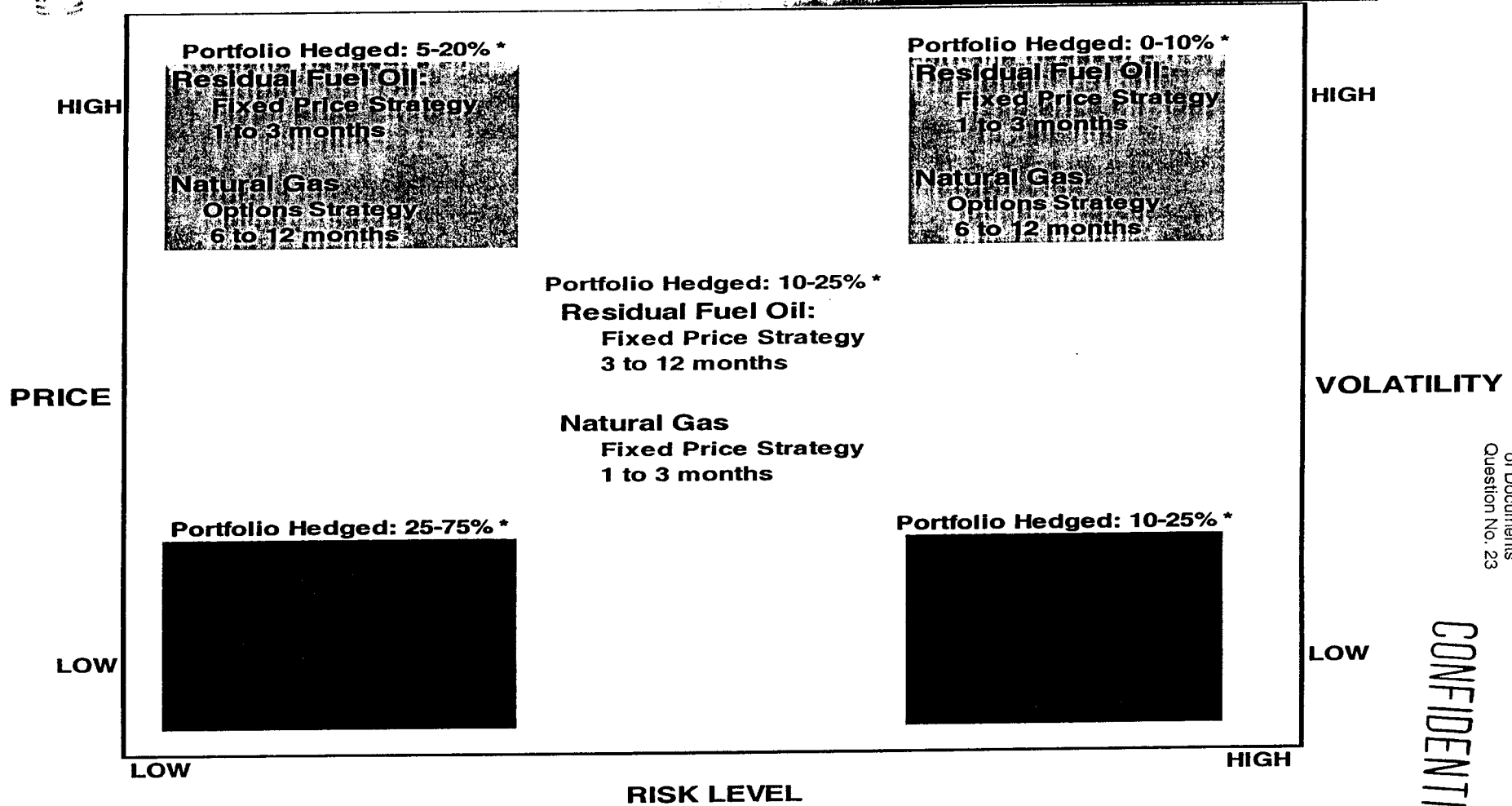
**Mitigate rate  
increases and/or  
minimize the  
number of  
mid-course  
corrections**

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# 2001 Basic Tactics for FPL Fuel Portfolio



\* Percent of projected annual requirements

- Current market expectation for 2001
- Possible market expectation for 2001
- Outside market expectation for 2001

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# Discussions with the FPSC

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- ❖ Met with FPSC staff on October 3 and Commissioners on November 20
- ❖ An overview of FPL's procurement and hedging strategy was discussed
  - FPL uses a portfolio approach for fuel procurement
  - Monthly cross-functional planning meetings sets monthly strategy
  - Options and fixed price strategies are the most common derivative transactions
  - Financial hedging is minimal.
- ❖ Staff and Commissioners were supportive of FPL's strategy and encouraged FPL to hedge more of our portfolio in the future.

# Survey of Utility Fuel Cost Incentive Programs

Entity	Fuel Cost Savings Sharing (Y/N)	Basic Sharing Arrangement	Comments
CMS	Y	CMS takes losses and profits vs. fixed price.	Fixed price agreed to by PSC
FPL	N	Not applicable	Fuel Cost Recovery Clause
Mich Con	Y	Mich Con takes losses and profits vs. fixed price.	Fixed price agreed to by PSC
Piedmont's Nashville Gas Company	Y	Outside dead-band, Piedmont takes losses and profits vs. Index	Dead-band is around an agreed to Index by PSC
SDG&E (electric managed by Sempra)	N	Not applicable	Fuel cost reimbursed
SDG&E (gas managed by Sempra)	Y	Outside dead-band, SDG&E takes 50% of losses and profits vs. index	Dead-band is around an agreed to Index by PSC
So Cal Gas (gas managed by Sempra)	Y	Outside dead-band, SDG&E takes 50% of losses and profits vs. index	Dead-band is around an agreed to Index by PSC
Wisconsin Electric	Y	Wisconsin Electric shares (50/50) gains and losses vs. index	Index price agreed to by PSC
Wisconsin Gas	Y	Wisconsin Electric shares (50/50) gains and losses vs. index	Index price agreed to by PSC

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# EMT Limits Structure

(A)

(B)

(C)

(D)

	Scope	Authority	VaR Limit	Term Limit	
2	EMC	Total FPL Portfolio	Committee	\$20 million	2 year
3	EMT	Fuels Activity			
4		Natural Gas	EMT Management	\$3.5 million	2 year
5		Fuel Oil	EMT Management	\$3.5 million	2 year
6	Total	EMT Management	\$5.0 million	2 year	

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## Emissions Strategy FPL Company

### Price Targets for Execution:

- FPL has a price of \$150 a credit used to dispatch so this is also a major price target. The high last year for credits was \$156.
- On the downside, we may want to pick some credits up to put in our bank if they reach the lows of \$118 and we can bundle the credits as described below.

### Timing Issues:

- FPL will want to look at our position at the earliest in the beginning of March unless the price targets identified above are hit.
- FPL is also looking into doing very few trades because of the regulatory paper work involved in the transactions, the size of the deals (2500) and the legal issues of not appearing to "game" the market.

### Tracking Risk:

- Tom Witte is getting all of the necessary software and tracking tools for the credits into EMT.

### FPL Utility Strategy:

- The utility had expected to need 40,000 extra credits for the year 2001 but now we are projecting a need for about 120,000 extra credits because of high gas prices and continued high, oil fired, generation use. Sometime in January the utility group is expected to reassess their strategy of swapping out years for current year credits. The utility has in the past been reluctant to purchase credits but may be forced to this year. EMT will continue to aggressively pursue various options with all suppliers.

### Demand:

- Demand in the winter could be at all-time highs. Everyone that can switch to oil has switched especially on the East Coast. Even though they are switching to low sulfur fuels, there still is a demand impact for credits. On the West Coast, the electric generators have been given permission to exceed some local emission restrictions so this also could increase demand for credits. With gas prices at all time highs for the 2001 strip, the demand to burn oil should remain constant.

### Supply:

- The recent precipitous drop to the \$120 level was due to the EPA reaching an agreement with TECO, Dominion, and CINergy. These three agreements are expected to reduce emissions by 330,000 credits starting in 2001 and ending in 2005. The EPA has pending litigation with TVA and Southern Company for the reduction of emissions and is currently working with Duke to come to an agreement similar to the other utilities. In addition, the EPA has targeted AEP, FirstEnergy, Illinois Power, and Southern Indiana Electric and Gas.
- Earlier in the year SCE&G stated they plan to reduce emissions by 26,400 credits by 2004 with 22,000 coming by 2002.

### Overall Outlook and Assessment:

- Supply and demand seem to be balancing but with unprecedented oil burns in the U.S. the sentiment is more bullish than bearish. Our opinion would be to buy 40,000 to 60,000 in credits for the year if prices drop into the low 130's or high 120's again assuming that if that happens we are continuing to burn at high levels and anticipate the need for credits. If prices start hitting the \$160 level we will reassess and determine if we want to buy credits and lock them in or wait for a market down turn to buy additional credits.



A

B

C

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GOAL/STRATEGY TABLE - RESIDUAL FUEL OIL

VOLUME WEIGHTS	GOALS	PERFORMANCE BENCHMARK	APPLICABLE VOLUME	STRATEGY OVERVIEW		ACTION	BENEFIT/IMPACT	Var	LARGEST LOSS/(GAIN)
				STRATEGY %	VOLUME				
Minimum: 75% Maximum: 100%	1. Beat Index	Actual purchases vs. Platt's	32.8 million barrels (75%) to 43.8 million barrels (100%) of estimated 2001 residual fuel oil burn	Fixed price: 21% Options: 14% Index price: 51% Spreads: 14%	6.9-9.2 MMBBLS 4.6-6.1 MMBBLS 16.7-22.4 MMBBLS 4.6-6.1 MMBBLS	Purchase forward / monthly /daily below index	\$23.6 million (\$.54/Bbl) projected indicator savings plus \$1.2 million projected projected strategy savings for a total savings of \$24.8 million (\$0.57/Bbl).  Additional Market potential an \$1 - \$10 million.	For the first 75% up to \$2.0 million and for the additional 25% up to \$3.0 or a total of \$5.0	\$10.0 million for the first 75% hedge and \$12 million for the additional 25% hedge  Potential additional gain of \$10.0 million for the first 75% hedge and \$15 million for the additional 25% hedge if market conditions are favorable.
Minimum: 75% Maximum: 100%	2. Beat other Florida utilities (FPC and TECO)	Actual purchases vs. FPC/TECO adj. "A" Schedules	32.8 million barrels (75%) to (43.8 million barrels (100%) of estimated 2001 residual fuel oil burn	Fixed price: 21% Options: 14% Index price: 51% Spreads: 14%	6.9-9.2 MMBBLS 4.6-6.1 MMBBLS 16.7-22.4 MMBBLS 4.6-6.1 MMBBLS	Maintain current strategies  Consistent with Index Strategy	Regional consistency of fuel costs for PSC review  Consistent with Index Strategy	Marginal within current guidelines  Consistent with Index Strategy	Marginal within current guidelines  Consistent with Index Strategy
Minimum: 0% Maximum: 25%	3. Avoid dramatic price increases (staying within history)	Actual purchases vs. 10 year average price	Up to 11.0 million barrels (25%) of estimated 2001 residual fuel oil burn	Fixed price: 21% Options: 14% Index price: 51% Spreads: 14%	0-2.3 MMBBLS 0-1.5 MMBBLS 0-5.7 MMBBLS 0-1.5 MMBBLS	Execute hedging strategy if prices are divergent from the greater than the 10 year average prices for fuel	Up to 25% - (\$5.0)-\$15.0 million  Estimates are dependent upon market volatility	Up to 25% - \$4.0 million  Estimates are dependent upon market volatility	Up to 25% - (\$10.0 million)  Potential additional gain of \$1-\$15 million
Minimum: 0% Maximum: 75%	4. Mitigate rate increases or minimize the number of mid-course corrections	Number of mid-course corrections to Fuel Adjustment	32.8 million barrels (75%) of estimated 2001 residual fuel oil burn	Fixed price: 75% Options: 25%	0 to 24.6 MMBBLS 0 to 8.2 MMBBLS	Proactively execute the hedging strategy for up to 75% of the portfolio versus FPSC forecasted prices for FPL fossil fuel requirements	To protect against any future rate increases due to the price of fuel oil Est (\$50.0)-\$250.0 million	Up to \$30.0 million Estimate is dependent upon market volatility	Up to 75% of the requirements Est (\$50.0)-\$250.0 million Estimates are dependent upon market volatility

## Planned Position Strategy (PPS)

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1	• Date of request: 5/10/01	Requested by: Raj Lall, Bill Murphy, Doug Max
2	• Period the PPS to be in effect: Jun. 01 – Sep. 01	
3	• Type of PPS: Conditional <input checked="" type="checkbox"/> Transactional <input type="checkbox"/> Exception to an Existing	
4	• Applicable activity/portfolio to be applied towards: FPL Utility Fuel Procurement	
5	• Specific outline of terms and conditions of the obligations/strategy (Assets, Transactions, Term, Commodities at risk, Positional strategy, Expected benefits, Stop loss limits if applicable etc):	
6		
7	We propose to buy up to 300,000 Mmbtu/day fixed price for the period Jun. – Sep 01. We would break	
8	down the total gas purchase into 10 trenches of 30,000 Mmbtu/day, for Jun-Sep.01, and layer in the fuel	
9	purchase as the market moves lower. This would be a procurement transaction and <i>would not be managed</i>	
10	<i>on the mark-to-market basis nor included in the EMT natural gas indicator calculation.</i> No stop losses	
11	would apply to this transaction as the fuel purchased is going to be taken to physical delivery.	
12	The notional value of the deal is approx. \$ 160,000,000 (300,000 Mmbtu/day x 120 days x \$ 4.40/MmBtu).	
13	A +/-50 cent change in the value of gas would change the deal value by \$ 18,000,000 (change in value on	
14	the position is \$ 36,000 for \$0.01 move in the natural gas prices)	
15	We suggest that we start purchasing natural gas at current level (up to 30,000 Mmbtu/day) and buy the	
16	target volumes for every 10cents drop in gas prices for the strip. In case the market conditions change we	
17	may have to revise the strategy for procurement.	
18	We also suggest that the hedge should be placed with multiple counter parties and not with Enron alone as	
19	dealing with one counter party only, would give them valuable information about the cost of our gas and	
20	allow market gaming at time of setting market index.	
21	• Rationale for execution strategy (i.e. transactions, risks, benefits, expected gains, operational	
22	flexibility, areas of concern, etc):	
23	FPL's mid-course correction for the June through September 2001 period was about \$ 5.30 /Mmbtu. For	
24	the summer of 2001 we are expecting significant incremental demand due to new combined cycle units	
25	throughout the US. The incremental demand on top of a normal summer which is currently projected	
26	should force relative prices higher during 3Q 2001. Secondary support of storage injection should also	
27	support fundamental aspect of the market through Oct. 2001. Volume of 300,000 Mmbtu /day equates to	
28	the amount of natural gas that would be required to run the combined cycle units in Florida.	

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- 1 • **Overview of current market conditions (i.e. fundamental, technical and/or cross commodity if**  
2 **applicable, regional or intra regional relationships etc.):**
- 3 Fundamental Outlook: The outlook for natural gas remains bearish in the medium term (2-4 weeks). In last  
4 two weeks the natural gas (prompt month) has come down \$1.25/ Mmbtu from \$5.50 /Mmbtu to  
5 \$4.25/MmBtu
- 6 The drop in the gas prices is due to lack of generation demand in the absence of weather, weaker industrial  
7 demand and increased production. We have seen storage injections of over 100Bcf/ week for last two  
8 weeks. In absence of weather, we expect the storage injections to continue to be above 100 Bcf/week  
9 putting further bearish pressure on the market.
- 10 Natural Gas continues to be in a strong bearish trend. Without weather or significant supply disruptions we  
11 would expect the prices to continue to slide.
- 12 However, the market remains in highly oversold condition. Thus we may find short-term squeezes in the  
13 market, as a result of profit taking, return of weather or disruption in supply.

14 **Risk Analysis:**

- 15 This strategy is aimed at ensuring the gas prices below the mid-course correction filing of \$ 5.30 /Mmbtu.
- 16 Since we are planning to layer in the purchases, we expect to get an average procurement cost between  
17 \$4.60 and \$4.00 / Mmbtu.
- 18 In case the market continues to slide we can see significant mark to market losses on the deals done but the  
19 balance of the portfolio (300,000 Mmbtu/day +) would be indexed. Also, this does not assure procurement  
20 cost below the Inside FERC FOM index, as a result may the final impact may negatively adjust the EMT  
21 performance indicator.
- 22 However, this deal assures a fixed price below the mid-course correction filing, for this portion of the  
23 portfolio.
- 24 **VAR**
- 25 With the current market price of \$4.40 for Jun- Sep 01, a long position of 300,000 Mmbtu/day natural gas  
26 has a daily VAR of \$7.5 million dollars (approx.), with in 95 % confidence interval.

- **Approval by: EMT Fuels/Power Manager**
- **Approval by: EMT Management**
- **Approval by: EMT Business Management**

AS OF  
09/29/00

(A) (B) (C) (D) (E) (F) (G) (H)

**DAILY MANAGEMENT REPORT  
FPL - EMT DIVISION**

Prepared by  
Tony Nee

Florida Power & Light Compar  
Docket No. 010001-EI  
Staff's First Request for Produ  
of Documents  
Question No. 23

**POSITION AND MARK TO MARKET REPORTING**

	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents (3))		
		Month to Date	Today's Change		Fixed Price	Basis	Index
<b>Natural Gas</b>							
Procurement - Price	(\$4,011,087.66)	\$212,182	\$427,748	\$174,175	270	2,221	(16,764)
Procurement - Asset	\$410,560	\$0	\$0	\$0	0	0	0
Total Procurement	(\$3,600,528)	\$212,182	\$427,748	\$174,175	270	2,221	(16,764)
Trade	\$415,092	\$94,639	(\$42,416)	\$40,257	(1)	(3)	(3)
<b>Total Natural Gas</b>	<b>(\$3,185,436)</b>	<b>\$306,821</b>	<b>\$385,331</b>	<b>\$214,432</b>	<b>268</b>	<b>2,218</b>	<b>(16,767)</b>

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	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents (3))		
		Month to Date	Today's Change		Fixed Price	Basis	Index
<b>Residual Fuel</b>							
Procurement - Price	\$4,569,382	\$756,000	(\$166,200)	\$0	150	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
Total Procurement	\$4,569,382	\$756,000	(\$166,200)	\$0	150	0	0
Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>\$4,569,382</b>	<b>\$756,000</b>	<b>(\$166,200)</b>	<b>\$0</b>	<b>150</b>	<b>0</b>	<b>0</b>

	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (Thousands of Megawatt Hours)		
		Month to Date	Today's Change		Fixed Price	Basis	Index
<b>Power</b>							
Procurement - Price	\$0	\$0	\$0	\$0	0	0	0
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
Total Procurement	\$0	\$0	\$0	\$0	0	0	0
Trade	\$20,121,560	\$661,661	(\$439,364)	\$297,455	(17)	0	0
<b>Total Power</b>	<b>\$20,121,560</b>	<b>\$661,661</b>	<b>(\$439,364)</b>	<b>\$297,455</b>	<b>(17)</b>	<b>0</b>	<b>0</b>

	Year to Date	Mark to Market Month to Date	Today's Change	Nominal Value Fwd Positions only
<b>Total Procurement</b>	\$968,855	\$968,183	\$261,548	\$174,175
<b>Total Trade</b>	\$20,536,651	\$756,299	(\$481,780)	\$337,711
<b>TOTAL - ALL COMMODITIES</b>	<b>\$21,505,506</b>	<b>\$1,724,482</b>	<b>(\$220,233)</b>	<b>\$511,886</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

<b>PROCUREMENT</b>					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$120,291	\$132,985	(\$12,694)	NA	NA
Residual Fuel	\$185,475	\$191,321	(\$5,846)	NA	NA
Power	\$0	\$0	\$0	NA	NA
<b>Total</b>	<b>\$211,501</b>	<b>\$225,698</b>	<b>(\$14,197)</b>	<b>\$20,000,000</b>	<b>No</b>

<b>TRADE</b>					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$11,178	\$11,596	(\$418)	NA	NA
<b>Total</b>	<b>\$43,396</b>	<b>\$3,598</b>	<b>\$23,553</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	30	656	0	28	0	71	4.27%
Residual Fuel	0	26	0	3	0	9	11.54%
Power	9	110	0	1	0	2	0.91%
<b>Total - Trading</b>	<b>39</b>	<b>792</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>82</b>	<b>4.04%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels.

(A) (B) (C) (D) (E) (F) (G) (H) (I) (J) (K) (L)

**MTM FLASH REPORT: Power / Gas**

**AS OF  
8/25/00**

	P&L			CURRENT MONTH VALUES			FORWARD VALUES			ALL PERIOD VALUES		
	Year-to-date	One Day Change	Change Begin. of Month	Flow + Unflow'd	One Day Change	Change Begin. of Month	Total	One Day Change	Change Begin. of Month	Total	One Day Change	Change Begin. of Month
<b>TOTAL</b>												
Trade	14,399,364	0	230,368	5,005,386	0	5,069,611	54,367	0	(164,214)	19,459,117	0	5,135,765
Procurement	164,388	0	(0)	547,817	0	834,445	(986,757)	0	(528,997)	(274,553)	0	305,447
FPLE	0	0	0	0	0	0	0	0	0	0	0	0
	<u>14,563,752</u>	<u>0</u>	<u>230,368</u>	<u>5,553,202</u>	<u>0</u>	<u>5,904,055</u>	<u>(932,390)</u>	<u>0</u>	<u>(693,211)</u>	<u>19,184,564</u>	<u>0</u>	<u>5,441,212</u>
<b>Gas</b>												
Trade	272,701	0	13,984	22,589	0	25,596	(2,106)	0	(11,585)	293,184	0	27,994
Procurement	164,388	0	(0)	547,817	0	834,445	(986,757)	0	(528,997)	(274,553)	0	305,447
FPLE										0		0
	<u>437,088</u>	<u>0</u>	<u>13,984</u>	<u>570,406</u>	<u>0</u>	<u>860,041</u>	<u>(988,863)</u>	<u>0</u>	<u>(540,582)</u>	<u>18,632</u>	<u>0</u>	<u>333,442</u>
<b>Power</b>												
Trade	14,126,664	0	216,384	4,982,796	0	5,044,015	56,473	0	(152,629)	19,165,932	0	5,107,769
Procurement	0	0	0	0	0	0	0	0	0	0	0	0
FPLE										0		0
	<u>14,126,664</u>	<u>0</u>	<u>216,384</u>	<u>4,982,796</u>	<u>0</u>	<u>5,044,015</u>	<u>56,473</u>	<u>0</u>	<u>(152,629)</u>	<u>19,165,932</u>	<u>0</u>	<u>5,107,769</u>

P.22

**CONFIDENTIAL**

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 23

AS OF  
08/15/01

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
Risk Management

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Product  
of Documents  
Question No. 23

CONFIDENTIAL

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Mark to Market			Net Open Position			Nominal MTM Value
	Year to Date	Month to Date	Today's Change	(NYMEX Contract Equivalents (3))			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	\$5,542,148	(\$23,231)	\$28,169	8	1,641	(13,591) [1]	\$2,477,148
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement**	\$5,542,148	(\$23,231)	\$28,169	8	1,641	(13,591)	\$2,477,148
Total Trade	\$192,020	\$1,010	\$198	(0)	(2)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>\$5,734,168</b>	<b>(\$22,222)</b>	<b>\$28,366</b>	<b>8</b>	<b>1,638</b>	<b>(13,593)</b>	<b>\$2,463,027</b>

Residual Fuel	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Today's Change	(NYMEX Contract Equivalents (3))			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	[2]	\$0
Procurement - Asset	\$0	\$0	\$0	0	0		\$0
Total Procurement	(\$3,263,117)	\$0	\$0	0	0		\$0
Total Trade	\$0	\$0	\$0	0	0		\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>		<b>\$0</b>

Power	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Today's Change	(Thousands of Megawatt Hours)			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	\$7,866,508	\$0	\$0	0			\$0
Procurement - Asset	\$0	\$0	\$0	0			\$0
Total Procurement	\$7,866,508	\$0	\$0	0	0	0	\$0
Total Trade	\$17,007,368	(\$11,966)	(\$2,980)	0			\$209,954
<b>Total Power</b>	<b>\$24,873,877</b>	<b>(\$11,966)</b>	<b>(\$2,980)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$209,954</b>

Totals	Mark to Market			EMC Limit	Exception ?	Nominal Value
	Year to Date	Month to Date	Today's Change			Fwd Positions only
	Change	Change				
Fuels	\$2,279,031	(\$23,231)	\$28,169	NA	NA	\$2,477,148
Power	\$7,866,508	\$0	\$0	NA	NA	\$0
Total Procurement	\$10,145,539	(\$23,231)	\$28,169	\$12,000,000	Yes	\$2,477,148
	\$0					
Fuels	\$192,020	\$1,010	\$198	NA	NA	(\$14,121)
Power	\$17,007,368	(\$11,966)	(\$2,980)	NA	NA	\$209,954
Total Trade	\$17,199,388	(\$10,956)	(\$2,783)	\$ 1,000,000	No	\$195,832
<b>TOTAL - ALL COMMODITIES</b>	<b>\$27,344,927</b>	<b>(\$34,187)</b>	<b>\$25,386</b>	<b>NA</b>	<b>NA</b>	<b>\$2,672,981</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$503,452	\$503,452	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$503,452	\$503,452	\$0	\$5,000,000	No

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$1,003	\$1,003	\$0	\$500,000	No

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		One Day	Total Score	Errors as a % of Transactions
	Today	Month to Date	Today	Month to Date			
Natural Gas	27	231	0	0	0	0	0.00%
Residual Fuel	0	3	0	0	0	0	0.00%
Power	23	205	0	0	0	0	0.00%
Total - Trading	50	439	0	0	0	0	0.00%
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available soon.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

(A) (B) (C) (D) (E) (F) (G) (H)

AS OF  
12/01/00

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
**Tony Nee**

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 23

**CONFIDENTIAL**

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(NYMEX Contract Equivalents [3])		
					Fixed Price	Basis	Index
Procurement - Price	(\$2,609,850.06)	\$268,665	\$268,665	(\$571,243)	68	2,190	(16,764)
Procurement - Asset	\$410,560	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$2,199,290)</b>	<b>\$268,665</b>	<b>\$268,665</b>	<b>(\$571,243)</b>	<b>68</b>	<b>2,190</b>	<b>(16,764)</b>
Total Trade	\$558,741	\$3,716	\$3,716	(\$9,974)	(1)	(7)	(3)
<b>Total Natural Gas</b>	<b>(\$1,640,549)</b>	<b>\$272,381</b>	<b>\$272,381</b>	<b>(\$581,217)</b>	<b>67</b>	<b>2,183</b>	<b>(16,767)</b>

Residual Fuel	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(NYMEX Contract Equivalents [3])		
					Fixed Price	Basis	Index
Procurement - Price	(\$7,198,015)	\$0	\$0	(\$80,000)	2,650	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$7,198,015)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$80,000)</b>	<b>2,650</b>	<b>0</b>	<b>0</b>
Total Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>(\$7,198,015)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$80,000)</b>	<b>2,650</b>	<b>0</b>	<b>0</b>

Power	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(Thousands of Megawatt Hours)		
					Fixed Price	Basis	Index
Procurement - Price	\$0	\$0	\$0	\$0	0		
Procurement - Asset	(\$1,341,697)	(\$10,295)	(\$10,295)	\$0	38		
<b>Total Procurement</b>	<b>(\$1,341,697)</b>	<b>(\$10,295)</b>	<b>(\$10,295)</b>	<b>\$0</b>	<b>38</b>	<b>0</b>	<b>0</b>
Total Trade	\$32,831,749	\$536,111	\$536,111	\$0	(36)		
<b>Total Power</b>	<b>\$31,490,052</b>	<b>\$525,816</b>	<b>\$525,816</b>	<b>\$0</b>	<b>2</b>	<b>0</b>	<b>0</b>

Totals	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(Thousands of Megawatt Hours)		
					Fixed Price	Basis	Index
Fuels	(\$9,397,305)	\$268,665	\$268,665	(\$651,243)			
Power	(\$1,341,697)	(\$10,295)	(\$10,295)	\$0			
<b>Total Procurement</b>	<b>(\$10,739,002)</b>	<b>\$258,370</b>	<b>\$258,370</b>	<b>(\$651,243)</b>			
Fuels	\$558,741	\$3,716	\$3,716	(\$9,974)			
Power	\$32,831,749	\$536,111	\$536,111	\$0			
<b>Total Trade</b>	<b>\$33,390,490</b>	<b>\$539,828</b>	<b>\$539,828</b>	<b>(\$9,974)</b>			
<b>TOTAL - ALL COMMODITIES</b>	<b>\$22,651,488</b>	<b>\$798,197</b>	<b>\$798,197</b>	<b>(\$661,217)</b>			

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$1,339,057	\$426,275	\$912,782	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$1,232,590	\$1,232,429	\$161	NA	NA
<b>Total</b>	<b>\$1,340,818</b>	<b>\$1,004,478</b>	<b>\$336,340</b>	<b>\$20,000,000</b>	<b>No</b>
TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	N/A	N/A	N/A	NA	NA
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>\$0</b>	<b>N/A</b>	<b>No</b>

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
	Natural Gas	73	73	0	0	0	
Residual Fuel	0	0	0	0	0	0	#DIV/0!
Power	14	14	0	0	0	0	0.00%
<b>Total - Trading</b>	<b>87</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels.

AS OF  
02/01/01

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**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
Tony Nee

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Product  
of Documents  
Question No. 23

**CONFIDENTIAL**

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents [3])		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Procurement - Price	(\$3,068,282)	\$163,230	\$163,230	\$2,269,816	4	2,422	(16,764)
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$3,068,282)</b>	<b>\$163,230</b>	<b>\$163,230</b>	<b>\$2,269,816</b>	<b>4</b>	<b>2,422</b>	<b>(16,764)</b>
Total Trade	\$9,728	(\$2,873)	(\$2,873)	(\$14,121)	(1)	(5)	(3)
<b>Total Natural Gas</b>	<b>(\$3,058,554)</b>	<b>\$160,357</b>	<b>\$160,357</b>	<b>\$2,255,695</b>	<b>3</b>	<b>2,418</b>	<b>(16,767)</b>

Residual Fuel	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents [3])		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Procurement - Price	(\$3,042,959)	\$273,299	\$273,299	(\$4,808,617)	195	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$3,042,959)</b>	<b>\$273,299</b>	<b>\$273,299</b>	<b>(\$4,808,617)</b>	<b>195</b>	<b>0</b>	<b>0</b>
Total Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>(\$3,042,959)</b>	<b>\$273,299</b>	<b>\$273,299</b>	<b>(\$4,808,617)</b>	<b>195</b>	<b>0</b>	<b>0</b>

Power	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (Thousands of Megawatt Hours)		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Procurement - Price	\$0.00	\$0	\$0	\$0	0	0	0
Procurement - Asset	\$957,303	(\$4,358)	(\$4,358)	\$0	37	0	0
<b>Total Procurement</b>	<b>\$957,303</b>	<b>(\$4,358)</b>	<b>(\$4,358)</b>	<b>\$0</b>	<b>37</b>	<b>0</b>	<b>0</b>
Total Trade	\$6,553,294	\$28,660	\$28,660	\$0	(43)	0	0
<b>Total Power</b>	<b>\$7,510,597</b>	<b>\$24,303</b>	<b>\$24,303</b>	<b>\$0</b>	<b>(6)</b>	<b>0</b>	<b>0</b>

Totals	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Fuels	(\$6,111,241)	\$436,529	\$436,529	(\$2,538,801)			
Power	\$957,303	(\$4,358)	(\$4,358)	\$0			
<b>Total Procurement</b>	<b>(\$5,153,938)</b>	<b>\$432,172</b>	<b>\$432,172</b>	<b>(\$2,538,801)</b>			
Fuels	\$9,728	(\$2,873)	(\$2,873)	(\$14,121)			
Power	\$6,553,294	\$28,660	\$28,660	\$0			
<b>Total Trade</b>	<b>\$6,563,022</b>	<b>\$25,787</b>	<b>\$25,787</b>	<b>(\$14,121)</b>			
<b>TOTAL - ALL COMMODITIES</b>	<b>\$1,409,084</b>	<b>\$457,958</b>	<b>\$457,958</b>	<b>(\$2,552,922)</b>			

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$742,968	\$2,590,370	(\$1,847,402)	NA	NA
Residual Fuel	\$117,575	\$142,687	(\$25,112)	NA	NA
Power	\$43,908	\$43,893	\$15	NA	NA
<b>Total</b>	<b>\$753,494</b>	<b>\$2,594,668</b>	<b>(\$1,841,174)</b>	<b>\$20,000,000</b>	<b>No</b>
TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$24,823	\$28,837	(\$4,014)	NA	NA
<b>Total</b>	<b>\$25,057</b>	<b>\$30,492</b>	<b>(\$5,435)</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	19	19	0	0	0	0	0.00%
Residual Fuel	0	0	0	0	0	0	#DIV/0!
Power	7	7	0	0	0	0	0.00%
<b>Total - Trading</b>	<b>26</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

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AS OF  
01/31/01

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**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
Tony Nee

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 23

CONFIDENTIAL

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents (3))		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Procurement - Price	(\$1,180,298)	(\$1,180,298)	\$2,001,227	\$2,460,260	(192)	2,190	(16,764)
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$1,180,298)</b>	<b>(\$1,180,298)</b>	<b>\$2,001,227</b>	<b>\$2,460,260</b>	<b>(192)</b>	<b>2,190</b>	<b>(16,764)</b>
Total Trade	\$3,338	\$3,338	(\$9,263)	(\$14,121)	(1)	(6)	(3)
<b>Total Natural Gas</b>	<b>(\$1,176,960)</b>	<b>(\$1,176,960)</b>	<b>\$1,991,964</b>	<b>\$2,446,139</b>	<b>(193)</b>	<b>2,184</b>	<b>(16,767)</b>

Residual Fuel	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents (3))		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Procurement - Price	(\$52,526)	(\$52,526)	\$3,133,911	(\$4,808,617)	234	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$52,526)</b>	<b>(\$52,526)</b>	<b>\$3,133,911</b>	<b>(\$4,808,617)</b>	<b>234</b>	<b>0</b>	<b>0</b>
Total Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>(\$52,526)</b>	<b>(\$52,526)</b>	<b>\$3,133,911</b>	<b>(\$4,808,617)</b>	<b>234</b>	<b>0</b>	<b>0</b>

Power	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (Thousands of Megawatt Hours)		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Procurement - Price	\$0.00	\$0	\$0	\$0	0	0	0
Procurement - Asset	(\$3,300)	(\$3,300)	(\$969,301)	\$0	30	0	0
<b>Total Procurement</b>	<b>(\$3,300)</b>	<b>(\$3,300)</b>	<b>(\$969,301)</b>	<b>\$0</b>	<b>30</b>	<b>0</b>	<b>0</b>
Total Trade	(\$38,499)	(\$38,499)	(\$6,500,475)	\$0	(43)	0	0
<b>Total Power</b>	<b>(\$41,800)</b>	<b>(\$41,800)</b>	<b>(\$7,469,777)</b>	<b>\$0</b>	<b>(13)</b>	<b>0</b>	<b>0</b>

Totals	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		Fixed Price	Basis	Index
Fuels	(\$1,232,824)	(\$1,232,824)	\$5,135,138	(\$2,348,357)			
Power	(\$3,300)	(\$3,300)	(\$969,301)	\$0			
<b>Total Procurement</b>	<b>(\$1,236,124)</b>	<b>(\$1,236,124)</b>	<b>\$4,165,837</b>	<b>(\$2,348,357)</b>			
Fuels	\$3,338	\$3,338	(\$9,263)	(\$14,121)			
Power	(\$38,499)	(\$38,499)	(\$6,500,475)	\$0			
<b>Total Trade</b>	<b>(\$35,161)</b>	<b>(\$35,161)</b>	<b>(\$6,509,738)</b>	<b>(\$14,121)</b>			
<b>TOTAL - ALL COMMODITIES</b>	<b>(\$1,271,286)</b>	<b>(\$1,271,286)</b>	<b>(\$2,343,902)</b>	<b>(\$2,362,478)</b>			

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$2,590,370	\$2,421,629	\$168,741	NA	NA
Residual Fuel	\$142,687	\$177,237	(\$34,550)	NA	NA
Power	\$43,893	\$43,885	\$8	NA	NA
<b>Total</b>	<b>\$2,594,668</b>	<b>\$2,428,503</b>	<b>\$166,165</b>	<b>\$20,000,000</b>	<b>No</b>

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$28,837	\$29,982	(\$1,145)	NA	NA
<b>Total</b>	<b>\$30,492</b>	<b>\$31,668</b>	<b>(\$1,176)</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	10	574	0	13	0	25	2.28%
Residual Fuel	2	48	0	2	0	6	4.17%
Power	9	165	0	1	0	3	0.61%
<b>Total - Trading</b>	<b>21</b>	<b>787</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>34</b>	<b>2.03%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

AS OF  
07/31/01

(A) (B) (C) (D) (E) (F) (G) (H)

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
**Risk Management**

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production of Documents  
Question No. 23

CONFIDENTIAL

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date Change	Mark to Market		Net Open Position (NYMEX Contract Equivalents [3])			Nominal MTM Value
		Month to Date Change	Today's Change	Fixed Price	Basis	Index	Fwd Positions only
Procurement - Price	\$5,448,609	(\$2,188,173)	\$4,878	4	4,433	(13,591) [1]	\$6,128,008
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement**</b>	<b>\$5,448,609</b>	<b>(\$2,188,173)</b>	<b>\$4,878</b>	<b>4</b>	<b>4,433</b>	<b>(13,591)</b>	<b>\$6,128,008</b>
Total Trade	\$175,017	\$9,518	(\$15,785)	(1)	(2)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>\$5,623,626</b>	<b>(\$2,178,655)</b>	<b>(\$10,907)</b>	<b>4</b>	<b>4,431</b>	<b>(13,593)</b>	<b>\$6,113,886</b>

Residual Fuel	Year to Date Change	Mark to Market		Net Open Position (NYMEX Contract Equivalents [3])			Nominal Value
		Month to Date Change	Today's Change	Fixed Price	Basis	Index	Fwd Positions only
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	[2]	\$0
Procurement - Asset	\$0	\$0	\$0	0	0		\$0
<b>Total Procurement</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>		<b>\$0</b>
Total Trade	\$0	\$0	\$0	0	0		\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>		<b>\$0</b>

Power	Year to Date Change	Mark to Market		Net Open Position (Thousands of Megawatt Hours)			Nominal Value
		Month to Date Change	Today's Change	Fixed Price	Basis	Index	Fwd Positions only
Procurement - Price	\$7,541,486	\$345,950	(\$325,022)	0	0	0	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement</b>	<b>\$7,541,486</b>	<b>\$345,950</b>	<b>(\$325,022)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Total Trade	\$16,231,846	\$358,473	(\$789,935)	0	0	0	\$230,331
<b>Total Power</b>	<b>\$23,773,333</b>	<b>\$704,423</b>	<b>(\$1,114,957)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$230,331</b>

Totals	Year to Date Change	Mark to Market		EMC Limit	Exception ?	Nominal Value
		Month to Date Change	Today's Change			Fwd Positions only
Fuels	\$2,185,492	(\$2,188,173)	\$4,878	NA	NA	\$6,128,008
Power	\$7,541,486	\$345,950	(\$325,022)	NA	NA	\$0
<b>Total Procurement</b>	<b>\$9,726,978</b>	<b>(\$1,842,223)</b>	<b>(\$320,144)</b>	<b>(\$12,000,000)</b>	<b>No</b>	<b>\$6,128,008</b>
Fuels	\$175,017	\$9,518	(\$15,785)	NA	NA	(\$14,121)
Power	\$16,231,846	\$358,473	(\$789,935)	NA	NA	\$230,331
<b>Total Trade</b>	<b>\$16,406,864</b>	<b>\$367,992</b>	<b>(\$805,720)</b>	<b>\$13,477,111</b>	<b>No</b>	<b>\$216,210</b>
<b>TOTAL - ALL COMMODITIES</b>	<b>\$26,133,842</b>	<b>(\$1,474,232)</b>	<b>(\$1,125,864)</b>	<b>NA</b>	<b>NA</b>	<b>\$6,344,218</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$20,947	\$16,305	\$4,642	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$20,947	\$16,305	\$4,642	\$5,000,000	No

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$7,718	\$8,203	(\$485)	\$500,000	No

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	28	587	0	2	0	10	0.34%
Residual Fuel	1	22	0	0	0	0	0.00%
Power	21	318	27	28	135	140	8.81%
<b>Total - Trading</b>	<b>50</b>	<b>927</b>	<b>27</b>	<b>30</b>	<b>135</b>	<b>150</b>	<b>3.24%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available soon.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

\*\*Fuels Procurement figure includes \$468,973 for Jan. \$177,886 for Feb., \$7438 for March, (4069) for April, (1,669,501) for May & 28,782 for June cost savings

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AS OF  
06/28/01

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
**Risk Management**

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
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Question No. 23

**CONFIDENTIAL**

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Mark to Market			Net Open Position			Nominal MTM Value Fwd Positions only
	Year to Date	Month to Date	Today's Change	(NYMEX Contract Equivalents [3])			
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$10,223,365)	\$14,509,216	\$14,509,216	(162)	4,433	(13,591) [1]	(\$1,014,007)
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement**</b>	<b>(\$10,223,365)</b>	<b>\$14,509,216</b>	<b>\$14,509,216</b>	<b>(162)</b>	<b>4,433</b>	<b>(13,591)</b>	<b>(\$1,014,007)</b>
Total Trade	\$93,304	(\$67,400)	(\$67,400)	(1)	(3)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>(\$10,130,061)</b>	<b>\$14,441,816</b>	<b>\$14,441,816</b>	<b>(163)</b>	<b>4,430</b>	<b>(13,593)</b>	<b>(\$1,028,128)</b>

Residual Fuel	Mark to Market			Net Open Position			Nominal Value Fwd Positions only
	Year to Date	Month to Date	Today's Change	(NYMEX Contract Equivalents [3])			
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	[2]	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Total Trade	\$0	\$0	\$0	0	0	0	\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>

Power	Mark to Market			Net Open Position			Nominal Value Fwd Positions only
	Year to Date	Month to Date	Today's Change	(Thousands of Megawatt Hours)			
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	\$6,295,435	(\$841,134)	(\$841,134)	0	0	0	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement</b>	<b>\$6,295,435</b>	<b>(\$841,134)</b>	<b>(\$841,134)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Total Trade	\$14,385,660	(\$1,435,467)	(\$1,435,467)	0	0	0	\$254,828
<b>Total Power</b>	<b>\$20,681,096</b>	<b>(\$2,276,601)</b>	<b>(\$2,276,601)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$254,828</b>

Totals	Mark to Market			EMC Limit	Exception ?	Nominal Value Fwd Positions only
	Year to Date	Month to Date	Today's Change			
	Change	Change				
Fuels	(\$13,486,482)	\$14,509,216	\$14,509,216	NA	NA	(\$1,014,007)
Power	\$6,295,435	(\$841,134)	(\$841,134)	NA	NA	\$0
<b>Total Procurement</b>	<b>(\$7,191,047)</b>	<b>\$13,668,082</b>	<b>\$13,668,082</b>	<b>(\$12,000,000)</b>	<b>No</b>	<b>(\$1,014,007)</b>
Fuels	\$93,304	(\$67,400)	(\$67,400)	NA	NA	(\$14,121)
Power	\$14,385,660	(\$1,435,467)	(\$1,435,467)	NA	NA	\$254,828
<b>Total Trade</b>	<b>\$14,478,965</b>	<b>(\$1,502,868)</b>	<b>(\$1,502,868)</b>	<b>\$13,477,111</b>	<b>No</b>	<b>\$240,707</b>
<b>TOTAL - ALL COMMODITIES</b>	<b>\$7,287,918</b>	<b>\$12,165,214</b>	<b>\$12,165,214</b>	<b>NA</b>	<b>NA</b>	<b>(\$773,300)</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$520,201	\$6,106,126	(\$5,585,925)	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$520,201	\$6,106,126	(\$5,585,925)	\$5,000,000	No

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$77,120	\$1,372	\$75,748	\$500,000	No

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
	Natural Gas	29	653	0	0	0	
Residual Fuel	0	40	0	0	0	0	0.00%
Power	10	277	0	0	0	0	0.00%
<b>Total - Trading</b>	<b>39</b>	<b>970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available soon.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

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AS OF  
03/05/01

(A) (B) (C) (D) (E) (F) (G) (H)

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
Tony Nee

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 23

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Mark to Market			Net Open Position			Nominal MTM Value
	Year to Date	Month to Date	Today's Change	(NYMEX Contract Equivalents (3))			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$2,249,569)	\$337,484	\$337,484	61	2,633	(16,764)	\$2,444,105 (1)
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement**</b>	<b>(\$2,249,569)</b>	<b>\$337,484</b>	<b>\$337,484</b>	<b>61</b>	<b>2,633</b>	<b>(16,764)</b>	<b>\$2,444,105</b>
Total Trade	\$18,094	\$5,561	\$5,561	(1)	(4)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>(\$2,231,476)</b>	<b>\$343,045</b>	<b>\$343,045</b>	<b>60</b>	<b>2,629</b>	<b>(16,767)</b>	<b>\$2,429,983</b>

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Residual Fuel	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Today's Change	(NYMEX Contract Equivalents (3))			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$3,266,412)	\$83,114	\$83,114	100	0	(2)	(\$4,808,617)
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement</b>	<b>(\$3,266,412)</b>	<b>\$83,114</b>	<b>\$83,114</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>(\$4,808,617)</b>
Total Trade	\$0	\$0	\$0	0	0	0	\$0
<b>Total Residual Fuel</b>	<b>(\$3,266,412)</b>	<b>\$83,114</b>	<b>\$83,114</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>(\$4,808,617)</b>

Power	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Today's Change	(Thousands of Megawatt Hours)			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	\$0.00	\$0	\$0	0	0	0	\$0
Procurement - Asset	\$1,770,903	(\$209,979)	(\$209,979)	37	0	0	(\$2,307,446)
<b>Total Procurement</b>	<b>\$1,770,903</b>	<b>(\$209,979)</b>	<b>(\$209,979)</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>(\$2,307,446)</b>
Total Trade	\$7,897,203	(\$199,657)	(\$199,657)	(0)	0	0	\$1,037,435
<b>Total Power</b>	<b>\$9,668,106</b>	<b>(\$409,636)</b>	<b>(\$409,636)</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>(\$1,270,011)</b>

Totals	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Today's Change	(Thousands of Megawatt Hours)			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Fuels	(\$5,515,982)	\$420,598	\$420,598	NA	NA	NA	(\$2,364,512)
Power	\$1,770,903	(\$209,979)	(\$209,979)	NA	NA	NA	(\$2,307,446)
<b>Total Procurement**</b>	<b>(\$3,745,078)</b>	<b>\$210,619</b>	<b>\$210,619</b>	<b>(\$12,000,000)</b>	<b>No</b>	<b>No</b>	<b>(\$4,671,958)</b>
Fuels	\$18,094	\$5,561	\$5,561	NA	NA	NA	(\$14,121)
Power	\$7,897,203	(\$199,657)	(\$199,657)	NA	NA	NA	\$1,037,435
<b>Total Trade</b>	<b>\$7,915,297</b>	<b>(\$194,096)</b>	<b>(\$194,096)</b>	<b>\$ 7,109,392</b>	<b>No</b>	<b>No</b>	<b>\$1,023,313</b>
<b>TOTAL - ALL COMMODITIES</b>	<b>\$4,170,218</b>	<b>\$16,524</b>	<b>\$16,524</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>(\$3,648,645)</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$910,184	\$131,302	\$778,882	NA	NA
Residual Fuel	\$47,151	\$60,639	(\$13,488)	NA	NA
Power	\$45,925	\$45,867	\$58	NA	NA
<b>Total</b>	<b>\$912,561</b>	<b>\$151,727</b>	<b>\$760,834</b>	<b>\$20,000,000</b>	<b>No</b>

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$581	\$884	(\$303)	NA	NA
<b>Total</b>	<b>\$3,028</b>	<b>\$3,394</b>	<b>(\$366)</b>	<b>\$5,000,000</b>	<b>No</b>

EXCEPTION REPORTING							
Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	19	56	0	0	0	0	0.00%
Residual Fuel	0	0	0	0	0	0	#DIV/0!
Power	12	28	0	0	0	0	0.00%
<b>Total - Trading</b>	<b>31</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

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**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date Change	Mark to Market		Net Open Position (NYMEX Contract Equivalents (3))			Nominal MTM Value
		Month to Date	Today's Change	Fixed Price	Basis	Index	Fwd Positions only
		Change					
Procurement - Price	(\$2,755,783)	(\$79,346)	\$6,947,032	2,264	4,148	(16,764)	\$2,550,923
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement**	(\$2,755,783)	(\$79,346)	\$6,947,032	2,264	4,148	(16,764)	\$2,550,923
Total Trade	\$57,195	\$375	(\$12,291)	(1)	(3)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>(\$2,698,588)</b>	<b>(\$78,971)</b>	<b>\$6,934,741</b>	<b>2,263</b>	<b>4,145</b>	<b>(16,767)</b>	<b>\$2,536,802</b>

Residual Fuel	Year to Date Change	Mark to Market		Net Open Position (NYMEX Contract Equivalents (3))			Nominal Value
		Month to Date	Today's Change	Fixed Price	Basis	Index	Fwd Positions only
		Change					
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	[2]	\$0
Procurement - Asset	\$0	\$0	\$0	0	0		\$0
Total Procurement	(\$3,263,117)	\$0	\$0	0	0		\$0
Total Trade	\$0	\$0	\$0	0	0		\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>		<b>\$0</b>

Power	Year to Date Change	Mark to Market		Net Open Position (Thousands of Megawatt Hours)			Nominal Value
		Month to Date	Today's Change	Fixed Price	Basis	Index	Fwd Positions only
		Change					
Procurement - Price	\$5,067,177	\$0	(\$1,173,894)	0			\$0
Procurement - Asset	\$0	\$0	\$0	0			\$0
Total Procurement	\$5,067,177	\$0	(\$1,173,894)	0	0	0	\$0
Total Trade	\$11,107,545	(\$2,600)	(\$2,924,254)	0			\$299,958
<b>Total Power</b>	<b>\$16,174,723</b>	<b>(\$2,600)</b>	<b>(\$4,098,148)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$299,958</b>

Totals	Year to Date Change	Mark to Market		EMC Limit	Exception ?	Nominal Value
		Month to Date	Today's Change			Fwd Positions only
		Change				
Fuels	(\$6,018,900)	(\$79,346)	\$6,947,032	NA	NA	\$2,550,923
Power	\$5,067,177	\$0	(\$1,173,894)	NA	NA	\$0
Total Procurement	(\$951,723)	(\$79,346)	\$5,773,138	(\$12,000,000)	No	\$2,550,923
	\$0					
Fuels	\$57,195	\$375	(\$12,291)	NA	NA	(\$14,121)
Power	\$11,107,545	(\$2,600)	(\$2,924,254)	NA	NA	\$299,958
Total Trade	\$11,164,741	(\$2,226)	(\$2,936,545)	\$ 10,166,966	No	\$285,837
<b>TOTAL - ALL COMMODITIES</b>	<b>\$10,213,018</b>	<b>(\$81,571)</b>	<b>\$2,836,593</b>	<b>NA</b>	<b>NA</b>	<b>\$2,836,760</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$5,051,659	\$3,978,122	\$1,073,537	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$5,051,659	\$3,978,122	\$1,073,537	\$5,000,000	No

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$1,406	\$1,472	(\$66)	\$500,000	No

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	30	442	1	4	5	14	0.90%
Residual Fuel	1	33	0	0	0	0	0.00%
Power	12	209	0	0	0	0	0.00%
Total - Trading	43	684	1	4	5	14	0.58%
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.

[2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.

[3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Todays Change		(NYMEX Contract Equivalents (3))		
					Fixed Price	Basis	Index
Procurement - Price	(\$4,093,695.16)	\$1,039,465	\$0	(\$285,980)	26	2,213	(16,764)
Procurement - Asset	\$410,560	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>(\$3,683,135)</b>	<b>\$1,039,465</b>	<b>\$0</b>	<b>(\$285,980)</b>	<b>26</b>	<b>2,213</b>	<b>(16,764)</b>
Total Trade	\$556,355	\$8,802	\$0	\$30,299	(1)	(7)	(3)
<b>Total Natural Gas</b>	<b>(\$3,126,780)</b>	<b>\$1,048,267</b>	<b>\$0</b>	<b>(\$255,681)</b>	<b>25</b>	<b>2,206</b>	<b>(16,767)</b>

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Residual Fuel	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Todays Change		(NYMEX Contract Equivalents (3))		
					Fixed Price	Basis	Index
Procurement - Price	\$4,837,950	(\$200,360)	\$0	(\$80,000)	400	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
<b>Total Procurement</b>	<b>\$4,837,950</b>	<b>(\$200,360)</b>	<b>\$0</b>	<b>(\$80,000)</b>	<b>400</b>	<b>0</b>	<b>0</b>
Total Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>\$4,837,950</b>	<b>(\$200,360)</b>	<b>\$0</b>	<b>(\$80,000)</b>	<b>400</b>	<b>0</b>	<b>0</b>

Power	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Todays Change		(Thousands of Megawatt Hours)		
					Fixed Price	Basis	Index
Procurement - Price	\$0	\$0	\$0	\$0	0	0	0
Procurement - Asset	\$0	\$0	\$0	\$0	37	0	0
<b>Total Procurement</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>37</b>	<b>0</b>	<b>0</b>
Total Trade	\$22,936,350	\$1,483,551	\$0	\$399,271	(22)	0	0
<b>Total Power</b>	<b>\$22,936,350</b>	<b>\$1,483,551</b>	<b>\$0</b>	<b>\$399,271</b>	<b>16</b>	<b>0</b>	<b>0</b>

Totals	Year to Date	Mark to Market		Nominal Value Fwd Positions only
		Month to Date	Todays Change	
Total Procurement	\$1,154,815	\$839,105	\$0	(\$365,980)
Total Trade	\$23,492,705	\$1,492,353	\$0	\$429,570
<b>TOTAL - ALL COMMODITIES</b>	<b>\$24,647,521</b>	<b>\$2,331,459</b>	<b>\$0</b>	<b>\$63,590</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

**PROCUREMENT**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$426,275	\$264,837	\$161,438	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$1,232,429	\$1,232,429	\$0	NA	NA
<b>Total</b>	<b>\$1,004,478</b>	<b>\$994,584</b>	<b>\$9,894</b>	<b>\$20,000,000</b>	<b>No</b>

**TRADE**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$1,233,055	\$1,056,091	(\$182)	NA	NA
<b>Total</b>	<b>\$157,632</b>	<b>\$132,219</b>	<b>\$25,413</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	88	754	1	16	2	43	2.12%
Residual Fuel	0	25	0	8	0	9	32.00%
Power	8	119	0	1	2	2	0.84%
<b>Total - Trading</b>	<b>96</b>	<b>898</b>	<b>1</b>	<b>25</b>	<b>4</b>	<b>54</b>	<b>2.78%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels.

AS OF  
10/02/00

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**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
Tony Nee

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production of Documents  
Question No. 23

**CONFIDENTIAL**

**POSITION AND MARK TO MARKET REPORTING**

	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents [3])		
		Month to Date	Today's Change		Fixed Price	Basis	Index
<b>Natural Gas</b>							
Procurement - Price	(\$4,203,761.35)	\$5,310	\$5,310	(\$22,075)	69	2,190	(16,764)
Procurement - Asset	\$410,560	\$0	\$0	\$0	0	0	0
Total Procurement	(\$3,793,201)	\$5,310	\$5,310	(\$22,075)	69	2,190	(16,764)
Trade	\$313,574	(\$1,461)	(\$1,461)	\$45,822	(1)	(7)	(3)
<b>Total Natural Gas</b>	<b>(\$3,479,627)</b>	<b>\$3,848</b>	<b>\$3,849</b>	<b>\$23,747</b>	<b>68</b>	<b>2,183</b>	<b>(16,767)</b>

	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (NYMEX Contract Equivalents [3])		
		Month to Date	Today's Change		Fixed Price	Basis	Index
<b>Residual Fuel</b>							
Procurement - Price	\$3,993,382	\$247,296	\$247,295	\$0	150	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
Total Procurement	\$3,993,382	\$247,296	\$247,295	\$0	150	0	0
Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>\$3,993,382</b>	<b>\$247,296</b>	<b>\$247,295</b>	<b>\$0</b>	<b>150</b>	<b>0</b>	

	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position (Thousands of Megawatt Hours)		
		Month to Date	Today's Change		Fixed Price	Basis	Index
<b>Power</b>							
Procurement - Price	\$0	\$0	\$0	\$0	0	0	0
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
Total Procurement	\$0	\$0	\$0	\$0	0	0	0
Trade	\$19,453,878	(\$9,395)	(\$9,395)	\$322,438	(17)	0	0
<b>Total Power</b>	<b>\$19,453,878</b>	<b>(\$9,395)</b>	<b>(\$9,395)</b>	<b>\$322,438</b>	<b>(17)</b>	<b>0</b>	<b>0</b>

	Year to Date	Mark to Market Month to Date	Today's Change	Nominal Value Fwd Positions only
<b>Total Procurement</b>	\$200,181	\$252,606	\$252,605	(\$22,075)
<b>Total Trade</b>	\$19,767,453	(\$10,857)	(\$10,856)	\$368,261
<b>TOTAL - ALL COMMODITIES</b>	<b>\$19,967,634</b>	<b>\$241,749</b>	<b>\$241,749</b>	<b>\$346,186</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

**PROCUREMENT**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$125,413	\$120,291	\$5,122	NA	NA
Residual Fuel	\$0	\$185,475	(\$185,475)	NA	NA
Power	\$0	\$0	\$0	NA	NA
<b>Total</b>	<b>\$125,413</b>	<b>\$211,501</b>	<b>(\$86,088)</b>	<b>\$20,000,000</b>	<b>No</b>

**TRADE**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$11,125	\$11,178	(\$53)	NA	NA
<b>Total</b>	<b>\$11,237</b>	<b>\$3,598</b>	<b>(\$32,159)</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	11	11	0	0	0	0	0.00%
Residual Fuel	0	0	0	0	0	0	#DIV/0!
Power	2	2	0	0	0	0	0.00%
<b>Total - Trading</b>	<b>13</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.

[2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.

[3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels.

AS OF  
04/30/01

(A)
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**DAILY MANAGEMENT REPORT  
FPL - EMT DIVISION**

Prepared by  
**Tony Nee**

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 23

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**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Mark to Market			Net Open Position			Nominal MTM Value
	Year to Date	Month to Date	Todays Change	(NYMEX Contract Equivalents [3])			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$2,025,322)	\$3,340	\$476,140	148	2,543	(16,764)	\$2,628,602
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
<b>Total Procurement**</b>	<b>(\$2,025,322)</b>	<b>\$3,340</b>	<b>\$476,140</b>	<b>148</b>	<b>2,543</b>	<b>(16,764)</b>	<b>\$2,628,602</b>
Total Trade	\$54,517	(\$504)	(\$1,228)	(1)	(3)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>(\$1,970,805)</b>	<b>\$2,836</b>	<b>\$474,912</b>	<b>147</b>	<b>2,539</b>	<b>(16,767)</b>	<b>\$2,614,481</b>

Residual Fuel	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Todays Change	(NYMEX Contract Equivalents [3])			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	[2]	\$0
Procurement - Asset	\$0	\$0	\$0	0	0		\$0
<b>Total Procurement</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>		<b>\$0</b>
Total Trade	\$0	\$0	\$0	0	0		\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>		<b>\$0</b>

Power	Mark to Market			Net Open Position			Nominal Value
	Year to Date	Month to Date	Todays Change	(Thousands of Megawatt Hours)			Fwd Positions only
	Change	Change		Fixed Price	Basis	Index	
Procurement - Price	\$3,069,918	\$0	(\$1,963,644)	0			\$0
Procurement - Asset	\$0	\$0	\$0	0			\$0
<b>Total Procurement</b>	<b>\$3,069,918</b>	<b>\$0</b>	<b>(\$1,963,644)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Total Trade	\$9,565,958	\$3,643	(\$1,519,426)	0			\$367,942
<b>Total Power</b>	<b>\$12,635,877</b>	<b>\$3,643</b>	<b>(\$3,483,070)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$367,942</b>

Totals	Mark to Market			EMC Limit	Exception ?	Nominal Value
	Year to Date	Month to Date	Todays Change			Fwd Positions only
	Change	Change				
Fuels	(\$5,288,439)	\$3,340	\$476,140	NA	NA	\$2,628,602
Power	\$3,069,918	\$0	(\$1,963,644)	NA	NA	\$0
<b>Total Procurement</b>	<b>(\$2,218,520)</b>	<b>\$3,340</b>	<b>(\$1,487,504)</b>	<b>(\$12,000,000)</b>	<b>No</b>	<b>\$2,628,602</b>
	\$0					
Fuels	\$54,517	(\$504)	(\$1,228)	NA	NA	(\$14,121)
Power	\$9,565,958	\$3,643	(\$1,519,426)	NA	NA	\$367,942
<b>Total Trade</b>	<b>\$9,620,475</b>	<b>\$3,139</b>	<b>(\$1,520,654)</b>	<b>\$ 8,617,336</b>	<b>No</b>	<b>\$353,821</b>
<b>TOTAL - ALL COMMODITIES</b>	<b>\$7,401,955</b>	<b>\$6,479</b>	<b>(\$3,008,158)</b>	<b>NA</b>	<b>NA</b>	<b>\$2,982,423</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

**PROCUREMENT**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$297,909	\$367,083	(\$69,174)	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	<b>\$297,909</b>	<b>\$367,083</b>	<b>(\$69,174)</b>	<b>\$20,000,000</b>	<b>No</b>

**TRADE**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$52,373	\$52,326	\$47	NA	NA
	<b>\$52,394</b>	<b>\$52,352</b>	<b>\$42</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	16	471	0	0	0	0	0.00%
Residual Fuel	1	32	0	0	0	0	0.00%
Power	13	315	0	0	0	0	0.00%
<b>Total - Trading</b>	<b>30</b>	<b>818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

\*\*Fuels Procurement figure includes \$468973 for Jan. cost savings, \$177886 for Feb. cost savings, \$7438 for March cost savings.



Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Requests for Production of Documents  
Interrogatory No. 24  
Page 1 of 1

Q.

**Please provide all reports, analyses, and studies done by or received by FPL since January 1, 1999, that discuss the impact of weather conditions on the current and long-term price for natural gas or residual oil.**

A.

The following are all reports, analyses, and studies done by or received by FPL since January 1, 1999, that discuss, when appropriate, the impact of: weather conditions (question 24), storage levels (question 25), exploration and production levels (question 26), and increased natural gas demand for electric generation on the current and long-term price for natural gas or residual fuel oil.

In addition, FPL receives the following copyrighted publications since January 1, 1999: Gas Daily, Inside FERC, Megawatt Daily, Power Markets Week, Petroleum Intelligence Weekly, Platt's Oilgram, and Petroleum Argus.

FPL also receives, under a confidential and proprietary retainer agreement, numerous reports, analyses, and studies since January 1, 1999 from the PIRA Energy Group, Cambridge Energy Research Associates, DRI-WEFA, Pace Global Energy Services, and Resource Data International.

FPL has filed a Notice of Intent to Request Confidential Classification of the attached information. Please note that FPL considers the entire attachment pages 1 through 149 to be confidential.



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Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question Nos. 24, 25, 26 and 27



To: K. Dubin/R. Lippman/J. Stepenovitch Date: January 4, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: January Through December, 1999**

Attached is an update to the January through December, 1999 residual fuel oil and natural gas price forecast to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities, the natural gas flexibility decisions for the Citrus Trading II volumes, and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual December low sulfur residual fuel oil prices were \$1.78/Bbl. (\$0.28/MMBTU) or 16.6% **below** last month's projection for December. For 1998, 1997, and 1996, FPL's average annual forecast error was 13.6%, 8.8%, and 10.8%, respectively, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last three years**. Low sulfur residual fuel oil prices are now expected to be, on average, about \$2.15/Bbl. **below** the April 8, 1998 base case fuel cost recovery forecast for the January through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to significantly lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela.

Actual December high sulfur residual fuel oil prices were \$1.89/Bbl. (\$0.30/MMBTU) or 22.9% **below** last month's projection for December. For 1998, 1997, and 1996, FPL's average annual forecast error was 16.1%, 13.5%, and 8.9%, respectively, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last three years**. High sulfur residual fuel oil prices are now projected to be, on average, about \$2.26/Bbl. **below** the April 8, 1998 base case forecast for the January through December, 1999 period. These lower, high sulfur prices are mainly due to the same reasons as stated above for low sulfur prices.

Actual first of the month index price for January natural gas was \$0.09/MMBTU or 4.9% **below** last month's projection for January. For 1998, 1997, and 1996, FPL's average annual forecast error was 8.5%, 12.5%, and 17.7%, respectively, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last three years**. Natural gas prices are now expected to be, on average, about \$0.31/MMBTU **below** the April, 1998 forecast for the January through July, 1999 period and **essentially equal to** the April, 1998 forecast for the August through December, 1999 period. These lower prices are primarily due to higher than previously projected natural gas storage levels.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

Gene



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To: K. Dubin/R. Lippman/J. Stepenovitch Date: February 2, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: February Through December, 1999

Attached is an update to the February through December, 1999 residual fuel oil and natural gas price forecast to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities, the natural gas flexibility decisions for the Citrus Trading II volumes, and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual January low sulfur residual fuel oil prices were \$0.21/Bbl. (\$0.03/MMBTU) or 2.2% **above** last month's projection for January. For 1998, 1997, and 1996, FPL's average annual forecast error was 13.6%, 8.8%, and 10.8%, respectively, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last three years**. Low sulfur residual fuel oil prices are now expected to be, on average, about \$2.79/Bbl. **below** the April 8, 1998 base case fuel cost recovery forecast for the February through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to significantly lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela.

Actual January high sulfur residual fuel oil prices were \$0.70/Bbl. (\$0.11/MMBTU) or 9.7% **above** last month's projection for January. For 1998, 1997, and 1996, FPL's average annual forecast error was 16.1%, 13.5%, and 8.9%, respectively, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last three years**. High sulfur residual fuel oil prices are now projected to be, on average, about \$2.92/Bbl. **below** the April 8, 1998 base case forecast for the February through December, 1999 period. These lower, high sulfur prices are mainly due to the same reasons as stated above for low sulfur prices.

Actual first of the month index price for February natural gas was \$0.13/MMBTU or 7.0% **below** last month's projection for the February index. For 1998, 1997, and 1996, FPL's average annual forecast error was 8.5%, 12.5%, and 17.7%, respectively, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last three years**. Natural gas prices are now expected to be, on average, about \$0.39/MMBTU **below** the April, 1998 forecast for the February through July, 1999 period and **essentially equal to** the April, 1998 forecast for the August through December, 1999 period. These lower prices are primarily due to higher than previously projected natural gas storage levels.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question Nos. 24, 25, 26 and 27



To: K. Dubin/R. Lippman/J. Stepenovitch Date: February 2, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: February Through December, 1999

Attached is an update to the February through December, 1999 residual fuel oil and natural gas price forecast to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities, the natural gas flexibility decisions for the Citrus Trading II volumes, and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual January low sulfur residual fuel oil prices were \$0.21/Bbl. (\$0.03/MMBTU) or 2.2% **above** last month's projection for January. For 1998, 1997, and 1996, FPL's average annual forecast error was 13.6%, 8.8%, and 10.8%, respectively, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last three years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$2.79/Bbl. **below** the April 8, 1998 base case fuel cost recovery forecast for the February through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to significantly lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela.

Actual January high sulfur residual fuel oil prices were \$0.70/Bbl. (\$0.11/MMBTU) or 9.7% **above** last month's projection for January. For 1998, 1997, and 1996, FPL's average annual forecast error was 16.1%, 13.5%, and 8.9%, respectively, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last three years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$2.92/Bbl. **below** the April 8, 1998 base case forecast for the February through December, 1999 period. These lower, high sulfur prices are mainly due to the same reasons as stated above for low sulfur prices.

Actual first of the month index price for February natural gas was \$0.13/MMBTU or 7.0% **below** last month's projection for the February index. For 1998, 1997, and 1996, FPL's average annual forecast error was 8.5%, 12.5%, and 17.7%, respectively, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last three years.** Natural gas prices are now expected to be, on average, about \$0.39/MMBTU **below** the April, 1998 forecast for the February through July, 1999 period and **essentially equal to** the April, 1998 forecast for the August through December, 1999 period. These lower prices are primarily due to higher than previously projected natural gas storage levels.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 24, 25, 26 and 27



To: K. Dubin/R. Lippman/J. Stepenovitch Date: March 8, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: March Through December, 1999

Attached is an update to the March through December, 1999 residual fuel oil and natural gas price forecast to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities, the natural gas flexibility decisions for the Citrus Trading II volumes, and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual February low sulfur residual fuel oil prices were \$1.49/Bbl. (\$0.23/MMBTU) or 14.5% **below** last month's projection for February. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 14.9%, 13.6%, 8.8%, and 10.8%, respectively, 2.8%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$3.79/Bbl. **below** the April 8, 1998 base case fuel cost recovery forecast for the March through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to significantly lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela.

Actual February high sulfur residual fuel oil prices were \$0.34/Bbl. (\$0.05/MMBTU) or 4.2% **below** last month's projection for February. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 8.0%, 16.1%, 13.5%, and 8.9%, respectively, 1.1%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$3.53/Bbl. **below** the April 8, 1998 base case forecast for the March through December, 1999 period. These lower, high sulfur prices are mainly due to the same reasons as stated above for low sulfur prices.

Actual first of the month index price for March natural gas was \$0.13/MMBTU or 7.5% **below** last month's projection for the March index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 5.4%, 8.5%, 12.5%, and 17.7%, respectively, 9.8%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years.** Natural gas prices are now expected to be, on average, about \$0.57/MMBTU **below** the April, 1998 forecast for the March through December, 1999 period primarily due to higher than previously projected natural gas storage levels.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

Gene

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To: K. Dubin/R. Lippman/J. Stepenovitch Date: April 2, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: April Through December, 1999

Attached is an update to the April through December, 1999 residual fuel oil and natural gas price forecast to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities, the natural gas flexibility decisions for the Citrus Trading II volumes, and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual March low sulfur residual fuel oil prices were \$0.14/Bbl. (\$0.02/MMBTU) or 1.3% **above** last month's projection for March. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 10.4%, 13.6%, 8.8%, and 10.8%, respectively, 3.5%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years**. Low sulfur residual fuel oil prices are now expected to be, on average, about \$1.40/Bbl. **below** the April 8, 1998 base case fuel cost recovery forecast for the April through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela.

Actual March high sulfur residual fuel oil prices were \$1.98/Bbl. (\$0.31/MMBTU) or 24.8% **above** last month's projection for March. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 13.6%, 16.1%, 13.5%, and 8.9%, respectively, 5.0%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years**. High sulfur residual fuel oil prices are now projected to be, on average, about \$1.25/Bbl. **below** the April 8, 1998 base case forecast for the April through December, 1999 period. These lower, high sulfur prices are mainly due to the same reasons as stated above for low sulfur prices.

Actual first of the month index price for April natural gas was \$0.22/MMBTU or 13.4% **above** last month's projection for the April index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 5.4%, 8.5%, 12.5%, and 17.7%, respectively, 9.8%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years**. Natural gas prices are now expected to be, on average, about \$0.32/MMBTU **below** the April, 1998 forecast for the April through December, 1999 period primarily due to higher than previously projected natural gas storage levels.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

*Gene*

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Attachments



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To: K. Dubin/R. Lippman/J. Stepenovitch Date: May 4, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: May Through December, 1999

Attached is an update to the May through December, 1999 residual fuel oil and natural gas price forecast to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities, the natural gas flexibility decisions for the Citrus Trading II volumes, and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual April low sulfur residual fuel oil prices were \$0.77/Bbl. (\$0.12/MMBTU) or 6.3% **above** last month's projection for April. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 16.2%, 13.6%, 8.8%, and 10.8%, respectively, 5.6%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$0.90/Bbl. **below** the April 8, 1998 base case fuel cost recovery forecast for the May through June, 1999 period, and **essentially equal to** the April, 1998 forecast for the July through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela.

Actual April high sulfur residual fuel oil prices were \$1.36/Bbl. (\$0.21/MMBTU) or 12.1% **above** last month's projection for April. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 22.3%, 16.1%, 13.5%, and 8.9%, respectively, 12.7%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$0.29/Bbl. **above** the April 8, 1998 base case forecast for the May through June, 1999 period, and **essentially equal to** the April, 1998 forecast for the July through December, 1999 period. These higher, high sulfur prices are mainly due to higher than previously anticipated export demand from the U. S. Gulf Coast.

Actual first of the month index price for May natural gas was \$0.37/MMBTU or 19.0% **above** last month's projection for the May index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 8.8%, 8.5%, 12.5%, and 17.7%, respectively, 7.8%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years.** Natural gas prices are now expected to be, on average, about \$0.11/MMBTU **below** the April, 1998 forecast for the May through July, 1999 period, and **essentially equal to** the April, 1998 forecast for the August through December, 1999 period. These lower natural gas prices are primarily due to higher than previously projected natural gas storage levels.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.



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To: K. Dubin/R. Lippman/J. Stepenovitch Date: July 11, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: July, 1999 Through December, 2000**

Attached is an update to the July, 1999 through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual June low sulfur residual fuel oil prices were \$0.39/Bbl. (\$0.06/MMBTU) or 2.8% **below** last month's projection for June. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 12.5%, 13.6%, 8.8%, and 10.8%, respectively, 4.8%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$0.71/Bbl. **below** the April 8, 1998 base case fuel cost recovery/1999 fuel operating budget forecast for the July through December, 1999 period. These lower, low sulfur residual fuel oil prices are primarily due to lower than expected crude oil prices, reflecting lower worldwide demand for petroleum products and higher than expected production from the OPEC cartel. The lower demand is primarily concentrated in the Pacific Rim countries of South Korea, Thailand and Indonesia, while the increase in OPEC supply is mainly from Iraq and Venezuela. Low sulfur residual fuel oil prices are still projected to be **essentially equal to** the June 6, 1999 base case fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period.

Actual June high sulfur residual fuel oil prices were \$0.51/Bbl. (\$0.08/MMBTU) or 4.0% **above** last month's projection for June. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 17.5%, 16.1%, 13.5%, and 8.9%, respectively, 9.9%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$0.16/Bbl. **below** the April 8, 1998 base case forecast for the July through December, 1999 period. High sulfur prices are lower for the same reasons as low sulfur prices. High sulfur residual fuel oil prices are still projected to be **essentially equal to** the June 6, 1999 base case forecast for the January through December, 2000 period.

Actual first of the month index price for July natural gas was \$0.08/MMBTU or 3.4% **below** last month's projection for the July index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 6.6%, 8.5%, 12.5%, and 17.7%, respectively, 5.4%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years.** Natural gas prices are now expected to be, on average, about \$0.21/MMBTU **below** the April, 1998 forecast for the July through December, 1999 period. These lower natural gas prices are primarily due to higher than previously projected natural gas storage levels. Natural gas prices are still forecasted to be **essentially equal to** the June 6, 1999 base case forecast for the January through December, 1999 period.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.





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of Documents  
Question Nos. 24, 25, 26 and 27



To: K. Dubin/R. Lippman/J. Stepenovitch Date: August 5, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: August, 1999 Through December, 2000**

Attached is an update to the August, 1999 through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual July low sulfur residual fuel oil prices were \$1.07/Bbl. (\$0.17/MMBTU) or 7.4% **above** last month's projection for July. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 12.6%, 13.6%, 8.8%, and 10.8%, respectively, 4.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years**. Low sulfur residual fuel oil prices are now expected to be, on average, about \$0.18/Bbl. **above** the April 8, 1998 base case fuel cost recovery/1999 fuel operating budget forecast for the August through December, 1999 period. These higher, low sulfur residual fuel oil prices are primarily due to higher than expected crude oil prices, reflecting higher worldwide demand for petroleum products and a stronger than expected adherence by the OPEC cartel to their production accord. Low sulfur residual fuel oil prices are still projected to be **essentially equal to** the June 6, 1999 base case fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period.

Actual July high sulfur residual fuel oil prices were \$0.87/Bbl. (\$0.14/MMBTU) or 6.2% **above** last month's projection for July. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 17.7%, 16.1%, 13.5%, and 8.9%, respectively, 9.2%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years**. High sulfur residual fuel oil prices are now projected to be, on average, about \$0.28/Bbl. **above** the April 8, 1998 base case forecast for the August through December, 1999 period. High sulfur prices are higher for the same reasons as low sulfur prices. High sulfur residual fuel oil prices are still projected to be **essentially equal to** the June 6, 1999 base case forecast for the January through December, 2000 period.

Actual first of the month index price for August natural gas was \$0.34/MMBTU or 15.2% **above** last month's projection for the August index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 7.5%, 8.5%, 12.5%, and 17.7%, respectively, 4.0%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years**. Natural gas prices are now expected to be, on average, about \$0.13/MMBTU **above** the April, 1998 forecast for the August through December, 1999 period. These higher natural gas prices are primarily due to a warmer than previously projected summer in most of the U. S. Natural gas prices are still forecasted to be **essentially equal to** the June 6, 1999 base case forecast for the January through December, 2000 period.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.



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of Documents  
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To: Distribution Date: September 3, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: September, 1999 Through December, 2000**

Attached is an update to the September, 1999 through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual August low sulfur residual fuel oil prices were \$1.76/Bbl. (\$0.28/MMBTU) or 10.5% **above** last month's projection for August. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 14.7%, 13.6%, 8.8%, and 10.8%, respectively, 3.7%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$2.51/Bbl. **above** the April 8, 1998 base case fuel cost recovery/1999 fuel operating budget forecast for the September through December, 1999 period. These higher, low sulfur residual fuel oil prices, compared with the April, 1998 forecast, are primarily due to higher than expected crude oil prices, reflecting higher worldwide demand for petroleum products and a stronger than expected adherence by the OPEC cartel to their production accord. Low sulfur residual fuel oil prices are now projected to be, on average, about \$2.76/Bbl. and \$0.83/Bbl., respectively, **above** the June 6, 1999 base case and high price fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the surprise alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual August high sulfur residual fuel oil prices were \$2.23/Bbl. (\$0.35/MMBTU) or 14.6% **above** last month's projection for August. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 19.2%, 16.1%, 13.5%, and 8.9%, respectively, 7.7%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$3.26/Bbl. **above** the April 8, 1998 base case forecast for the September through December, 1999 period. High sulfur prices are higher for the same reasons as low sulfur prices. High sulfur residual fuel oil prices are now projected to be, on average, about \$3.28/Bbl. and \$1.35/Bbl., respectively, **above** the June 6, 1999 base case and high price forecast for the January through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for September natural gas was \$0.41/MMBTU or 16.1% **above** last month's projection for the September index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 8.4%, 8.5%, 12.5%, and 17.7%, respectively, 5.0%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years.** Natural gas prices are now expected to be **essentially equal to** the April, 1998 forecast for the September through December, 1999 period. Natural gas prices are now forecasted to be, on average, about \$0.30/MMBTU **above** the June 6, 1999 base case forecast and **essentially equal to** the high price forecast for the January through

December, 2000 period, primarily due to a stronger than previously anticipated growth in North American natural gas demand coupled with a slower than projected increase in natural gas deliverability on the U. S. Gulf Coast.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

*Gene*

EU

Attachments

cc. A. F. Altmann  
J. Asaibene  
B. Barrett  
H. Barth  
S. Borgmeyer  
D. L. Cobb  
J. M. Crawford  
K. T. Dubin  
J. Enjamio  
G. Fant

S. Glynn  
A. M. Grealy  
P. Hanson  
B. Jenkins  
T. J. Keith  
J. Mantyh  
D. Maserang  
D. Max  
M. McKee  
R. McLellan

E. Mendiola  
W. B. Miller  
A. Morris  
T. Morrison  
B. Murphy  
W. Ng  
T. P. O'Hara  
J. Patrick  
W. Payne  
P. Reynolds

J. Saffran  
R. Silva  
J. Stepenovitch  
F. Suriano  
W. N. Swift  
D. K. Van Pelt  
S. S. Water  
L. Wedeen  
J. Wood  
G. Yupp



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To: Distribution Date: October 3, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: October, 1999 Through December, 2000

Attached is an update to the October, 1999 through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual September low sulfur residual fuel oil prices were \$0.66/Bbl. (\$0.10/MMBTU) or 5.5% **above** last month's projection for September. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 15.4%, 13.6%, 8.8%, and 10.8%, respectively, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years**. Low sulfur residual fuel oil prices are now expected to be, on average, about \$5.01/Bbl. **above** the April 8, 1998 base case fuel cost recovery/1999 fuel operating budget forecast for the October through December, 1999 period. These higher, low sulfur residual fuel oil prices, compared with the April, 1998 forecast, are primarily due to higher than expected crude oil prices, reflecting higher worldwide demand for petroleum products and a stronger than expected adherence by the OPEC cartel to their production accord. Low sulfur residual fuel oil prices are now projected to be, on average, about \$3.55/Bbl. and \$1.62/Bbl., respectively, **above** the June 6, 1999 base case and high price fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the continuing alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual September high sulfur residual fuel oil prices were \$1.18/Bbl. (\$0.18/MMBTU) or 6.7% **above** last month's projection for September. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 20.2%, 16.1%, 13.5%, and 8.9%, respectively, 6.7%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years**. High sulfur residual fuel oil prices are now projected to be, on average, about \$6.08/Bbl. **above** the April 8, 1998 base case forecast for the October through December, 1999 period. High sulfur prices are higher for the same reasons as low sulfur prices. High sulfur residual fuel oil prices are now projected to be, on average, about \$3.99/Bbl. and \$2.06/Bbl., respectively, **above** the June 6, 1999 base case and high price forecast for the January through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for October natural gas was \$0.07/MMBTU or 2.7% **below** last month's projection for the September index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 7.8%, 8.5%, 12.5%, and 17.7%, respectively, 6.0%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years**. Natural gas prices continue to be **essentially equal to** the April, 1998 forecast for the October through December, 1999 period. Natural gas prices are now forecasted to be, on average, about \$0.42/MMBTU and \$0.09/MMBTU, respectively, **above** the June 6, 1999 base case and high price forecast for the January through December, 2000 period, primarily due

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to a stronger than previously anticipated growth in North American natural gas demand coupled with a slower than projected increase in natural gas deliverability on the U. S. Gulf Coast.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

*Gene*

EU

Attachments

cc. A. F. Altmann  
J. Asaibene  
B. Barrett  
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S. S. Water  
L. Wedeen  
J. Wood  
G. Yupp



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To: Distribution Date: November 3, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: November, 1999 Through December, 2000

Attached is an update to the November, 1999 through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual October low sulfur residual fuel oil prices were \$1.20/Bbl. (\$0.19/MMBTU) or 5.8% **below** last month's projection for October. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 14.7%, 13.6%, 8.8%, and 10.8%, respectively, 2.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$4.48/Bbl. **above** the April 8, 1998 base case fuel cost recovery/1999 fuel operating budget forecast for the November through December, 1999 period. These higher, low sulfur residual fuel oil prices, compared with the April, 1998 forecast, are primarily due to higher than expected crude oil prices, reflecting higher worldwide demand for petroleum products and a stronger than expected adherence by the OPEC cartel to their production accord. Low sulfur residual fuel oil prices are now projected to be, on average, about \$3.38/Bbl. and \$1.46/Bbl., respectively, **above** the June 6, 1999 base case and high price fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the continuing alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual October high sulfur residual fuel oil prices were \$1.77/Bbl. (\$0.28/MMBTU) or 8.9% **below** last month's projection for October. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 18.9%, 16.1%, 13.5%, and 8.9%, respectively, 5.4%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$4.52/Bbl. **above** the April 8, 1998 base case forecast for the November through December, 1999 period. High sulfur prices are higher for the same reasons as low sulfur prices. High sulfur residual fuel oil prices are now projected to be, on average, about \$3.90/Bbl. and \$1.97/Bbl., respectively, **above** the June 6, 1999 base case and high price forecast for the January through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for November natural gas was \$0.29/MMBTU or 10.7% **above** last month's projection for the November index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 7.8%, 8.5%, 12.5%, and 17.7%, respectively, 4.9%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years.** Natural gas prices are now forecasted to be, on average, about \$0.13/MMBTU **below** the April 8, 1998 base case projection for the November through December, 1999. Natural gas prices are now forecasted to be, on average, about \$0.40/MMBTU and \$0.07/MMBTU, respectively, **above** the June 6, 1999 base case and high price forecast

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for the January through December, 2000 period, primarily due to a stronger than previously anticipated growth in North American natural gas demand coupled with a slower than projected increase in natural gas deliverability on the U. S. Gulf Coast.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

*Gene*

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To: Distribution Date: December 3, 1999  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: December, 1999 Through December, 2000

Attached is an update to the December, 1999 through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual November low sulfur residual fuel oil prices were \$0.15/Bbl. (\$0.02/MMBTU) or 0.7% **below** last month's projection for November. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 13.4%, 13.6%, 8.8%, and 10.8%, respectively, 2.9%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now expected to be, on average, about \$4.00/Bbl. **above** the April 8, 1998 fuel cost recovery/1999 fuel operating budget forecast for December, 1999. These higher, low sulfur residual fuel oil prices, compared with the April, 1998 forecast, are primarily due to higher than expected crude oil prices, reflecting higher worldwide demand for petroleum products and a stronger than expected adherence by the OPEC cartel to their production accord. Low sulfur residual fuel oil prices are now projected to be, on average, about \$1.53/Bbl. **above** the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the continuing alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual November high sulfur residual fuel oil prices were \$1.34/Bbl. (\$0.21/MMBTU) or 6.9% **below** last month's projection for November. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 17.8%, 16.1%, 13.5%, and 8.9%, respectively, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$6.47/Bbl. **above** the April 8, 1998 forecast for December, 1999. High sulfur prices are higher for the same reasons as low sulfur prices. High sulfur residual fuel oil prices are now projected to be, on average, about \$2.20/Bbl. **above** the June 6, 1999 forecast for the January through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for December natural gas was \$0.73/MMBTU or 25.2% **below** last month's projection for the December index. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last four years.** Natural gas prices are now forecasted to be, on average, about \$0.10/MMBTU **below** the June 6, 1999 forecast for the January through December, 2000 period.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.





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To: Distribution Date: January 5, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: January Through December, 2000

Attached is an update to the January through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast value are provided, as well as, a comparison with the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, and a comparison of FPL and PIRA's forecast accuracy.

Actual December low sulfur residual fuel oil prices were \$0.79/Bbl. (\$0.12/MMBTU) or 4.2% **below** last month's projection for December. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last four years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$1.29/Bbl. **above** the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast for the January through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the continuing alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual December high sulfur residual fuel oil prices were \$0.61/Bbl. (\$0.10/MMBTU) or 3.3% **below** last month's projection for December. For 1999 year-to-date, 1998, 1997, and 1996, FPL's average annual forecast error was 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last four years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$2.13/Bbl. **above** the June 6, 1999 forecast for the January through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for January natural gas was \$0.06/MMBTU or 2.5% **below** last month's projection for the January index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 2.5%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 24.4%, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$0.03/MMBTU **below** the June 6, 1999 forecast for the January through December, 2000 period.

If you have any questions concerning the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question Nos. 24, 25, 26 and 27



To: Distribution Date: February 4, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: February Through December, 2000

Attached is an update to the February through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast values are provided. In addition, a comparison with the February 4, 2000 forward curve for residual fuel oil and natural gas, and the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy are also provided.

Actual January low sulfur residual fuel oil prices were \$0.43/Bbl. (\$0.07/MMBTU) or 2.3% **above** last month's projection for January. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 2.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 13.7%, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$3.57/Bbl. (\$0.56/MMBTU) **above the June 6, 1999** fuel cost recovery/2000 fuel operating budget forecast for the February through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the continuing alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual January high sulfur residual fuel oil prices were \$0.55/Bbl. (\$0.09/MMBTU) or 3.0% **above** last month's projection for January. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 3.0%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 3.7%, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$4.32/Bbl. (\$0.68/MMBTU) **above the June 6, 1999** forecast for the February through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for February natural gas was \$0.38/MMBTU or 17.3% **above** last month's projection for the February index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 9.9%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 5.8%, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$0.09/MMBTU **above the June 6, 1999** forecast for the February through December, 2000 period.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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of Documents  
Question Nos. 24, 25, 26 and 27



To: Distribution Date: March 6, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: March Through December, 2000

Attached is an update to the March through December, 2000 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection and a range from a low to a high price forecast values are provided. In addition, a comparison with the March 3, 2000 forward curve for residual fuel oil and natural gas, and the PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy are also provided.

Actual February low sulfur residual fuel oil prices were \$1.20/Bbl. (\$0.19/MMBTU) or 6.1% **above** last month's projection for February. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.0%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 1.3%, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$5.71/Bbl. (\$0.89/MMBTU) **above the June 6, 1999** fuel cost recovery/2000 fuel operating budget forecast for the March through December, 2000 period, primarily due to a continuing unprecedented adherence by OPEC to their recent production accord and the continuing alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual February high sulfur residual fuel oil prices were \$0.95/Bbl. (\$0.15/MMBTU) or 4.8% **above** last month's projection for February. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 9.0%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 2.5%, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$6.77/Bbl. (\$1.06/MMBTU) **above the June 6, 1999** forecast for the March through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for March natural gas was \$0.06/MMBTU or 2.3% **below** last month's projection for the March index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 7.7%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 3.2%, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$0.29/MMBTU **above the June 6, 1999** forecast for the March through December, 2000 period primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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Question No. 24, 25, 26 and 27



To: Distribution Date: April 9, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: April, 2000 Through December, 2001

Attached is an update to the April, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are also provided. In addition, a comparison with the April 6, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual March low sulfur residual fuel oil prices were \$1.00/Bbl. (\$0.16/MMBTU) or 4.2% **below** last month's projection for March. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.2%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 4.6%, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$4.34/Bbl. (\$0.68/MMBTU) **above the June 6, 1999** fuel cost recovery/2000 fuel operating budget forecast for the April through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts.

Actual March high sulfur residual fuel oil prices were \$1.52/Bbl. (\$0.24/MMBTU) or 6.6% **below** last month's projection for March. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.4%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.6%, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$5.31/Bbl. (\$0.83/MMBTU) **above the June 6, 1999** forecast for the April through December, 2000 period for the same reasons as low sulfur prices.

Actual first of the month index price for April natural gas was \$0.17/MMBTU or 6.3% **above** last month's projection for the April index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 7.4%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 2.9%, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$0.36/MMBTU **above the June 6, 1999** forecast for the April through December, 2000 period primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

*Gene*

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cc. A. F. Altmann

S. Glynn

E. Mendiola

J. M. Saffran

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Staff's First Request for Production  
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Question No. 24, 25, 26 and 27



To: e-mail Distribution Date: May 4, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: May, 2000 Through December, 2001**

Attached is an update to the May, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are also provided. In addition, a comparison with the May 3, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual April low sulfur residual fuel oil prices were \$0.72/Bbl. (\$0.11/MMBTU) or 3.3% **above** last month's projection for April. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.8%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 2.7%, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$5.21/Bbl. (\$0.81/MMBTU) **above the June 6, 1999** fuel cost recovery/2000 fuel operating budget forecast for the May through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur prices are also expected to be, on average, about \$2.06/Bbl. (\$0.32/MMBTU) **above the April 7, 2000** mid-course correction forecast for the May through August, 2000 period and **equal to the April, 2000** forecast for the September, 2000 through December, 2001 period mainly due to higher than previously anticipated near-term low sulfur residual fuel oil demand.

Actual April high sulfur residual fuel oil prices were \$0.51/Bbl. (\$0.08/MMBTU) or 2.7% **below** last month's projection for April. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 12.5%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 0.5%, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$5.14/Bbl. (\$0.80/MMBTU) **above the June 6, 1999** forecast for the May through December, 2000 period for the same reasons as low sulfur prices. High sulfur prices are still expected to be **essentially equal to the April, 2000** forecast for the May, 2000 through December, 2001 period.

Actual first of the month index price for May natural gas was \$0.28/MMBTU or 10.1% **above** last month's projection for the May index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 8.3%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 1.4%, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$0.49/MMBTU **above the June 6, 1999** forecast for the May through December, 2000 period primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast. Natural gas prices are also expected to be, on average, about \$0.28/MMBTU **above the April 7, 2000** forecast for the May through August, 2000 period and **equal to the April, 2000** forecast for the September, 2000 through December, 2001 period mainly due to higher than previously anticipated near-term natural gas demand.

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Question No. 24, 25, 26 and 27

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: June 2, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: June, 2000 Through December, 2001

Attached is an update to the June, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are also provided. In addition, a comparison with the June 2, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual May low sulfur residual fuel oil prices were \$1.61/Bbl. (\$0.25/MMBTU) or 6.9% **above** last month's projection for May. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 15.5%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% **more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$7.98/Bbl. (\$1.25/MMBTU) **above the June 6, 1999** fuel cost recovery/2000 fuel operating budget forecast for the June through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur fuel oil prices are also expected to be, on average, about \$3.68/Bbl. (\$0.58/MMBTU) **above the April 7, 2000** mid-course correction forecast, for the June through December, 2000 period, mainly due to higher than previously anticipated residual fuel oil demand, during the balance of the year, resulting from higher than previously anticipated natural gas prices. Low sulfur oil prices are still projected to be, on average, **equal to the April, 2000** forecast for the January through December, 2001 period.

Actual May high sulfur residual fuel oil prices were \$1.70/Bbl. (\$0.27/MMBTU) or 8.7% **above** last month's projection for May. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 13.6%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 2.5%, 5.6%, 4.9%, 3.8%, and 0.5% **more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$8.36/Bbl. (\$1.31/MMBTU) **above the June 6, 1999** forecast and about \$2.93/Bbl. (\$0.46/MMBTU) **above the April 7, 2000** mid-course correction forecast, for the June through December, 2000 period, for the same reasons as low sulfur fuel oil prices. High sulfur oil prices are still projected to be, on average, **equal to the April, 2000** forecast for the January through December, 2001 period.

Actual first of the month index price for June natural gas was \$1.16/MMBTU or 36.4% **above** last month's projection for the June index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 12.3%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 0.8%, 5.2%, 3.5%, 6.1%, and 1.9% **more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$1.32/MMBTU **above the June 6, 1999** forecast for the June through December, 2000 period primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast coupled with lower than anticipated natural gas storage levels. Natural gas prices are also

expected to be, on average, about \$0.96/MMBTU **above the April 7, 2000** forecast for the June through December, 2000 period, mainly due to market concerns on whether current natural gas deliverability will be able to meet summer 2000 natural gas demand. Natural gas prices are still projected to be, on average, **equal to the April, 2000** forecast for the January through December, 2001 period.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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Question Nos. 24, 25, 26 and 27



To: e-mail Distribution Date: August 4, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: August, 2000 Through December, 2001

Attached is an update to the August, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are also provided. In addition, a comparison with the August 3, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual July low sulfur residual fuel oil prices were \$2.28/Bbl. (\$0.36/MMBTU) or 7.9% below last month's projection for July. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 14.9%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 4.3%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last five years. Low sulfur residual fuel oil prices are now projected to be, on average, about \$12.84/Bbl. (\$2.01/MMBTU) above the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast for the August through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur fuel oil prices are also expected to be, on average, about \$6.62/Bbl. (\$1.03/MMBTU) above the April 7, 2000 mid-course correction forecast, for the August through December, 2000 period and about \$3.69/Bbl. (\$0.58/MMBTU) above the April, 2000 forecast for the January through December, 2001 period, mainly due to higher than previously anticipated residual fuel oil demand resulting from higher than previously anticipated natural gas prices.

Actual July high sulfur residual fuel oil prices were \$3.18/Bbl. (\$0.50/MMBTU) or 13.9% below last month's projection for July. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 13.8%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last five years. High sulfur residual fuel oil prices are now projected to be, on average, about \$11.35/Bbl. (\$1.77/MMBTU) above the June 6, 1999 forecast and about \$4.20/Bbl. (\$0.66/MMBTU) above the April 7, 2000 mid-course correction forecast, for the August through December, 2000 period, and about \$3.17/Bbl. (\$0.49/MMBTU) above the April, 2000 forecast for the January through December, 2001 period, for the same reasons as low sulfur fuel oil prices.

Actual first of the month index price for August natural gas was \$0.30/MMBTU or 7.3% below last month's projection for the August index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.8%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 0.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last five years. Natural gas prices are now forecasted to be, on average, about \$1.96/MMBTU above the June 6, 1999 forecast for the August through December, 2000 period, primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast coupled with lower than anticipated natural gas storage levels. Natural gas prices are also expected to be, on average, about \$1.24/MMBTU above the April 7, 2000 forecast for the

August through December, 2000 period, and about \$1.03/MMBTU **above the April, 2000 forecast** for the January through December, 2001 period, mainly due to market concerns on whether current natural gas deliverability will be able to meet higher than previously anticipated natural gas demand over the next eighteen months, primarily in the electric generation sector.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: September 11, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: September, 2000 Through December, 2001**

Attached is an update to the September, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units to support the short-term residual fuel oil and natural gas procurement process, the Energy Marketing and Trading activities and the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period, as well as, Henry Hub prices to support all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are also provided. In addition, a comparison with the September 8, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual August low sulfur residual fuel oil prices were \$1.59/Bbl. (\$0.25/MMBTU) or 6.1% **above** last month's projection for August. **For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 13.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 4.2%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$13.64/Bbl. (\$2.13/MMBTU) **above the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast** for the September through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur fuel oil prices are also expected to be, on average, about \$2.17/Bbl. (\$0.33/MMBTU) and **\$2.06/Bbl. (\$0.32/MMBTU)** **above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast**, for the September through December, 2000, and **January through December, 2001 period**, respectively, mainly due to higher than previously anticipated residual fuel oil demand resulting from higher than previously anticipated natural gas prices.

Actual August high sulfur residual fuel oil prices were \$0.52/Bbl. (\$0.08/MMBTU) or 2.7% **above** last month's projection for August. **For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 14.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.4%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$9.64/Bbl. (\$1.51/MMBTU) **above the June 6, 1999 forecast** and about \$4.20/Bbl. (\$0.66/MMBTU) **above the July, 2000 forecast**, for the September through December, 2000 period, for the same reasons as low sulfur fuel oil prices. High sulfur residual fuel oil prices are still forecasted **to be essentially equal to the July, 2000 forecast** for the **January through December, 2001 period**.

Actual first of the month index price for September natural gas was \$0.44/MMBTU or 10.6% **above** last month's projection for the September index. **For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.7%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 0.7%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last five years.** Natural gas prices are now forecasted to be, on average, about \$2.28/MMBTU **above the June 6, 1999 forecast** for the September through December, 2000 period, primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast coupled with lower than anticipated natural gas storage levels.

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Natural gas prices are also expected to be, on average, about \$0.97MMBTU and **\$0.52/MMBTU** above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast for the September through December, 2000, and January through December, 2001 period, respectively, mainly due to market concerns on whether current and projected natural gas deliverability will be able to meet higher than previously anticipated natural gas demand over the next eighteen months, primarily in the electric generation sector.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: October 6, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: October, 2000 Through December, 2001

Attached is an update to the October, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the October 5, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual September low sulfur residual fuel oil prices were \$0.12/Bbl. (\$0.02/MMBTU) or 0.4% **above** last month's projection for September. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 14.2%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 3.3%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last five years. Low sulfur residual fuel oil prices are now projected to be, on average, about \$14.09/Bbl. (\$2.20/MMBTU) **above the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast** for the October through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur fuel oil prices are also expected to be, on average, about \$2.88/Bbl. (\$0.45/MMBTU) and \$2.27/Bbl. (\$0.35/MMBTU) **above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast** for the October through December, 2000, and January through December, 2001 period, respectively, mainly due to higher than previously anticipated low sulfur residual fuel oil demand resulting from higher than previously anticipated natural gas prices.

Actual September high sulfur residual fuel oil prices were \$0.58/Bbl. (\$0.09/MMBTU) or 2.4% **below** last month's projection for September. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 12.9%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last five years. High sulfur residual fuel oil prices are now projected to be, on average, about \$8.80/Bbl. (\$1.38/MMBTU) **above the June 6, 1999 forecast** for the October through December, 2000 period for the same reasons as low sulfur fuel oil prices. High sulfur fuel oil prices are now expected to be, on average, about \$2.29/Bbl. (\$0.36/MMBTU) and \$0.56/Bbl. (\$0.09/MMBTU) **below the July, 2000 forecast** for the October through December, 2000, and January through December, 2001 period, respectively, primarily due to lower than previously anticipated high sulfur residual fuel oil demand.

The actual first of the month index price for October natural gas was \$0.40/MMBTU or 8.3% **above** last month's projection for the October index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 10.7%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 1.8%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last five years. Natural gas prices are now forecasted to be, on average, about \$2.58/MMBTU **above the June 6, 1999 forecast** for the October through December, 2000 period, primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast coupled with lower than anticipated natural gas storage levels.

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Natural gas prices are also expected to be, on average, about \$1.27MMBTU and \$0.94/MMBTU above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast for the October through December, 2000, and January through December, 2001 period, respectively, mainly due to market concerns on whether current and projected natural gas deliverability will be able to meet higher than previously anticipated natural gas demand over the next eighteen months, primarily in the electric generation sector.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: November 6, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: **Monthly Residual Fuel Oil & Natural Gas Price Forecast**  
**Update: November, 2000 Through December, 2001**

Attached is an update to the November, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the November 3, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual October low sulfur residual fuel oil prices were \$0.22/Bbl. (\$0.03/MMBTU) or 0.7% **above** last month's projection for October. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's **average annual forecast error was 13.2%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 2.7%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last five years.** Low sulfur residual fuel oil prices are now projected to be, on average, about \$13.25/Bbl. (\$2.07/MMBTU) **above the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast** for the November through December, 2000 period, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur fuel oil prices are also expected to be, on average, about \$2.27/Bbl. (\$0.35/MMBTU) and **\$2.25/Bbl. (\$0.35/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast** for the November through December, 2000, and **January through December, 2001 period**, respectively, mainly due to higher than previously anticipated low sulfur residual fuel oil demand resulting from higher than previously anticipated natural gas prices. (Low sulfur fuel oil prices are now projected to be, on average, about **\$3.31/Bbl. (\$0.52/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast for the January through December, 2001 period.**)

Actual October high sulfur residual fuel oil prices were \$0.29/Bbl. (\$0.05/MMBTU) or 1.3% **above** last month's projection for October. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's **average annual forecast error was 11.7%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.3%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last five years.** High sulfur residual fuel oil prices are now projected to be, on average, about \$7.08/Bbl. (\$1.11/MMBTU) **above the June 6, 1999 forecast** for the November through December, 2000 period for the same reasons as low sulfur fuel oil prices. High sulfur fuel oil prices are now expected to be, on average, about \$4.04/Bbl. (\$0.63/MMBTU) and **\$0.97/Bbl. (\$0.15/MMBTU) below the July, 2000 forecast** for the November through December, 2000, and **January through December, 2001 period**, respectively, primarily due to lower than previously anticipated high sulfur residual fuel oil demand.

The actual first of the month index price for November natural gas was \$0.70/MMBTU or 13.5% **below** last month's projection for the November index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's **average annual forecast error was 10.8%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 2.0%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last five years.** Natural gas

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prices are now forecasted to be, on average, about \$2.00/MMBTU above the June 6, 1999 forecast for the November through December, 2000 period, primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast coupled with lower than anticipated natural gas storage levels. Natural gas prices are also expected to be, on average, about \$0.75/MMBTU and **\$0.74/MMBTU above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast** for the November through December, 2000, and **January through December, 2001 period**, respectively, mainly due to market concerns on whether current and projected natural gas deliverability will be able to meet higher than previously anticipated natural gas demand over the next eighteen months, primarily in the electric generation sector. (Natural gas prices are now projected to be, on average, about **\$0.18/MMBTU below the July 2, 2000 high price fuel cost recovery forecast for the January through December, 2001 period.**)

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: December 6, 2000  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: December, 2000 Through December, 2001

Attached is an update to the December, 2000 through December, 2001 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the December 5, 2000 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual November low sulfur residual fuel oil prices were \$1.93/Bbl. (\$0.30/MMBTU) or 6.8% **above** last month's projection for November. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 12.1%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 2.7%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last five years. Low sulfur residual fuel oil prices are now projected to be, on average, about \$15.60/Bbl. (\$2.44/MMBTU) **above the June 6, 1999 fuel cost recovery/2000 fuel operating budget forecast** for December, 2000, primarily due to an unprecedented adherence by OPEC to their production accord and the alliance of Saudi Arabia, Mexico and Norway to ensure that the major non-OPEC exporters do not take advantage of OPEC's efforts. Low sulfur fuel oil prices are also expected to be, on average, about \$5.19/Bbl. (\$0.81/MMBTU) and **\$3.69/Bbl. (\$0.58/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast** for December, 2000, and the **January through December, 2001 period**, respectively, mainly due to higher than previously anticipated low sulfur residual fuel oil demand resulting from higher than previously anticipated natural gas prices. (Low sulfur fuel oil prices are now projected to be, on average, about **\$1.87/Bbl. (\$0.29/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast for the January through December, 2001 period.**)

Actual November high sulfur residual fuel oil prices were \$0.55/Bbl. (\$0.09/MMBTU) or 2.8% **above** last month's projection for November. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.4%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.3%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last five years. High sulfur residual fuel oil prices are now projected to be, on average, about \$7.73/Bbl. (\$1.21/MMBTU) **above the June 6, 1999 forecast** for December, 2000, for the same reasons as low sulfur fuel oil prices. High sulfur fuel oil prices are now expected to be, on average, about \$3.07/Bbl. (\$0.48/MMBTU) and **\$2.89/Bbl. (\$0.45/MMBTU) below the July, 2000 most likely fuel cost recovery forecast** for December, 2000, and the **January through December, 2001 period**, respectively, primarily due to lower than previously anticipated high sulfur residual fuel oil demand.

The actual first of the month index price for December natural gas was \$1.01/MMBTU or 20.3% **above** last month's projection for the December index. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last five years. Natural gas prices are now forecasted to be, on average, about \$3.47/MMBTU **above the June 6, 1999 forecast** for

December, 2000, primarily due to lower than previously anticipated deliverability from the U. S. Gulf Coast coupled with lower than anticipated natural gas storage levels. Natural gas prices are also expected to be, on average, about \$2.03/MMBTU and **\$1.76/MMBTU above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast** for December, 2000, and the **January through December, 2001 period**, respectively, mainly due to market concerns on whether current and projected natural gas deliverability will be able to meet higher than previously anticipated natural gas demand over the next twelve to eighteen months, primarily in the electric generation sector. (Natural gas prices are now projected to be, on average, about **\$0.82/MMBTU ABOVE** the July 2, 2000 high price fuel cost recovery forecast for the January through December, 2001 period.)

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: January 5, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: January, 2001 Through December, 2001

Attached is an update to the January through December, 2001 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the January 4, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual December low sulfur residual fuel oil prices were \$2.57/Bbl. (\$0.40/MMBTU) or 8.6% below last month's projection for December. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last five years. Low sulfur fuel oil prices are now expected to be, on average, about \$3.49/Bbl. (\$0.55/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast for the January through December, 2001 period mainly due to higher than previously anticipated low sulfur residual fuel oil demand resulting from higher than previously anticipated natural gas prices. (Low sulfur fuel oil prices are now projected to be, on average, about \$2.07/Bbl. (\$0.32/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast for the January through December, 2001 period.)

Actual December high sulfur residual fuel oil prices were \$3.58/Bbl. (\$0.56/MMBTU) or 18.4% below last month's projection for December. For 2000 year-to-date, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last five years. High sulfur fuel oil prices are now expected to be, on average, about \$2.85/Bbl. (\$0.45/MMBTU) below the July, 2000 most likely fuel cost recovery forecast for the January through December, 2001 period primarily due to lower than previously anticipated high sulfur residual fuel oil demand.

The actual first of the month index price for January natural gas was \$1.59/MMBTU or 17.8% above last month's projection for the January index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 17.8%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 30.5%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. Natural gas prices are now expected to be, on average, about \$2.54/MMBTU above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast for the January through December, 2001 period mainly due to market concerns on whether current and projected natural gas deliverability will be able to meet higher than previously anticipated natural gas demand over the next twelve to eighteen months, primarily in the electric generation sector. (Natural gas prices are also projected to be, on average, about \$1.62/MMBTU ABOVE the July 2, 2000 high price fuel cost recovery forecast for the January through December, 2001 period.)

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If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: February 7, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: February, 2001 Through December, 2002

Attached is an update to the February, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the February 6, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual January low sulfur residual fuel oil prices were \$1.77/Bbl. (\$0.28/MMBTU) or 6.0% below last month's projection for January. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 6.0%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 4.1%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the February through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$3.93/Bbl. (\$0.61/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast mainly due to higher than previously anticipated low sulfur residual fuel oil demand, resulting from higher than previously anticipated natural gas prices;
2. \$1.61/Bbl. (\$0.25/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast; and
3. \$0.36/Bbl. (\$0.06/MMBTU) above the January 5, 2001 mid-course correction forecast, primarily due to higher than previously expected low sulfur residual fuel oil demand during the January through April, 2001 period, reflecting a higher than previously anticipated rate of end-user switching from natural gas to residual fuel oil.

Average 2002 low sulfur residual fuel oil prices are now expected to be about \$2.72/Bbl. (\$0.43/MMBTU) below average 2001 prices, mainly due to projected lower crude oil prices.

Actual January high sulfur residual fuel oil prices were \$1.36/Bbl. (\$0.21/MMBTU) or 6.8% below last month's projection for January. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 6.8%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 11.7%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the February through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$1.95/Bbl. (\$0.30/MMBTU) below the July, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast, primarily due to lower than previously anticipated high sulfur residual fuel oil demand; and
2. \$0.68/Bbl. (\$0.11/MMBTU) above the January 5, 2001 mid-course correction forecast, primarily due to higher than previously projected high sulfur residual fuel oil demand during the January through April, 2001 period, reflecting a higher than previously anticipated rate of end-user switching from natural gas to residual fuel oil.

Average 2002 high sulfur residual fuel oil prices are now expected to be about \$2.99/Bbl. (\$0.47/MMBTU) below average 2001 prices, mainly due to lower crude prices.

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The actual first of the month index price for February natural gas was \$3.08/MMBTU or 33.3% **below** last month's projection for the February index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 21.4%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 10.9%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. For the February through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. \$2.20/MMBTU above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast, mainly due to market concerns on whether current and projected natural gas deliverability, coupled with storage levels at all time lows, will be able to meet higher than previously anticipated natural gas demand over the next twelve to eighteen months, primarily in the electric generation sector;
2. \$1.28/MMBTU ABOVE the July 2, 2000 high price fuel cost recovery forecast; and
3. \$0.15/MMBTU below the January 5, 2001 mid-course correction forecast, primarily due to warmer than normal temperatures during January, which significantly lowered the February through March natural gas strip, and the anticipated long-term impact of the California energy crisis, which has raised the April through December natural gas strip.

**Average 2002 natural gas prices** are now forecasted to be, on average, about \$1.39/MMBTU below average 2001 prices, mainly due to projected increased deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: March 9, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: March, 2001 Through December, 2002

Attached is an update to the March, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the March 8, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual February low sulfur residual fuel oil prices were \$0.76/Bbl. (\$0.12/MMBTU) or 2.9% below last month's projection for February. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 3.9%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 1.2%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the March through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$2.89/Bbl. (\$0.45/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast mainly due to higher than previously anticipated low sulfur residual fuel oil demand, resulting from higher than previously anticipated natural gas prices;
2. \$2.65/Bbl. (\$0.41/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast; and
3. \$0.80/Bbl. (\$0.13/MMBTU) below the January 5, 2001 mid-course correction forecast, primarily due to lower than previously anticipated crude oil prices reflecting slower than previously expected worldwide economic growth.

**Average 2002 low sulfur residual fuel oil prices are now expected to be about \$2.93/Bbl. (\$0.46/MMBTU) below average 2001 prices, mainly due to projected lower crude oil prices.**

Actual February high sulfur residual fuel oil prices were \$1.55/Bbl. (\$0.24/MMBTU) or 8.2% above last month's projection for February. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 7.5%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 11.3%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the March through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$0.45/Bbl. (\$0.07/MMBTU) above the July, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast, primarily due to higher than previously anticipated high sulfur residual fuel oil demand; and
2. \$2.84/Bbl. (\$0.44/MMBTU) above the January 5, 2001 mid-course correction forecast, primarily due to higher than previously projected high sulfur residual fuel oil demand which more than offsets the impact of lower than previously anticipated crude oil prices.

**Average 2002 high sulfur residual fuel oil prices are now expected to be about \$2.87/Bbl. (\$0.45/MMBTU) below average 2001 prices, mainly due to lower crude prices.**

The actual first of the month index price for March natural gas was \$1.29/MMBTU or 20.6% **below** last month's projection for the March index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 20.4%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 10.3%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. For the March through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. **\$1.65/MMBTU above** the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast, mainly due to market concerns on whether current and projected natural gas deliverability, coupled with storage levels at all time lows, will be sufficient to meet higher than previously anticipated natural gas demand over the next twelve to eighteen months, primarily in the electric generation sector;
2. **\$0.72/MMBTU ABOVE** the July 2, 2000 high price fuel cost recovery forecast; and
3. **\$0.34/MMBTU below the** January 5, 2001 mid-course correction forecast, primarily due to warmer than normal temperatures during February, which significantly lowered the March through April natural gas strip, which is partially offset by the anticipated long-term impact of the California energy crisis, which has raised the May through December natural gas strip.

**Average 2002 natural gas prices** are now forecasted to be, on average, about **\$1.04/MMBTU below average 2001 prices**, mainly due to projected increases in deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: April 6, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: April, 2001 Through December, 2002

Attached is an update to the April, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the April 5, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual March low sulfur residual fuel oil prices were \$0.05/Bbl. (\$0.01/MMBTU) or 0.1% below last month's projection for March. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 4.6%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 2.6%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the April through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$3.02/Bbl. (\$0.47/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast mainly due to higher than previously anticipated low sulfur residual fuel oil demand, resulting from higher than previously anticipated natural gas prices;
2. \$2.54/Bbl. (\$0.40/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast; and
3. \$0.81/Bbl. (\$0.13/MMBTU) below the January 5, 2001 mid-course correction forecast, primarily due to lower than previously anticipated crude oil prices reflecting slower than previously expected worldwide economic growth.

Average 2002 low sulfur residual fuel oil prices are now expected to be about \$2.99/Bbl. (\$0.47/MMBTU) below average 2001 prices, mainly due to projected lower crude oil prices.

Actual March high sulfur residual fuel oil prices were \$2.21/Bbl. (\$0.35/MMBTU) or 10.8% below last month's projection for March. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 5.7%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 7.9%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the April through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$0.28/Bbl. (\$0.04/MMBTU) below the July, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast, primarily due to lower than previously anticipated high sulfur residual fuel oil demand; and
2. \$1.91/Bbl. (\$0.30/MMBTU) above the January 5, 2001 mid-course correction forecast, primarily due to higher than previously projected high sulfur residual fuel oil demand which more than offsets the impact of lower than previously anticipated crude oil prices.

Average 2002 high sulfur residual fuel oil prices are now expected to be about \$2.16/Bbl. (\$0.34/MMBTU) below average 2001 prices, mainly due to lower crude prices.

The actual first of the month index price for April natural gas was \$0.09/MMBTU or 1.7% **above** last month's projection for the April index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 16.1%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 12.1%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. For the April through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. **\$1.52/MMBTU above** the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast, mainly due to market concerns on whether current and projected natural gas deliverability, coupled with storage levels at all time lows, will be sufficient to meet higher than previously anticipated natural gas demand over the next twelve to eighteen months, primarily in the electric generation sector;
2. **\$0.58/MMBTU ABOVE** the July 2, 2000 high price fuel cost recovery forecast; and
3. **\$0.15/MMBTU below** the January 5, 2001 mid-course correction forecast, primarily due to slightly higher than previously anticipated natural gas deliverability, primarily from the Gulf of Mexico.

**Average 2002 natural gas prices** are now forecasted to be, on average, about **\$1.11/MMBTU below** average 2001 prices, mainly due to projected increases in deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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Docket No. 010001-EI  
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Question No. 24, 25, 26 and 27



To: e-mail Distribution Date: May 8, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: May, 2001 Through December, 2002

Attached is an update to the May, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the May 8, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual April low sulfur residual fuel oil prices were \$0.17/Bbl. (\$0.03/MMBTU) or 0.7% below last month's projection for April. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 3.6%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 1.9%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the May through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$3.10/Bbl. (\$0.48/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast mainly due to higher than previously anticipated low sulfur residual fuel oil demand, resulting from higher than previously anticipated natural gas prices;
2. \$2.46/Bbl. (\$0.38/MMBTU) below the July 2, 2000 high price fuel cost recovery forecast; and
3. \$1.00/Bbl. (\$0.16/MMBTU) below the January 5, 2001 mid-course correction forecast, primarily due to lower than previously anticipated crude oil prices reflecting slower than previously expected worldwide economic growth.

Average 2002 low sulfur residual fuel oil prices are now expected to be about \$3.18/Bbl. (\$0.50/MMBTU) below average 2001 prices, mainly due to projected lower crude oil prices.

Actual April high sulfur residual fuel oil prices were \$1.07/Bbl. (\$0.17/MMBTU) or 6.9% below last month's projection for April. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 11.3%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 5.5%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the May through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$1.79/Bbl. (\$0.28/MMBTU) below the July, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast, primarily due to lower than previously anticipated high sulfur residual fuel oil demand; and
2. essentially equal to the January 5, 2001 mid-course correction forecast.

Average 2002 high sulfur residual fuel oil prices are now expected to be about \$2.52/Bbl. (\$0.39/MMBTU) below average 2001 prices, mainly due to lower crude prices.

The actual first of the month index price for May natural gas was \$0.33/MMBTU or 6.4% below last month's projection for the May index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 13.5%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 10.3%, 3.6%, 5.2%,

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3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. For the May through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. **\$1.10/MMBTU above** the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast, mainly due to market concerns on whether current and projected natural gas deliverability, coupled with storage levels at all time lows, will be sufficient to meet higher than previously anticipated natural gas demand over the next twelve to eighteen months, primarily in the electric generation sector;
2. **\$0.15/MMBTU ABOVE** the July 2, 2000 high price fuel cost recovery forecast; and
3. **\$0.47/MMBTU below** the January 5, 2001 mid-course correction forecast, primarily due to slightly higher than previously anticipated natural gas deliverability, primarily from the Gulf of Mexico.

**Average 2002 natural gas prices** are now forecasted to be, on average, about **\$0.82/MMBTU below** average 2001 prices, mainly due to projected increases in deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: June 8, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: June, 2001 Through December, 2002

Attached is an update to the June, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the June 8, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual May low sulfur residual fuel oil prices were \$0.59/Bbl. (\$0.09/MMBTU) or 2.5% below last month's projection for May. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 3.4%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 1.5%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the June through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$1.52/Bbl. (\$0.24/MMBTU) above the July 2, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast mainly due to higher than previously anticipated low sulfur residual fuel oil demand, resulting from higher than previously anticipated natural gas prices; and
2. \$2.71/Bbl. (\$0.42/MMBTU) below the January 5, 2001 mid-course correction forecast, primarily due to lower than previously anticipated crude oil prices reflecting slower than previously expected worldwide economic growth and higher than previously anticipated non-OPEC production.

Average 2002 low sulfur residual fuel oil prices are now expected to be about \$1.73/Bbl. (\$0.27/MMBTU) below average 2001 prices, mainly due to projected lower crude oil prices.

Actual May high sulfur residual fuel oil prices were \$0.63/Bbl. (\$0.10/MMBTU) or 3.9% above last month's projection for May. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 9.7%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 6.0%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the June through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$2.63/Bbl. (\$0.41/MMBTU) below the July, 2000 most likely fuel cost recovery/2001 fuel operating budget forecast, primarily due to lower than previously anticipated high sulfur residual fuel oil demand; and
2. \$1.10/Bbl. (\$0.17/MMBTU) below the January 5, 2001 mid-course correction forecast for the same reasons as low sulfur residual fuel oil.

Average 2002 high sulfur residual fuel oil prices are now expected to be about \$2.24/Bbl. (\$0.35/MMBTU) below average 2001 prices, mainly due to lower crude oil prices.

The actual first of the month index price for June natural gas was \$0.89/MMBTU or 19.3% below last month's projection for the June index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's

average annual forecast error was 13.7%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 8.9%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. For the June through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. \$0.43/MMBTU above the July 2, 2000 fuel cost recovery/2001 fuel operating budget forecast, mainly due to slower than previously assumed increases in natural gas deliverability and higher than previously anticipated increases in demand in the electric generation sector; and
2. \$1.14/MMBTU below the January 5, 2001 mid-course correction forecast, primarily due to slightly higher than previously anticipated natural gas deliverability, primarily from the Gulf of Mexico, and lower than anticipated natural gas demand, mainly during the second quarter.

**Average 2002 natural gas prices** are now forecasted to be, on average, about \$0.71/MMBTU below average 2001 prices, mainly due to projected increases in deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: July 11, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: July, 2001 Through December, 2002

Attached is an update to the July, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the June 10, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual June low sulfur residual fuel oil prices were \$1.10/Bbl. (\$0.17/MMBTU) or 5.4% above last month's projection for June. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 4.7%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 2.1%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the July through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$0.84/Bbl. (\$0.13/MMBTU) above the July 2, 2000 most likely 2001 fuel cost recovery/fuel operating budget forecast mainly due to higher than previously anticipated low sulfur residual fuel oil demand during the first half of 2001, resulting from higher than previously anticipated natural gas prices; and
2. \$3.47/Bbl. (\$0.54/MMBTU) below the January 5, 2001 mid-course correction forecast, primarily due to lower than previously anticipated crude oil prices reflecting slower than previously expected worldwide economic growth and higher than previously anticipated non-OPEC production.

**Average 2002 low sulfur residual fuel oil prices are now expected to be about \$2.14/Bbl. (\$0.33/MMBTU) below average 2001 prices, mainly due to projected lower crude oil prices.**

Actual June high sulfur residual fuel oil prices were \$1.38/Bbl. (\$0.22/MMBTU) or 8.6% above last month's projection for June. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 8.6%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 6.4%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the July through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$0.82/Bbl. (\$0.13/MMBTU) below the July, 2000 most likely 2001 fuel cost recovery/fuel operating budget forecast, primarily due to lower than previously anticipated high sulfur residual fuel oil demand; and
2. \$0.49/Bbl. (\$0.08/MMBTU) above the January 5, 2001 mid-course correction forecast, mainly due to higher than previously anticipated high sulfur residual fuel oil demand.

**Average 2002 high sulfur residual fuel oil prices are now expected to be about \$2.01/Bbl. (\$0.31/MMBTU) below average 2001 prices, mainly due to lower crude oil prices.**

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The actual first of the month index price for July natural gas was \$0.71/MMBTU or 18.4% **below** last month's projection for the July index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's **average annual forecast error was 13.9%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 7.5%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years.** For the July through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. **\$0.34/MMBTU BELOW** the July 2, 2000 most likely 2001 fuel cost recovery/fuel operating budget forecast, mainly due to higher than previously assumed increases in natural gas deliverability, resulting from a continuation of extremely high gas-directed rig activity. In addition to the increased supply, the injection into storage has continued at a record setting pace with inventories now projected to be at all time highs, going into the 2001/2002 winter season, compared with all time lows, during the 2000/2001 winter season; and
2. **\$1.88/MMBTU below the** January 5, 2001 mid-course correction forecast, for the same reasons stated above.

**Average 2002 natural gas prices** are now forecasted to be, on average, about **\$1.00/MMBTU below average 2001 prices**, mainly due to projected increases in deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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To: e-mail Distribution Date: August 13, 2001  
From: E. Ungar Location: Energy Marketing & Trading  
Subject: Monthly Residual Fuel Oil & Natural Gas Price Forecast  
Update: August, 2001 Through December, 2002

Attached is an update to the August, 2001 through December, 2002 residual fuel oil and natural gas price forecast for the FPL units and U. S. Gulf Coast market hubs to support: (1) the short-term residual fuel oil and natural gas procurement process; (2) the Energy Marketing and Trading activities; (3) the ongoing evaluation of FPL's over/under recovery position for the fuel cost recovery period; and (4) all short-term North American natural gas analyses. A most likely projection, and a range in forecast values, from a low to a high price scenario, are provided. In addition, a comparison with the August 13, 2001 forward curve for residual fuel oil and natural gas, and with The PIRA Energy Group's most recent monthly residual fuel oil and natural gas price forecast, as well as, a comparison of FPL and PIRA's forecast accuracy, are also provided.

Actual July low sulfur residual fuel oil prices were \$0.81/Bbl. (\$0.13/MMBTU) or 3.9% below last month's projection for July. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 5.3%, 11.3%, 13.0%, 13.6%, 8.8%, and 10.8%, respectively, 3.0%, 3.0%, 3.2%, 4.1%, 4.3%, and 1.3% more accurate than The PIRA Energy Group in each of the last six years. For the August through December, 2001 period, low sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$1.56/Bbl. (\$0.24/MMBTU) below the July 2, 2000 most likely 2001 fuel cost recovery/fuel operating budget forecast mainly due to lower than previously anticipated crude oil prices reflecting slower than previously expected worldwide economic growth and higher than previously anticipated non-OPEC production; and
2. \$5.99/Bbl. (\$0.94/MMBTU) below the January 5, 2001 mid-course correction forecast for the same reasons stated above.

**Average 2002 low sulfur residual fuel oil prices are now expected to be about \$0.29/Bbl. (\$0.05/MMBTU) below average 2001 prices, primarily due to projected lower crude oil prices.**

Actual July high sulfur residual fuel oil prices were \$0.81/Bbl. (\$0.13/MMBTU) or 4.5% below last month's projection for July. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 7.9%, 12.2%, 16.5%, 16.1%, 13.5%, and 8.9%, respectively, 6.4%, 4.5%, 5.6%, 4.9%, 3.8%, and 0.5% more accurate than The PIRA Energy Group in each of the last six years. For the August through December, 2001 period, high sulfur residual fuel oil prices are now expected to be, on average, about:

1. \$2.76/Bbl. (\$0.43/MMBTU) below the July, 2000 most likely 2001 fuel cost recovery/fuel operating budget forecast primarily due to lower than previously anticipated high sulfur residual fuel oil demand; and
2. \$1.72/Bbl. (\$0.27/MMBTU) below the January 5, 2001 mid-course correction forecast for the same reasons stated above.

**Average 2002 high sulfur residual fuel oil prices are now expected to be about \$0.11/Bbl. (\$0.02/MMBTU) below average 2001 prices, mainly due to lower crude oil prices.**

The actual first of the month index price for August natural gas was \$0.04/MMBTU or 1.2% **below** last month's projection for the August index. For 2001 year-to-date, 2000, 1999, 1998, 1997, and 1996, FPL's average annual forecast error was 12.2%, 10.2%, 9.3%, 8.5%, 12.5%, and 17.7%, respectively, 6.9%, 3.6%, 5.2%, 3.5%, 6.1%, and 1.9% more accurate than The PIRA Energy Group in each of the last six years. For the August through December, 2001 period, natural gas prices are now expected to be, on average, about:

1. **\$0.50/MMBTU below** the July 2, 2000 most likely 2001 fuel cost recovery/fuel operating budget forecast, mainly due to higher than previously assumed increases in natural gas deliverability, resulting from a continuation of extremely high gas-directed rig activity. In addition to the increased supply, the injection into storage has continued at a record setting pace with inventories now projected to be at all time highs, going into the 2001/2002 winter season, compared with all time lows, during the 2000/2001 winter season; and
2. **\$2.02/MMBTU below** the January 5, 2001 mid-course correction forecast, for the same reasons stated above.

Average 2002 natural gas prices are now forecasted to be, on average, about **\$0.92/MMBTU below** average 2001 prices, mainly due to projected increases in deliverability, primarily from the Gulf of Mexico.

If you have any questions concerning the forecast methodology, the underlying assumptions supporting this monthly update, or the resulting forecasted prices, please call.

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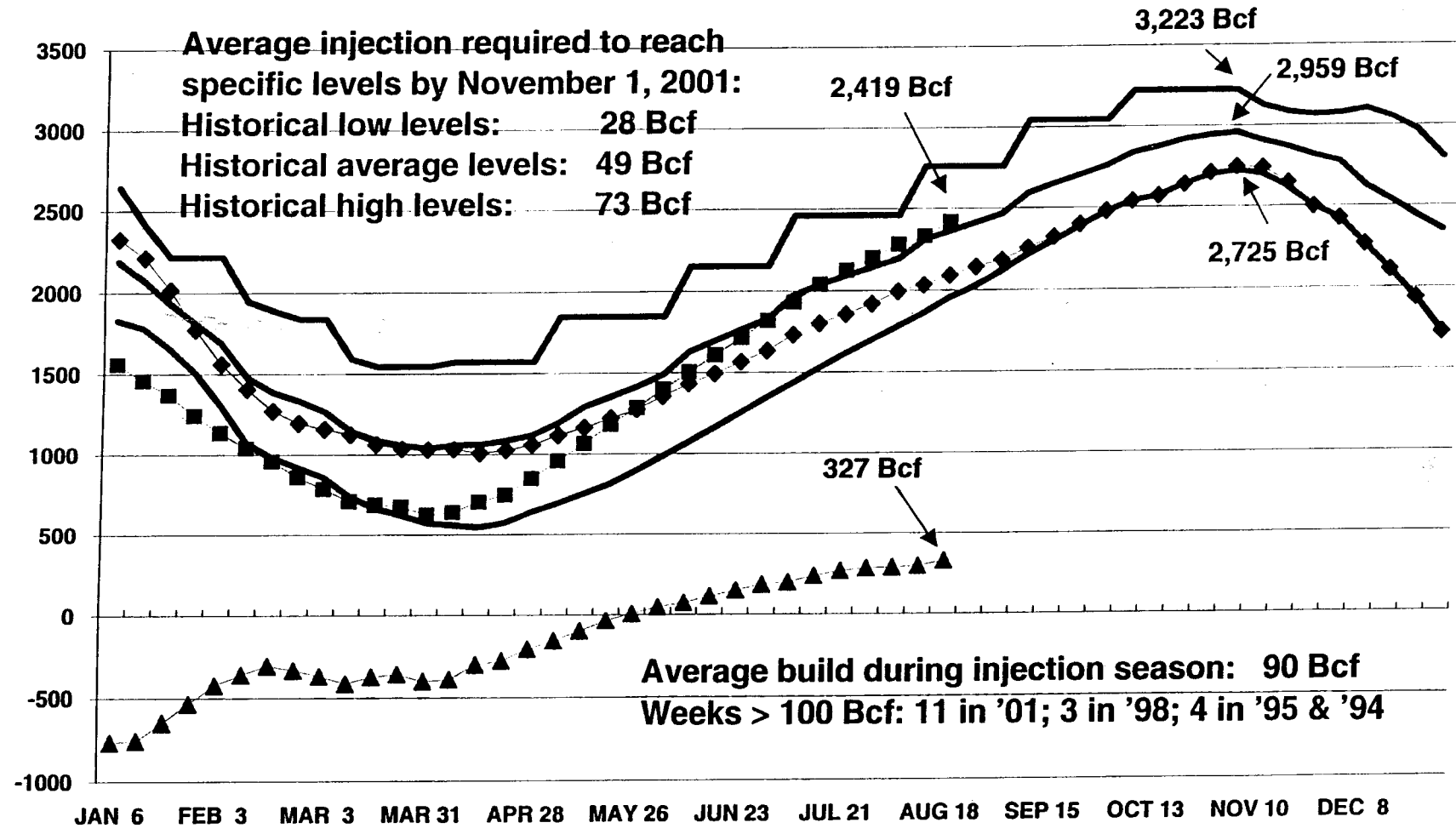
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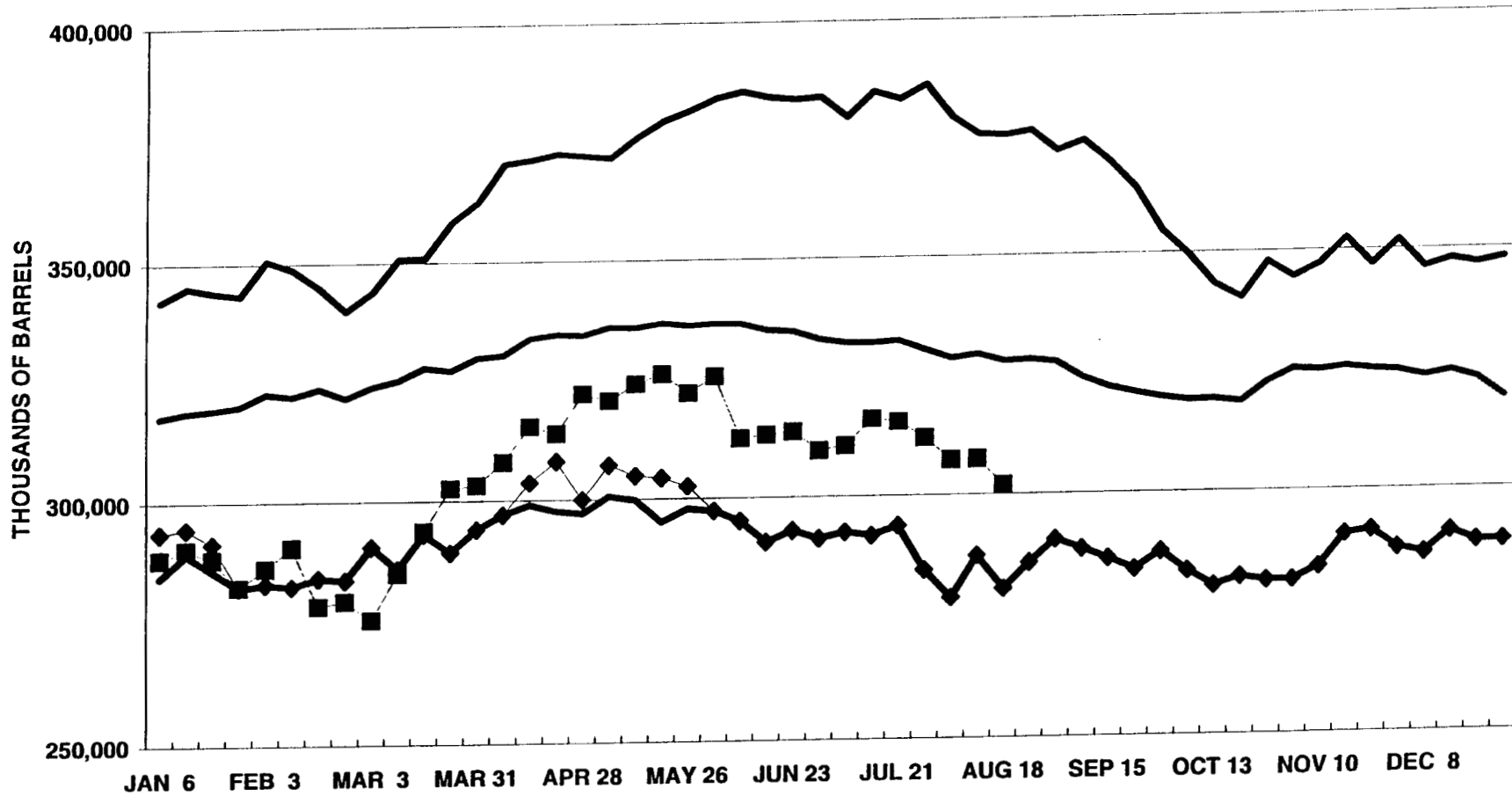
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■ 2001    ◆ 2000    ▲ 2001 VS. 2000    — LOWEST LEVEL (1992-2000)    — HIGHEST LEVEL (1992-2000)    — AVERAGE (1992-2000)

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WEEKLY API U.S. INVENTORY ESTIMATES  
CRUDE OIL



■ 2001    ◆ 2000    — 1989-2000 MAXIMUM    — 1989-2000 MINIMUM    — 1989-2000 AVERAGE

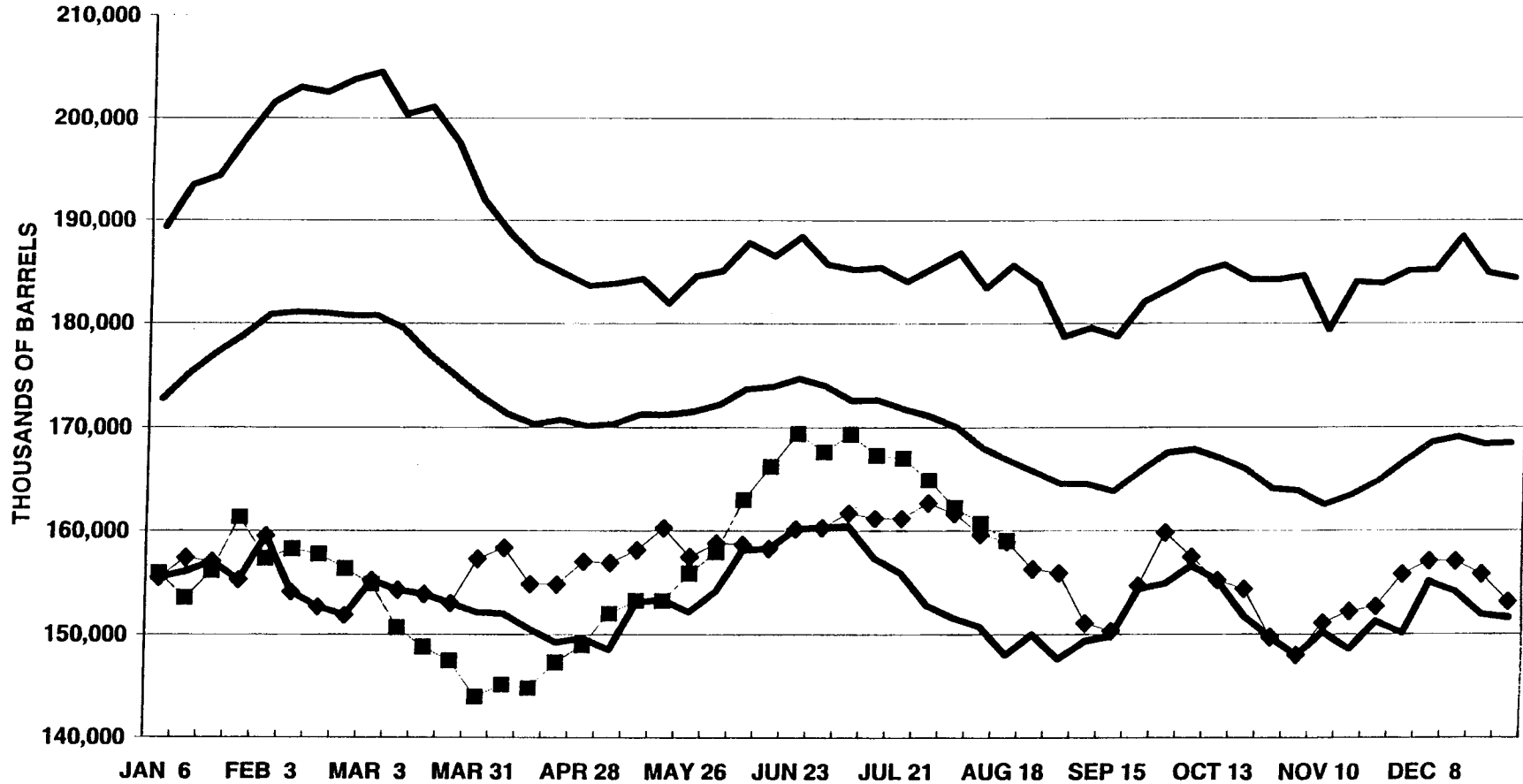
CRUDE OIL

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**WEEKLY API U.S. INVENTORY ESTIMATES  
FINISHED GASOLINE**



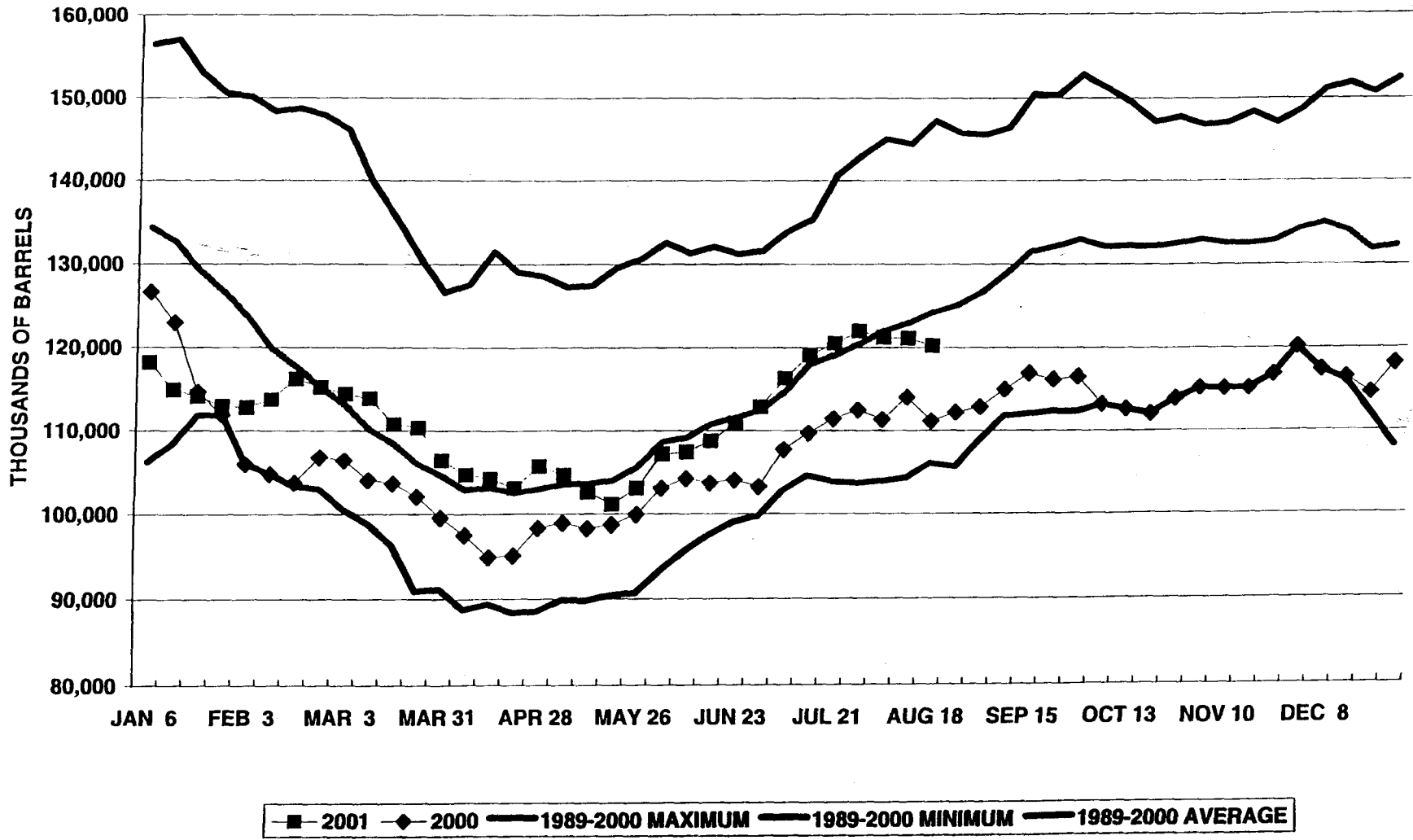
2001
  2000
  1989-2000 MAXIMUM
  1989-2000 MINIMUM
  1989-2000 AVERAGE

**GASOLINE**

2.53

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**WEEKLY API U.S. INVENTORY ESTIMATES  
DISTILLATES**



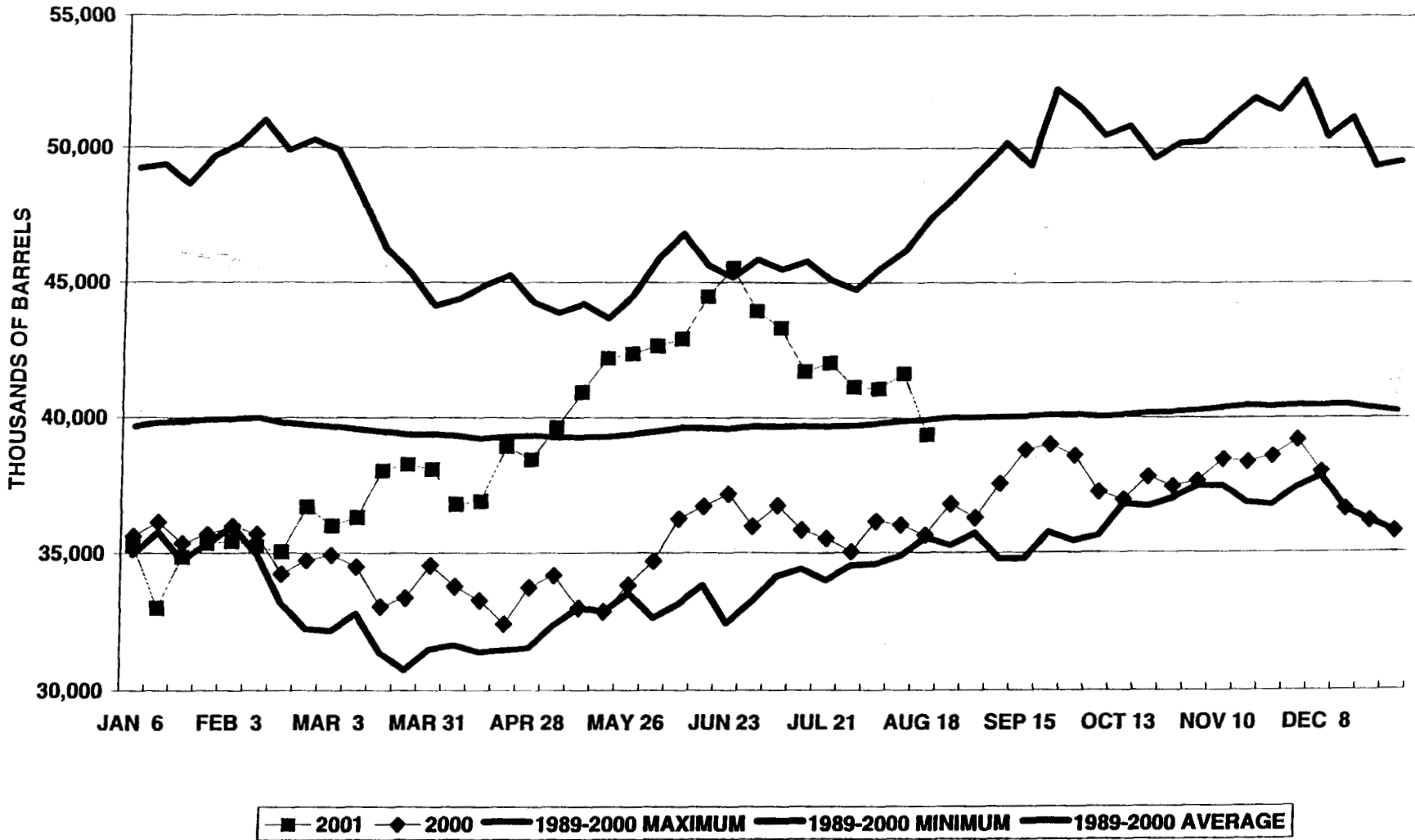
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DISTILLATE FUEL OIL

**WEEKLY API U.S. INVENTORY ESTIMATES  
RESIDUAL FUEL OIL**



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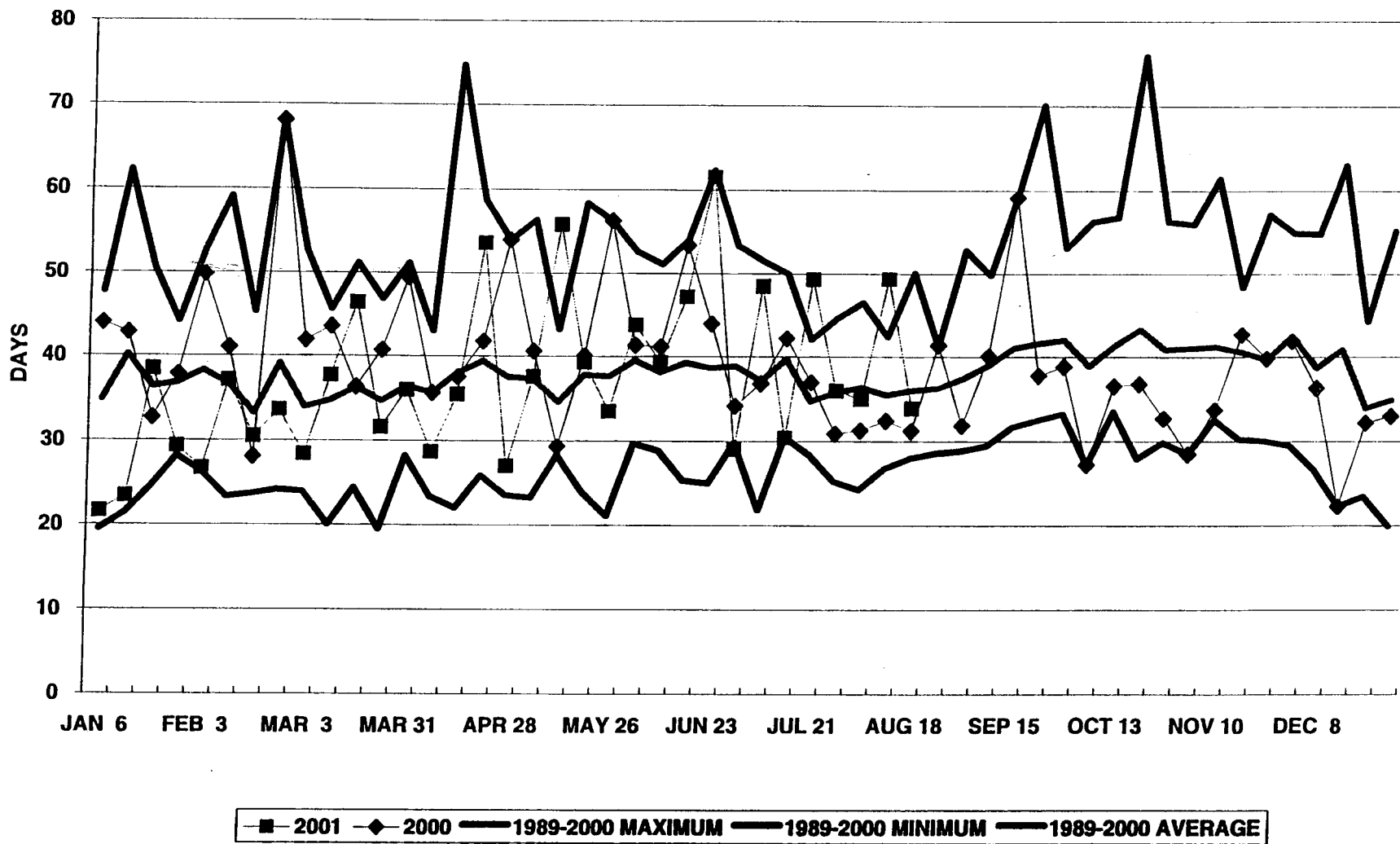
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RESIDUAL FUEL OIL



**WEEKLY API U.S. INVENTORY ESTIMATES  
DAYS OF RESIDUAL FUEL OIL INVENTORY TO MEET CURRENT DEMAND**



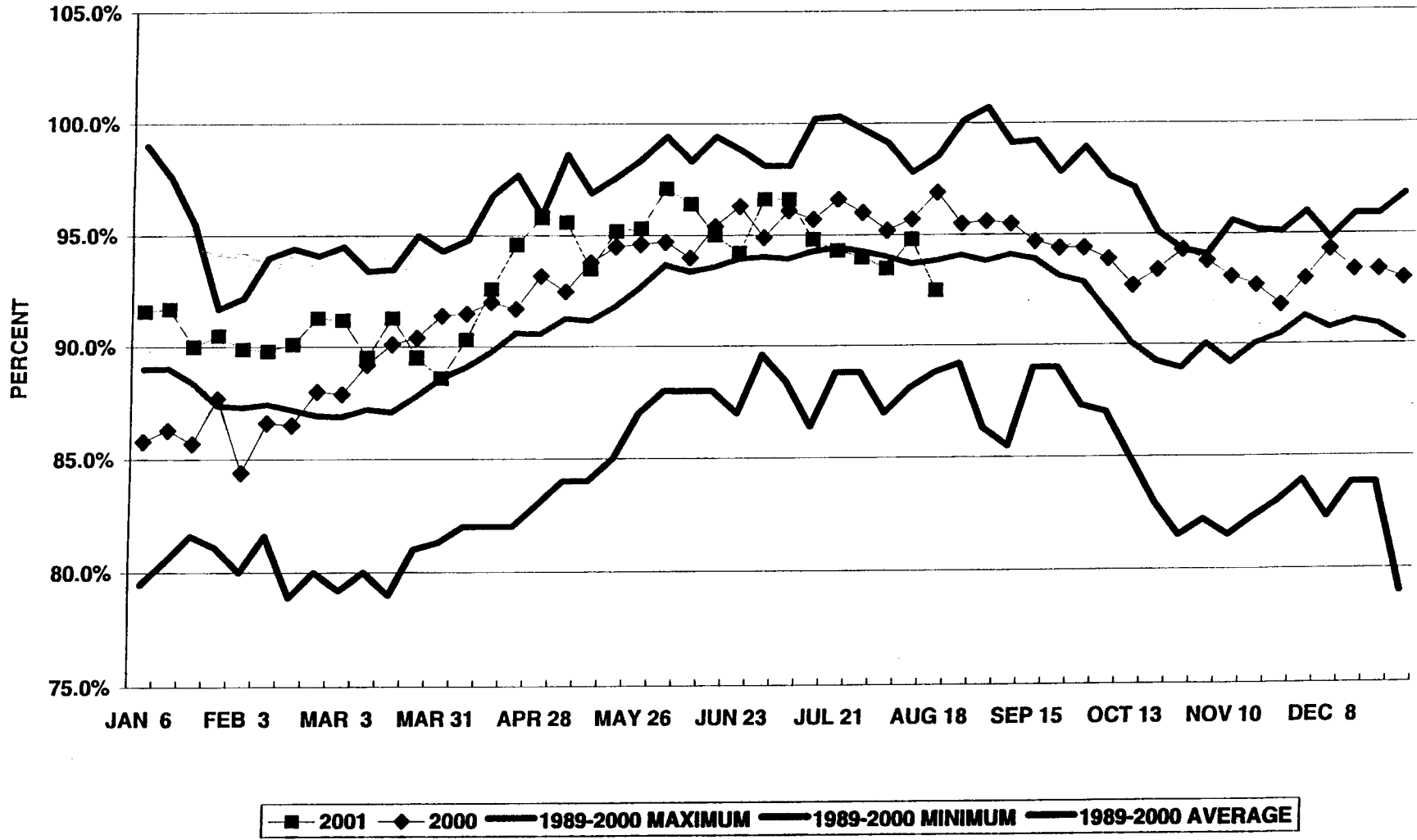
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DAYS OF RESIDUAL FUEL INVENTORY

**WEEKLY API U.S. STATISTICS  
REFINERY CAPACITY UTILIZATION**



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**REFINERY CAPACITY UTILIZATION**

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# Florida Natural Gas Pipeline Sufficiency Study

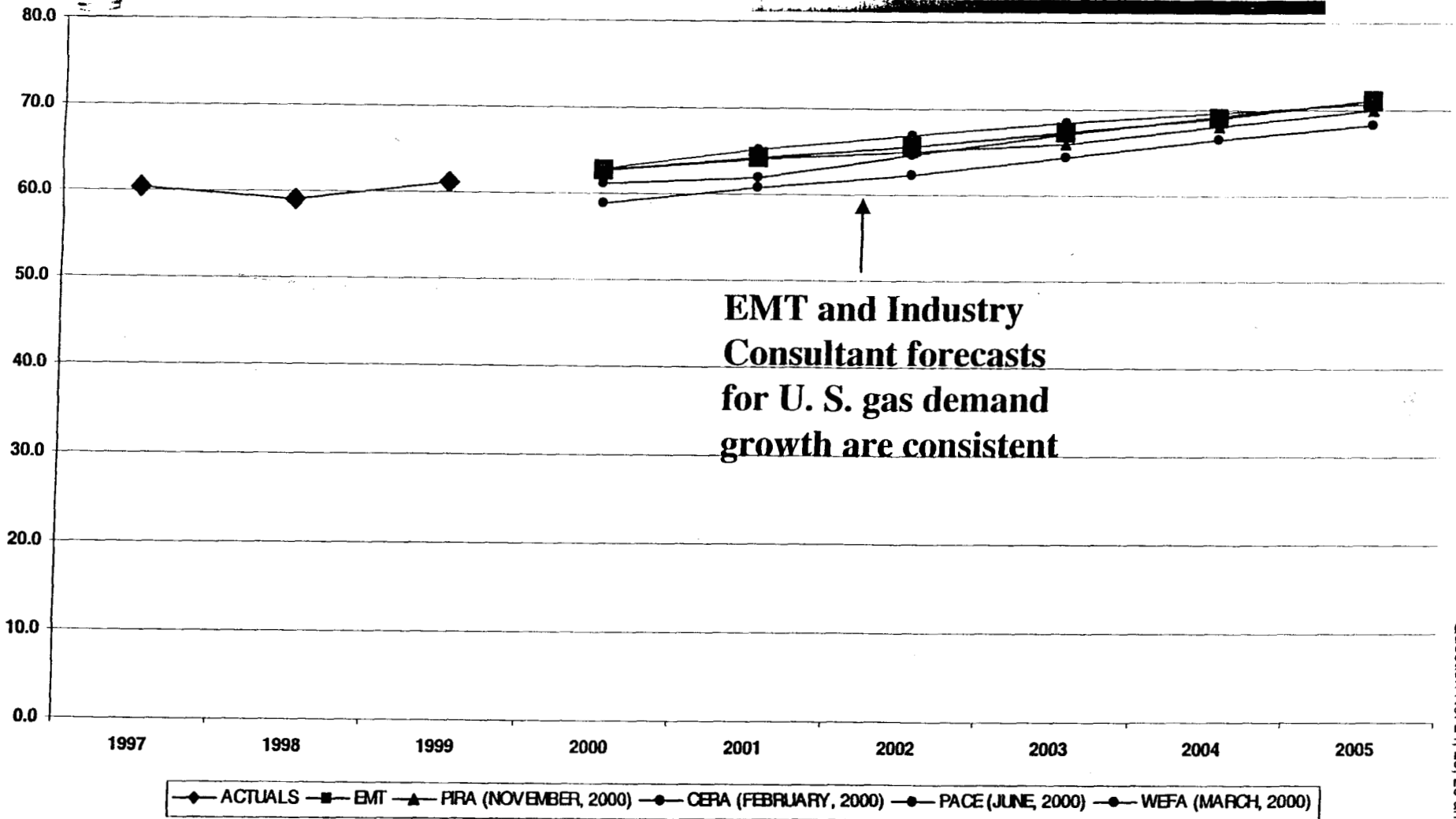
December 18, 2000

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# Comparison of U. S. Natural Gas Supply/Demand Balance: Bcf/Day



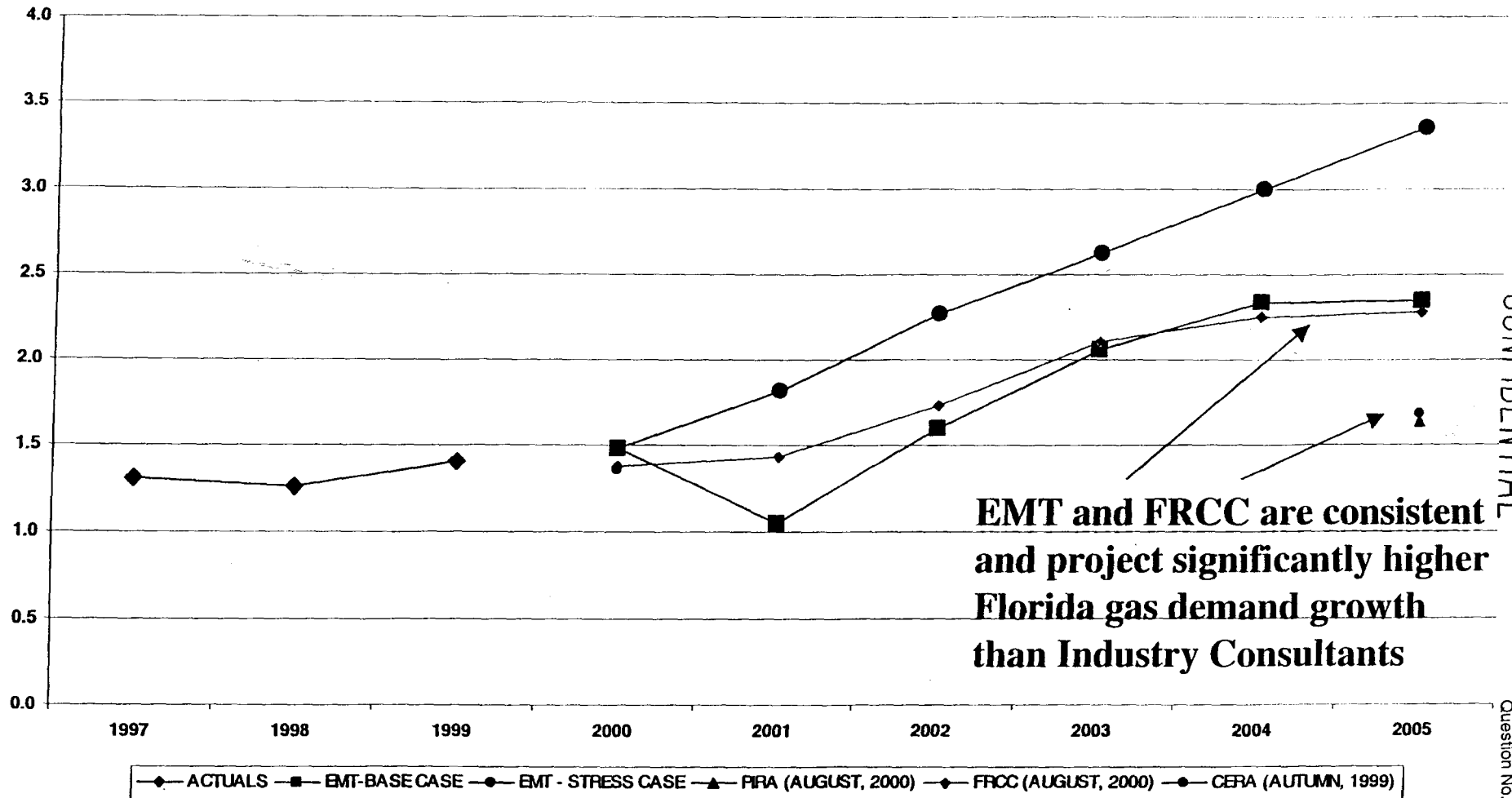
EMT and Industry  
 Consultant forecasts  
 for U. S. gas demand  
 growth are consistent

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PSA

# Comparison of Florida Natural Gas Supply/Demand Balance: Bcf/Day



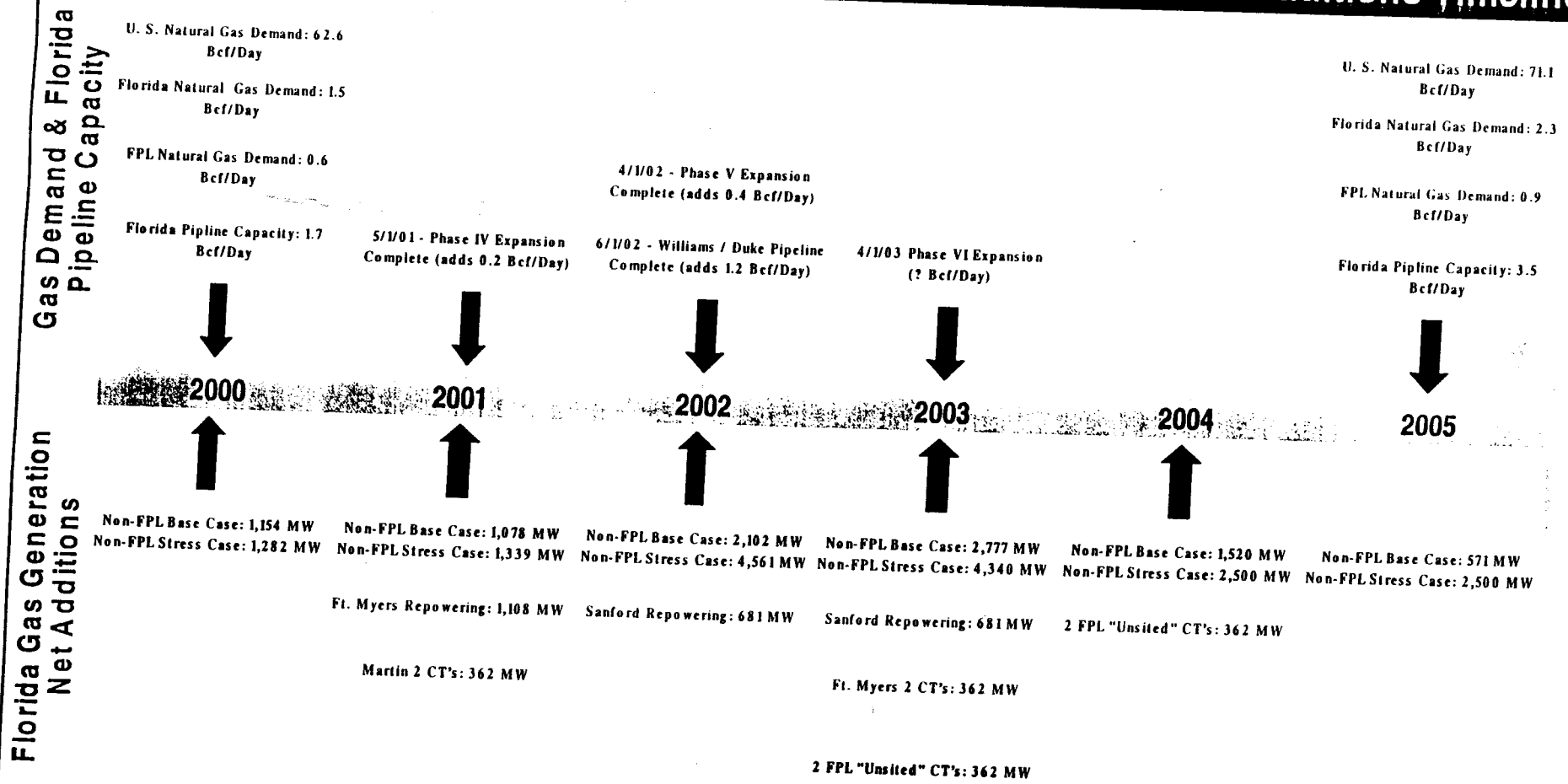
**EMT and FRCC are consistent and project significantly higher Florida gas demand growth than Industry Consultants**

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# Florida Timeline

## Gas Demand, & Florida Pipeline Capacity and Gas Generation Net Additions Timeline



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**Major Assumptions: Comparison of Net Generation Additions and Incremental Gas Demand in Electric Sector (2005 vs. 2000)**

<b>SOURCE</b>	<b>NET GENERATION ADDITIONS (MW) (MAINLY NATURAL GAS)</b>	<b>INCREMENTAL GAS DEMAND IN ELECTRIC SECTOR (MMBTU/DAY)</b>
CERA (Autumn 1999)	6,075	314,186
FRCC (July, 2000)	10,688	899,000
FPL Base Case	13,120	618,290
FPL Stress Case	20,440	1,334,915

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# Major Assumptions: EMT's Base Case

- ❖ EMT's October, 2000 fuel price forecast for 2002-2005, EMT's December, 2000 forecast for 2001
- ❖ FPL's April, 2000 94 degree, 600 MW telecom high band load forecast
- ❖ RAP's latest assumption on non-FPL additions and retirements in Florida
- ❖ FPL's expansion plan with eight simple cycle CT's being added

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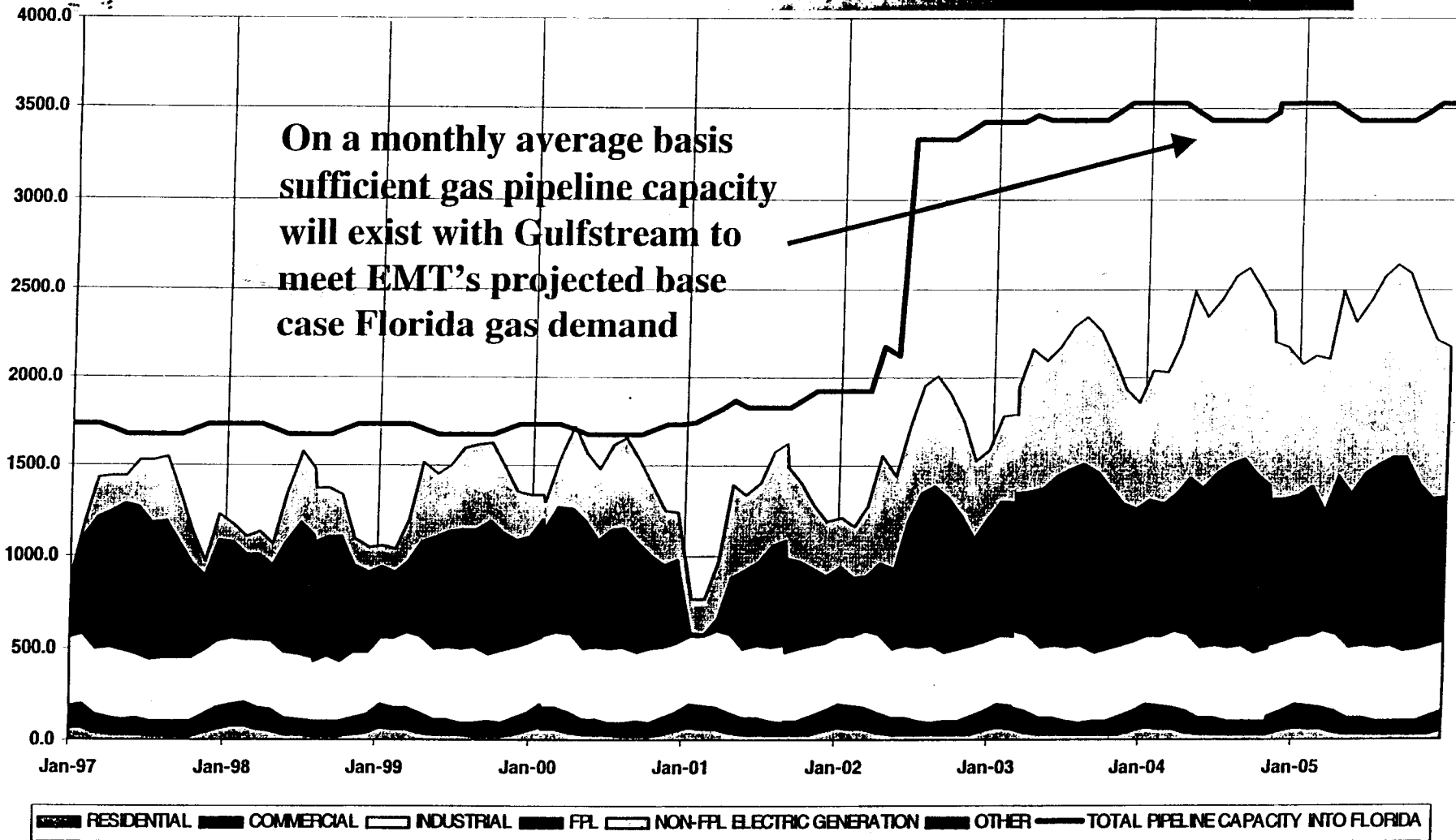
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# EMT's Base Case

## Florida Natural Gas Demand by Industry Sector: MMCF/Day



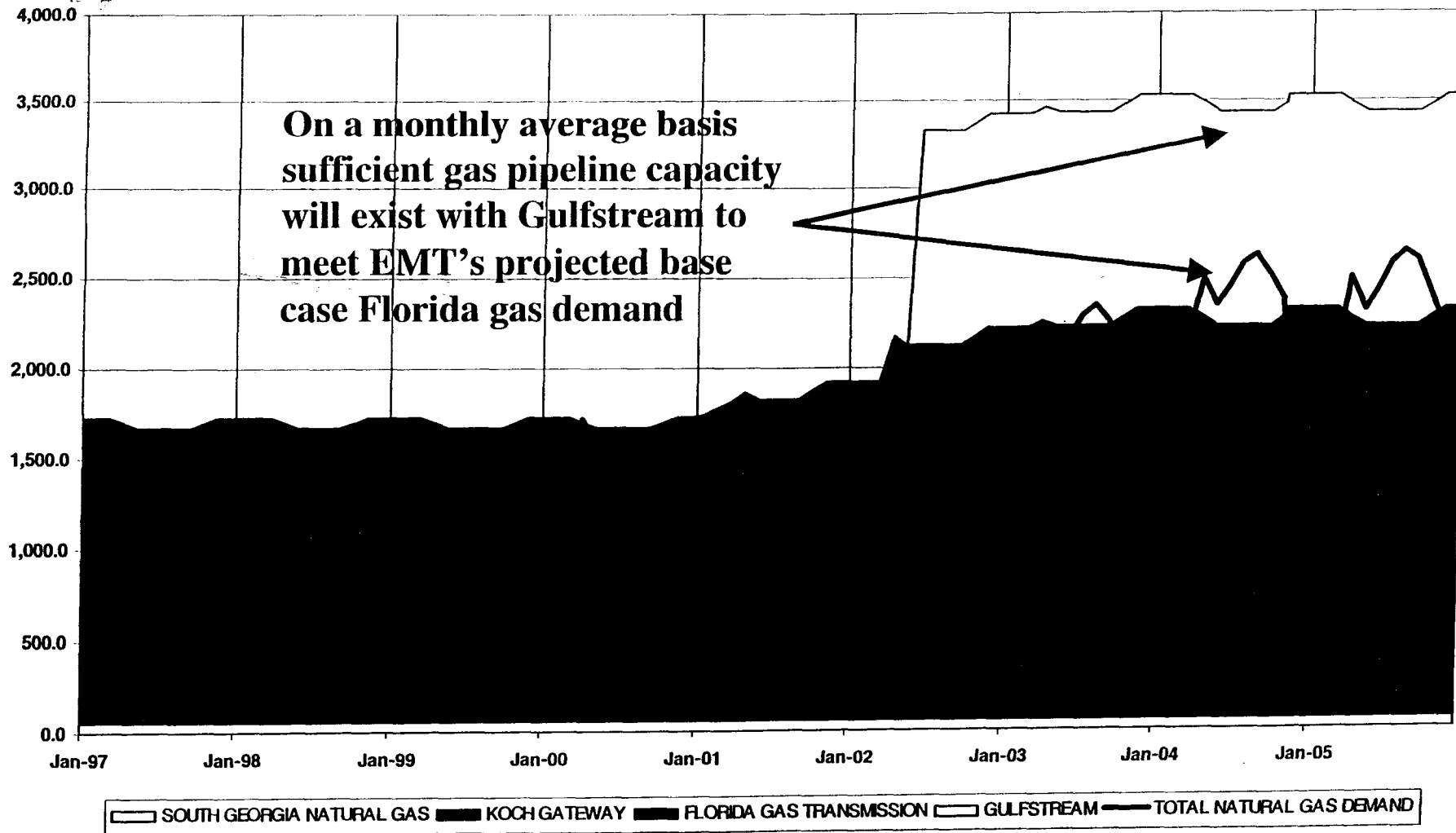
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# EMT's Base Case

## Florida Natural Gas Supply by Pipeline: MMCF/Day



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# Major Assumptions: EMT's Stress Case

- ❖ Gas prices below oil prices to a level such that 75% of the required steam generation, to meet the high band load forecast, shifts from oil to gas
- ❖ No unit retirements in Florida, non-FPL additions are accelerated by two years, and an additional 5,000 MW are added during 2004-2005 above the base case assumption
- ❖ Residential, commercial, and industrial load in Florida escalates at twice the rate in the base case

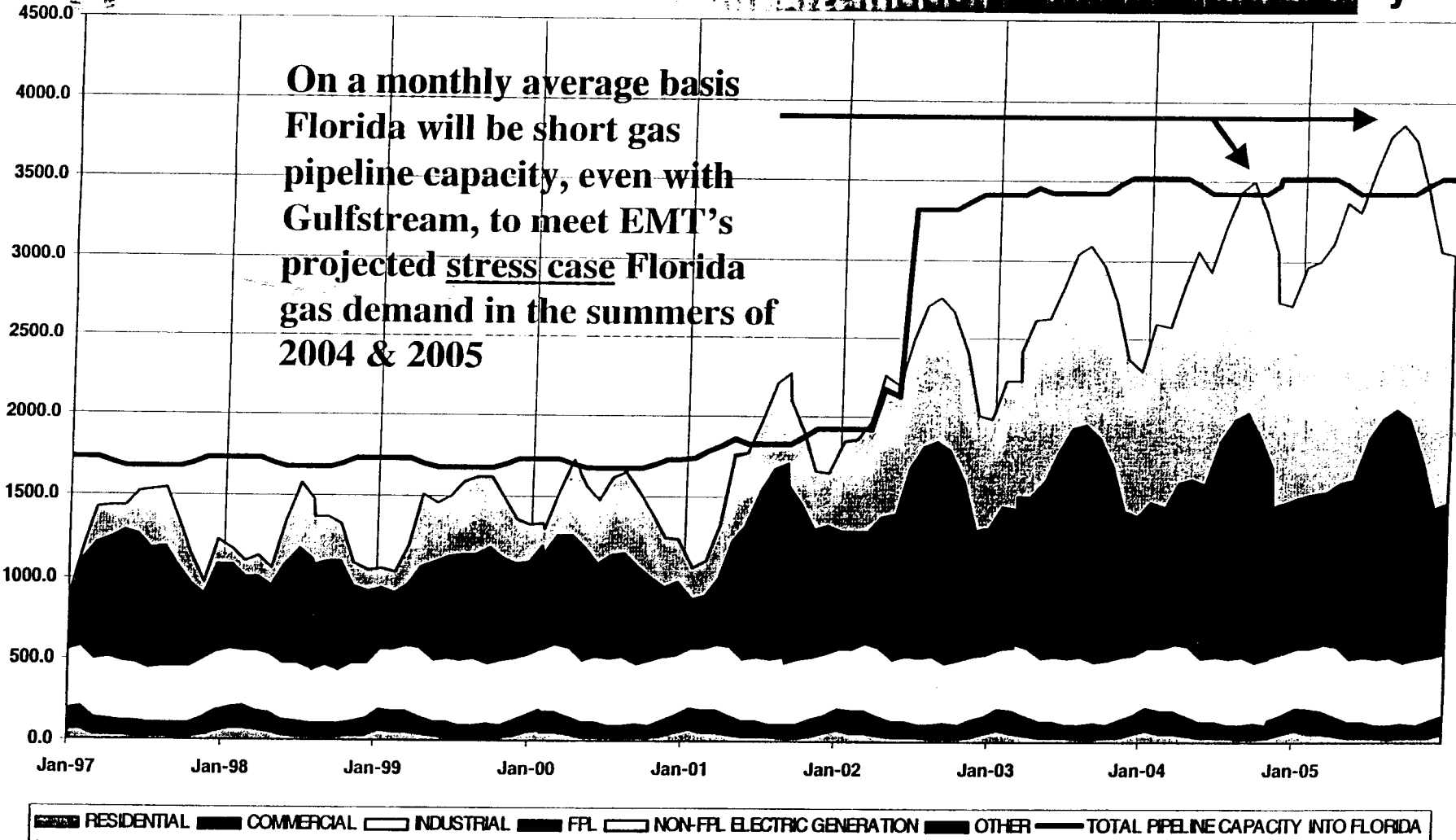
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# EMT's Stress Case

## Florida Natural Gas Demand by Industry Sector: MMCF/Day



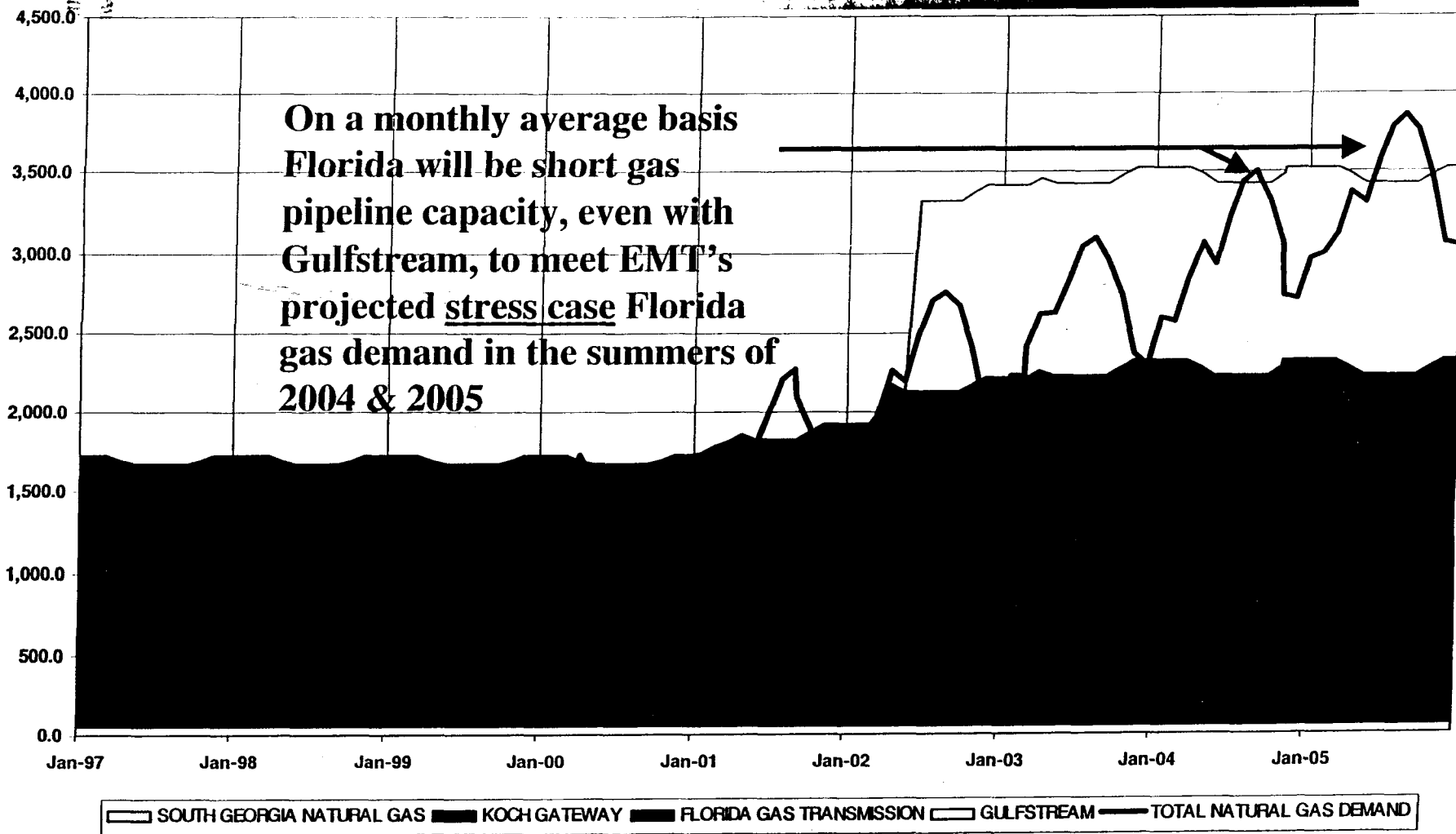
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# EMT's Stress Case

## Florida Natural Gas Supply by Pipeline: MMCF/Day

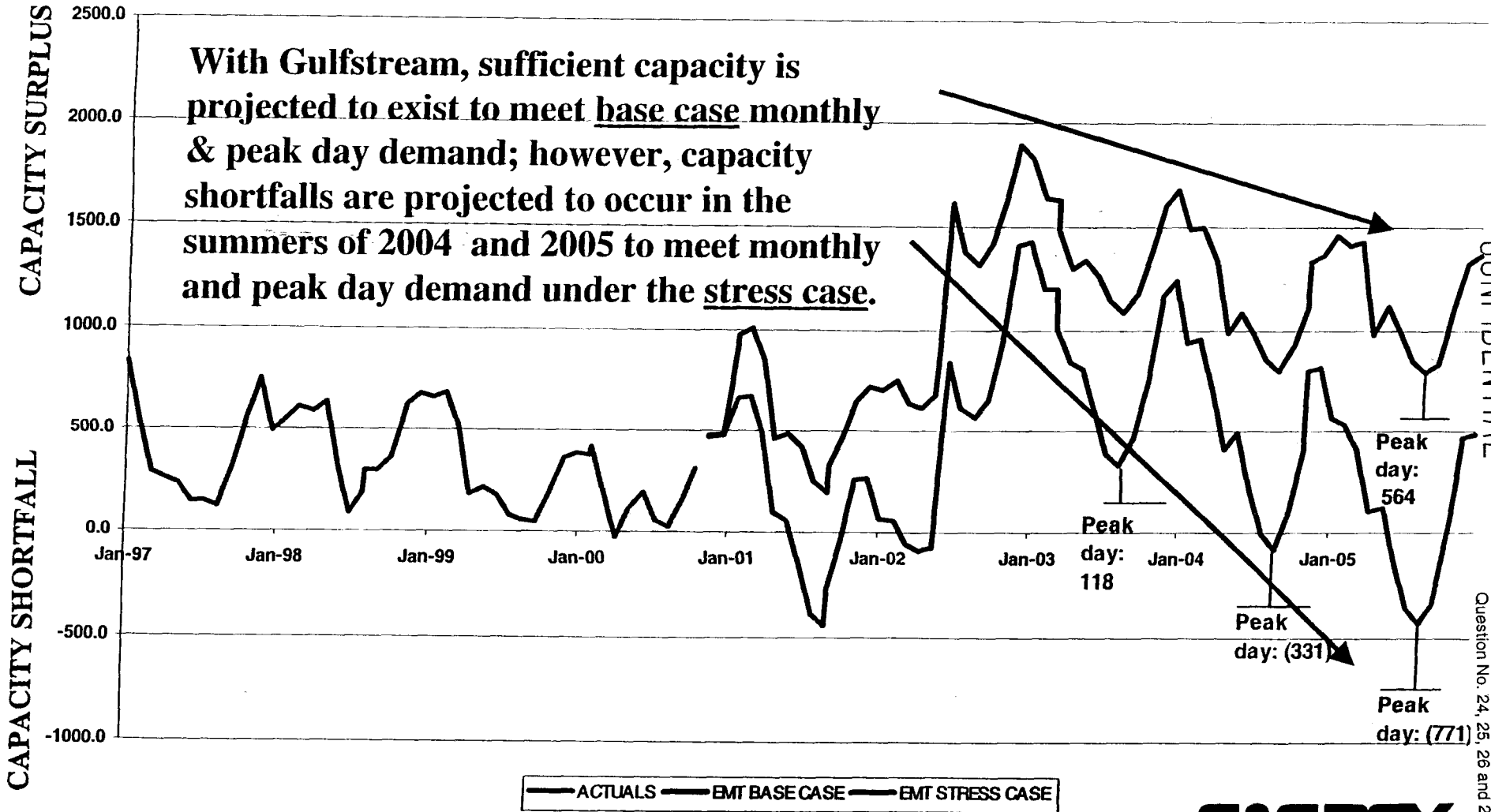


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# Monthly and Peak Day Pipeline Capacity Surplus/Shortfall: MMCF/Day



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# The Bottom Line

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- ❖ Although Florida's natural gas demand will grow faster than the U.S. (essentially from increases in electric generation), the base case shows there is sufficient gas pipeline capacity to meet demand through 2005.
- ❖ EMT's projected stress case shows (albeit unlikely that all three stress assumptions would coincide) that during the summers of 2004 and 2005, Florida will be short pipeline capacity, even with Gulfstream, to meet peak month & peak day gas demand ...
- ❖ However, during these periods FPL has sufficient oil burning capacity to uneconomically dispatch and continue to meet the high band load forecast through 2005.
- ❖ Taking in full consideration of all the above factors and assumptions we feel that FPL does not require a year-round increase in firm transportation capacity to meet the high band load forecast through 2005.

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**RISK ANALYTICS**  
**RESEARCH**

**Florida Natural Gas  
Review**  
*December 2000*

- **US natural gas supply and demand through 2005**
- **Florida natural gas supply and demand through 2005**
- **FPL's natural gas requirements**
- **Summary and Conclusions**

**Gene Ungar**  
Manager of Fuel Price Forecasting  
Energy Marketing & Trading  
(561) 625-7095

**R. Christopher Melley**  
Quantitative Analyst  
Energy Marketing & Trading  
(561) 625-7008





**Introduction**

The 21<sup>st</sup> century will demand clean and secure energy resources to fuel the growing needs of the global economy. Natural gas is becoming the fuel of choice for many nations: it reduces local, regional and global pollution; it is an important alternative to ever increasing reliance on volatile oil supplies from the Middle East; and it can be utilized to power a variety of highly efficient end-use applications.

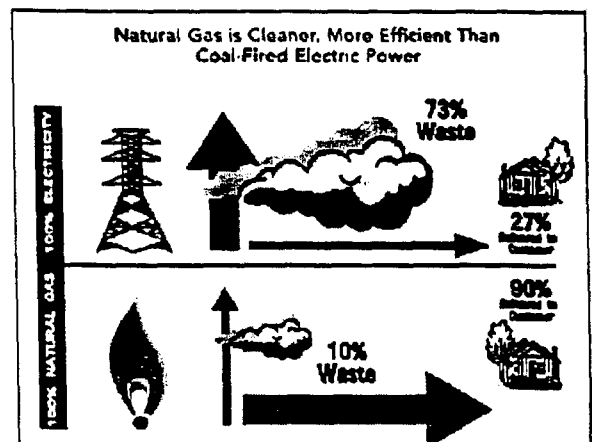
The United States, regarded by many to have pioneered the natural gas revolution early in this century, stands to benefit enormously from greater use of this clean-burning fuel and by the adoption of gas-using technologies at home and around the world. Research done by the Risk Analytics Group supports current beliefs that natural gas will play a critical role in the United States as a transition between fossil fuels such as coal and oil and the renewable forms of energy that lie in the future.

We see the demand in end-use sectors (i.e. residential, industrial, commercial, and generation) is likely to increase as competitive and efficient gas technologies achieve greater market penetration. The best evidence of this has already been seen in the electricity sector. The favorable economics of the combined-cycle gas turbine are gaining the lion's share of new generating capacity in many of the world's markets - including the United States.

**The Benefits of an Enhanced Natural Gas Future**

Expanded natural gas use serves the national interest through a variety of means: it lowers US dependence on oil imports; improves the local, regional and global environment; and enhances opportunities to export gas-using technologies to an expanding global natural gas market. With natural gas markets developing rapidly worldwide, the US is exceptionally positioned to benefit from this global trend. The US gas market and infrastructure is mature in comparison to most of the world, and has much to offer the growing international market, from know-how to advanced end-use technologies. The US stands to gain not only from growing export markets for end-use equipment, but also from the economic boost of global energy efficiency improvements and enhanced worldwide environmental quality.<sup>1</sup>

Reflecting global concerns over energy security and the environment, as well as the superior economics of natural gas technology, worldwide usage of natural gas is expanding exponentially. Because it is a cleaner fuel than oil or coal, and not as controversial as nuclear power, gas is expected to



<sup>1</sup> www.AGA.org

be the fuel of choice for many countries in the future.<sup>2</sup>

### ***Favorable US Conditions for Natural Gas Usage***

Industry experts cite that unlike many European and Asian nations, which must import gas via long distance pipeline or liquefied natural gas transport (LNG), the US is fortunate to have access to secure and dependable gas supplies.<sup>3</sup>

The US supply situation is characterized by:

- Significant domestic reserves of natural gas
- Close neighbors with ample gas reserves, which can supplement the domestic resource base at competitive prices and through integrated delivery infrastructure
- Mature gas infrastructure, including pipelines and storage facilities
- A technological and manufacturing base which will allow for expansion of gas in the residential, commercial, industrial, and electric generation end-use markets

Furthermore, natural gas is a reliable source of fuel not only because most of the supply is domestic, but also because the pipeline delivery system is underground and protected from weather-related disruptions. Research reports cite this reliability as one of the reasons businesses that cannot afford power outages are finding gas-fired distributed electricity generation very attractive. These would include companies with critical computing databases, banks, restaurants, supermarkets, and other commercial enterprises that are looking to gas-based distributed generation because they cannot afford power outages that could destroy products or damage their business.

### ***Key Variables in US Natural Gas Demand and Supply***

The dramatic shift in the role of natural gas from a fuel in decline in the 1970s to the fuel of choice for the next century raises several important questions<sup>4</sup>:

- How much natural gas might the US use over the coming years?
- Where would it be used (by region and sector)?
- How much will it cost?
- Where will it come from?
- Will foreseeable supplies be secure from disruption?
- How will greater usage of natural gas benefit the US economy?
- What sorts of policies at the local, state and national level could be pursued to achieve a clean and secure energy future based on greater use of natural gas?

<sup>2</sup> www.EIA.gov

<sup>3</sup> BP Amoco, BP Amoco Statistical Review of World Energy 1999 (London: BP Amoco)

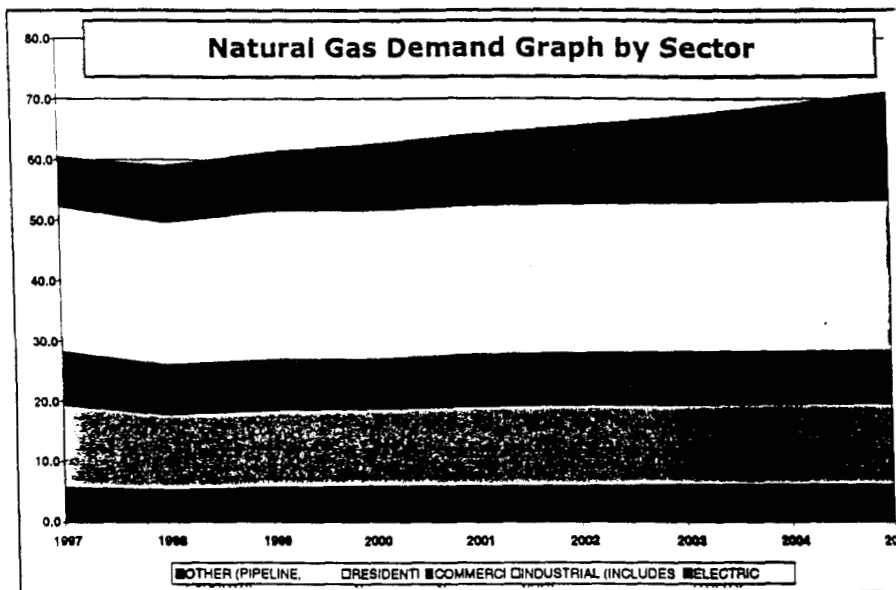
<sup>4</sup> Washington Policy Analysis, Inc. *Fueling the Future - Technical Report*. February 2000



**North American Natural Gas through 2005**

**Demand from Multiple Sectors**

In examining energy demand in the residential, commercial, industrial, and electric generation sectors, we see the electric utility sector having the greatest impact on demand for natural gas in the coming years growing from 17% of natural gas demand in 2000 to over 25% of demand in 2005. We also found that the ongoing deregulation and restructuring of the energy market is the variable that will have the greatest impact on future energy demand and natural gas consumption.



**Increasing Demand for Natural Gas by Sector**

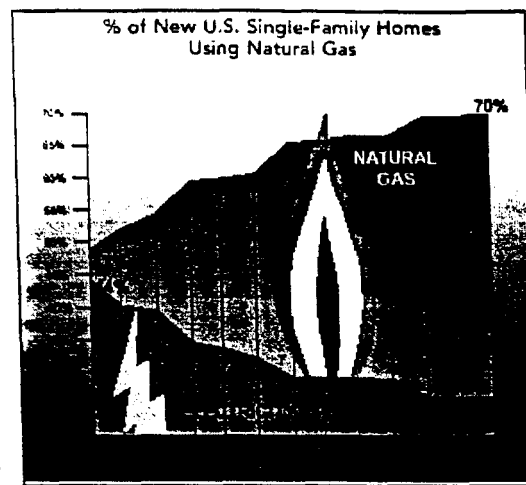
The table below lists historical and EMT's forecasted natural gas demand through 2005 by industry sector. Natural gas use is expected to increase in the residential and commercial sectors (gas heating and cooling, cooking, gas-dryers, fuel cells, micro-turbines), industrial sector (especially pulp & paper, chemicals, food & kindred products), and electricity infrastructure (both central generation and distributed power). Our forecast predicts that the electrical sector will have the largest increase in demand over the next 5 years, growing to 17.8 BCF/day by 2005. This figure is more than twice the demand from that sector in 1997.

<b>EMT'S NORTH AMERICAN NATURAL GAS DEMAND</b>									
BILLION CUBIC FEET PER DAY	1997	1998	1999	2000	2001	2002	2003	2004	2005
RESIDENTIAL	13.7	12.4	12.9	12.8	13.4	13.4	13.4	13.5	13.5
COMMERCIAL	8.8	8.2	8.4	8.3	8.6	8.6	8.7	8.7	8.7
INDUSTRIAL (INCLUDES NUG)	24.2	23.8	24.6	24.8	24.7	24.7	24.8	24.8	24.9
ELECTRIC UTILITY	8.1	9.3	9.6	10.8	11.7	13.0	14.4	16.0	17.8
OTHER (PIPELINE, EXPORTS)	5.6	5.3	5.7	5.8	5.8	5.9	6.0	6.1	6.2
<b>TOTAL DEMAND-BCF/D</b>	<b>60.4</b>	<b>59.0</b>	<b>61.2</b>	<b>62.6</b>	<b>64.1</b>	<b>65.6</b>	<b>67.3</b>	<b>69.1</b>	<b>71.1</b>
<b>-TCF</b>	<b>22.1</b>	<b>21.5</b>	<b>22.3</b>	<b>22.9</b>	<b>23.4</b>	<b>24.0</b>	<b>24.6</b>	<b>25.3</b>	<b>25.9</b>

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### **Residential Demand**

Despite some regional limitations on supply, 56 million homes out of roughly 102 million US households now use natural gas.<sup>5</sup> Most of the growth in the residential sector will come from greater market penetration by natural gas in regions of the country where gas demand has traditionally been weak. However, as cooling technology catches on for residential uses, we foresee growth of natural gas consumption in the Southern "sun belt" states which are projected to see an ongoing population and development boom. In fact, 70 percent of all single-family homes built in 1998 have gas heat.



### **Commercial**

Natural gas accounts for more than 40 percent of commercial energy consumption. The commercial sector includes office buildings, schools, hospitals, hotels, restaurants, malls and other retail establishments. The primary commercial sector uses for energy are space heating (36 percent), lighting (19 percent), cooling (12 percent), water heating (8 percent), cooking (6 percent) and drying (3 percent). Gas is dominant in the space and water heating, cooking and drying segments. Gas now also accounts for 13 percent of the commercial cooling market. We see firms adapting more of these services in the coming years but believe that there will be a "wait and see" period as technologies develop.

### **Industrial Sector**

Natural gas is the primary source of energy in the industrial sector, accounting for nearly 40 percent of the total energy consumed. The most common formats are gas used as a boiler fuel, as a feedstock, and as the energy source for a variety of industrial processes. Key gas-consuming industries include chemicals, steel, paper, glass and oil refining. Again, we see increased use of natural gas technologies in this sector but do not forecast a significant increase in the next 4-5 years.

### **Technology Will Temper**

We should note that this projected growth in residential, commercial, and industrial end-user of natural gas is assumed to be essentially offset by efficiency improvements in end user technologies over the forecast horizon. Additionally, we see these technological improvements as an additional driver of demand – users will see these improvements in efficiency positively change the results of forecasted financial analysis regarding investments into gas powered technologies.

### **Electric Generation**

Electric generation is the major growth sector for the natural gas industry. Because of its many economic and environmental benefits, natural gas has become the fuel of choice for

<sup>5</sup> American Gas Association, *1998 Residential Natural Gas Market Survey* (Washington: American Gas Association, 1999)



electricity generation. In the 1990s, there was a dramatic shift to natural gas for the generation of electricity. Large coal and nuclear generating plants were the clear choice of electric utility planners in the 1970s and 1980s, but a combination of economic, environmental and technological factors have resulted in a pronounced movement to gas. Eighty-nine percent of planned capacity additions over the 1998-2007 period for US electric utilities are gas-fueled units.<sup>6</sup> EMT's forecast, consistent with industry consultants, predicts the combination of factors listed above will induce many in the electrical sector to adapt natural gas for generation purposes.

**Secure Natural Gas Supplies**

Our analysis shows that ample gas supplies in the US, coupled with imports from Canada, can meet current projections of growing demand. Pipeline expansion in the Northeast and Southeast, as well as new interconnections with the Canadian pipeline system, will provide a more flexible and expanded natural gas infrastructure. Essentially we feel that all of the increased US demand for natural gas can be supplied from domestic and Canadian reserves, and LNG imports.

<b>EMT'S NORTH AMERICAN NATURAL GAS SUPPLY</b>									
BILLION CUBIC FEET PER DAY	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>DOMESTIC PRODUCTION</b>									
GULF OF MEXICO ONSHORE	12.6	12.6	12.1	12.4	13.1	13.2	13.3	13.4	13.5
GULF OF MEXICO SHALLOW	14.2	13.4	12.4	11.6	12.1	12.1	12.1	12.0	12.0
GULF OF MEXICO DEEPWATER	2.2	1.6	2.5	3.1	3.8	4.1	4.4	4.8	5.2
MIDCONTINENT/PERMIAN	13.0	12.4	11.8	11.6	11.9	11.7	11.6	11.4	11.3
OTHER LOWER 48 + ALASKA	10.4	12.0	12.3	12.6	13.1	13.5	13.9	14.2	14.6
<b>TOTAL DOMESTIC PRODUCTION</b>	<b>52.4</b>	<b>52.0</b>	<b>51.1</b>	<b>51.3</b>	<b>54.1</b>	<b>54.6</b>	<b>55.3</b>	<b>55.9</b>	<b>56.6</b>
CANADIAN IMPORTS	7.8	8.3	9.1	9.5	10.3	10.7	11.2	11.8	12.3
OTHER (LNG, NET STORAGE)	0.3	-1.3	1.0	1.7	-0.2	0.3	0.8	1.4	2.2
<b>TOTAL SUPPLY-BCF/D</b>	<b>60.4</b>	<b>59.0</b>	<b>61.2</b>	<b>62.6</b>	<b>64.1</b>	<b>65.6</b>	<b>67.3</b>	<b>69.1</b>	<b>71.1</b>
-TCF	22.1	21.5	22.3	22.9	23.4	24.0	24.6	25.3	25.9

Domestic natural gas production is expected to grow, on average, by about 2% per year from 51.3 Bcf/day in 2000 to approximately 56.6 Bcf/day in 2005. This growth is primarily from the deep-water region in the Gulf of Mexico, the Rocky Mountains, and the onshore Gulf of Mexico region. This more than offsets anticipated declines in the Mid-Continent and Permian regions.

In the import sector we see western Canadian supply growth far exceeds expected Canadian demand growth, resulting in strong growth in flows to the United States. Reports indicate new production from the Canadian Atlantic offshore region (Sable Island, at first) is expected to grow substantially in the coming years. Western Canadian supply is expected to grow both from the traditional areas of Saskatchewan and Alberta and from new sources in British Columbia and the Northwest Territories.

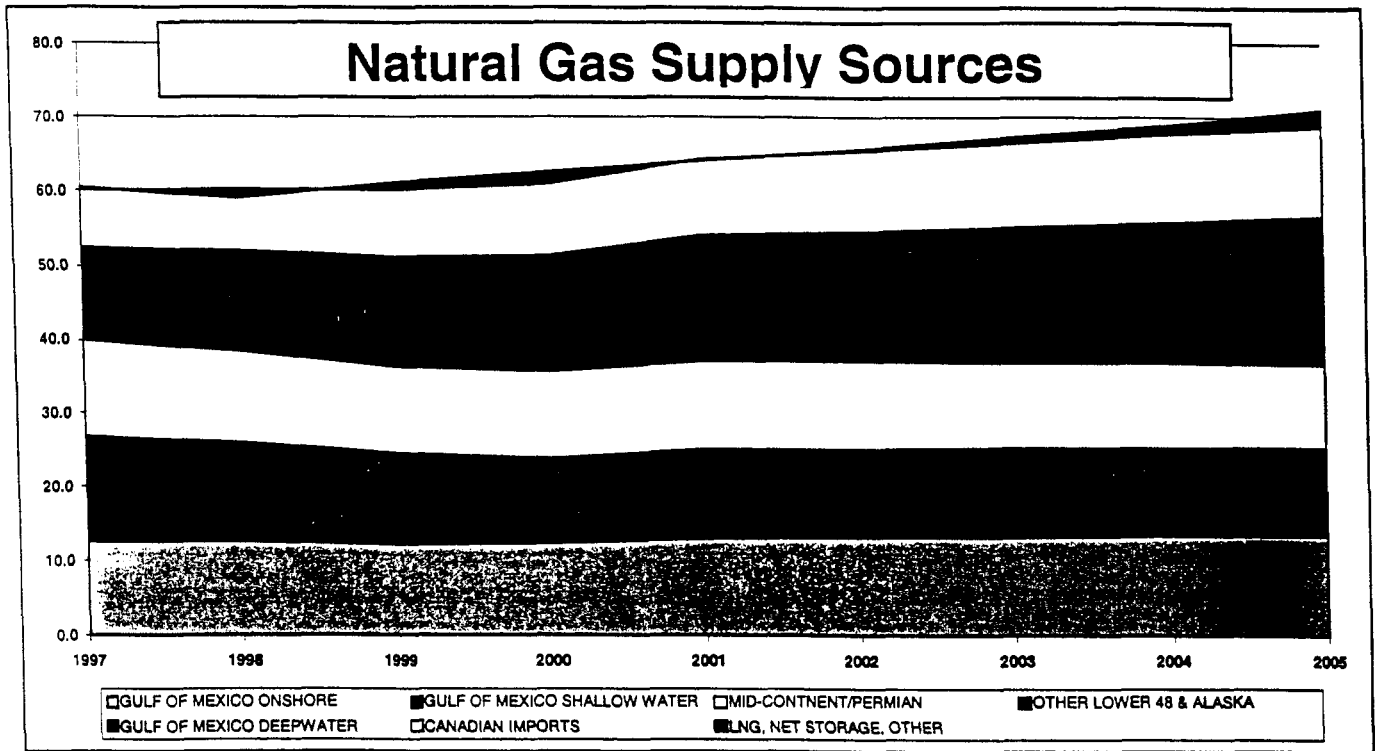
<sup>6</sup> Energy Information Administration, Natural Gas 1998: Issues and Trends (Washington: U.S. Department of Energy, 1999).

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Finally, LNG imports are expected to rise over the coming decade to fill existing receiving terminals on the US Gulf and East Coasts. Higher prices for gas in the U.S. has already increased the availability of LNG to the import terminals in Louisiana and Massachusetts, while the re-opening of Elba Island, GA, and Cove Point, MD, will greatly enhance the ability to absorb growing LNG supplies in the Atlantic Basin.

This increase in natural gas supply is best seen in the following chart. The real drivers of supply growth are seen in the Gulf of Mexico Deepwater production and Canadian and LNG imports.



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## Florida Natural Gas through 2005

The PIRA Energy Group cites that demand growth has transformed the South Atlantic region from a neglected corner of the North American gas grid to a key expansion market. Regional population has grown faster than the U.S. average, and gas demand has grown more than twice as fast as the U.S. average since 1980.<sup>7</sup> PIRA and EMT anticipate continuing demand growth in the region, growing faster than demand in the U.S. as a whole.

<b>EMT'S FLORIDA NATURAL GAS SUPPLY/DEMAND BALANCE</b>									
MILLION CUBIC FEET PER DAY	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>DEMAND:</b>									
RESIDENTIAL	35.9	38.6	37.1	36.8	38.4	38.5	38.5	38.5	38.6
COMMERCIAL	100.5	103.2	99.5	99.0	101.8	102.4	102.9	103.4	104.0
INDUSTRIAL (INCLUDES NUG)	358.4	347.6	389.3	391.4	389.9	390.7	391.5	392.3	393.1
FPL	616.8	559.8	553.4	608.3	127.9	584.6	841.7	861.6	869.7
NON-FPL ELECTRIC GENERATION	196.6	211.0	321.6	347.0	390.9	479.6	686.7	939.1	939.9
OTHER	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>TOTAL DEMAND-MMCF/D</b>	<b>1,308.5</b>	<b>1,260.5</b>	<b>1,401.0</b>	<b>1,482.7</b>	<b>1,049.1</b>	<b>1,596.0</b>	<b>2,061.5</b>	<b>2,335.1</b>	<b>2,345.5</b>
<b>SUPPLY:</b>									
FLORIDA GAS TRANSMISSION	1500.0	1500.0	1500.0	1500.0	1636.3	1897.9	2050.8	2080.0	2080.0
KOCH GATEWAY PIPELINE	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
SOUTH GEORGIA NATURAL GAS	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
GULFSTREAM	0.0	0.0	0.0	0.0	0.0	700.0	1200.0	1200.0	1200.0
<b>TOTAL SUPPLY-MMCF/D</b>	<b>1,701.0</b>	<b>1,701.0</b>	<b>1,701.0</b>	<b>1,701.0</b>	<b>1,837.3</b>	<b>2,798.9</b>	<b>3,451.8</b>	<b>3,481.0</b>	<b>3,481.0</b>
<b>SPARE PIPELINE CAPACITY</b>	<b>392.5</b>	<b>440.5</b>	<b>300.0</b>	<b>218.3</b>	<b>788.2</b>	<b>1,202.9</b>	<b>1,390.3</b>	<b>1,145.9</b>	<b>1,135.5</b>
<b>PERCENT SPARE CAPACITY</b>	<b>23.1%</b>	<b>25.9%</b>	<b>17.6%</b>	<b>12.8%</b>	<b>42.9%</b>	<b>43.0%</b>	<b>40.3%</b>	<b>32.9%</b>	<b>32.6%</b>

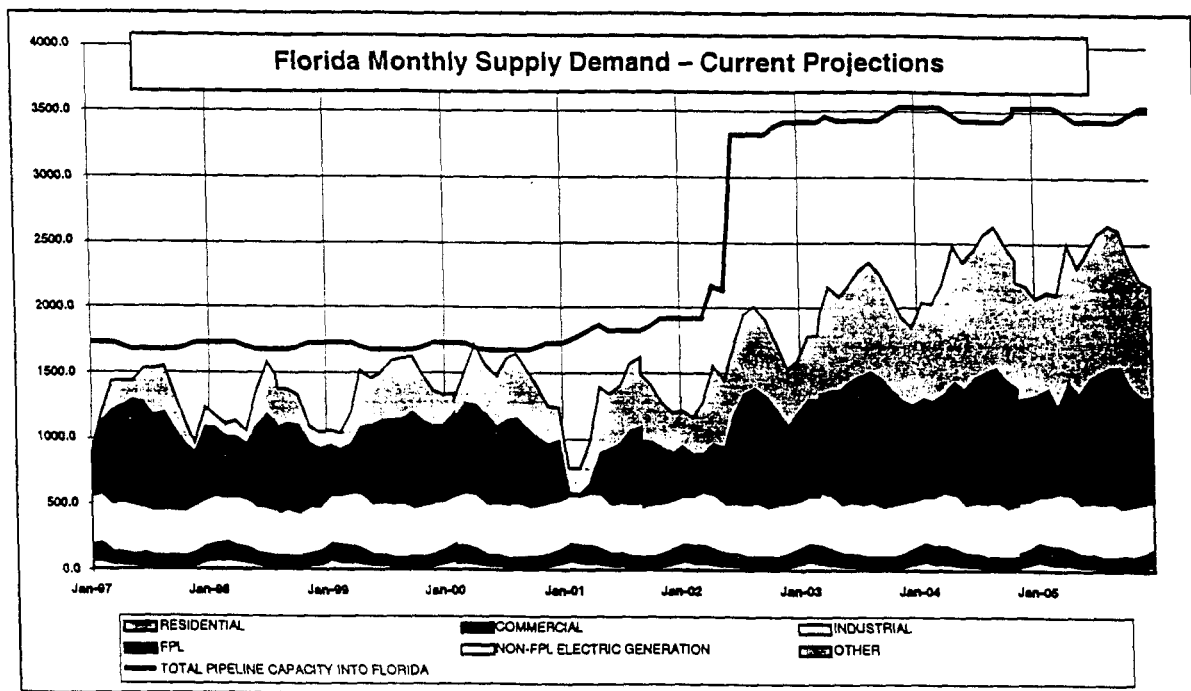
Our analysis indicates that the vast majority of the new capacity for electrical generation to support load in the State of Florida is expected to be combustion turbines and combined-cycles. These figures are represented above and in the following chart.

### Southeast Gas Flows

The Southeast area is a gas-importing region, drawing gas almost entirely from the Gulf of Mexico. Alabama acts as the gateway to the region, drawing gas from local production, offshore pipelines and from pipelines in Mississippi. Growing gas demand in Florida has been entirely met by increasing flows of gas into the state via pipeline. Growth of this market poses unique infrastructure challenges: first, due to the summer-peaking profile of gas demand; second, due to the absence of storage within the state to cushion swings in demand.

<sup>7</sup> PIRA Energy Group, *The Price of Reliability: The Value and Strategy of Gas Transportation Southeast*. August, 2000.

Consistent with EMT's view of residential, commercial, and industrial demand growth in the US, Florida's demand growth in these sectors should be essentially flat through 2005. The electric generation sector in Florida, however, should grow faster than the U.S. average.



FPL's natural gas demand is expected to grow from 608 million cubic feet per day in 2000 to 870 million cubic feet per day in 2005 as the Fort Myers and Sanford re-powering projects and the addition of eight simple cycle CT's are added to the system.

Demand for natural gas from others in the state is expected to grow from 347 million cubic feet per day to 940 million cubic feet per day in 2005 as utilities add generation and merchant plants enter the state.

### **Florida Gas Transmission Pipeline Expansion(s)**

The combination of only one major pipeline provider, a concentrated group of burner-tip customers and a high capacity utilization rate make Florida a premium market that is traded thinly. As the map below indicates, Florida is dominated by Florida Gas Transmission (FGT), as this interstate pipeline company provides almost all gas available in the state. The role of electric utilities is central, as they represent 65% of the current burner-tip demand in the state. This figure is forecasted to grow to 77% in 2005.

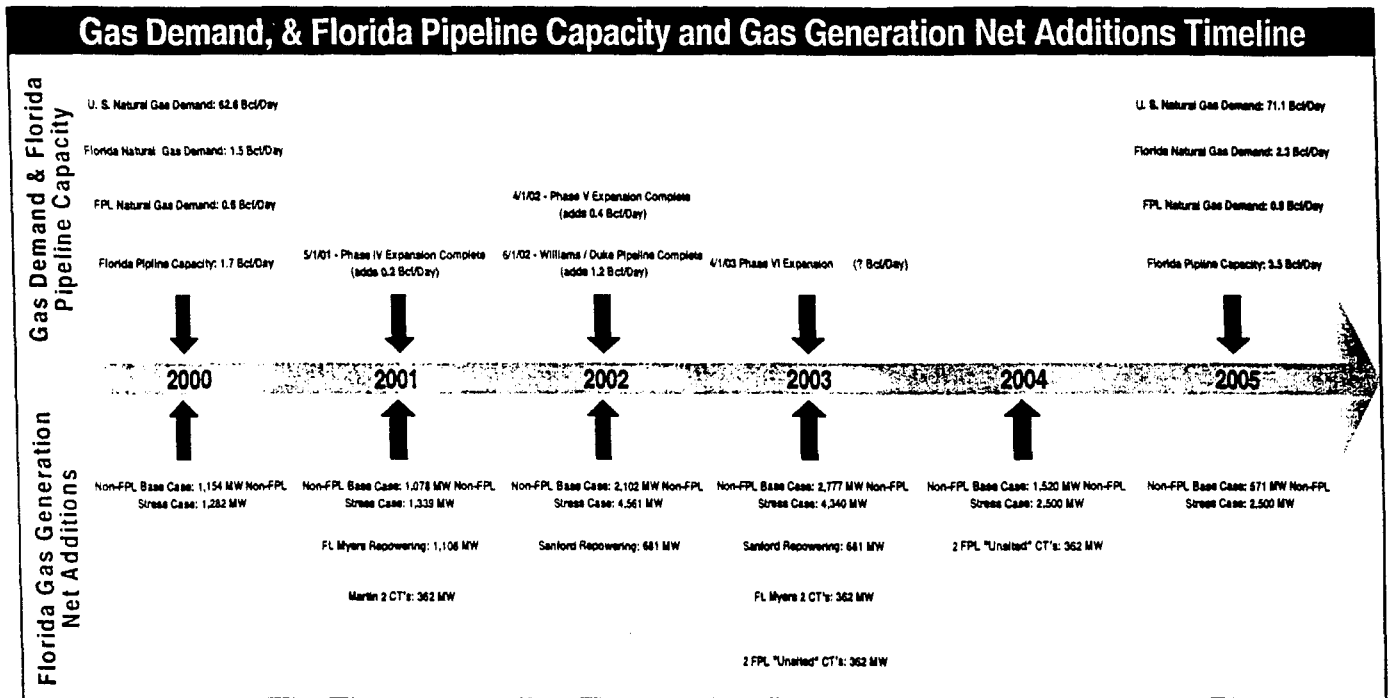




Today, FPL holds 36.5% (average annual) of the contracted capacity on FGT. Despite the size of the market and the weather-dependent demand, spot trading of gas inside the state appears to be thin. Several spot price publishers omit Florida entirely, and some that report Florida city gate prices have sketchy data.

Customers who value reliability — electric generators and distribution companies — dominate the market in Florida and hold capacity on FGT to meet their own needs. As a result, spot trading to serve the Florida market typically (but not exclusively) takes place outside the state, generally in Texas, Louisiana, Mississippi, or Alabama.

The Florida Gas Transmission (FGT) pipeline is currently the only major interstate pipeline into Florida. The pipeline carries 1,500 million cubic feet per day into Florida. FPL currently has a firm capacity of 650 million cubic feet per day for summer month's operations.



The current expansions of the FGT pipeline are Phase IV that adds an incremental 170 million cubic feet per day, and boosts FPL's summer firm capacity by 100 million cubic feet per day. The in-service date of this expansion is May 1, 2001 (deliveries to Fort Myers began on October 1, 2000). The Phase V expansion will add an incremental 410 million cubic feet per day and increase FPL's summer firm capacity by 144 million cubic feet per day. The in-service date is April 1, 2002 (deliveries to Sanford are scheduled to begin October 1, 2001).

FGT is also evaluating a Phase VI expansion which FPL elected not to participate in. The Phase VI expansion will add an as yet undetermined incremental capacity on the FGT

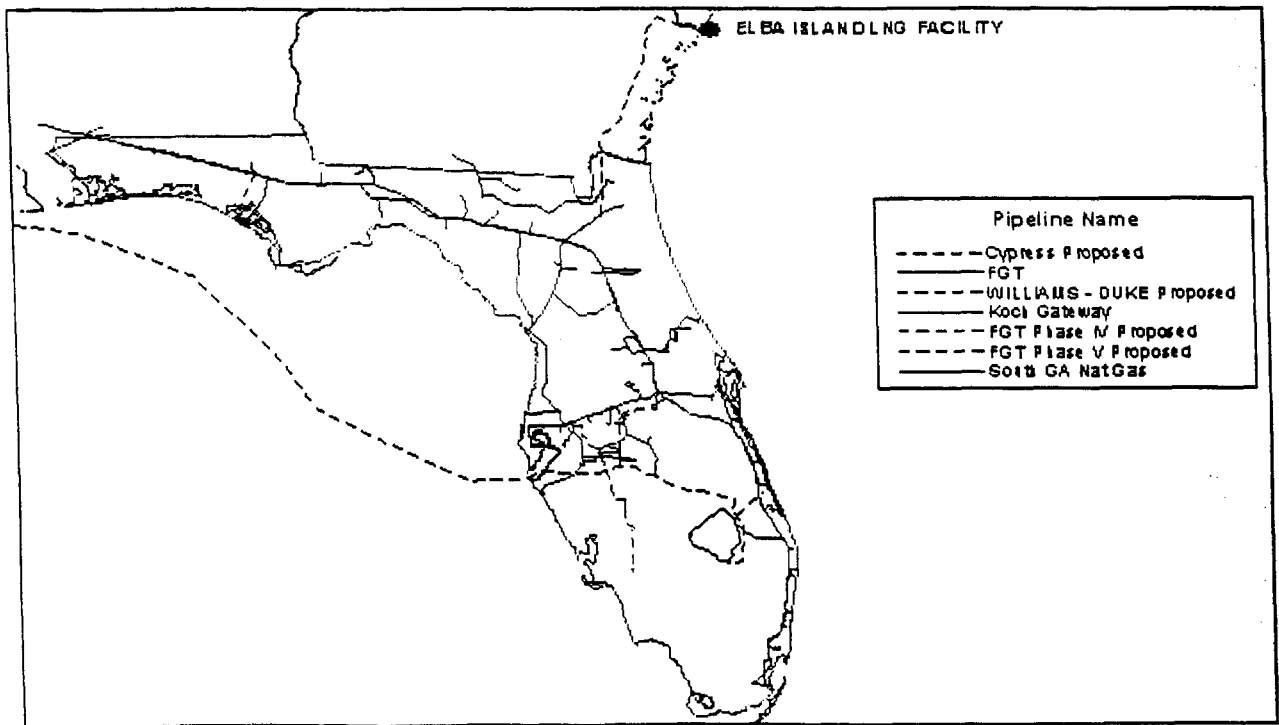


system and is projected to be in-service by April, 2003. This capacity will include the Cypress Pipeline (proposed throughput of 310 million cubic feet per day) from the LNG Terminal at Elba Island, Georgia. The Elba Island facility will also be connected to the Southern Natural, Atlanta Gas Light, and South Georgia systems and has an estimated peak day capacity of 540 million cubic feet. The estimated average daily capacity for Elba Island is 440 million cubic feet per day with a storage capacity of 4.2 Bcf.

**Other Pipelines into Florida**

Currently, Williams/Duke Energy and two offshore facilities from the Bahamas and Venezuela have created proposals for interstate pipelines into Florida.

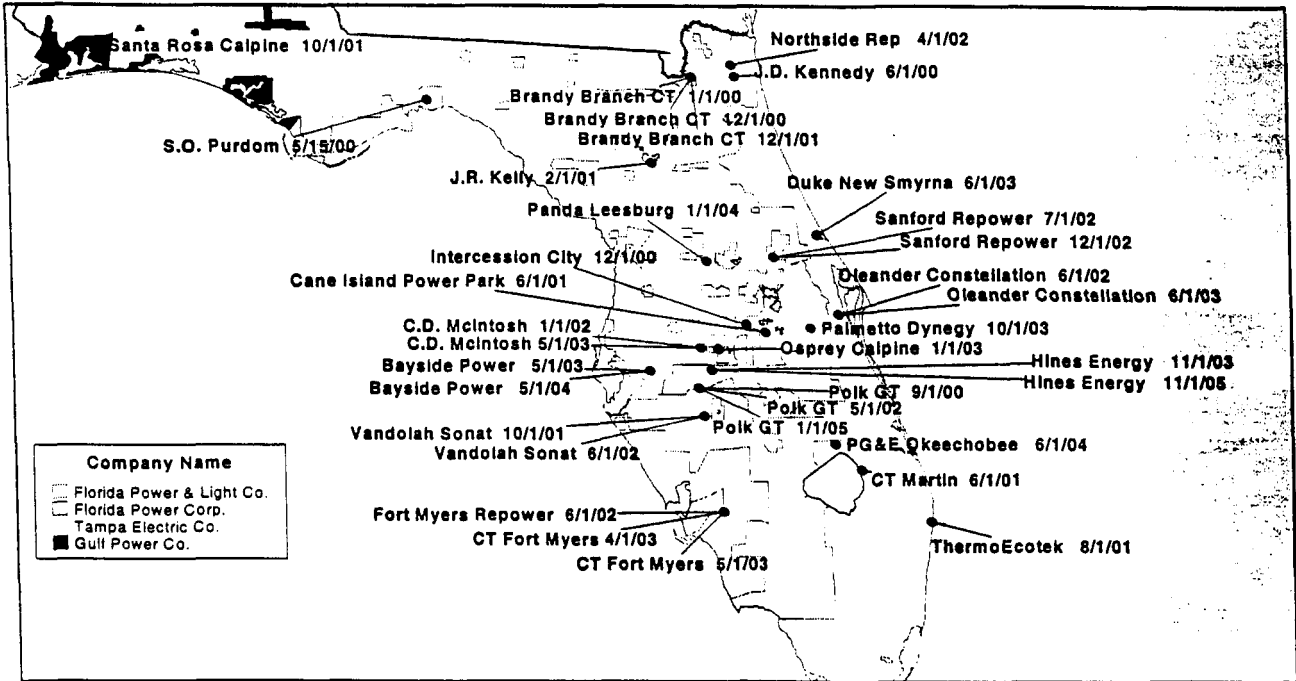
- The Williams/Duke pipeline will follow the Gulfstream pipeline route and has proposed volume of 1,200 million cubic feet per day. The expected in service date of this pipeline is June of 2002.
- No additional details are available on the offshore facilities.





**Electric Generation Expansion in Florida**

The following map shows FPL's assumed electric generation additions in the State of Florida. Over the next five years, FPL has assumed 13,120 MW's of net winter capacity (additions less retirements) will be added in the state, 3,918 MW's by FPL and 9,202 MW's by others.



Company Name	
□	Florida Power & Light Co.
□	Florida Power Corp.
□	Tampa Electric Co.
■	Gulf Power Co.

**FPL's Expansion Plan**

Currently, FPL has planned to add 3,918 megawatts through 2005. We are confident that there will be an adequate supply of natural gas with the proposed expansions to meet the need of the additional demand these new units will place on the FGT pipeline. The table to the right illustrates this:

(Note: MW's Added in chart are incremental Winter Megawatts.)

FPL's Generation Expansion Plan			
Month	Location	Type of Unit	MW's Added
Jan-01	Ft. Myers	Repowering	1,108
Jun-01	Martin	2 CT's	362
Aug-02	Sanford 5	Repowering	681
Jan-03	Sanford 4	Repowering	681
Apr-03	Ft. Myers	1 CT	181
May-03	Ft. Myers	1 CT	181
Dec-03	Unsitd	2 CT's	362
Oct-04	Unsitd	2 CT's	362
			3,918
Power Purchasing / Tolling Units			
Apr 02 - May 05	TBD	7 CT's	1,043

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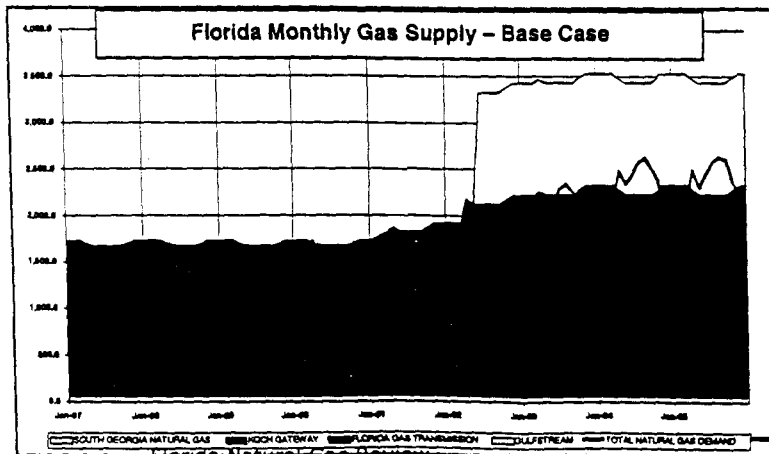
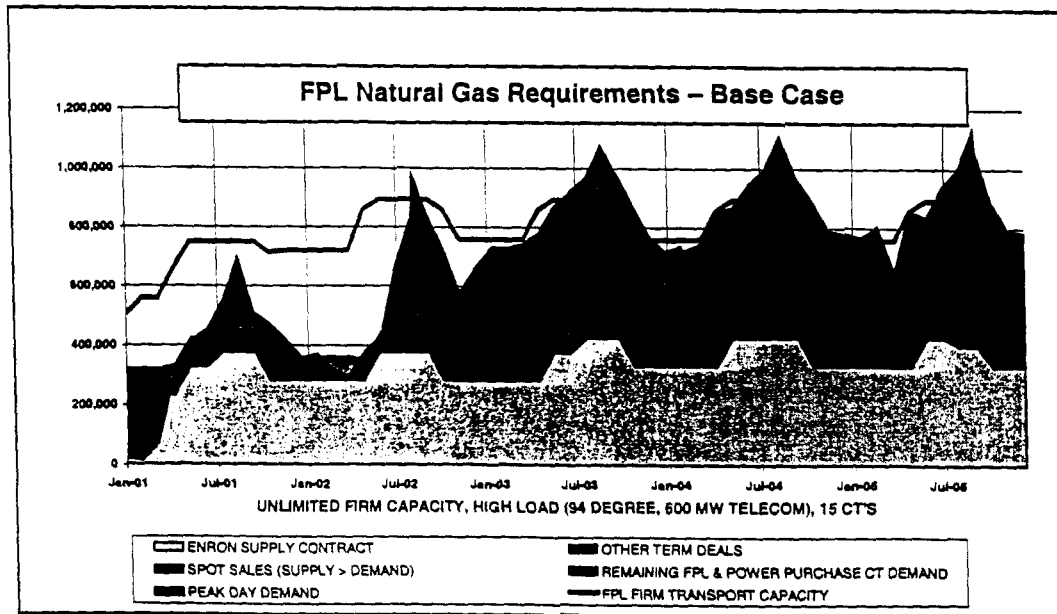
**FPL's Natural Gas Requirements through 2005**

**The Base Case - (Refer to appendix 1)**

The following graph illustrates the FPL supply and demand for natural gas over the next 5 years as well as our current firm and anticipated non-firm pipeline capacity. We consider this to be our "base case" for scenario purposes. Through 2001, FPL has sufficient firm pipeline capacity to cover both average monthly and peak day demand. In 2002, estimates of peak day demand will exceed FPL's firm transportation capacity and FPL will be required to either switch to fuel oil to meet load on the peak day, or transport gas on Gulfstream.

**EMT's Base Case Assumptions**

- > EMT's October, 2000 fuel price forecast for 2002-2005, EMT's December, 2000 forecast for 2001
- > FPL's April, 2000 94 degree, 600 MW telcom high band load forecast
- > RAP's latest assumption on non-FPL additions and retirements in Florida
- > FPL's expansion plan with eight simple cycle CT's being added



By the summer of 2003, FPL will require additional summer pipeline capacity beyond its firm commitment on FGT (i.e. Gulfstream), or switch to oil for a significant portion of the time.

Although Florida's natural gas demand will grow faster than the U.S. (essentially from increases in electric generation), the base case shows there is sufficient gas pipeline capacity to meet demand through 2005.



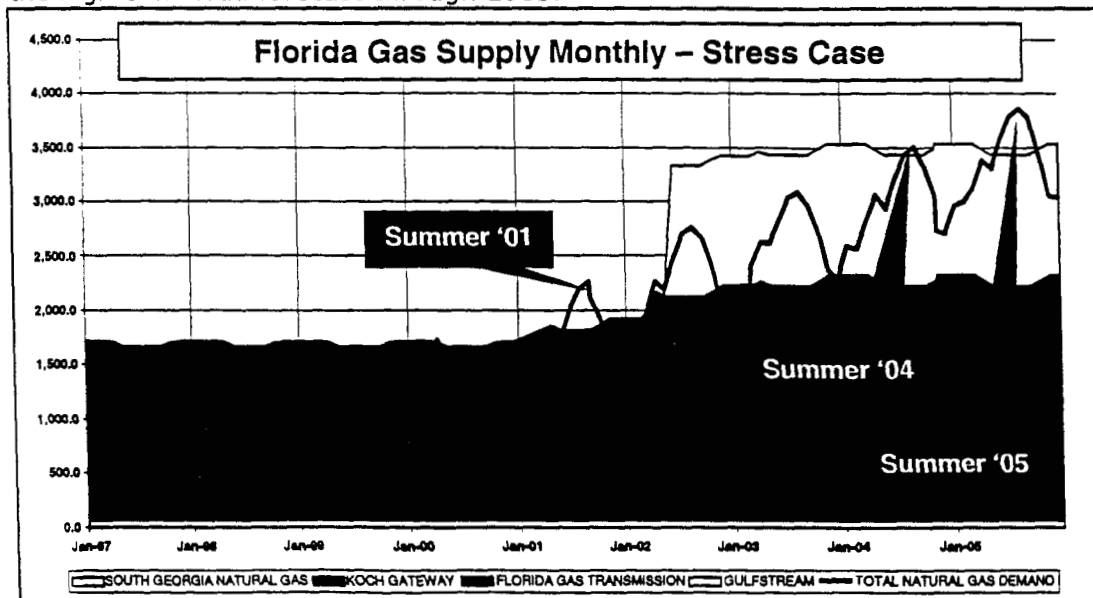
**The Stress Case - (Refer to Appendix 2)**

The price of natural gas dramatically decreases from current and forecasted levels. The stress case assumes that the price of gas will be low enough, relative to oil, such that 75% of the MMBTU burn equivalent, of FPL's required steam generation to meet load, will be switched from oil to natural gas. (Depending on the unit, the delivered "variable dispatch price of natural gas" would have to be about 93 to 97 percent of the delivered "variable dispatch price of oil" for a switch from oil to gas to occur.) Although this steam generation can burn 100% gas, the 75% factor is an estimate to take into account pipeline flow restrictions south of each compressor station and pressures to each plant site.

For the non-FPL generation, there will be no retirements during this period, the assumed generation additions will be accelerated by two years starting in 2002, and 5000 additional MW's of gas combined cycle units will be added between 2004 and 2005. The residential, commercial and industrial demand will increase at twice the rate in the base case. Under these unlikely conditions, Florida could foresee serious shortfalls in pipeline capacity in the summer of 2001 - prior to the Phase V expansion of FGT and the addition of Gulfstream; and the summers of 2004 and 2005.

- EMT's Stress Case Assumptions**
- Gas prices below oil prices to a level such that 75% of the required steam generation to meet the high band load forecast shifts from oil to gas
  - No unit retirements in Florida, non-FPL additions are accelerated by two years, and an additional 5000 MW are added during 2004-2005 above the base case assumption
  - Residential, commercial, and industrial load in Florida escalates at twice the rate in the base case

EMT's projected stress case shows (albeit unlikely that all three stress assumptions would coincide) that during the summers of 2004 and 2005, Florida will be short pipeline capacity, even with Gulfstream, to meet peak month & peak day gas demand. However, during these periods FPL has sufficient oil burning capacity to uneconomically dispatch and continue to meet the high band load forecast through 2005.



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BASE CASE – STRESS CASE CAPACITY COMPARISON				
ANNUAL AVERAGE: MMCF/DAY				
YEAR	Base Case	Stress Case	Absolute Difference	Percentage Difference
2000	218	216	2	-1%
2001	788	22	766	-97%
2002	1203	531	671	-56%
2003	1390	831	559	-40%
2004	1146	480	666	-58%
2005	1136	121	1014	-89%
AVERAGE PEAK MONTH BASED ON TOTAL ELECTRIC GENERATION REQUIREMENTS: MMCF/DAY				
YEAR	Base Case	Stress Case	Absolute Difference	Percentage Difference
2000	0	0	0	0%
2001	197	-437	634	-322%
2002	1313	568	745	-57%
2003	1085	336	749	-69%
2004	801	-75	876	-109%
2005	791	-428	1219	-154%
PEAK DAY IN PEAK MONTH BASED ON FPL'S LONG-TERM PEAK DAY/PEAK MONTH RATIO: MMCF/DAY				
YEAR	Base Case	Stress Case	Absolute Difference	Percentage Difference
2000	0	0	0	0%
2001	2	-734	736	-36790%
2002	1108	271	837	-76%
2003	922	118	805	-87%
2004	611	-331	943	-154%
2005	564	-771	1335	-237%

**Comparison of Base Case versus Stress Case**

The table above is a comparison of the differences in our base and stress cases. The absolute difference column identifies the magnitude of the difference between these cases. Again, we must emphasize that the assumptions in the stress case are unlikely to coincide and, even if they occur, FPL would still have enough oil switchable capacity to meet the high band load forecast. We would also further note that the figures used did not include any capacity figures of the proposed Phase VI expansion of the FGT pipeline due to be in service in April 2003.

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## Summary

### United States Natural Gas Supply Demand Balance

EMT forecasts U. S. natural gas demand to grow from 62.6 Bcf/day in 2000 to 71.1 Bcf/day in 2005 (2.6% per year); 7.0 Bcf (82%) of the increase is in the electric generation sector. This is attributed to the widely accepted use of natural gas as a clean burning fuel and the expansion of the use of combined cycle technology.

Domestic production is forecasted to increase by about 2.0%/year as increased production from the deepwater Gulf of Mexico more than offsets expected declines in the Mid-Continent/Permian regions. We believe this increased supply, combined with Canadian imports that are projected to increase by 5.2%/year will adequately provide the necessary supply to meet the projected growth in U.S. demand.

### FPL and Florida Pipeline Capacity Through 2005

We project Florida natural gas demand is expected to grow from 1.5 Bcf/day in 2000 to 2.4 Bcf/day in 2005 (9.6%/year). Although Florida's natural gas demand will grow faster than the U.S. (essentially from increases in electric generation), the base case shows there is sufficient gas pipeline capacity into the state to meet demand through 2005.

On a monthly average basis, no additional pipeline capacity, beyond the Phase V expansion of FGT is required, until the summer of 2003, to meet FPL's high band load forecast. At that time, there will be sufficient spare capacity on Gulfstream to meet FPL's gas demand.

EMT's projected stress case shows (albeit unlikely that all three stress assumptions would coincide) that during the summers of 2004 and 2005, Florida will be short pipeline capacity, even with Gulfstream, to meet peak month & peak day gas demand. However, as stated above, during these periods FPL has sufficient oil burning capacity to continue to meet the high band load forecast through 2005.

Taking in full consideration of all the above factors and assumptions **we feel that FPL does not require a year-round increase** in firm transportation capacity to meet the high band load forecast through 2005.

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# Appendix



**FLORIDA NATURAL GAS PIPELINE REVIEW - BASE CASE**  
**AVERAGE YEAR MONTH BASED ON TOTAL ELECTRIC GENERATION REQUIREMENTS (MCF/DAY)**

YEAR	NATURAL GAS CONSUMPTION				PIPELINE CAPACITY					CAPACITY SURPLUS/(SHORTFALL)		
	FPL GENERATION	NON-FPL GENERATION	OTHER * CONSUMPTION	TOTAL	FGT TODAY	FGT PHASE IV&V	OTHER ** EXISTING	GULFSTREAM	TOTAL	FGT/OTHER EXISTING	GULFSTREAM	TOTAL
1997	617	197	495	1308	1500	0	201	0	1701	393	0	393
1998	560	211	490	1260	1500	0	201	0	1701	441	0	441
1999	553	322	526	1401	1500	0	201	0	1701	300	0	300
2000	608	347	527	1483	1500	0	201	0	1701	218	0	218
2001	128	391	530	1049	1500	136	201	0	1837	788	0	788
2002	585	480	532	1596	1500	398	201	700	2799	503	700	1203
2003	842	687	533	2062	1500	551	201	1200	3452	190	1200	1390
2004	862	939	534	2335	1500	580	201	1200	3481	0	1146	1146
2005	870	940	536	2345	1500	580	201	1200	3481	0	1136	1136

**FLORIDA NATURAL GAS PIPELINE REVIEW - BASE CASE**  
**AVERAGE YEAR MONTH BASED ON TOTAL ELECTRIC GENERATION REQUIREMENTS (MCF/DAY)**

YEAR	NATURAL GAS CONSUMPTION				PIPELINE CAPACITY					CAPACITY SURPLUS/(SHORTFALL)		
	FPL GENERATION	NON-FPL GENERATION	OTHER * CONSUMPTION	TOTAL	FGT TODAY	FGT PHASE IV&V	OTHER ** EXISTING	GULFSTREAM	TOTAL	FGT/OTHER EXISTING	GULFSTREAM	TOTAL
1997	736	361	456	1552	1475	0	201	0	1676	124	0	124
1998	708	398	475	1581	1475	0	201	0	1676	95	0	95
1999	714	431	476	1622	1475	0	201	0	1676	54	0	54
2000	686	442	573	1701	1500	0	201	0	1701	0	0	0
2001	574	540	516	1629	1475	150	201	0	1826	197	0	197
2002	868	629	517	2013	1475	450	201	1200	3326	113	1200	1313
2003	992	836	518	2346	1475	555	201	1200	3431	0	1085	1085
2004	1022	1088	520	2630	1475	555	201	1200	3431	0	801	801
2005	1030	1089	521	2640	1475	555	201	1200	3431	0	791	791

**FLORIDA NATURAL GAS PIPELINE REVIEW - BASE CASE**  
**PEAK DAY IN YEAR MONTH BASED ON PEAK LONG TERM PEAK DAY/PEAK MONTH (MCF/DAY)**

YEAR	NATURAL GAS CONSUMPTION				PIPELINE CAPACITY					CAPACITY SURPLUS/(SHORTFALL)		
	FPL GENERATION	NON-FPL GENERATION	OTHER * CONSUMPTION	TOTAL	FGT TODAY	FGT PHASE IV&V	OTHER ** EXISTING	GULFSTREAM	TOTAL	FGT/OTHER EXISTING	GULFSTREAM	TOTAL
1997	819	401	456	1676	1475	0	201	0	1676	0	0	0
1998	769	431	475	1676	1475	0	201	0	1676	0	0	0
1999	748	452	476	1676	1475	0	201	0	1676	0	0	0
2000	686	442	573	1701	1500	0	201	0	1701	0	0	0
2001	674	634	516	1824	1475	150	201	0	1826	2	0	2
2002	987	715	517	2218	1475	450	201	1200	3326	0	1108	1108
2003	1080	910	518	2509	1475	555	201	1200	3431	0	922	922
2004	1114	1186	520	2820	1475	555	201	1200	3431	0	611	611
2005	1141	1205	521	2867	1475	555	201	1200	3431	0	564	564

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FLORIDA NATURAL GAS PIPELINE REVIEW - STRESS CASE												
ANNUAL AVERAGE (MFC/DAY)												
YEAR	NATURAL GAS CONSUMPTION				PIPELINE CAPACITY					CAPACITY SURPLUS/(SHORTFALL)		
	FPL GENERATION	NON-FPL GENERATION	OTHER * CONSUMPTION	TOTAL	FGT TODAY	FGT PHASE IV&V	OTHER ** EXISTING	GULFSTREAM	TOTAL	FGT/OTHER EXISTING	GULFSTREAM	TOTAL
1997	617	197	495	1308	1500	0	201	0	1701	393	0	393
1998	560	211	490	1260	1500	0	201	0	1701	441	0	441
1999	553	322	526	1401	1500	0	201	0	1701	300	0	300
2000	608	347	530	1485	1500	0	201	0	1701	216	0	216
2001	871	407	538	1816	1500	136	201	0	1837	22	0	22
2002	969	758	541	2267	1500	398	201	700	2799	0	531	531
2003	1094	983	543	2621	1500	551	201	1200	3452	0	831	831
2004	1135	1320	546	3001	1500	580	201	1200	3481	0	480	480
2005	1154	1656	549	3360	1500	580	201	1200	3481	0	121	121

FLORIDA NATURAL GAS PIPELINE REVIEW - STRESS CASE												
AVERAGE YEAR MONTH BASED ON TOTAL ELECTRIC GENERATION REQUIREMENTS (MFC/DAY)												
YEAR	NATURAL GAS CONSUMPTION				PIPELINE CAPACITY					CAPACITY SURPLUS/(SHORTFALL)		
	FPL GENERATION	NON-FPL GENERATION	OTHER * CONSUMPTION	TOTAL	FGT TODAY	FGT PHASE IV&V	OTHER ** EXISTING	GULFSTREAM	TOTAL	FGT/OTHER EXISTING	GULFSTREAM	TOTAL
1997	736	361	456	1552	1475	0	201	0	1676	124	0	124
1998	708	398	475	1581	1475	0	201	0	1676	95	0	95
1999	714	431	476	1622	1475	0	201	0	1676	54	0	54
2000	686	442	573	1701	1500	0	201	0	1701	0	0	0
2001	1184	556	523	2263	1475	150	201	0	1826	(437)	0	(437)
2002	1326	907	526	2758	1475	450	201	1200	3326	0	568	568
2003	1434	1132	528	3095	1475	555	201	1200	3431	0	336	336
2004	1506	1469	531	3506	1475	555	201	1200	3431	0	(75)	(75)
2005	1520	1806	534	3859	1475	555	201	1200	3431	0	(428)	(428)

FLORIDA NATURAL GAS PIPELINE REVIEW - STRESS CASE												
MONTH BASED ON LONG TERM PEAK DAY PEAK MONTH												
YEAR	NATURAL GAS CONSUMPTION				PIPELINE CAPACITY					CAPACITY SURPLUS/(SHORTFALL)		
	FPL GENERATION	NON-FPL GENERATION	OTHER * CONSUMPTION	TOTAL	FGT TODAY	FGT PHASE IV&V	OTHER ** EXISTING	GULFSTREAM	TOTAL	FGT/OTHER EXISTING	GULFSTREAM	TOTAL
1997	819	401	456	1676	1475	0	201	0	1676	0	0	0
1998	769	431	475	1676	1475	0	201	0	1676	0	0	0
1999	748	452	476	1676	1475	0	201	0	1676	0	0	0
2000	686	442	573	1701	1500	0	201	0	1701	0	0	0
2001	1391	653	516	2560	1475	150	201	0	1826	(734)	0	(734)
2002	1507	1031	517	3055	1475	450	201	1200	3326	0	271	271
2003	1562	1233	518	3313	1475	555	201	1200	3431	0	118	118
2004	1642	1601	520	3762	1475	555	201	1200	3431	0	(331)	(331)
2005	1683	1999	521	4202	1475	555	201	1200	3431	0	(771)	(771)

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# Florida Natural Gas Supply Study

April 17, 2001

**Gene Ungar**

Manager of Fuel Planning, Price  
Forecasting & Analysis

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# Florida Natural Gas Supply Study

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## ❖ Study outline

- Historical perspective and update of leading supply indicators (rig count, well completions, capital expenditures, gas bubble, and storage)
- Domestic production forecast by major producing regions
- Perspectives and insights of potential impact to Florida gas market
- Potential impact of LNG imports
- Review of several viable Sources of Supply scenarios for Florida (alternate pipelines and LNG facilities)
- Summary and conclusions based on supply scenarios outlined

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# Florida Natural Gas Supply Study

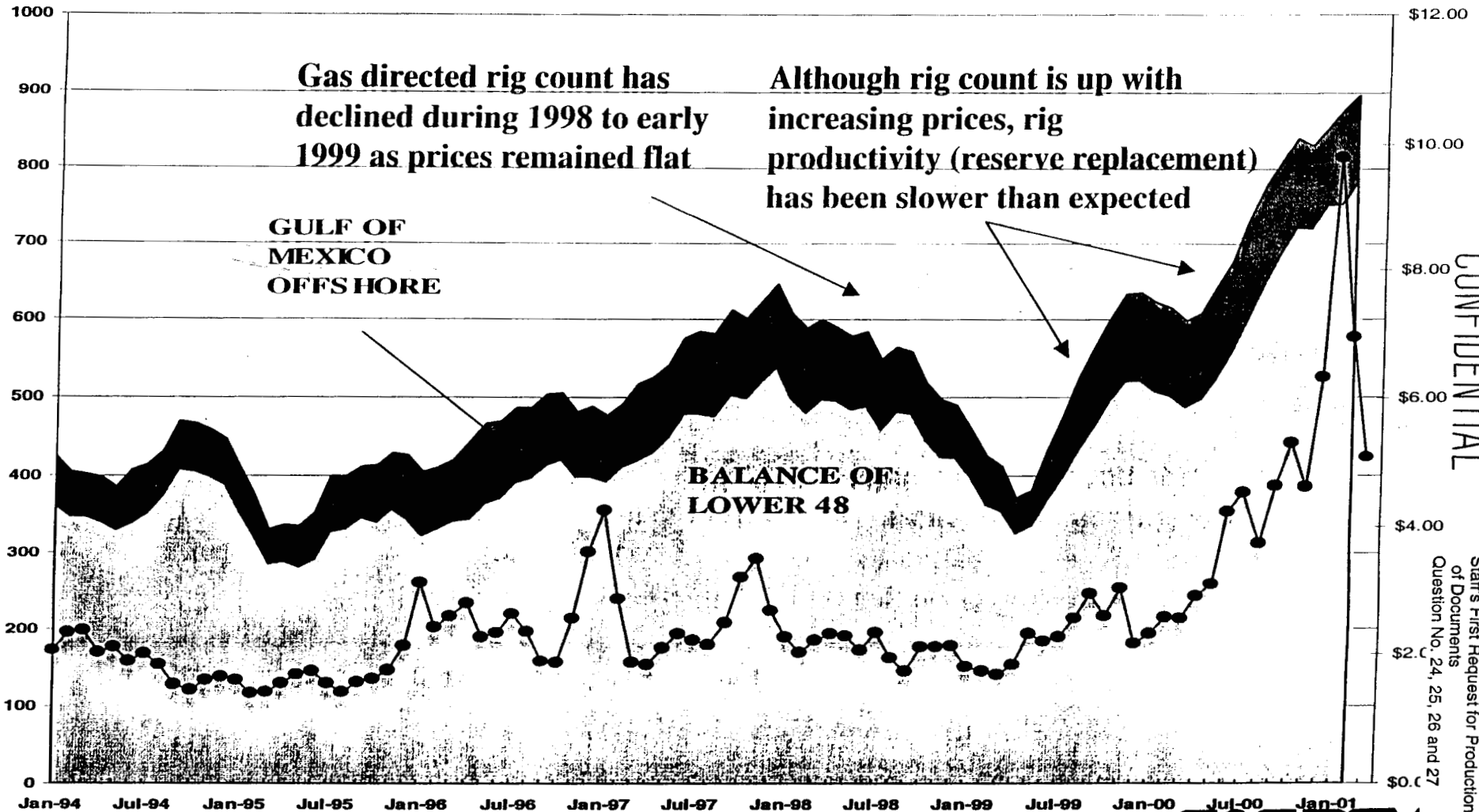
Although the underlying North American natural gas resource base is large, there are critical questions concerning the exploration, development, production, and deliverability of natural gas, the infrastructure and financial requirements to support the needed growth, the comparative economics of conventional gas with LNG, and the timing of new supplies which need to be addressed.

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**ENERGY**  
MARKETING & TRADING  
a division of Florida Power & Light Company

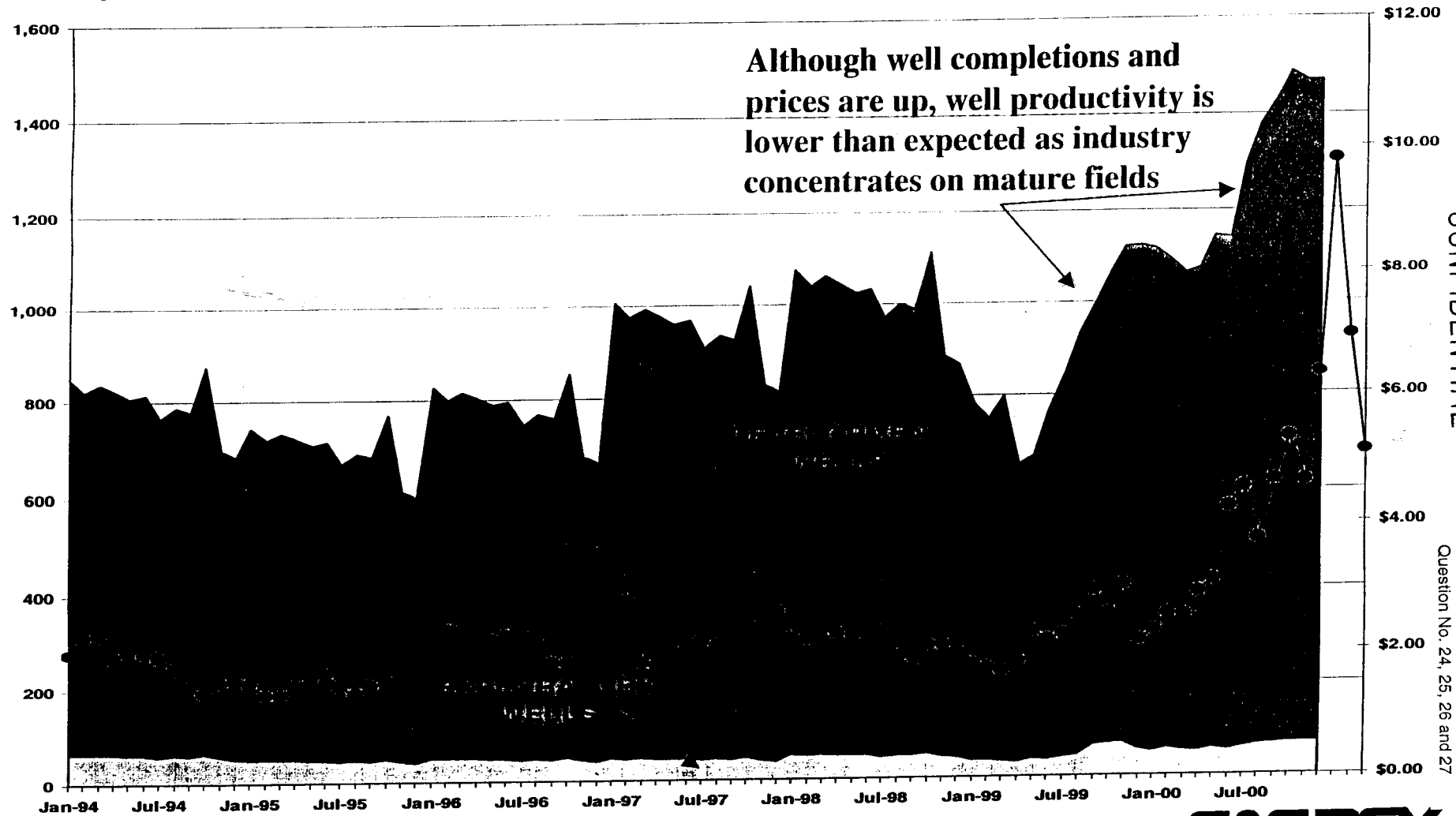
# Setting the Stage



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# Setting the Stage

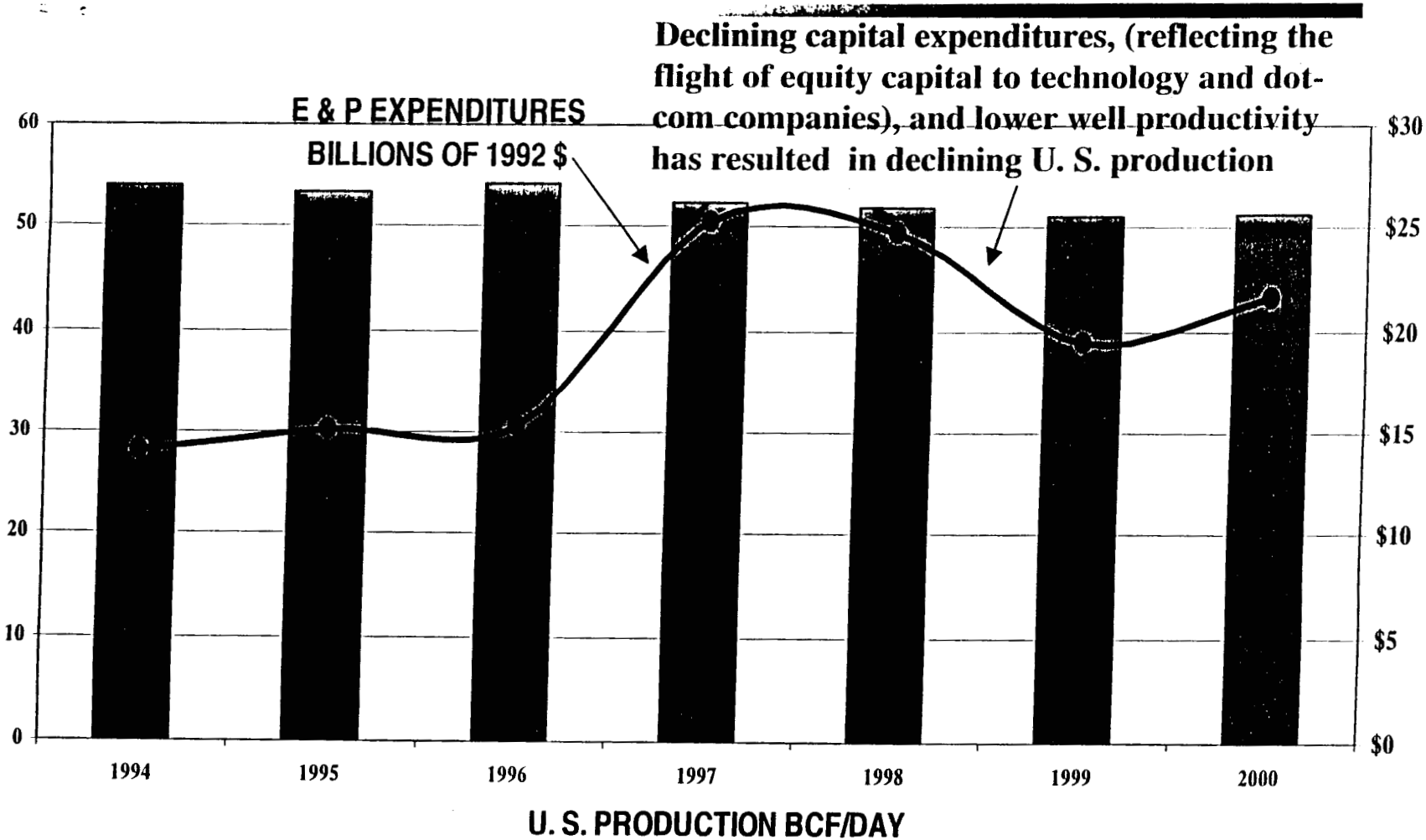


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# Setting the Stage



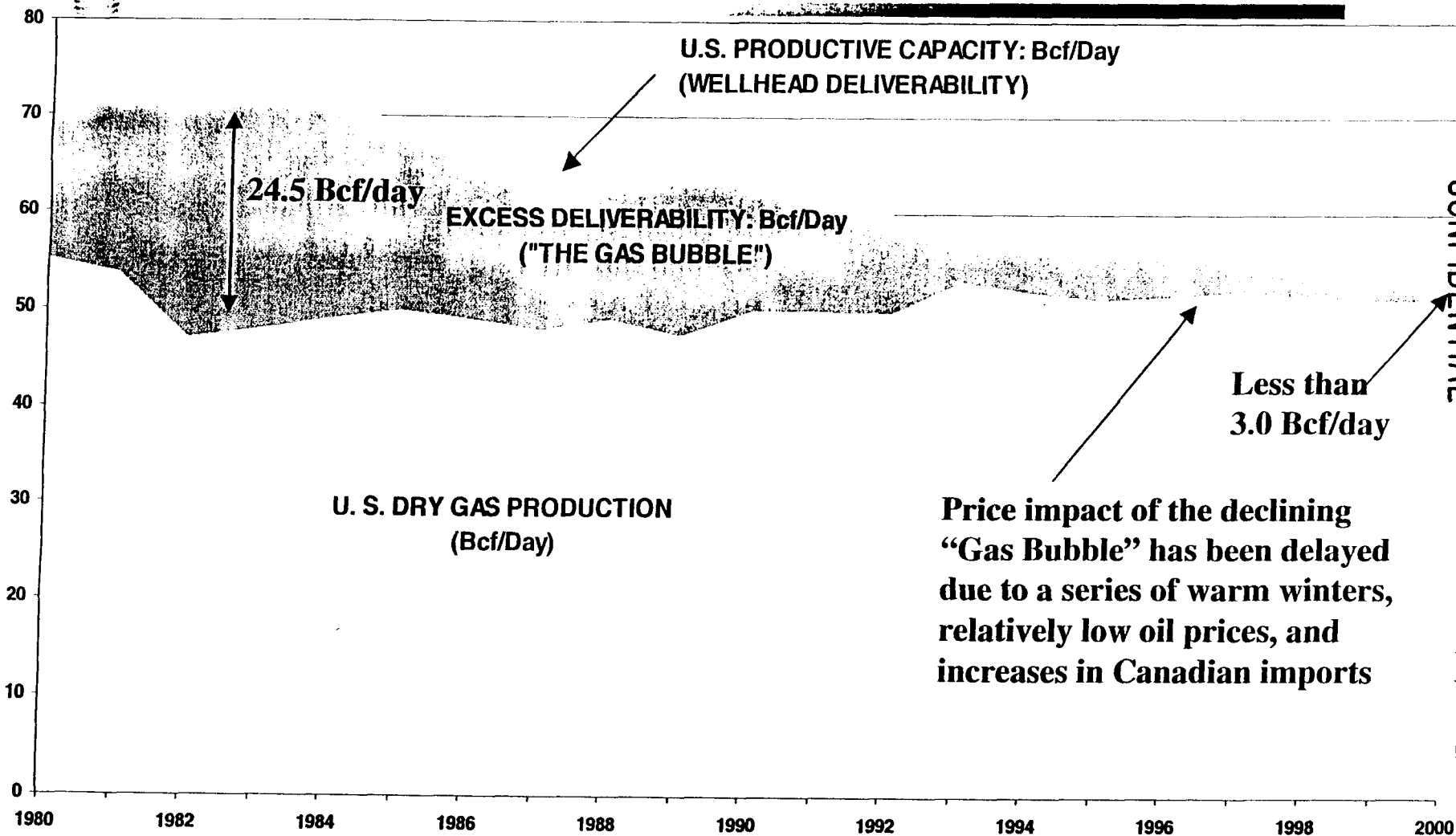
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# Setting the Stage



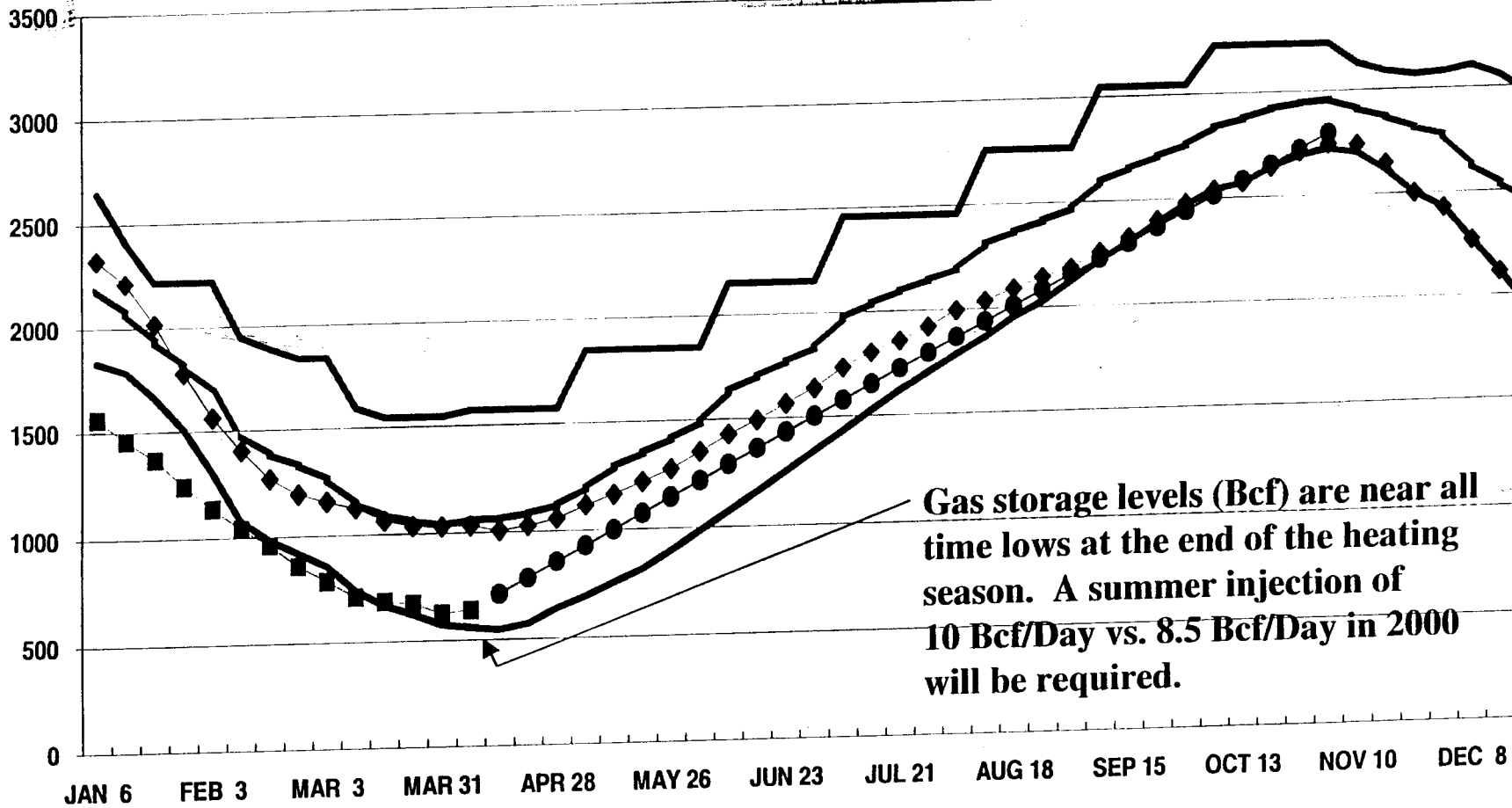
**Price impact of the declining "Gas Bubble" has been delayed due to a series of warm winters, relatively low oil prices, and increases in Canadian imports**

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# Setting the Stage



Gas storage levels (Bcf) are near all time lows at the end of the heating season. A summer injection of 10 Bcf/Day vs. 8.5 Bcf/Day in 2000 will be required.

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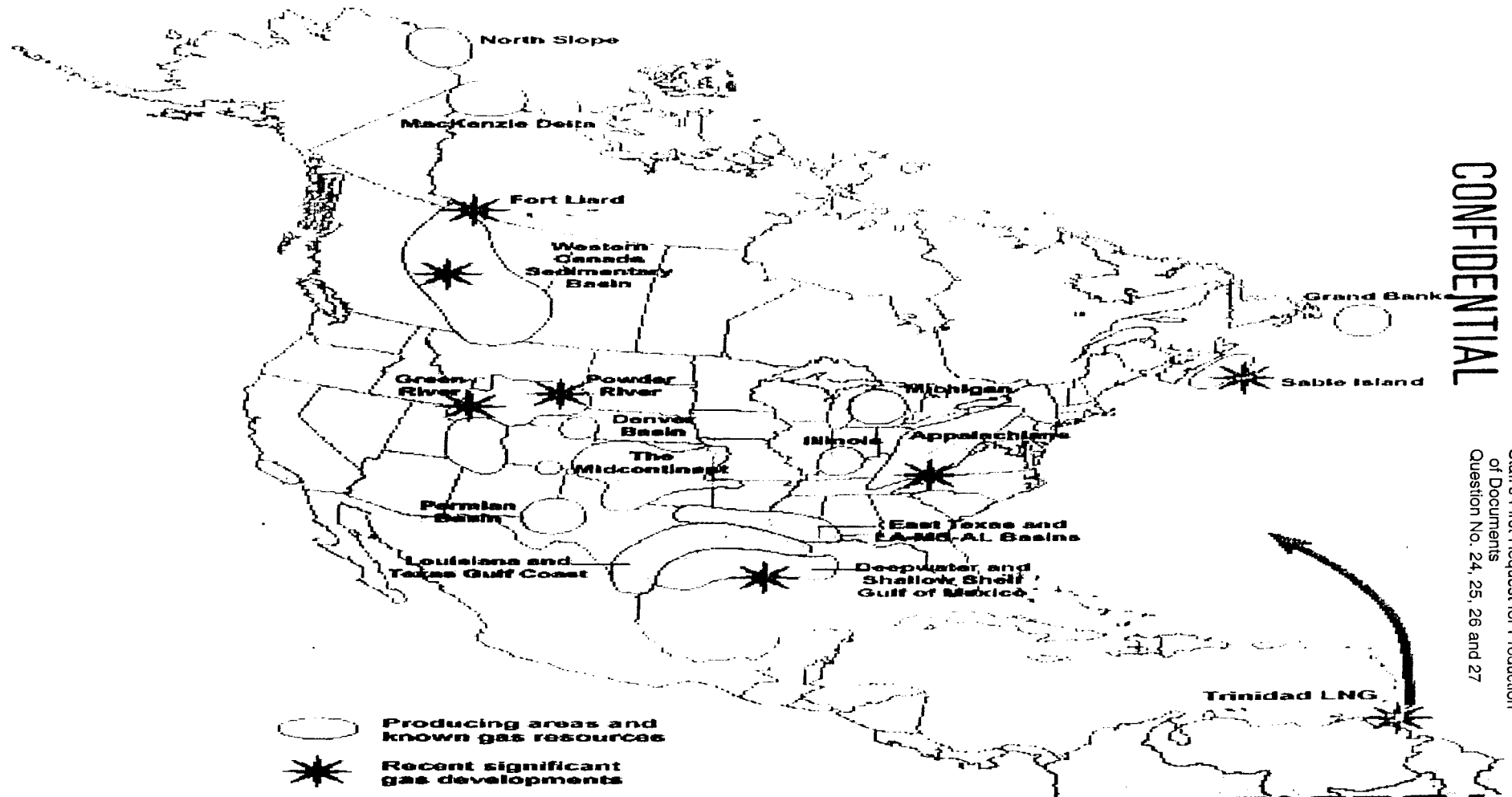
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■ 2001    ◆ 2000    — LOWEST LEVEL (1992-2000)    — HIGHEST LEVEL (1992-2000)    - - - AVERAGE (1992-2000)    ● 2001 PROJECTION

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# U. S. Gas Supply By Major Producing Regions



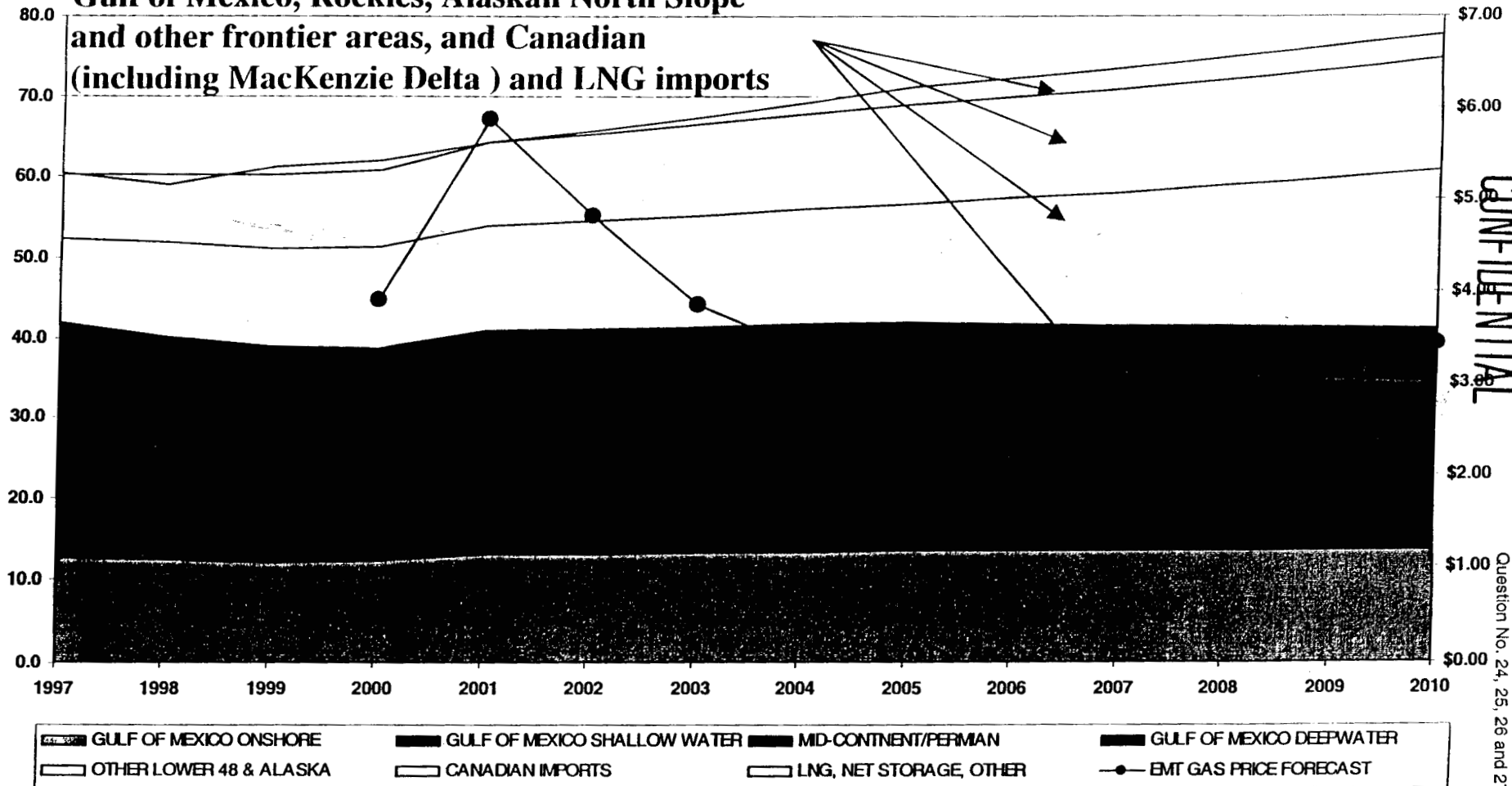
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# U. S. Gas Supply By Major Producing Regions: Bcf/Day

Growth in supply will be from the Deepwater Gulf of Mexico, Rockies, Alaskan North Slope and other frontier areas, and Canadian (including MacKenzie Delta) and LNG imports

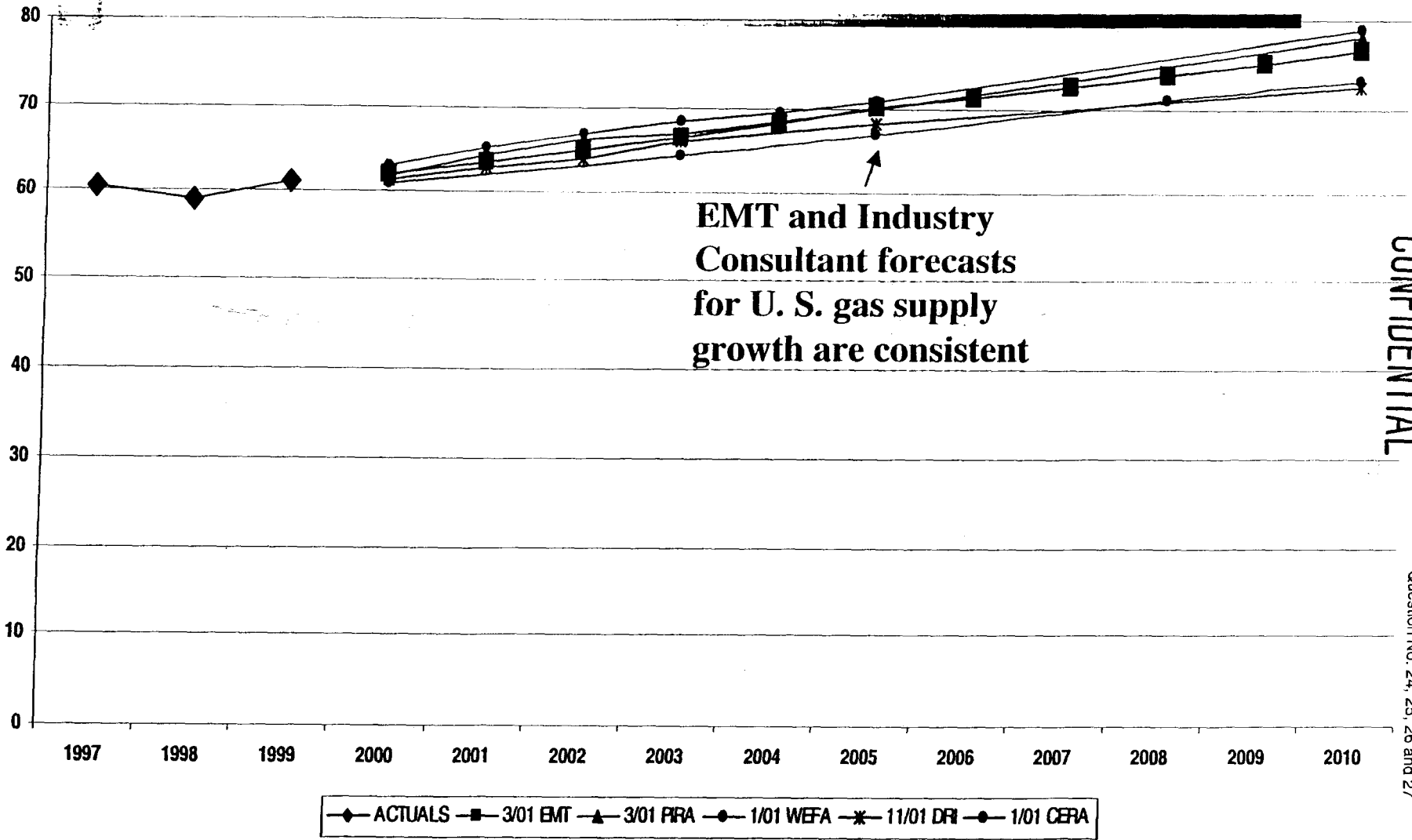


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# U. S. Gas Supply By Major Producing Regions: Bcf/Day

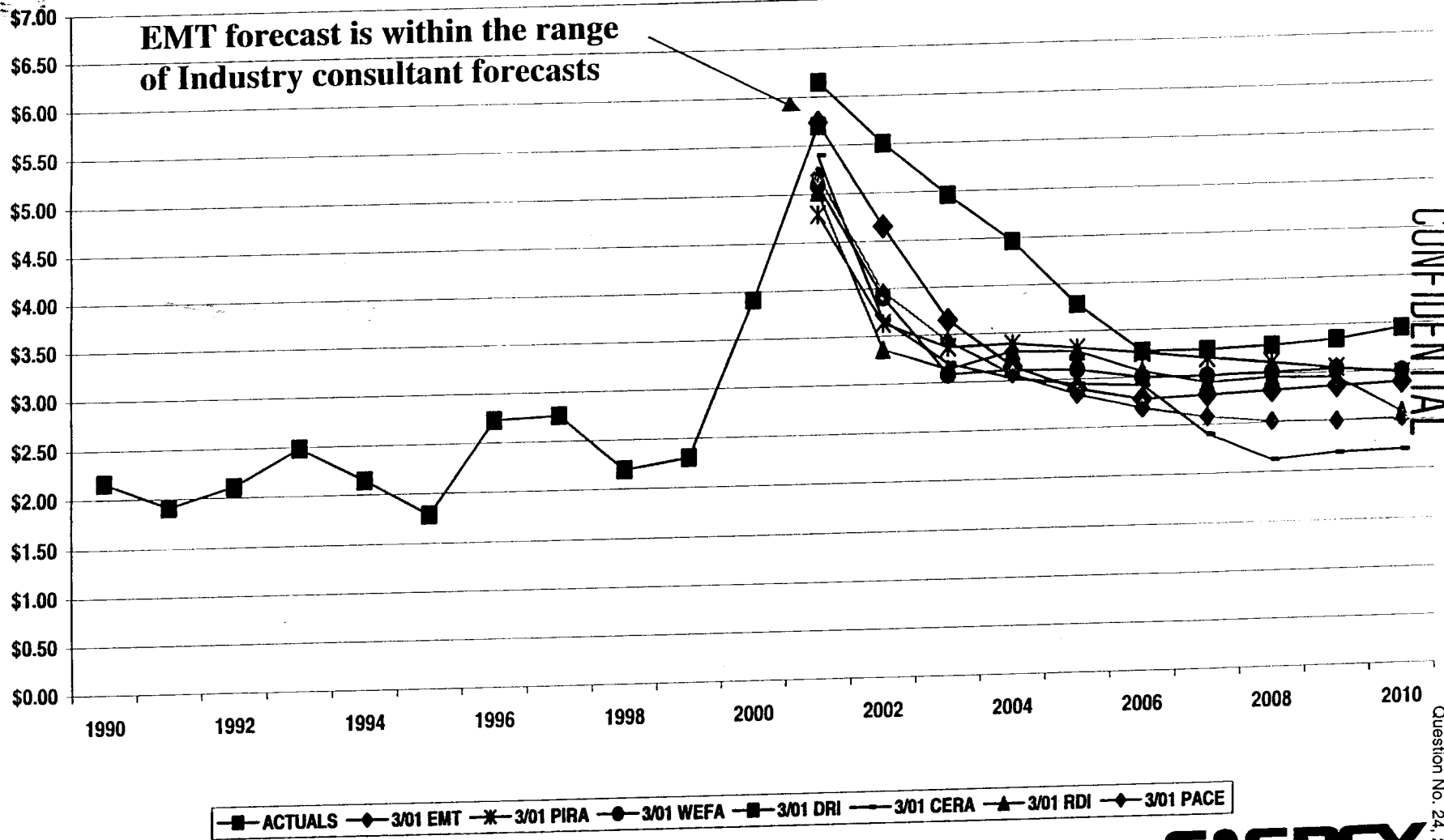


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2.100

# Henry Hub Natural Gas Prices: 2000\$ per MMBTU



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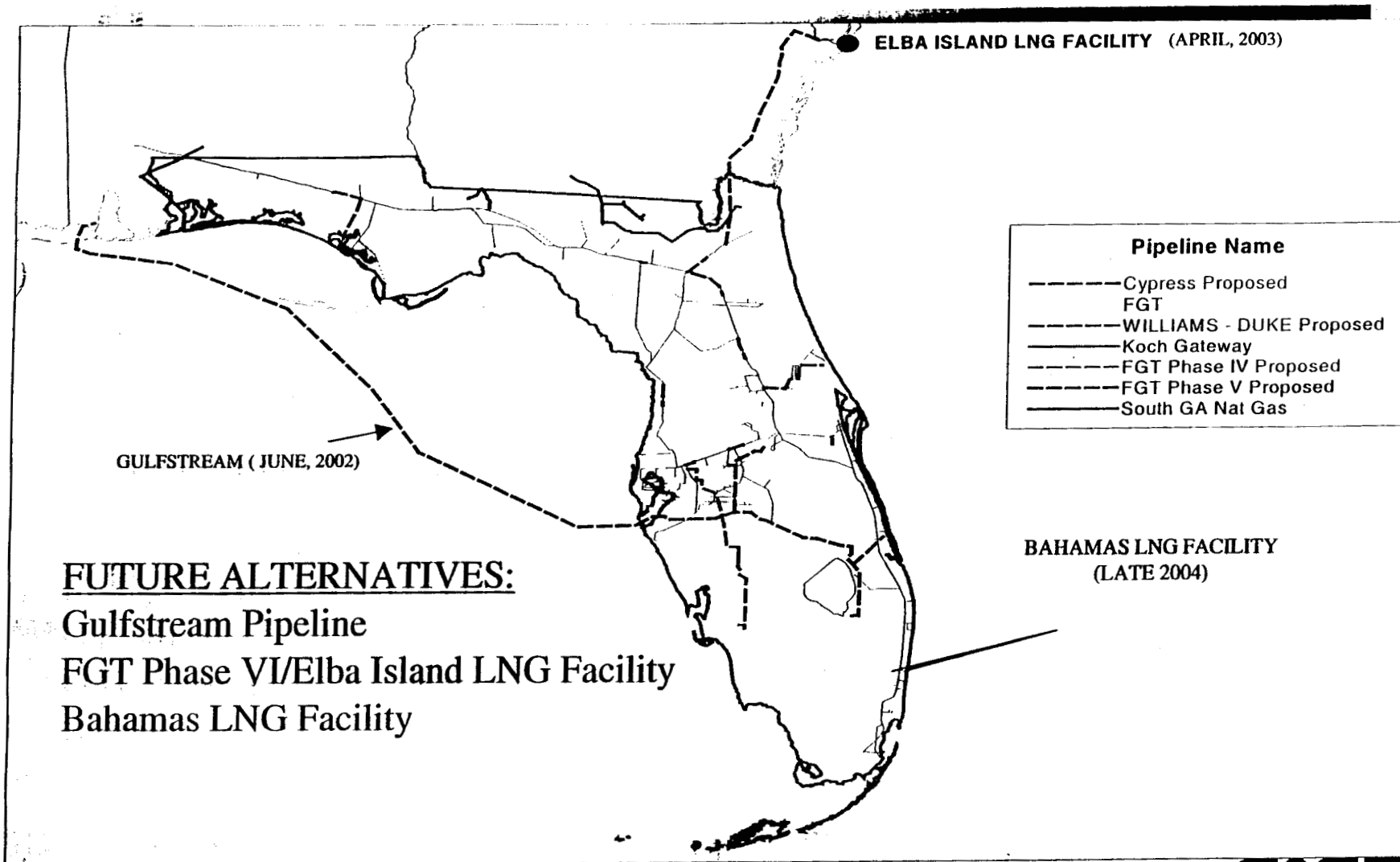
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# Florida Natural Gas Supply

One Interstate Pipeline Today; Multiple Sources Tomorrow

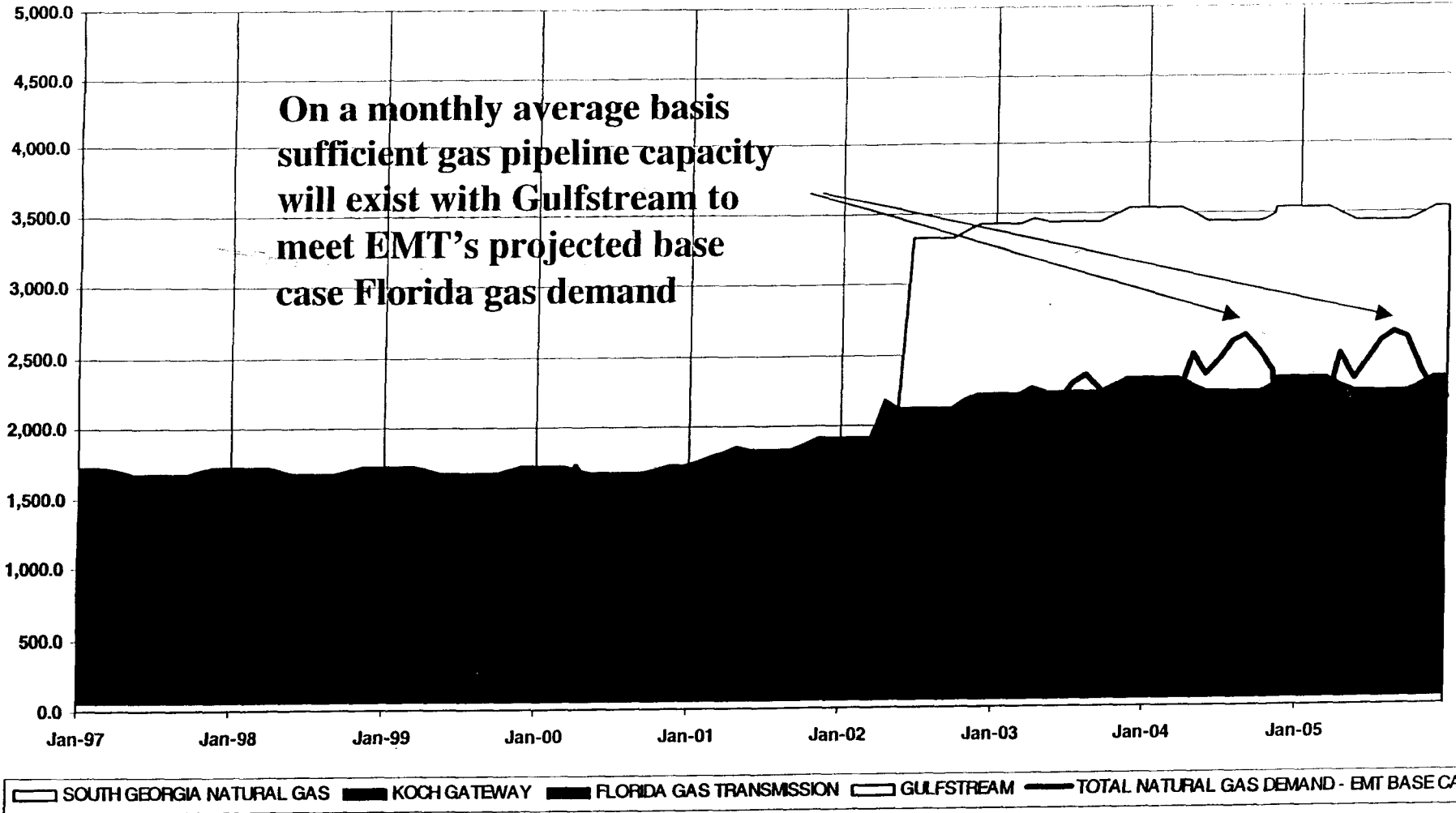


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2.10x

# Florida Supply Scenario 1: Gulfstream Pipeline by June, 2002: MMCF/Day



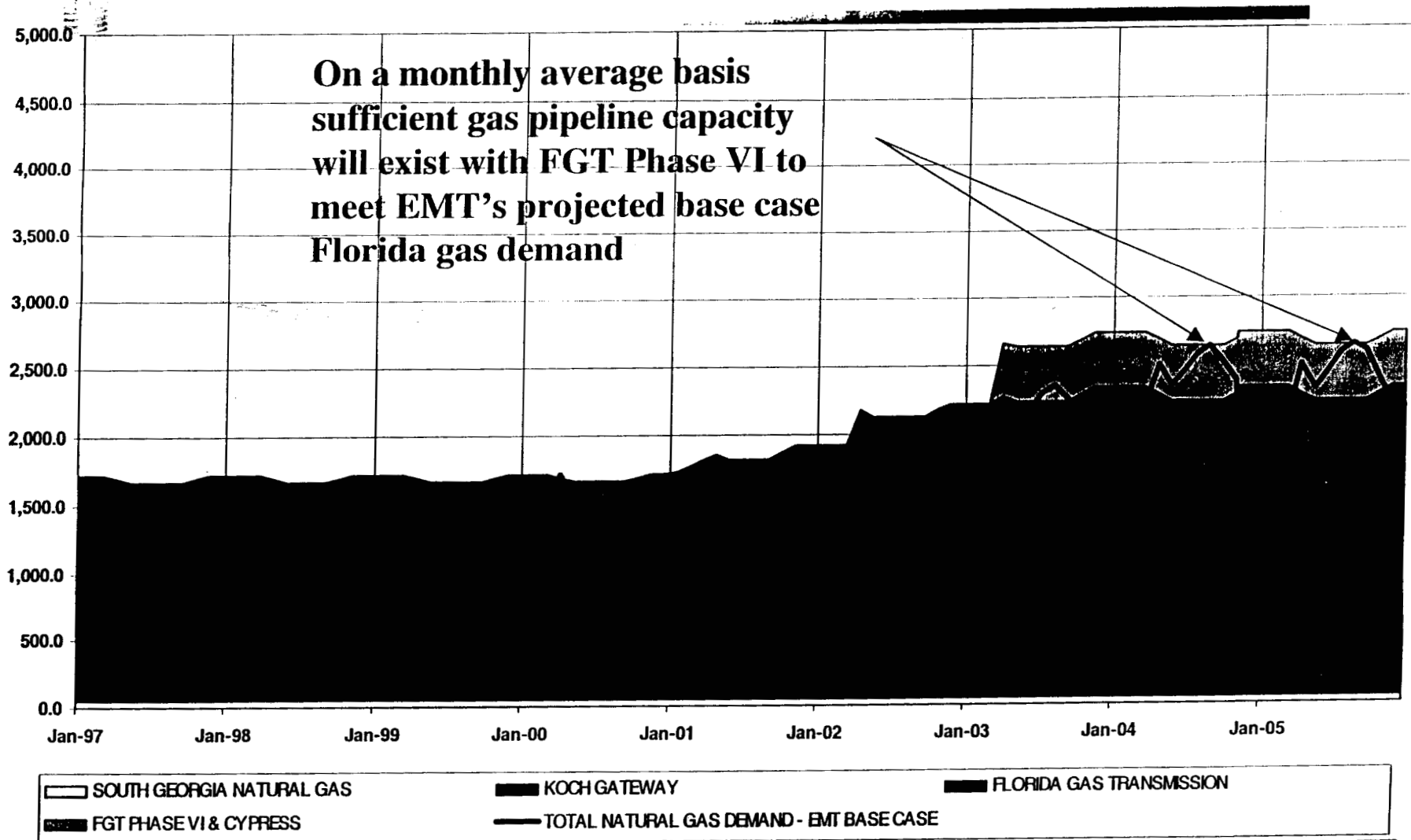
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2103



# Florida Supply Scenario 2: FGT Phase VI & Cypress Pipeline by April, 2003: MMCF/Day

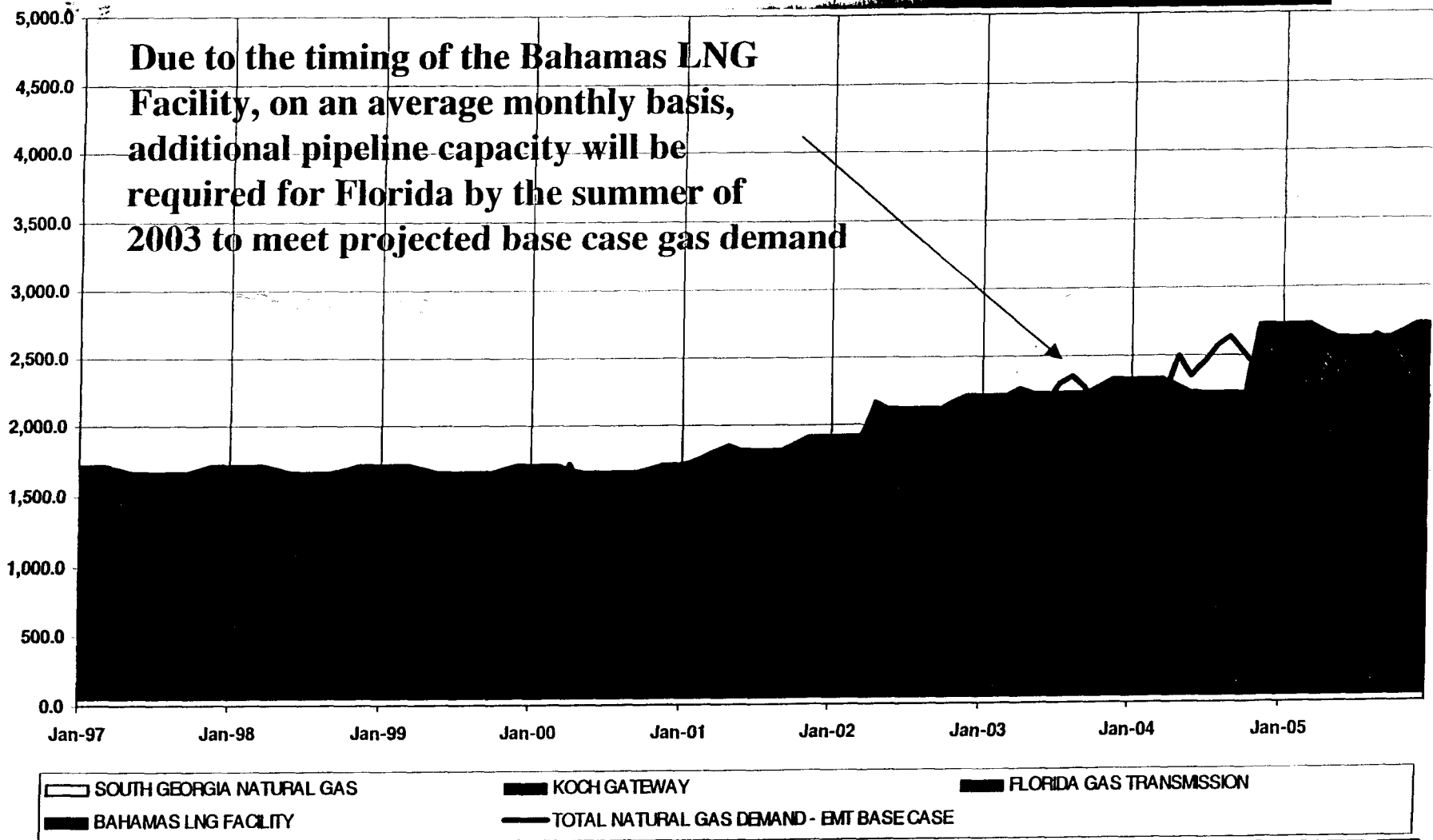


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2104

# Florida Supply Scenario 3: Bahamas LNG Facility by late, 2004: MMCF/Day

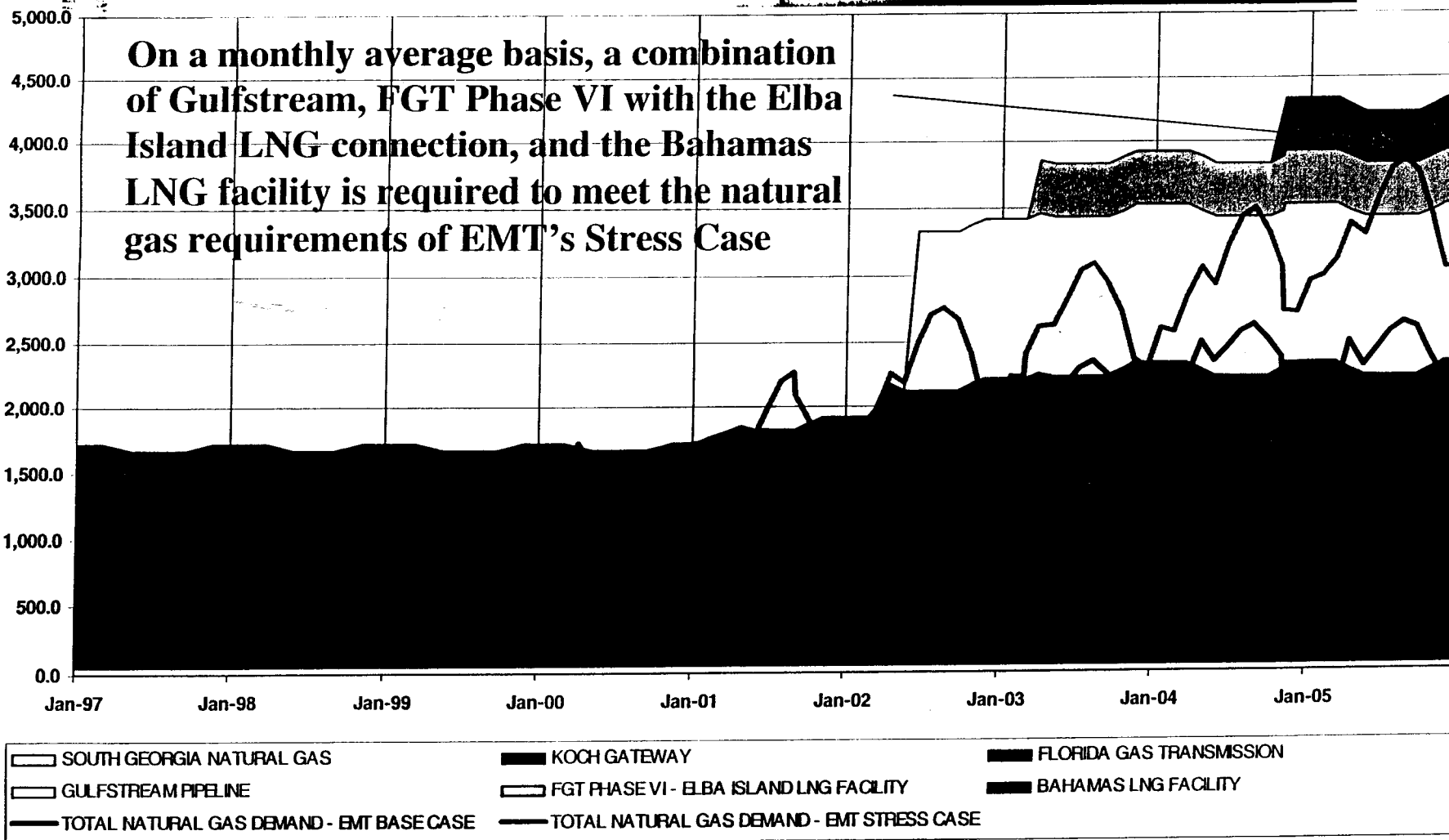


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# Florida Supply Scenario 4: Gulfstream, FGT Phase VI & Bahamas Projects: MMCF/Day



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# Summary and Conclusions

The underlying fundamentals for high prices and tightness in near-term deliverability have been strong for several years

➤ Relatively high prices will continue for at least a few years primarily due to the slow upstream recovery, from the insufficient activities of the late 1990's, and the growth in electric generation demand.

➤ Prices should fall by 2002 and natural gas should recapture the lost non-core demand from distillate and residual fuel oil, and maintain its position as the fuel of choice for electric generation.

➤ Exploration, development and production will more than keep pace with the anticipated growth in electric generation, mainly from deepwater plays in the Gulf of Mexico, Rockies, Alaskan North Slope, and the MacKenzie Delta.

➤ LNG imports will increase filling the existing terminals on the U. S. East and Gulf Coast, generating incentives for grassroot facilities in areas of natural gas growth, like South Florida.

The Bottom Line: In summary, there is a strong likelihood that at least one of the Florida Supply Scenarios will play out resulting in ample supply of natural gas over the next five years, in particular,...

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# Summary and Conclusions

❖

For Florida and FPL, additional supply sources should enhance security of supply and reduce natural gas cost to FPL and its competitors over the next five years.

- There is a **high likelihood** that the **Gulfstream pipeline will be built** by 2002 offering a lower cost alternative to FGT. The line will provide sufficient pipeline capacity for FPL and its competitors, even during peak days, creating opportunities for merchants in Florida
- There is a **low likelihood** that the **Phase VI expansion of FGT will include the Cypress connection to the Elba Island LNG terminal** by 2003
- A **reasonable likelihood** exists that **either the Enron proposal to build an LNG facility in the Bahamas or an Exxon/Mobil proposal for a similar project will be built by late 2004.**
- There is a **low likelihood** that **storage options will be developed in South Florida** primarily due to the high cost and environmental obstacles which continue to make these options difficult to justify for peaking purposes

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2.1.08

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**EMT WORLDWIDE OIL SUPPLY/DEMAND BALANCE**

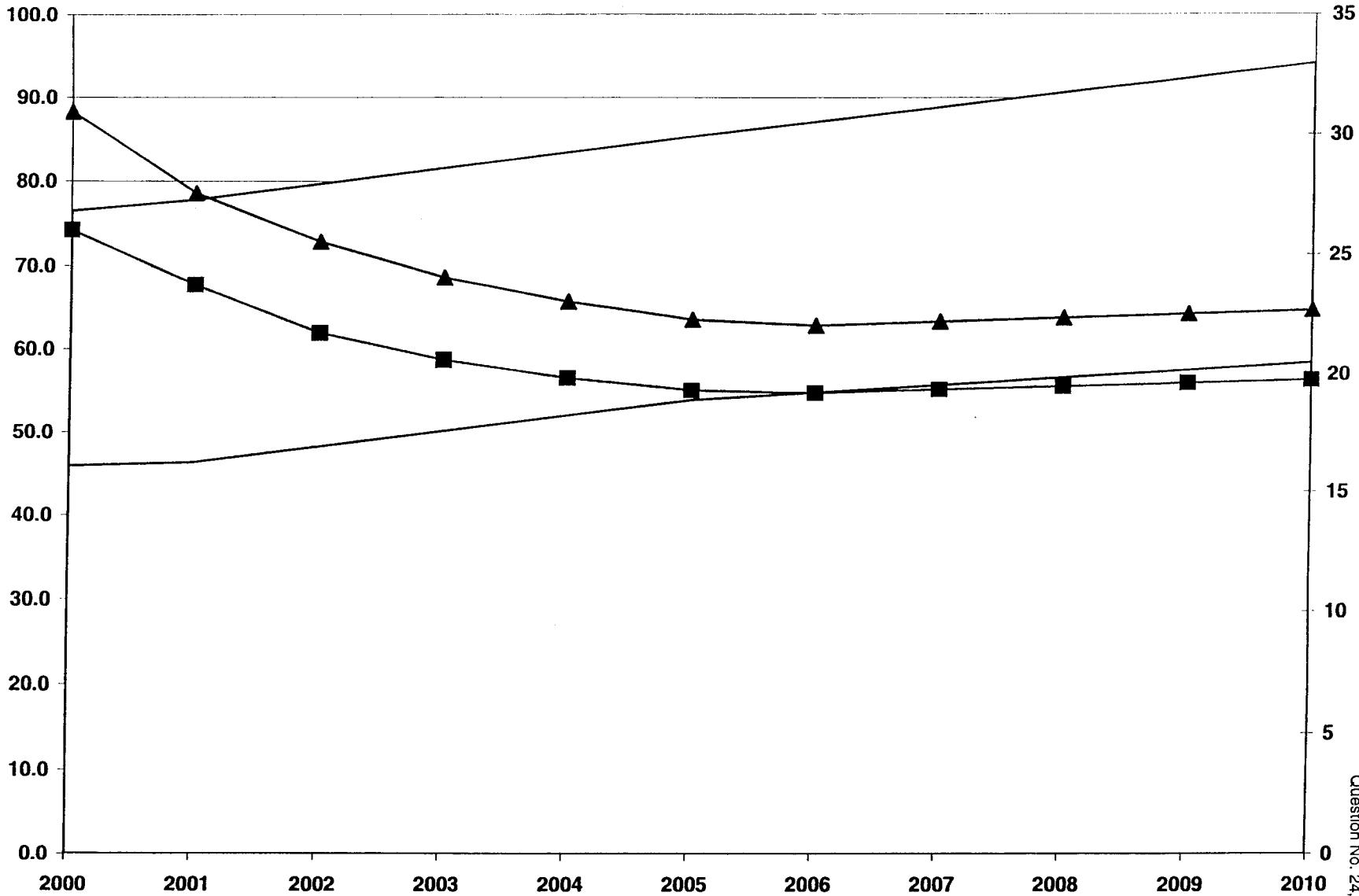
**MILLION BARRELS PER DAY**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	ANNUAL RATE OF ESCALATION 2000-2005	ANNUAL RATE OF ESCALATION 2005-2010	ANNUAL RATE OF ESCALATION 2000-2010
<b>DEMAND:</b>																	
USA	18.6	18.9	19.5	19.7	20.0	20.3	20.7	21.0	21.3	21.6	21.8	22.1	22.3	22.6	1.6%	0.9%	1.4%
WESTERN EUROPE	14.3	14.5	14.4	14.3	14.4	14.6	14.8	15.0	15.2	15.3	15.4	15.4	15.5	15.6	1.2%	0.4%	0.9%
LATIN AMERICA	6.8	6.9	6.9	7.1	7.3	7.5	7.7	7.9	8.1	8.3	8.5	8.7	8.9	9.1	2.7%	1.9%	2.5%
JAPAN	5.7	5.5	5.6	5.5	5.5	5.6	5.7	5.8	5.9	6.0	6.0	6.1	6.1	6.2	1.4%	0.8%	1.2%
EASTERN EUROPE/FSU	5.8	5.6	5.2	5.1	5.2	5.3	5.4	5.5	5.6	5.8	5.9	6.1	6.2	6.4	1.9%	2.1%	2.3%
CHINA	4.0	4.0	4.3	4.7	4.9	5.2	5.5	5.7	6.0	6.3	6.6	6.9	7.2	7.5	5.0%	3.5%	4.8%
OTHER	18.7	19.1	19.7	20.1	20.5	21.2	21.9	22.6	23.3	24.0	24.7	25.3	26.0	26.7	3.0%	2.2%	2.9%
<b>TOTAL DEMAND</b>	<b>73.9</b>	<b>74.5</b>	<b>75.6</b>	<b>76.5</b>	<b>77.8</b>	<b>79.7</b>	<b>81.6</b>	<b>83.5</b>	<b>85.4</b>	<b>87.1</b>	<b>88.9</b>	<b>90.6</b>	<b>92.4</b>	<b>94.1</b>	<b>2.2%</b>	<b>1.5%</b>	<b>2.1%</b>
<b>SUPPLY:</b>																	
<b>NON-OPEC SUPPLY</b>																	
USA	8.8	8.3	8.1	8.1	8.1	8.1	8.2	8.2	8.3	8.1	7.8	7.6	7.3	7.1	0.5%	-2.5%	-1.3%
FSU	7.3	7.3	7.5	7.9	8.4	8.7	8.9	9.2	9.4	9.8	10.2	10.7	11.1	11.5	3.5%	3.2%	3.8%
LATIN AMERICA	7.1	7.5	7.4	7.5	7.8	8.0	8.3	8.5	8.7	9.0	9.2	9.5	9.7	10.0	3.0%	2.2%	2.9%
WESTERN EUROPE	7.2	7.2	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.1	7.0	6.8	6.7	6.5	0.0%	-1.9%	-1.2%
AFRICA	3.6	3.6	3.7	3.7	3.7	3.9	4.1	4.3	4.5	4.7	4.9	5.1	5.3	5.5	4.0%	3.2%	4.0%
OTHER	10.9	10.9	10.9	11.4	11.0	12.2	13.4	14.5	15.7	16.2	16.6	17.0	17.5	17.9	6.6%	2.1%	4.6%
<b>TOTAL NON-OPEC SUPPLY</b>	<b>44.9</b>	<b>44.8</b>	<b>44.9</b>	<b>45.9</b>	<b>46.3</b>	<b>48.2</b>	<b>50.1</b>	<b>52.0</b>	<b>53.9</b>	<b>54.8</b>	<b>55.7</b>	<b>56.7</b>	<b>57.6</b>	<b>58.5</b>	<b>3.3%</b>	<b>1.3%</b>	<b>2.5%</b>
<b>OPEC SUPPLY</b>	<b>29.0</b>	<b>29.7</b>	<b>30.7</b>	<b>30.6</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>32.3</b>	<b>33.1</b>	<b>34.0</b>	<b>34.8</b>	<b>35.6</b>	<b>0.6%</b>	<b>2.0%</b>	<b>1.5%</b>
<b>TOTAL SUPPLY</b>	<b>73.9</b>	<b>74.5</b>	<b>75.6</b>	<b>76.5</b>	<b>77.8</b>	<b>79.7</b>	<b>81.6</b>	<b>83.5</b>	<b>85.4</b>	<b>87.1</b>	<b>88.9</b>	<b>90.6</b>	<b>92.4</b>	<b>94.1</b>	<b>2.2%</b>	<b>1.5%</b>	<b>2.1%</b>

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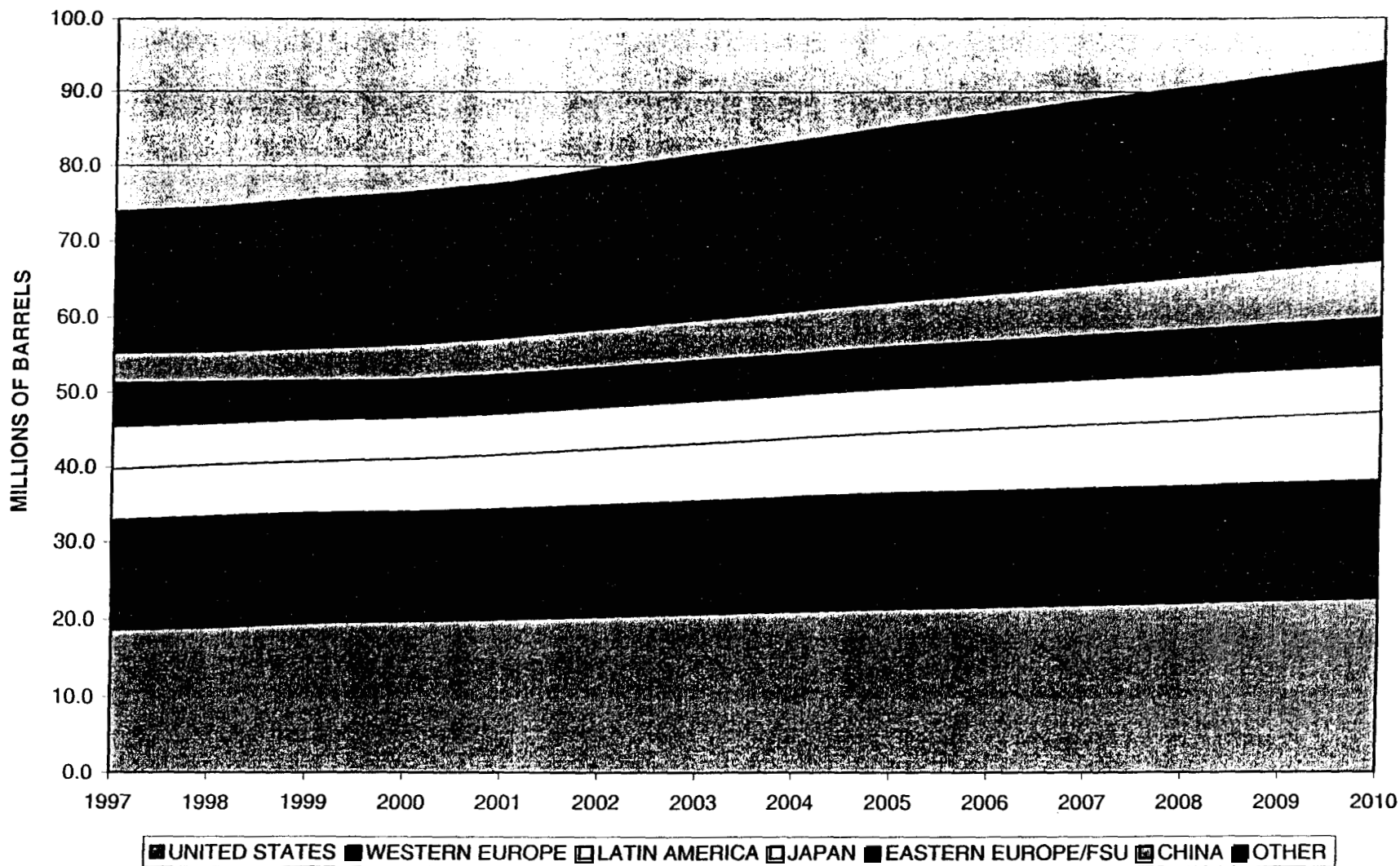
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# WORLDWIDE OIL DEMAND

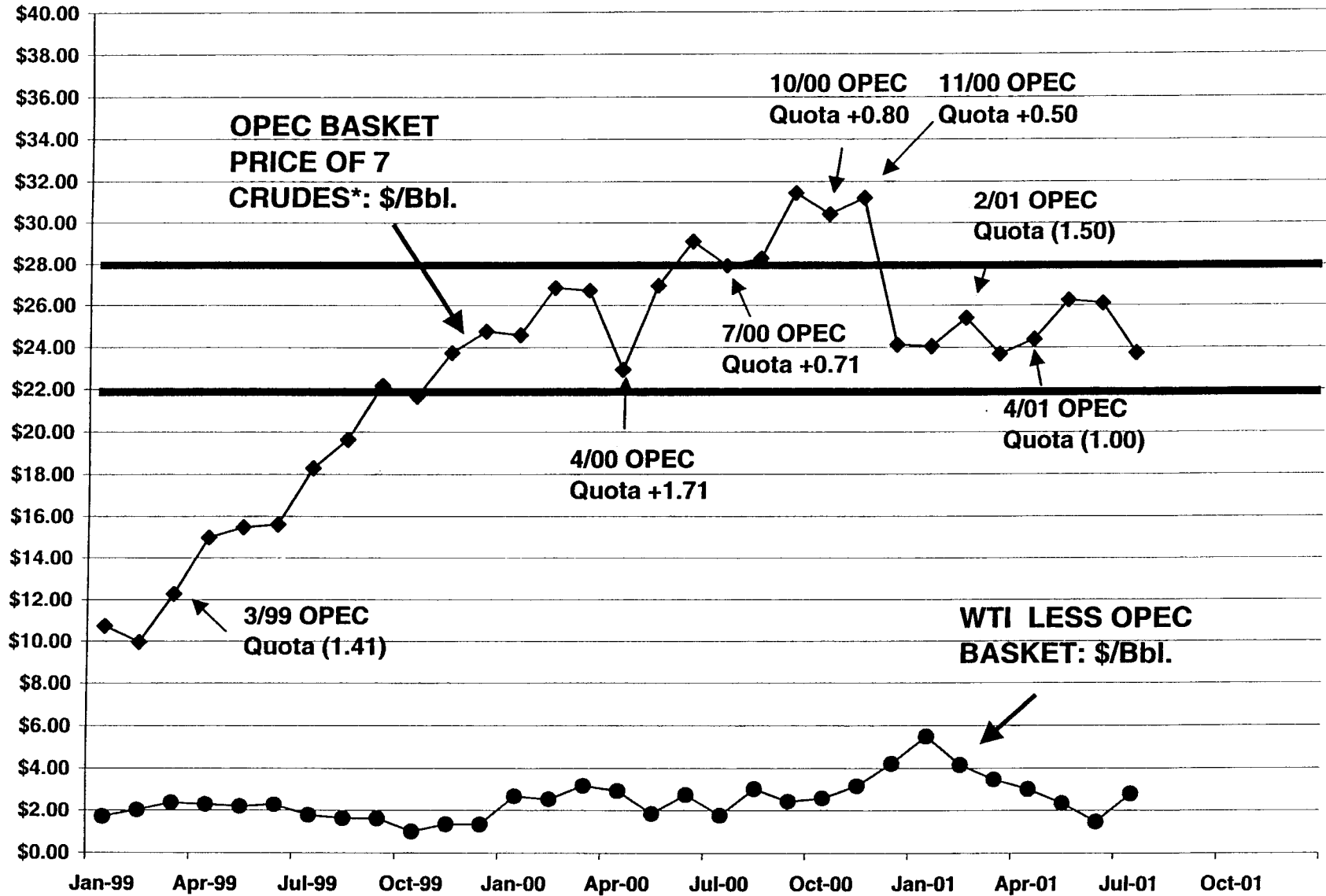


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Prepared: 05/14/01

## OPEC BASKET CRUDES SPOT PRICES (\$/Bbl)

	ARAB LIGHT	BONNY LIGHT	DUBAI	ISTHMUS	MINAS	SAHARAN	TIA JUANA LIGHT
JAN 01	\$22.31	\$25.43	\$22.56	\$24.80	\$24.03	\$26.08	\$23.18
FEB	\$24.82	\$27.40	\$24.79	\$24.63	\$25.62	\$27.80	\$22.79
MAR	\$23.77	\$24.35	\$23.67	\$22.60	\$25.64	\$24.82	\$21.08
APR	\$24.24	\$25.43	\$24.06	\$22.86	\$27.64	\$25.65	\$20.79
MAY	\$25.77	\$28.51	\$25.40	\$24.62	\$28.21	\$28.47	\$22.77
JUN							
JUL							
AUG							
SEP							
OCT							
NOV							
DEC							
<b>YTD-2001</b>	\$23.79	\$25.65	\$23.77	\$23.72	\$25.73	\$26.09	\$21.96
<b>JAN 00</b>	\$24.43	\$25.41	\$23.23	\$24.97	\$24.39	\$25.89	\$23.74
FEB	\$25.85	\$28.36	\$24.77	\$27.62	\$26.48	\$28.74	\$26.08
MAR	\$26.02	\$27.54	\$24.99	\$27.51	\$27.39	\$27.65	\$25.89
APR	\$22.95	\$22.91	\$22.14	\$23.31	\$24.15	\$22.91	\$22.16
MAY	\$26.27	\$27.87	\$25.69	\$26.95	\$28.26	\$28.02	\$25.50
JUN	\$28.09	\$29.86	\$27.24	\$29.45	\$31.30	\$29.94	\$27.99
JUL	\$27.19	\$28.75	\$26.35	\$27.74	\$30.44	\$28.76	\$26.32
AUG	\$27.12	\$29.06	\$26.79	\$28.75	\$30.33	\$29.25	\$26.84
SEP	\$30.60	\$32.65	\$30.05	\$31.19	\$33.36	\$33.18	\$29.12
OCT	\$30.17	\$30.67	\$30.57	\$29.73	\$32.30	\$31.19	\$28.34
NOV	\$29.81	\$32.86	\$30.25	\$31.47	\$31.07	\$33.06	\$30.01
DEC	\$22.65	\$25.47	\$22.27	\$24.40	\$24.87	\$26.11	\$23.11
<b>2000</b>	\$26.76	\$28.45	\$26.20	\$27.76	\$28.70	\$28.73	\$26.26
JAN 99	\$10.43	\$11.33	\$10.70	\$10.21	\$11.03	\$11.57	\$9.89
FEB	\$10.05	\$10.24	\$10.03	\$9.51	\$10.66	\$10.41	\$8.84
MAR	\$12.11	\$12.56	\$12.39	\$12.30	\$12.51	\$12.73	\$11.32
APR	\$14.92	\$15.44	\$14.90	\$15.10	\$15.70	\$15.10	\$13.82
MAY	\$15.60	\$15.45	\$15.46	\$15.40	\$16.79	\$15.23	\$14.44
JUN	\$15.41	\$15.86	\$15.46	\$15.48	\$16.76	\$15.78	\$14.54
JUL	\$17.85	\$19.28	\$17.90	\$18.23	\$18.38	\$19.40	\$16.97
AUG	\$19.58	\$20.44	\$19.45	\$19.58	\$19.63	\$20.52	\$18.24
SEP	\$22.35	\$22.90	\$22.08	\$22.10	\$21.99	\$22.86	\$20.95
OCT	\$22.18	\$22.30	\$21.48	\$20.96	\$22.36	\$22.27	\$20.16
NOV	\$23.66	\$24.80	\$23.03	\$23.45	\$23.70	\$25.05	\$22.50
DEC	\$25.04	\$25.86	\$23.65	\$24.79	\$24.27	\$26.13	\$23.61
1999	\$17.43	\$18.04	\$17.21	\$17.26	\$17.82	\$18.09	\$16.27
JAN 98	\$13.61	\$15.25	\$13.41	\$14.53	\$14.64	\$15.56	\$13.95

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FEB	\$12.80	\$14.11	\$12.41	\$13.68	\$13.60	\$14.48	\$13.05
MAR	\$11.67	\$13.14	\$11.53	\$12.66	\$12.40	\$13.49	\$11.95
APR	\$12.18	\$13.51	\$12.23	\$12.51	\$13.13	\$13.82	\$11.93
MAY	\$12.73	\$14.46	\$12.75	\$12.84	\$12.54	\$14.55	\$12.08
JUN	\$11.88	\$11.89	\$11.80	\$11.37	\$11.87	\$12.06	\$10.81
JUL	\$11.87	\$12.01	\$12.11	\$11.89	\$12.74	\$12.47	\$11.30
AUG	\$12.48	\$12.14	\$12.25	\$11.42	\$12.00	\$12.41	\$10.56
SEP	\$13.17	\$13.59	\$13.08	\$13.03	\$11.69	\$13.73	\$12.06
OCT	\$12.72	\$12.66	\$12.69	\$12.06	\$12.59	\$12.83	\$11.34
NOV	\$11.92	\$11.15	\$11.96	\$10.49	\$11.54	\$11.25	\$9.86
DEC	\$9.90	\$9.96	\$10.11	\$9.01	\$9.89	\$10.23	\$8.74
1998	\$12.24	\$12.82	\$12.19	\$12.12	\$12.39	\$13.07	\$11.47
JAN 97	\$22.58	\$24.04	\$21.35	\$23.21	\$25.04	\$24.18	\$21.92
FEB	\$20.03	\$21.65	\$18.84	\$20.29	\$21.69	\$21.80	\$19.13
MAR	\$19.11	\$19.39	\$18.09	\$18.35	\$18.91	\$19.66	\$16.99
APR	\$17.87	\$17.82	\$16.77	\$17.32	\$18.41	\$17.95	\$16.07
MAY	\$19.35	\$19.60	\$18.60	\$18.29	\$18.83	\$19.65	\$17.02
JUN	\$17.95	\$17.95	\$17.34	\$16.53	\$17.93	\$18.09	\$15.38
JUL	\$17.85	\$18.95	\$17.38	\$17.28	\$18.04	\$19.01	\$16.49
AUG	\$17.79	\$19.04	\$17.74	\$17.71	\$18.15	\$19.26	\$16.75
SEP	\$18.21	\$18.89	\$18.05	\$17.77	\$17.96	\$19.19	\$17.08
OCT	\$19.42	\$19.98	\$19.20	\$19.04	\$20.16	\$20.36	\$18.63
NOV	\$18.81	\$19.36	\$18.58	\$17.92	\$19.66	\$19.80	\$17.78
DEC	\$16.58	\$17.34	\$16.30	\$16.41	\$17.59	\$17.70	\$15.96
1997	\$18.80	\$19.50	\$18.19	\$18.34	\$19.36	\$19.72	\$17.43
JAN 96	\$17.39	\$18.55	\$16.59	\$17.59	\$20.26	\$18.66	\$17.34
FEB	\$17.34	\$18.64	\$15.93	\$18.00	\$19.54	\$18.66	\$17.23
MAR	\$19.10	\$20.64	\$16.95	\$19.93	\$19.41	\$20.61	\$18.79
APR	\$20.67	\$21.43	\$17.58	\$21.32	\$19.26	\$21.48	\$19.95
MAY	\$18.85	\$19.58	\$16.91	\$19.68	\$19.11	\$19.76	\$18.53
JUN	\$18.02	\$18.73	\$17.24	\$18.60	\$19.60	\$18.85	\$17.52
JUL	\$18.66	\$20.04	\$17.76	\$19.61	\$20.11	\$20.10	\$18.77
AUG	\$19.51	\$21.15	\$18.64	\$20.55	\$19.24	\$21.13	\$19.35
SEP	\$21.12	\$22.95	\$20.30	\$22.46	\$20.80	\$23.09	\$21.04
OCT	\$22.54	\$24.74	\$21.70	\$23.53	\$23.34	\$24.79	\$22.27
NOV	\$21.93	\$23.10	\$20.93	\$22.11	\$22.98	\$23.44	\$21.17
DEC	\$23.05	\$24.53	\$21.82	\$23.78	\$23.98	\$24.68	\$22.73
1996	\$19.85	\$21.17	\$18.53	\$20.60	\$20.64	\$21.27	\$19.56
JAN 95	\$16.76	\$16.92	\$16.03	\$16.38	\$17.55	\$16.99	\$16.06
FEB	\$17.29	\$17.54	\$16.63	\$16.78	\$19.15	\$17.36	\$16.29
MAR	\$17.02	\$17.24	\$16.30	\$16.83	\$18.81	\$17.24	\$16.60
APR	\$18.03	\$18.84	\$17.38	\$18.44	\$18.63	\$18.87	\$17.80
MAY	\$17.82	\$18.71	\$17.29	\$18.27	\$18.46	\$18.70	\$17.66
JUN	\$16.79	\$17.58	\$16.19	\$16.97	\$17.15	\$17.64	\$16.53
JUL	\$15.67	\$15.95	\$15.03	\$15.65	\$16.04	\$16.11	\$14.94
AUG	\$15.96	\$16.25	\$15.40	\$16.05	\$16.51	\$16.37	\$15.14

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SEP	\$16.15	\$17.11	\$15.55	\$16.22	\$16.76	\$17.24	\$15.41
OCT	\$15.54	\$16.56	\$14.93	\$15.64	\$16.75	\$16.70	\$14.81
NOV	\$16.30	\$17.19	\$15.70	\$16.30	\$17.33	\$17.32	\$15.34
DEC	\$17.61	\$18.44	\$16.98	\$17.40	\$18.84	\$18.55	\$16.54
1995	\$16.75	\$17.36	\$16.12	\$16.74	\$17.67	\$17.42	\$16.09
JAN 94	\$13.63	\$14.74	\$13.18	\$12.87	\$14.58	\$14.88	\$12.07
FEB	\$13.46	\$14.50	\$12.90	\$13.08	\$15.15	\$14.57	\$12.70
MAR	\$12.94	\$14.40	\$12.17	\$12.98	\$13.84	\$14.42	\$12.25
APR	\$14.27	\$15.55	\$13.83	\$14.70	\$14.23	\$15.55	\$13.49
MAY	\$15.43	\$16.72	\$14.85	\$16.12	\$15.61	\$16.52	\$14.92
JUN	\$16.46	\$17.21	\$15.74	\$16.69	\$16.70	\$16.95	\$15.74
JUL	\$17.07	\$17.85	\$16.40	\$17.32	\$19.25	\$17.64	\$16.48
AUG	\$16.63	\$16.98	\$15.82	\$16.61	\$19.45	\$16.78	\$15.72
SEP	\$15.89	\$16.01	\$15.28	\$15.59	\$16.45	\$16.01	\$14.75
OCT	\$16.07	\$16.89	\$15.36	\$16.00	\$16.53	\$16.87	\$15.23
NOV	\$16.68	\$17.58	\$15.98	\$16.63	\$16.32	\$17.74	\$16.14
DEC	\$16.19	\$15.94	\$15.41	\$15.55	\$16.28	\$16.20	\$15.30
1994	\$15.39	\$16.20	\$14.74	\$15.35	\$16.20	\$16.18	\$14.57
JAN 93	\$15.92	\$17.80	\$15.20	\$16.47	\$18.48	\$17.76	\$15.35
FEB	\$16.84	\$19.13	\$15.98	\$17.59	\$18.83	\$18.88	\$16.40
MAR	\$17.39	\$19.42	\$16.34	\$17.92	\$20.16	\$19.23	\$16.62
APR	\$17.33	\$19.24	\$16.30	\$17.83	\$20.46	\$19.08	\$16.64
MAY	\$16.87	\$19.01	\$15.90	\$17.65	\$20.64	\$18.83	\$16.30
JUN	\$16.37	\$18.25	\$15.60	\$16.64	\$19.36	\$17.93	\$15.59
JUL	\$15.12	\$17.51	\$14.18	\$15.48	\$17.64	\$17.24	\$14.56
AUG	\$15.26	\$17.22	\$14.69	\$15.31	\$17.39	\$17.34	\$14.09
SEP	\$14.70	\$16.44	\$14.18	\$14.79	\$16.33	\$16.51	\$13.73
OCT	\$15.48	\$17.08	\$14.81	\$15.39	\$16.14	\$17.15	\$14.19
NOV	\$14.30	\$15.66	\$13.65	\$13.92	\$15.14	\$15.75	\$12.85
DEC	\$12.50	\$13.96	\$12.16	\$12.10	\$14.05	\$14.19	\$11.17
1993	\$15.67	\$17.56	\$14.92	\$15.92	\$17.89	\$17.49	\$14.79
JAN 92	\$15.90	\$18.61	\$15.20	\$15.64	\$18.18	\$19.27	\$14.17
FEB	\$16.48	\$18.63	\$15.73	\$15.93	\$17.93	\$19.30	\$14.25
MAR	\$16.45	\$18.08	\$15.70	\$15.96	\$17.29	\$18.38	\$14.44
APR	\$17.37	\$19.56	\$16.62	\$17.41	\$17.39	\$19.56	\$15.92
MAY	\$18.36	\$20.55	\$17.63	\$18.61	\$18.06	\$20.51	\$17.15
JUN	\$19.79	\$21.85	\$18.99	\$20.26	\$20.14	\$21.61	\$18.64
JUL	\$19.29	\$21.03	\$18.54	\$19.49	\$21.26	\$20.78	\$18.19
AUG	\$18.63	\$20.46	\$17.88	\$18.88	\$20.31	\$20.25	\$17.74
SEP	\$19.10	\$20.86	\$18.35	\$19.29	\$19.71	\$20.71	\$17.80
OCT	\$18.94	\$20.95	\$18.19	\$19.39	\$20.26	\$20.96	\$18.20
NOV	\$17.78	\$19.91	\$17.15	\$18.31	\$20.59	\$20.01	\$17.18
DEC	\$16.88	\$18.83	\$16.23	\$17.22	\$19.61	\$18.98	\$16.31
1992	\$17.91	\$19.94	\$17.18	\$18.03	\$19.23	\$20.03	\$16.67

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JAN 91	\$20.70	\$24.55	\$19.65	\$21.85	\$23.96	\$25.00	\$20.95
FEB	\$15.31	\$20.25	\$14.26	\$16.46	\$20.03	\$21.10	\$15.46
MAR	\$15.94	\$19.36	\$14.84	\$16.88	\$17.50	\$20.48	\$15.36
APR	\$16.31	\$19.24	\$15.23	\$17.78	\$17.19	\$19.80	\$16.11
MAY	\$16.59	\$19.53	\$15.92	\$18.14	\$18.14	\$19.72	\$16.41
JUN	\$16.13	\$18.53	\$15.40	\$17.44	\$18.46	\$18.74	\$15.83
JUL	\$17.02	\$19.81	\$16.22	\$18.47	\$19.07	\$20.07	\$16.69
AUG	\$17.38	\$20.18	\$16.60	\$18.75	\$19.16	\$20.46	\$16.79
SEP	\$18.28	\$21.03	\$17.75	\$19.21	\$19.10	\$21.50	\$17.21
OCT	\$19.64	\$22.81	\$18.85	\$20.34	\$19.60	\$23.29	\$18.49
NOV	\$19.03	\$21.74	\$18.39	\$19.23	\$20.58	\$22.20	\$17.40
DEC	\$16.25	\$18.98	\$15.31	\$16.59	\$19.44	\$19.59	\$15.28
1991	\$17.38	\$20.50	\$16.54	\$18.43	\$19.35	\$21.00	\$16.83
JAN 90	\$18.32	\$21.64	\$17.39	\$20.29	\$20.44	\$21.68	\$20.06
FEB	\$17.58	\$19.93	\$16.63	\$19.39	\$20.89	\$20.05	\$18.66
MAR	\$16.51	\$18.73	\$15.75	\$18.29	\$18.80	\$18.61	\$17.11
APR	\$14.61	\$17.10	\$14.36	\$15.33	\$16.81	\$16.79	\$14.39
MAY	\$14.63	\$16.75	\$14.51	\$15.35	\$16.93	\$16.58	\$14.41
JUN	\$13.14	\$15.46	\$13.23	\$13.68	\$14.88	\$15.03	\$12.95
JUL	\$14.81	\$17.25	\$14.95	\$15.46	\$16.03	\$16.85	\$14.40
AUG	\$24.13	\$26.94	\$24.10	\$24.50	\$24.74	\$26.98	\$22.83
SEP	\$30.10	\$35.31	\$29.81	\$32.21	\$31.24	\$36.01	\$29.75
OCT	\$32.13	\$37.26	\$31.88	\$33.84	\$37.19	\$38.30	\$31.49
NOV	\$28.66	\$33.88	\$27.88	\$30.45	\$33.31	\$34.75	\$28.33
DEC	\$24.23	\$28.97	\$23.22	\$25.11	\$27.91	\$29.80	\$23.50
1990	\$20.74	\$24.10	\$20.31	\$21.99	\$23.26	\$24.29	\$20.66
JAN 89	\$14.32	\$17.32	\$14.33	\$15.66	\$17.15	\$17.47	\$15.66
FEB	\$14.84	\$17.16	\$14.56	\$15.88	\$17.56	\$17.32	\$15.88
MAR	\$16.26	\$19.02	\$16.01	\$17.78	\$17.40	\$19.09	\$17.78
APR	\$17.92	\$20.44	\$16.90	\$19.26	\$18.46	\$20.32	\$19.26
MAY	\$17.10	\$18.94	\$15.62	\$17.69	\$18.33	\$19.00	\$17.69
JUN	\$15.95	\$17.89	\$15.37	\$17.31	\$18.40	\$17.89	\$17.31
JUL	\$15.74	\$17.86	\$15.33	\$17.06	\$18.00	\$17.79	\$17.06
AUG	\$15.13	\$16.90	\$14.96	\$16.65	\$16.72	\$16.91	\$16.65
SEP	\$16.05	\$17.94	\$15.61	\$17.06	\$16.55	\$17.96	\$17.06
OCT	\$17.23	\$19.26	\$16.10	\$17.43	\$17.07	\$19.22	\$17.43
NOV	\$17.22	\$19.05	\$16.06	\$17.91	\$17.71	\$19.07	\$17.91
DEC	\$17.86	\$20.36	\$17.09	\$19.51	\$18.33	\$20.34	\$19.51
1989	\$16.30	\$18.51	\$15.66	\$17.43	\$17.64	\$18.53	\$17.43
JAN 88	\$15.63	\$16.85	\$15.47	\$15.41	\$17.20	\$16.45	\$15.41
FEB	\$15.14	\$15.80	\$14.98	\$14.37	\$17.26	\$15.63	\$14.37
MAR	\$13.70	\$15.02	\$13.36	\$14.30	\$15.79	\$15.06	\$14.30
APR	\$15.21	\$16.76	\$14.87	\$15.65	\$16.27	\$16.85	\$15.65
MAY	\$15.22	\$16.62	\$14.85	\$15.43	\$16.59	\$16.68	\$15.43
JUN	\$14.31	\$15.93	\$13.66	\$14.19	\$16.51	\$16.06	\$14.19
JUL	\$13.32	\$15.18	\$12.99	\$13.80	\$15.15	\$15.28	\$13.80

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AUG	\$13.23	\$14.94	\$13.09	\$13.47	\$15.09	\$14.97	\$13.47
SEP	\$11.76	\$13.40	\$11.50	\$12.40	\$13.71	\$13.48	\$12.40
OCT	\$10.49	\$12.60	\$10.29	\$11.46	\$12.15	\$12.66	\$11.46
NOV	\$10.61	\$12.94	\$10.35	\$11.91	\$12.26	\$12.99	\$11.91
DEC	\$12.81	\$15.34	\$12.55	\$13.94	\$14.40	\$15.76	\$13.94
1988	\$13.45	\$15.12	\$13.16	\$13.86	\$15.20	\$15.16	\$13.86

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AVERAGE	WTI	WTI-AVG	MONTH	OPEC BASKET	WTI	WTI-OPEC
-----	---	-----				
\$24.06	\$29.55	\$5.49	Jan-99	\$10.74	\$12.44	\$1.70
\$25.41	\$29.55	\$4.14	Feb-99	\$9.96	\$11.98	\$2.02
\$23.70	\$27.17	\$3.47	Mar-99	\$12.27	\$14.65	\$2.38
\$24.38	\$27.39	\$3.01	Apr-99	\$15.00	\$17.29	\$2.29
\$26.25	\$28.60	\$2.35	May-99	\$15.48	\$17.68	\$2.20
		\$0.00	Jun-99	\$15.61	\$17.89	\$2.28
		\$0.00	Jul-99	\$18.29	\$20.06	\$1.77
		\$0.00	Aug-99	\$19.63	\$21.26	\$1.63
		\$0.00	Sep-99	\$22.18	\$23.79	\$1.61
		\$0.00	Oct-99	\$21.67	\$22.68	\$1.01
		\$0.00	Nov-99	\$23.74	\$25.09	\$1.35
		\$0.00	Dec-99	\$24.76	\$26.09	\$1.33
			Jan-00	\$24.58	\$27.25	\$2.67
\$24.39	\$28.42	\$4.03	Feb-00	\$26.84	\$29.38	\$2.54
			Mar-00	\$26.71	\$29.89	\$3.18
\$24.58	\$27.25	\$2.67	Apr-00	\$22.93	\$25.86	\$2.93
\$26.84	\$29.38	\$2.54	May-00	\$26.94	\$28.79	\$1.85
\$26.71	\$29.89	\$3.18	Jun-00	\$29.12	\$31.87	\$2.75
\$22.93	\$25.86	\$2.93	Jul-00	\$27.94	\$29.70	\$1.76
\$26.94	\$28.79	\$1.85	Aug-00	\$28.30	\$31.32	\$3.02
\$29.12	\$31.87	\$2.75	Sep-00	\$31.45	\$33.88	\$2.43
\$27.94	\$29.70	\$1.76	Oct-00	\$30.42	\$33.00	\$2.58
\$28.30	\$31.32	\$3.02	Nov-00	\$31.22	\$34.39	\$3.17
\$31.45	\$33.88	\$2.43	Dec-00	\$24.13	\$28.34	\$4.21
\$30.42	\$33.00	\$2.58	Jan-01	\$24.06	\$29.55	\$5.49
\$31.22	\$34.39	\$3.17	Feb-01	\$25.41	\$29.55	\$4.14
\$24.13	\$28.34	\$4.21	Mar-01	\$23.70	\$27.17	\$3.47
			Apr-01	\$24.38	\$27.39	\$3.01
\$27.55	\$30.30	\$2.75	May-01	\$26.25	\$28.60	\$2.35
			Jun-01	\$26.10	\$27.56	\$1.46
\$10.74	\$12.44	\$1.70	Jul-01	<b>\$23.74</b>	<b>\$26.53</b>	<b>\$2.79</b>
\$9.96	\$11.98	\$2.02	Aug-01			
\$12.27	\$14.65	\$2.38	Sep-01			
\$15.00	\$17.29	\$2.29	Oct-01			
\$15.48	\$17.68	\$2.20	Nov-01			
\$15.61	\$17.89	\$2.28	Dec-01			
\$18.29	\$20.06	\$1.77				
\$19.63	\$21.26	\$1.63				
\$22.18	\$23.79	\$1.61				
\$21.67	\$22.68	\$1.01				
\$23.74	\$25.09	\$1.35				
\$24.76	\$26.09	\$1.33				
\$17.45	\$19.24	\$1.80				
\$14.42	\$16.72	\$2.30				

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\$13.45	\$16.06	\$2.61
\$12.41	\$15.09	\$2.68
\$12.76	\$15.32	\$2.56
\$13.14	\$14.90	\$1.76
\$11.67	\$13.67	\$2.00
\$12.06	\$14.12	\$2.06
\$11.89	\$13.38	\$1.49
\$12.91	\$14.94	\$2.03
\$12.41	\$14.41	\$2.00
\$11.17	\$12.72	\$1.55
\$9.69	\$11.26	\$1.57
\$12.33	\$14.38	\$2.05
\$23.19	\$25.14	\$1.95
\$20.49	\$22.18	\$1.69
\$18.64	\$20.93	\$2.29
\$17.46	\$19.73	\$2.27
\$18.76	\$20.91	\$2.15
\$17.31	\$19.27	\$1.96
\$17.86	\$19.62	\$1.76
\$18.06	\$19.92	\$1.86
\$18.16	\$19.76	\$1.60
\$19.54	\$21.26	\$1.72
\$18.84	\$20.07	\$1.23
\$16.84	\$18.27	\$1.43
\$18.76	\$20.59	\$1.82
\$18.05	\$18.88	\$0.83
\$17.91	\$19.08	\$1.17
\$19.35	\$21.31	\$1.96
\$20.24	\$23.46	\$3.22
\$18.92	\$21.25	\$2.33
\$18.37	\$20.43	\$2.06
\$19.29	\$21.31	\$2.02
\$19.94	\$21.90	\$1.96
\$21.68	\$23.90	\$2.22
\$23.27	\$24.88	\$1.61
\$22.24	\$23.71	\$1.47
\$23.51	\$25.52	\$2.01
\$20.23	\$22.14	\$1.91
\$16.67	\$17.99	\$1.32
\$17.29	\$18.53	\$1.24
\$17.15	\$18.54	\$1.39
\$18.28	\$19.84	\$1.56
\$18.13	\$19.68	\$1.55
\$16.98	\$18.40	\$1.42
\$15.63	\$17.29	\$1.66
\$15.95	\$18.02	\$2.07



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\$16.35	\$18.18	\$1.83
\$15.85	\$17.42	\$1.57
\$16.50	\$17.97	\$1.47
\$17.77	\$19.00	\$1.23

\$16.88	\$18.41	\$1.53
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\$13.71	\$15.02	\$1.31
\$13.77	\$14.75	\$0.98
\$13.29	\$14.66	\$1.37
\$14.52	\$16.36	\$1.84
\$15.74	\$17.90	\$2.16
\$16.50	\$19.05	\$2.55
\$17.43	\$19.64	\$2.21
\$16.86	\$18.38	\$1.52
\$15.71	\$17.43	\$1.72
\$16.14	\$17.71	\$1.57
\$16.72	\$18.09	\$1.37
\$15.84	\$17.15	\$1.31

\$15.52	\$17.18	\$1.66
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\$16.71	\$19.04	\$2.33
\$17.66	\$20.05	\$2.39
\$18.15	\$20.30	\$2.15
\$18.13	\$20.24	\$2.11
\$17.89	\$19.93	\$2.04
\$17.11	\$19.05	\$1.94
\$15.96	\$17.85	\$1.89
\$15.90	\$18.00	\$2.10
\$15.24	\$17.50	\$2.26
\$15.75	\$18.13	\$2.38
\$14.47	\$16.55	\$2.08
\$12.88	\$14.47	\$1.59

\$16.32	\$18.43	\$2.11
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\$16.71	\$18.80	\$2.09
\$16.89	\$18.99	\$2.10
\$16.61	\$18.89	\$2.28
\$17.69	\$20.21	\$2.52
\$18.70	\$20.95	\$2.25
\$20.18	\$22.35	\$2.17
\$19.80	\$21.74	\$1.94
\$19.16	\$21.31	\$2.15
\$19.40	\$21.86	\$2.46
\$19.56	\$21.68	\$2.12
\$18.70	\$20.31	\$1.61
\$17.72	\$19.40	\$1.68

\$18.43	\$20.54	\$2.11
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\$22.38	\$25.22	\$2.84
\$17.55	\$20.50	\$2.95
\$17.19	\$19.85	\$2.66
\$17.38	\$20.80	\$3.42
\$17.78	\$21.18	\$3.40
\$17.22	\$20.18	\$2.96
\$18.19	\$21.35	\$3.16
\$18.47	\$21.68	\$3.21
\$19.15	\$21.87	\$2.72
\$20.43	\$23.23	\$2.80
\$19.80	\$22.45	\$2.65
\$17.35	\$19.49	\$2.14
\$18.58	\$21.48	\$2.91
\$19.97	\$22.81	\$2.84
\$19.02	\$22.09	\$3.07
\$17.69	\$20.38	\$2.69
\$15.63	\$18.35	\$2.72
\$15.59	\$18.04	\$2.45
\$14.05	\$16.69	\$2.64
\$15.68	\$18.42	\$2.74
\$24.89	\$27.31	\$2.42
\$32.06	\$33.50	\$1.44
\$34.58	\$35.90	\$1.32
\$31.04	\$32.32	\$1.28
\$26.11	\$27.30	\$1.19
\$22.19	\$24.43	\$2.23
\$15.99	\$17.95	\$1.96
\$16.17	\$17.94	\$1.77
\$17.62	\$19.51	\$1.89
\$18.94	\$21.26	\$2.32
\$17.77	\$20.30	\$2.53
\$17.16	\$20.03	\$2.87
\$16.98	\$19.77	\$2.79
\$16.27	\$18.57	\$2.30
\$16.89	\$19.49	\$2.60
\$17.68	\$20.05	\$2.37
\$17.85	\$19.86	\$2.01
\$19.00	\$21.08	\$2.08
\$17.36	\$19.65	\$2.29
\$16.06	\$17.10	\$1.04
\$15.36	\$16.76	\$1.40
\$14.50	\$16.16	\$1.66
\$15.89	\$17.79	\$1.90
\$15.83	\$17.38	\$1.55
\$14.98	\$16.48	\$1.50
\$14.22	\$15.45	\$1.23

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\$14.04	\$15.49	\$1.45
\$12.66	\$14.55	\$1.89
\$11.59	\$13.74	\$2.15
\$11.85	\$14.14	\$2.29
\$14.11	\$16.45	\$2.34
\$14.26	\$15.96	\$1.70

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OPEC  
MARKET  
SHARE

40.2%

39.6%

39.1%

37.4%

38.5%

41.3%

41.0%

41.0%

40.3%

40.2%

NATURAL GAS PRODUCTIVE CAPACITY VS PRODUCTION

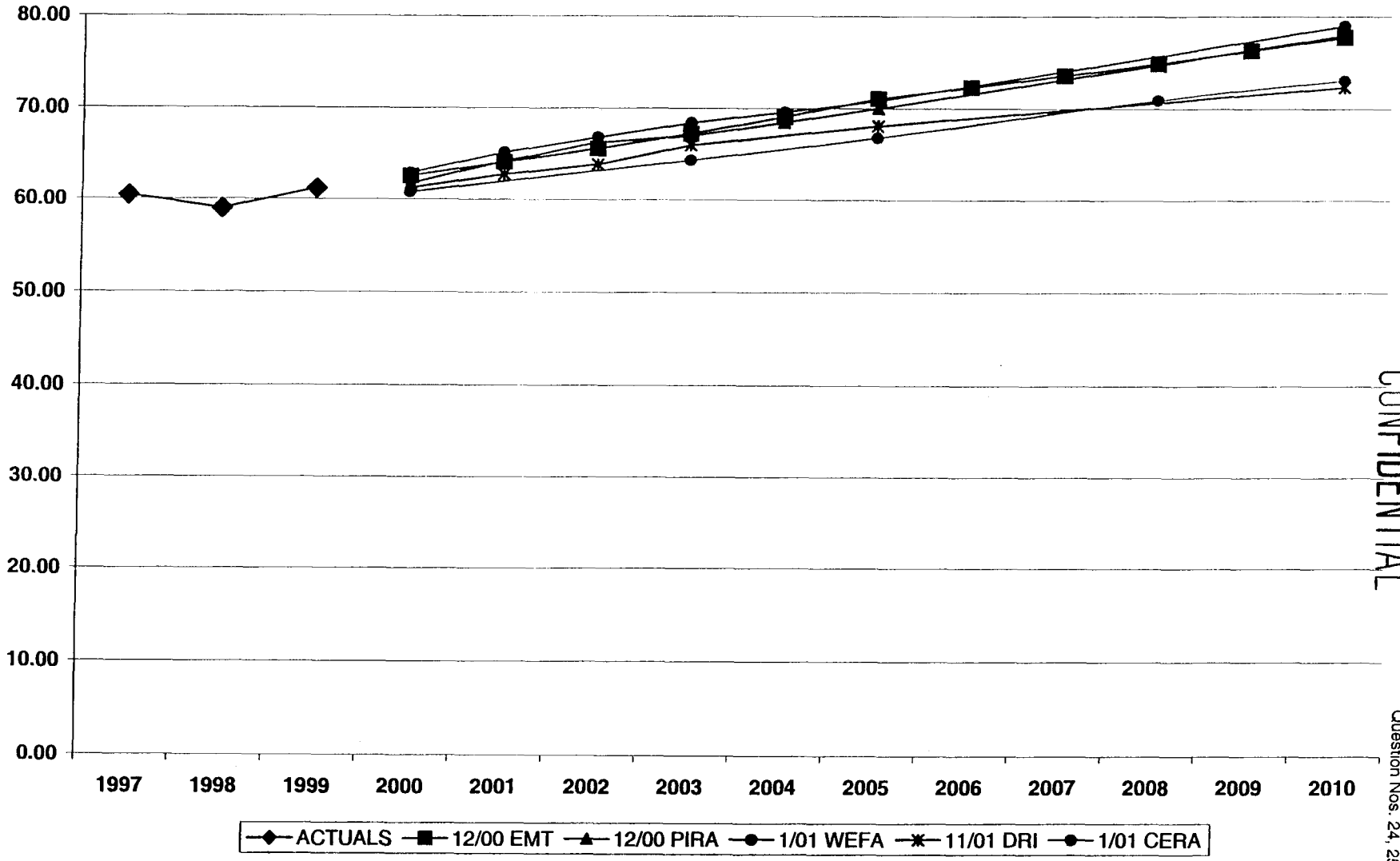
YEAR	PRODUCTIVE CAPACITY				PRODUCTION		
	CERA BCF/DAY	WEFA	DRI	RDI	EIA	CERA	WEFA
1980	71.0				55.0		
1981	72.0				53.5		
1982	71.5				47.0		
1983	72.5				48.0		
1984	72.0				49.0		
1985	69.0				50.0	45.2	
1986	65.3				49.0	44.1	44.3
1987	63.5				48.0	45.6	43.2
1988	64.0				49.0	46.8	44.7
1989	64.5				47.5	47.7	45.9
1990	63.5	55.2		55.8	50.0	49.2	46.6
1991	60.5	55.7		56	49.9	48.8	48.0
1992	60.0	56.2	54.0	55.9	49.8	49.1	47.7
1993	57.5	57.6	53.7	57.4	53.0	49.9	47.9
1994	57.8	57.8	55.2	57.8	51.9	51.9	48.7
1995	58.2	58.2	55.0	56.8	51.3	51.3	51.0
1996	57.7	57.7	55.5	58.4	51.6	51.6	51.3
1997	57.5	57.5	55.9	58.2	52.1	52.1	51.8
1998	55.9	55.9	55.2	55.7	51.6	51.6	51.3
1999	54.3	54.3		55.2	51.3	51.3	51.1
2000	54.0	54.0		54.9	51.1	51.1	
2001							

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DRI	RDI	pira	EXCESS DEL.	
			16.0	
			18.5	
			24.5	
			24.5	
			23.0	
			19.0	
			16.3	
			15.5	
			15.0	
			17.0	
48.8		48.8	13.5	11000
48.6		48.5	10.6	9500
48.9	51.4	48.7	10.2	8200
49.6	52.2	49.6	4.5	10000
51.6	54.0	51.5	5.9	9500
51.0	53.4	50.9	7.0	8400
51.5	54.3	51.9	6.0	9300
51.8	54.4	52.4	5.4	11300
51.3	53.8	52.0	4.4	12100
50.9	51.9	51.6	3.0	10500
50.5	54.7	51.7	2.8	15100
		53.6		
		54.72589		

COMPARISON OF LONG-TERM NATURAL GAS SUPPLY ASSUMPTIONS



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<b>COMPARISON OF U.S. NATURAL GAS SUPPLY/DEMAND BALANCES</b>							
<b>BILLION CUBIC FEET PER DAY</b>							
1997	60.43						
1998	58.97						
1999	61.19						
2000		62.60		61.77	60.82	61.28	62.95
2001		64.14		64.26		62.77	65.21
2002		65.64		66.31		63.90	66.84
2003		67.29		67.00	64.38	66.00	68.44
2004		69.10		68.50			69.59
2005		71.09		70.00	66.85	68.12	70.83
2006		72.33					

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**EMTPMI NORTH AMERICAN NATURAL GAS SUPPLY/DEMAND BALANCE**

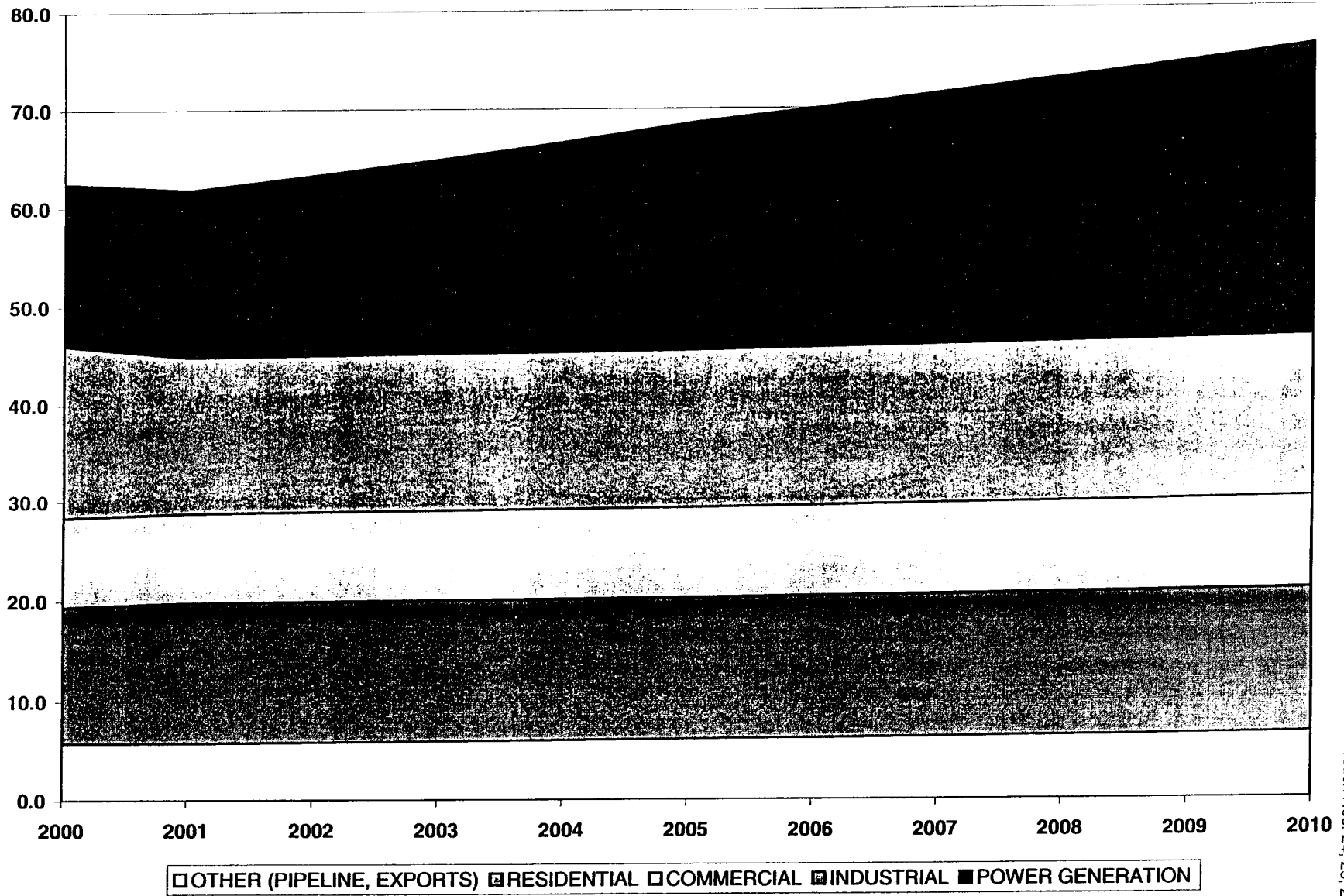
**BILLION CUBIC FEET PER DAY**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	ANNUAL RATE OF ESCALATION 2001-2005	ANNUAL RATE OF ESCALATION 2005-2010	ANNUAL RATE OF ESCALATION 2001-2010
<b>DEMAND:</b>																	
RESIDENTIAL	13.6	12.4	12.9	13.6	14.0	14.0	14.0	14.1	14.1	14.1	14.1	14.2	14.2	14.3	0.1%	0.3%	0.2%
COMMERCIAL	8.8	8.2	8.4	9.0	9.0	9.0	9.1	9.1	9.1	9.2	9.2	9.2	9.3	9.3	0.3%	0.5%	0.4%
INDUSTRIAL	17.2	16.5	16.7	17.6	16.0	16.0	16.1	16.1	16.1	16.2	16.3	16.3	16.4	16.5	0.2%	0.4%	0.3%
POWER GENERATION	15.1	16.2	16.5	16.5	17.0	18.4	19.8	21.4	23.1	24.3	25.5	26.8	28.1	29.5	8.0%	5.0%	6.3%
OTHER (PIPELINE, EXPORTS)	5.7	5.6	5.7	5.8	5.8	5.9	6.0	6.0	6.1	6.2	6.3	6.4	6.5	6.6	1.4%	1.5%	1.5%
<b>TOTAL DEMAND-BCF/D</b>	<b>60.4</b>	<b>58.9</b>	<b>60.2</b>	<b>62.5</b>	<b>61.8</b>	<b>63.3</b>	<b>65.0</b>	<b>66.7</b>	<b>68.6</b>	<b>70.0</b>	<b>71.4</b>	<b>72.9</b>	<b>74.5</b>	<b>76.2</b>	<b>2.6%</b>	<b>2.1%</b>	<b>2.3%</b>
<b>-TCF</b>	<b>22.0</b>	<b>21.5</b>	<b>22.0</b>	<b>22.9</b>	<b>22.6</b>	<b>23.1</b>	<b>23.7</b>	<b>24.4</b>	<b>25.0</b>	<b>25.5</b>	<b>26.1</b>	<b>26.7</b>	<b>27.2</b>	<b>27.8</b>			
<b>SUPPLY:</b>																	
<b>DOMESTIC PRODUCTION</b>																	
GULF OF MEXICO ONSHORE	12.6	12.6	12.2	12.6	13.0	13.1	13.1	13.2	13.3	13.3	13.3	13.3	13.3	13.3	0.6%	0.0%	0.3%
GULF OF MEXICO SHALLOW	14.2	13.4	12.5	11.7	12.1	12.1	12.0	11.9	11.9	11.7	11.5	11.3	11.1	10.9	-0.5%	-1.7%	-1.2%
GULF OF MEXICO DEEPWATER	1.2	1.6	2.5	2.9	3.4	3.7	3.9	4.2	4.5	4.7	5.0	5.2	5.5	5.8	7.0%	5.2%	6.0%
MIDCONTINENT/PERMIAN	13.0	12.4	11.8	11.6	11.5	11.3	11.2	11.0	10.9	10.6	10.4	10.1	9.9	9.6	-1.3%	-2.4%	-1.9%
OTHER LOWER 48 + ALASKA	11.4	11.8	12.4	13.3	13.5	13.9	14.2	14.6	15.0	15.8	16.7	17.6	18.6	19.6	2.7%	5.5%	4.2%
<b>TOTAL DOMESTIC PRODUCTION</b>	<b>52.4</b>	<b>51.8</b>	<b>51.4</b>	<b>52.1</b>	<b>53.5</b>	<b>54.0</b>	<b>54.5</b>	<b>55.0</b>	<b>55.6</b>	<b>56.2</b>	<b>56.8</b>	<b>57.6</b>	<b>58.4</b>	<b>59.2</b>	<b>1.0%</b>	<b>1.3%</b>	<b>1.1%</b>
CANADIAN IMPORTS	7.8	8.3	9.1	9.7	10.1	10.4	10.7	11.0	11.4	11.7	12.0	12.4	12.8	13.2	3.0%	3.0%	3.0%
OTHER (LNG, NET STORAGE)	0.2	-1.2	-0.3	0.7	-1.8	-1.1	-0.2	0.7	1.7	2.1	2.5	2.9	3.4	3.8			
<b>TOTAL SUPPLY-BCF/D</b>	<b>60.4</b>	<b>58.9</b>	<b>60.2</b>	<b>62.5</b>	<b>61.8</b>	<b>63.3</b>	<b>65.0</b>	<b>66.7</b>	<b>68.6</b>	<b>70.0</b>	<b>71.4</b>	<b>72.9</b>	<b>74.5</b>	<b>76.2</b>	<b>2.7%</b>	<b>2.1%</b>	<b>2.4%</b>
<b>-TCF</b>	<b>22.0</b>	<b>21.5</b>	<b>22.0</b>	<b>22.9</b>	<b>22.6</b>	<b>23.1</b>	<b>23.7</b>	<b>24.4</b>	<b>25.1</b>	<b>25.5</b>	<b>26.1</b>	<b>26.7</b>	<b>27.2</b>	<b>27.8</b>			

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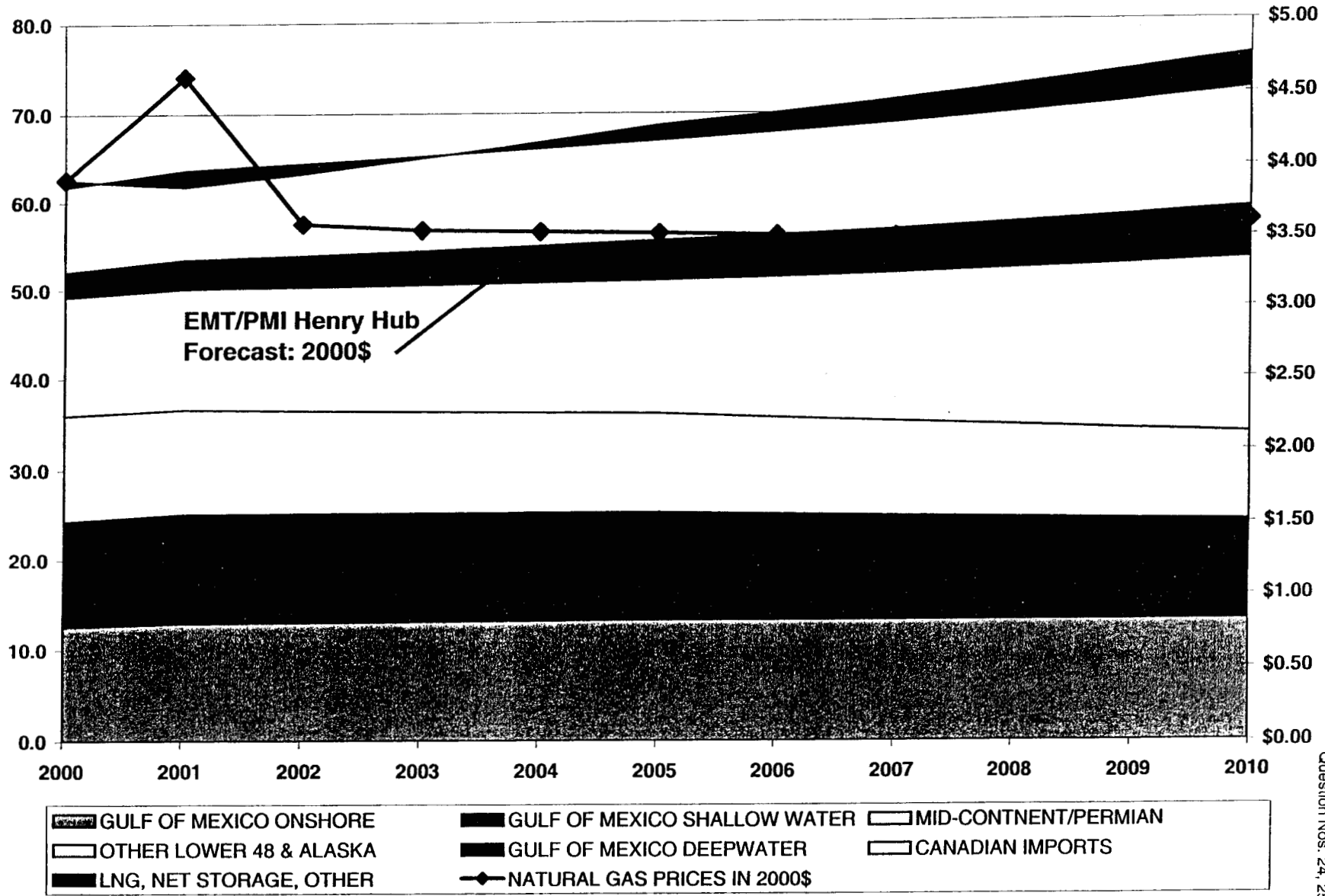
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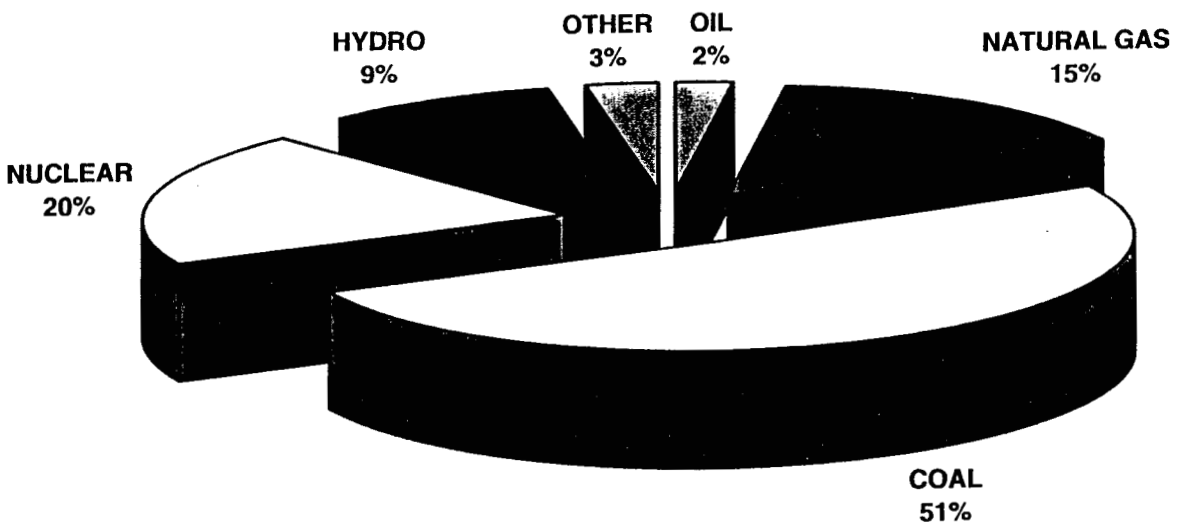
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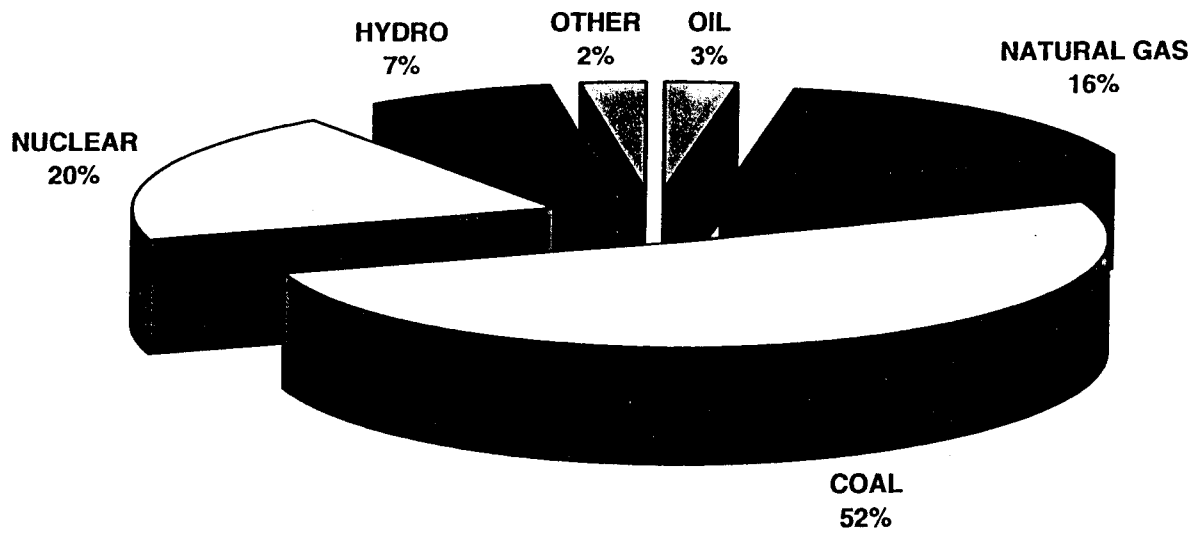
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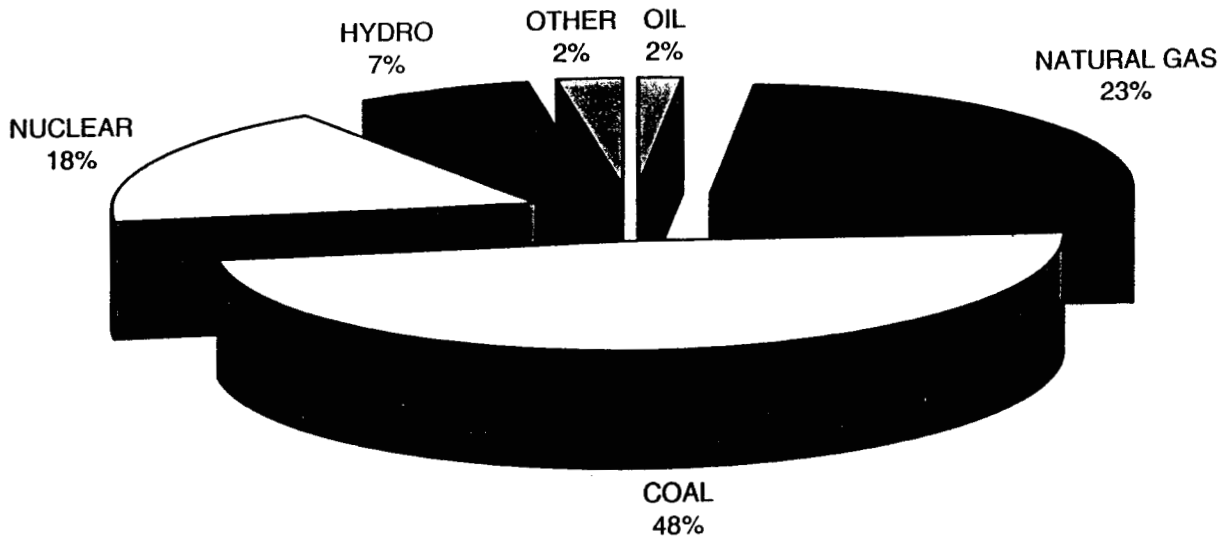


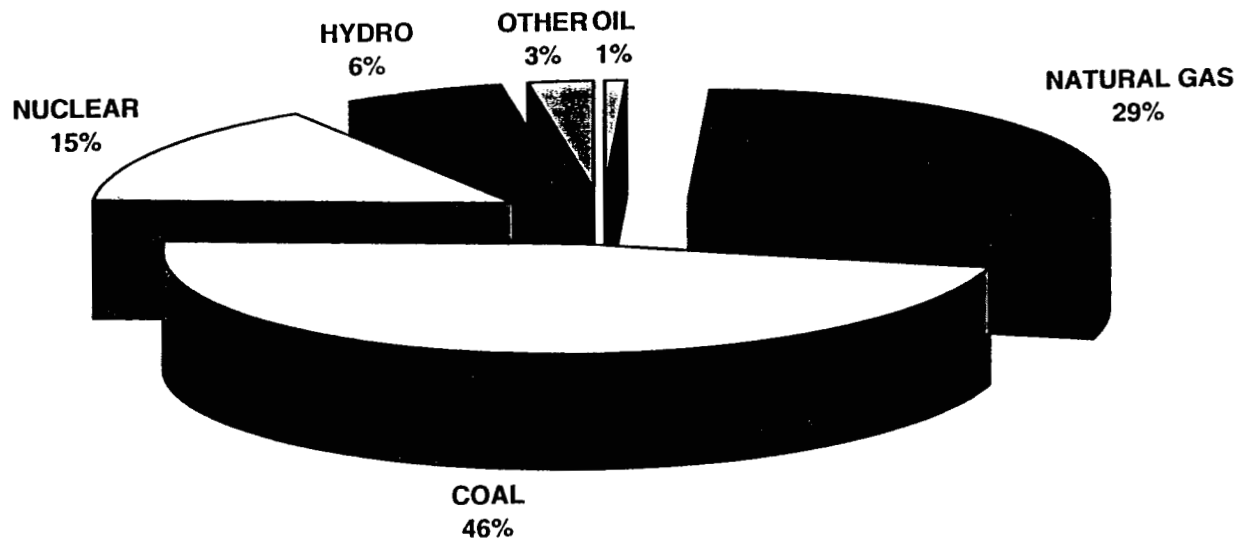
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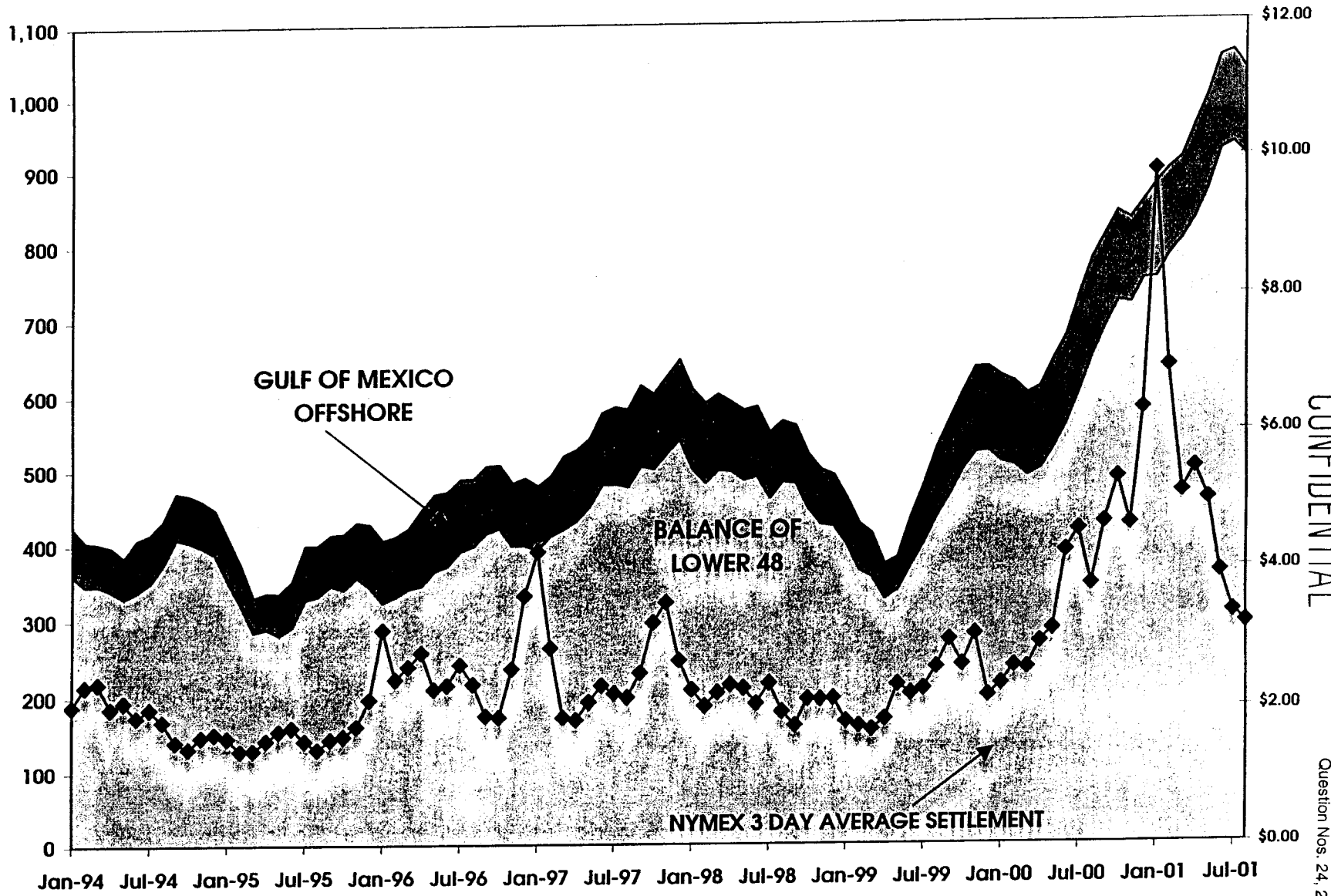
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**MIX OF POWER GENERATION**

	1995	2000	2005	2010
OIL	75	103.1	68.1	35.3
NATURAL GAS	517.9	621.7	994.6	1401.3
COAL	1713.1	1952.9	2087.2	2291.6
NUCLEAR	674.4	752.9	758.2	741.9
HYDRO	293.7	278.8	293.2	293.4
OTHER	97.3	94.8	107.6	123.9
TOTAL	3371.4	3804.2	4308.9	4887.4





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GAS RIG RATES -- Source: Baker Hughes - Christian

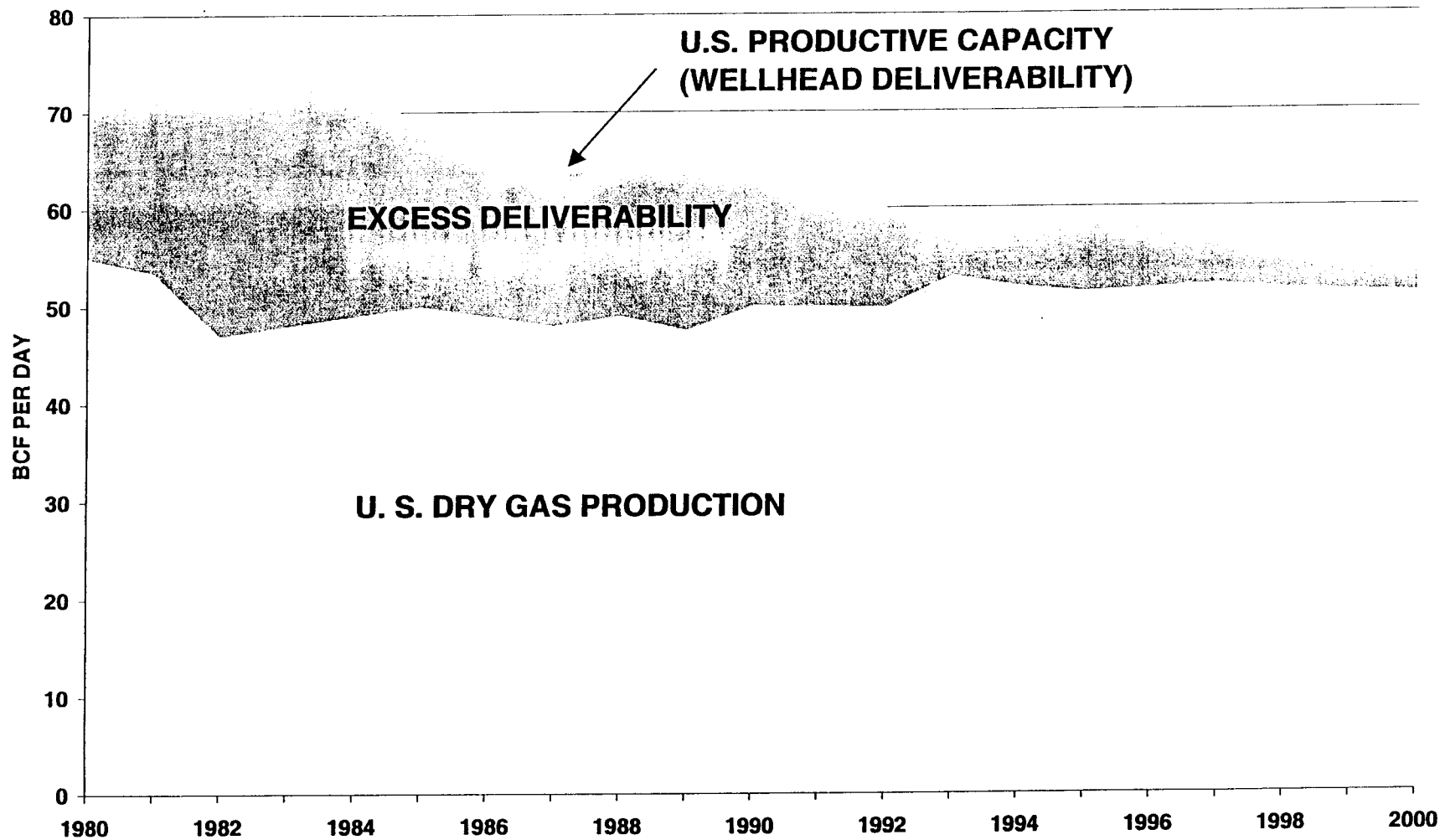
				GAS GOM	GAS Not GOM
19941	1994	1	Jan-94	64	361
19942	1994	2	Feb-94	59	346
19943	1994	3	Mar-94	56	346
19944	1994	4	Apr-94	58	340
19945	1994	5	May-94	55	330
19946	1994	6	Jun-94	69	339
19947	1994	7	Jul-94	65	350
19948	1994	8	Aug-94	58	374
19949	1994	9	Sep-94	62	409
199410	1994	10	Oct-94	63	405
199411	1994	11	Nov-94	62	398
199412	1994	12	Dec-94	59	388
19951	1995	1	Jan-95	59	352
19952	1995	2	Feb-95	54	321
19953	1995	3	Mar-95	45	285
19954	1995	4	Apr-95	48	289
19955	1995	5	May-95	55	281
19956	1995	6	Jun-95	60	291
19957	1995	7	Jul-95	73	327
19958	1995	8	Aug-95	68	332
19959	1995	9	Sep-95	67	345
199510	1995	10	Oct-95	74	340
199511	1995	11	Nov-95	73	356
199512	1995	12	Dec-95	83	343
19961	1996	1	Jan-96	83	322
19962	1996	2	Feb-96	81	331
19963	1996	3	Mar-96	81	340
19964	1996	4	Apr-96	101	345
19965	1996	5	May-96	103	364
19966	1996	6	Jun-96	100	371
19967	1996	7	Jul-96	97	391
19968	1996	8	Aug-96	91	397
19969	1996	9	Sep-96	91	414
199610	1996	10	Oct-96	86	421
199611	1996	11	Nov-96	84	398
199612	1996	12	Dec-96	91	398
19971	1997	1	Jan-97	87	392
19972	1997	2	Feb-97	81	410
19973	1997	3	Mar-97	99	419
19974	1997	4	Apr-97	96	430
19975	1997	5	May-97	92	449
19976	1997	6	Jun-97	98	479
19977	1997	7	Jul-97	105	480
19978	1997	8	Aug-97	105	476
19979	1997	9	Sep-97	110	504
199710	1997	10	Oct-97	103	500
199711	1997	11	Nov-97	104	521
199712	1997	12	Dec-97	109	540
19981	1998	1	Jan-98	109	499
19982	1998	2	Feb-98	109	481
19983	1998	3	Mar-98	103	498
19984	1998	4	Apr-98	95	497
19985	1998	5	May-98	95	484
19986	1998	6	Jun-98	95	489
19987	1998	7	Jul-98	89	460
19988	1998	8	Aug-98	83	482
19989	1998	9	Sep-98	79	480

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199810	1998	10	Oct-98	75	445	
199811	1998	11	Nov-98	74	424	
199812	1998	12	Dec-98	70	422	
19991	1999	1	Jan-99	63	399	
19992	1999	2	Feb-99	62	363	
19993	1999	3	Mar-99	58	354	
19994	1999	4	Apr-99	47	325	
19995	1999	5	May-99	45	336	380
19996	1999	6	Jun-99	65	369	
19997	1999	7	Jul-99	80	398	
19998	1999	8	Aug-99	94	433	
19999	1999	9	Sep-99	102	463	
199910	1999	10	Oct-99	105	496	
199911	1999	11	Nov-99	115	520	
199912	1999	12	Dec-99	114	522	
20001	2000	1	Jan-00	116	507	
20002	2000	2	Feb-00	114	503	
20003	2000	3	Mar-00	111	488	
20004	2000	4	Apr-00	111	498	
20005	2000	5	May-00	120	525	
20006	2000	6	Jun-00	118	559	
20007	2000	7	Jul-00	132	601	
20008	2000	8	Aug-00	131	649	
20009	2000	9	Sep-00	122	687	
200010	2000	10	Oct-00	120	723	
200011	2000	11	Nov-00	112	720	
200012	2000	12	Dec-00	103	751	
20011	2001	1	Jan-01	125	753	878
20012	2001	2	Feb-01	115	783	898
20013	2001	3	Mar-01	110	803	913
20014	2001	4	Apr-01	126	831	957
20015	2001	5	May-01	127	870	997
20016	2001	6	Jun-01	128	922	1050
20017	2001	7	Jul-01	126	932	1058
20018	2001	8	Aug-01	<b>118</b>	<b>914</b>	<b>1032</b>
20019	2001	9	Sep-01			
200110	2001	10	Oct-01			
200111	2001	11	Nov-01			
200112	2001	12	Dec-01			

**DECLINE IN EXCESS DELIVERABILITY FOR U. S.  
("THE GAS BUBBLE")**

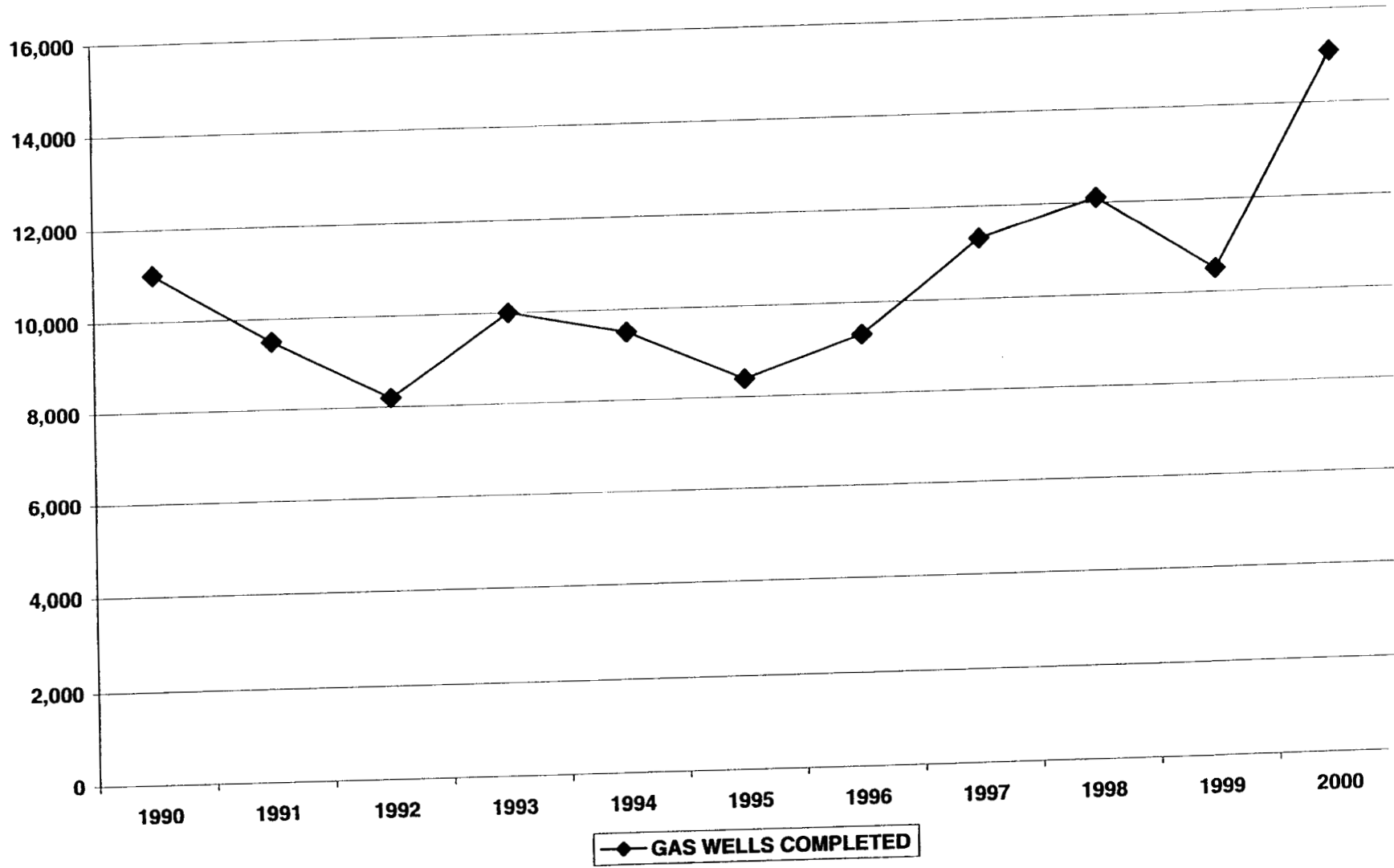


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### GAS WELLS COMPLETED



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# Sunniland Gas Storage Project

September 25, 2000

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**ENERGY**  
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# Sunniland Gas Storage Project

- ❖ A “sniff test” of the preliminary project analysis was performed to support the determination on whether FPL should proceed with Phase I (\$4,080,000) of the project
  - Payment to Calumet/Collier, mineral/property owners \$2,600,000
  - Preliminary engineering/environmental studies \$1,480,000
- ❖ Project Pros and Cons, as well as, an updated “back of the envelope” economic evaluation follows

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# Sunniland Gas Storage Project

## ❖ Pros

- Additional source of gas for peaking (increased system reliability)
- Potentially avoids additional annual firm capacity demand charges on FGT or another pipeline system
- Supply reliability into Florida
- Adds to gas deliverability in South Florida
- Potentially mitigates pressure problems on FGT in South Florida
- Possible hedging opportunity and optionality
- If FPL “controls” storage, potential opportunity to harvest value from competition

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# Sunniland Gas Storage Project

## ❖ Cons

- Project is still significantly larger than FPL's projected requirements
  - FPL's peak day requirement over the next five summers is projected to be 1.3 BCF, compared with a 0.9 BCF of firm capacity on FGT. However, the average peak month requirement is only 1.0 BCF. **FPL does not have a need for 0.3 BCF/day of redelivery capability for 81 days during the summer.**
  - A more realistic storage redelivery requirement is 0.1 BCF/day during the summer **assuming FPL does not acquire any additional firm capacity on FGT.**

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# Sunniland Gas Storage Project

## ❖ Cons (continued)

- Injection into the storage facility will be limited by the operation of the Fort Myers' site
  - FPL's firm capacity rights on the west leg of FGT equals the requirements of the repowered Fort Myers units at capacity
  - By May, 2003, two additional CT's (308 MW of capacity) will be added to the Fort Myers site further reducing the injection capability into the storage facility
  - By late 2003, the projected injection rate from the developer is 80 to 100 MMCF/D

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# Sunniland Gas Storage Project

## ❖ Cons (continued)

- Technological (reservoir) and environmental (Everglades) risks are significant resulting in considerable questions for the viability of the project
- The project will not be “a definite go” from an environmental, regulatory, and technological perspective until the project spends \$25,791,000. Fatal flaws maybe discovered prior to the complete expenditure
- FPL may not have the firm pipeline capacity available on FGT to optimize storage operation (injection and withdrawal)
- Completion of the project (late 2003, if Phase I is approved today) may be after deregulation and asset divestiture
- Storage project may delay a competing pipeline into Florida

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# Sunniland Gas Storage Project

## ❖ Summary “back of the envelope” economics (MM\$):

	<u>Optimistic</u>	<u>Base</u>	<u>Pessimistic</u>	<u>Sponsor</u>
➤ Capital/base gas cost	<u>\$251</u> (5)	<u>\$342</u> (3)	<u>\$444</u> (4)	<u>\$232</u> (1)
➤ Annual payment to recover cost (17.7%)	\$46	\$ 63	\$ 82	
➤ Levelized cost of service				\$ 36 (2)
➤ Annual O & M expense	\$ 8	\$ 8	\$ 11	
➤ Avoided annual firm transport cost at estimated FGT Phase VI rate (\$0.80)	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 88</u>
➤ Annual benefit/cost of Storage	<u>\$34</u>	<u>\$17</u>	<u>\$ 5</u>	<u>\$52</u>

### Sensitivity: \$0.60/MMBTU avoided cost

➤ Annual benefit/cost of Storage	\$12	\$ 5	\$27	\$30
----------------------------------	------	------	------	------

### Sensitivity: No East Coast pipeline

➤ Annual benefit/cost of Storage		\$42		
----------------------------------	--	------	--	--

- Capital cost from SFGSC excludes interest during construction and carrying cost of base inventory (\$63 MM).
- Includes O & M expense.
- Sponsor case plus interest during construction, carry cost of base inventory & increased pipeline costs
- Base case plus 30% contingency
- Base case less 20%.

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# Sunniland Gas Storage Project

## ❖ Changes in the analysis

- Previous analysis assumed that items not listed or specifically noted in the “sponsor’s” analysis were excluded.
- Based on a series of conference calls, clarification was provided for several of the items assumed to be missing from the analysis, however, there are still a few items we believe should be in the analysis and the sponsor does not.
- The current analysis is for a 24.5 Bcf, 300 million cubic feet per day project compared with a 32.0 Bcf, 400 million cubic feet per day expected case in the original analysis.
- Based on FERC 637, the current analysis now assumes that FPL would only have to pay the FGT commodity charge and fuel when re-injecting to the East Coast line, not the full tariff.

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# Sunniland Gas Storage Project

## ❖ Issues With the Current Analysis Which Require Further Evaluation/Understanding

### ➤ Capital Cost Estimates

- Pipeline Costs per mile seem low (FGT generally assumes \$1.0 million/mile in existing right of ways)
- Compression costs seem to be understated by about 30%

### ➤ FGT Pipeline related issues

- Phase IV and V expansion of FGT only provides sufficient pipeline capacity to run the repowered units at Fort Myers and 2 CT's. There may be no idle capacity to fill the storage
- Idle FPL firm capacity will exist on FGT, on most days, independent of the season, if oil prices are less than natural gas prices

- Can the environmental issues of drilling in the Everglades delay or stop the project?
- Project will not be completed until late 2003 when Florida may be deregulated

CONFIDENTIAL

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question Nos. 24, 25, 26 and 27

**ENERGY**  
MARKETING & TRADING  
a division of Florida Power & Light Company

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Requests for Production of Documents  
Interrogatory No. 25  
Page 1 of 1

- Q. Please provide all reports, analyses, and studies done by or received by FPL since January 1, 1999, that discuss the impact of storage levels on the current and long-term price for natural gas or residual oil.
- A. See response to Question No. 24.

Florida Power & Light Company  
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Interrogatory No. 26  
Page 1 of 1

**Q.**  
**Please provide all reports, analyses, and studies done by or received by FPL since January 1, 1999, that discuss the impact of current exploration and production levels of natural gas and oil on the current and long-term price for natural gas or residual oil.**

**A.**  
See response to Question No. 24.



Florida Power & Light Company  
Docket No. 010001-EI  
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Interrogatory No. 27  
Page 1 of 1

- Q.** Please provide all reports, analyses, and studies done by or received by FPL since January 1, 1999, that discuss the impact of the increased demand for natural gas for electric generation on the current and long-term price for natural gas.
- A.** See response to Question No. 24.

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Florida Power & Light Company  
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Interrogatory No. 28  
Page 1 of 1

- Q.** Provide the documents which memorialize the transactions referenced to Interrogatory No. 78 from Staff's Second Set of Interrogatories to Florida Power & Light Company in this docket.
- A.** Please see attached documents to support Interrogatory No. 78 a, b, and c as noted.



# CONFIRMATION OF NATURAL GAS TRANSACTION

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 28

(A) (B) (C) (D) (E) (F) (G) (H)

## CONFIDENTIAL

1 Transaction Number: 23652  
 2 To: Bridgeline Gas Marketing, L.L.C. (Seller)  
 3 Trader: Dan McCairns  
 4 Fax No. : -  
 5 From: Florida Power & Light Company (Buyer)  
 6 Trader: Bill Murphy

7 The following is a confirmation of the Verbal agreement regarding the purchase/sale of Natural gas.

8 Trade Date: April 19, 2001

9 Type of Transaction: FIRM

Term		Delivery Point		Volume		Price
Begin Day	End Day	Pipeline	Zone	Meter	Day/Month	
05/01/2001	05/31/2001	FGT	ZONE2	POOL PT 8	Daily	25,000 MAX((IF; FGT/ZONE2; MONTHLY)-235,4.90)
06/01/2001	06/30/2001	FGT	ZONE2	POOL PT 8	Daily	25,000 MAX((IF; FGT/ZONE2; MONTHLY)-235,4.90)
07/01/2001	07/31/2001	FGT	ZONE2	POOL PT 8	Daily	25,000 MAX((IF; FGT/ZONE2; MONTHLY)-235,4.90)
08/01/2001	08/31/2001	FGT	ZONE2	POOL PT 8	Daily	25,000 MAX((IF; FGT/ZONE2; MONTHLY)-235,4.90)
09/01/2001	09/30/2001	FGT	ZONE2	POOL PT 8	Daily	25,000 MAX((IF; FGT/ZONE2; MONTHLY)-235,4.90)

17 Special Terms: None

18 Governing Terms: Unless otherwise noted in this confirmation, this transaction is governed by the terms and conditions of  
19 the contract number CX00-003 , contract description GISB, between Florida Power & Light Company and Bridgeline Gas  
20 Marketing, L.L.C. executed on March 01, 2000.

21 If this confirmation does not reflect your understanding of this agreement, please notify the Risk  
22 Management Department of FPL by phone at 561-625-7009. Otherwise, please sign where indicated and  
23 fax to 561-625-7517.

24 Florida Power & Light Company (Buyer)

Bridgeline Gas Marketing, L.L.C. (Seller)

25 \_\_\_\_\_

\_\_\_\_\_

26 By: \_\_\_\_\_

By: \_\_\_\_\_

27 Title: \_\_\_\_\_

Title: \_\_\_\_\_



# CONFIRMATION OF COMMODITY SWAP

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 28

(A)

(B)

(2)

## CONFIDENTIAL

1 Transaction Number: 11839  
 2 Date: August 24, 2001  
 3 To: Enron North America Corp. (Seller)  
 4 Trader: John Arnold  
 5 Fax No. : -  
 6 From: Florida Power & Light Company (Buyer)  
 7 Trader: Douglas Max

8 The following is to confirm the terms and conditions of the Transaction entered into between us on the  
 9 Trade Date specified below (the "Transaction"). This letter agreement constitutes a "Confirmation" as  
 10 referred to in the ISDA Master Agreement specified below.

### 11 Transaction Details

12 Trade Date: August 8, 2001

13 Notional Quantity Per  
14 Calculation Period:

<u>Begin Month</u>	<u>End Month</u>	<u>Volume</u>
October 2001	October 2001	500,000 Per Month

15 Commodity: Natural Gas (MMBTU)

16 Effective Date: October 1, 2001

17 Termination Date: October 31, 2001

18 Calculation Period: Each calendar month beginning with October 1, 2001 and ending on  
19 October 31, 2001.

### 20 Fixed Amount Details

21 Fixed Price Payer: Florida Power & Light Company

22 Fixed Price: \$3.0525

### 23 Floating Amount Details

24 Floating Price Payer: Enron North America Corp.

25 Floating Price : The Settlement price for the last Trading day of the NYMEX Henry Hub  
26 Natural Gas Futures Contract for the applicable Determination Period.

27 Rounding: The floating price will be rounded to 4 decimal places.

28 Payment Dates: The fifth(5th) Business Day following the date on which the Floating price  
 29 is determinable. If with respect to each determination period, the Fixed  
 30 Price exceeds the Floating Price, the Fixed Price Payor Shall pay the  
 31 Floating Price Payor the difference between the two such amounts  
 32 multiplied by the Notional Quantity. If the Floating Price exceeds the Fixed  
 33 Price, the Floating Price Payor shall pay the Fixed Price Payor the  
 34 difference between the two such amounts multiplied by the Notional  
 35 Quantity.



# CONFIRMATION OF COMMODITY SWAP

Florida Power & Light Compa  
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Staff's First Request for Prod  
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(A)

(B)

CONFIDENTIAL

1 This Transaction shall be governed by the ISDA MASTER AGREEMENT (Multicurrency--Currency  
2 [copyrighted] 1992) including the language attached to this Confirmation together which will  
3 govern this Transaction.

4 Florida Power & Light Company (Buyer)

Enron North America Corp. (Seller)

5 \_\_\_\_\_

\_\_\_\_\_

6 By: \_\_\_\_\_

By: \_\_\_\_\_

7 Title: \_\_\_\_\_

Title: \_\_\_\_\_



# CONFIRMATION OF COMMODITY SWAP

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question No. 28

## ATTACHMENT TO TRANSACTION CONFIRMATION

CONFIDENTIAL

- 1 Transaction Number: 11839
- 2 Trade Date: August 8, 2001
- 3 To: Enron North America Corp. (Seller)
- 4 From: Florida Power & Light Company (Buyer)

### 5 Payments and Netting:

-----

If, with respect to each Determination Period, the Fixed Price exceeds the Floating Price, the Fixed Price Payor shall pay the Floating Price Payor the difference between the two such amounts multiplied by the Quantity, and if the Floating Price exceeds the Fixed Price, the Floating Price Payor shall pay the Fixed Price Payor the difference between the two such amounts multiplied by the Quantity. If the Floating Price is equal to the Fixed Price, then no payment shall be made.

If the payment dates for this swap and any other swap or option (each, a Transaction) entered into between the parties shall fall on the same day and in the same currency, payments shall be made on a net basis so that the party obligated to pay the larger aggregate amount shall pay the other party an amount equal to the excess of the larger aggregate amount over the smaller aggregate amount.

### Credit Support and Collateral:

-----

If, as of any Business Day, a party's (the Exposed Party) net mark-to-market position with respect to this Transaction and any other Transactions entered into with the other party (the Non-Exposed Party), as determined by the Exposed Party in a commercially reasonable manner (such amount being referred to as the Exposed Party's Net Exposure) exceeds USD\$[10,000,000] (the Trigger Amount), then the Non-Exposed Party shall provide Margin (defined below) to the Exposed Party in an amount equal to or greater than the amount by which the Exposed Party's Net Exposure exceeds the Trigger Amount (such amount hereinafter the Excess Amount). If, as of any Business Day, the amount of Margin then held by the Exposed Party is less than the Excess Amount, the Non-Exposed Party shall provide the Exposed Party with Margin in an amount that, when added to the Margin then held by Exposed Party, is equal to or exceeds the Excess Amount. If, as of any Business Day, the aggregate amount of Margin held by the Exposed Party exceeds the Excess Amount by an amount equal to or greater than USD\$[1,000,000], the Exposed Party shall return Margin to the Non-Exposed Party in an amount such that, after giving effect to any such return, the Exposed Party holds Margin in an amount at least equal to the Excess Amount, provided that if such Net Exposure is less than the applicable trigger, the Exposed Party shall return all Margin then held to the Non-Exposed Party. Margin shall be provided or returned by the close of business on the day of the receiving party's request if such request is made by 12:00 noon New York time on a New York Business Day; otherwise Margin shall be provided or returned on the next New York Business Day. All deposits or Margin shall be rounded up to the nearest integral multiple of USD\$[1,000,000] and all returns or Margin shall be rounded down to the nearest integral multiple of USD\$[1,000,000].

Margin shall mean (i) cash, (ii) letters of credit from a bank acceptable to the Exposed Party and in a form acceptable to the Exposed Party, and (iii) any other collateral acceptable to the Exposed Party. Margin shall include any payments or other distributions received with respect to the form of collateral deposited. For purposes of determining the amount of Margin being held at any time, the amount of non-cash Margin shall equal its then current fair market value as determined by the Exposed Party in a commercially reasonable manner; provided, however, that the value of a letter of credit for the purpose of this Margin provision shall be equal to its face value at the time of valuation unless it expires within twenty days of the day of valuation, in which case, if the expiration date is not on or later than twelve



## CONFIRMATION OF COMMODITY SWAP

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(12) Business Days following the last payment date of any outstanding Transaction, its value shall be zero (for purposes of this Margin provision) and the beneficiary shall be entitled to draw down the letter of credit up to its full face amount unless adequate substitute Margin has previously been provided.

Each party hereby grants to the other party a first priority security interest in any and all Margin held by the other party from time to time. The party holding Margin shall have the free and unrestricted right to use and dispose of any and all Margin provided to it hereunder and may apply Margin on deposit with it to satisfy the obligations of the depositing party as part of a liquidation hereunder or otherwise.

### Non-Performance:

-----  
In the event either party (the Non-Performing Party) shall (i) default in the payment or performance of any obligations to the other party under this Transaction or any other Transaction between the parties, (ii) file a petition or otherwise commence or authorize the commencement of a proceeding under any bankruptcy or similar law for the protection of creditors or have any such petition filed or proceeding commenced against it or its assets, (iii) otherwise become bankrupt or insolvent, however evidenced, (iv) be unable to pay its debts as they fall due, or (v) fail to give adequate assurance of its ability to perform all of its obligations under this Transaction or any other Transaction between the parties within 48 hours of a reasonable request therefor, then in any such event the other party (the Performing Party) shall have the right immediately and at any time(s) thereafter to liquidate and terminate any or all Transactions then outstanding between the parties; provided, however, that in the case of any event described in clauses ii, iii and iv above, all Transactions then outstanding between the parties shall be automatically liquidated and terminated if the relevant proceeding, bankruptcy or insolvency giving rise to the event is governed by a system of law which does not contain express provisions enabling close-out in the manner described below to take place after the occurrence of the relevant event in the absence of automatic liquidation. A Settlement Amount (as defined below) shall be calculated in a commercially reasonable manner for each such liquidated and terminated Transaction and be payable by one party to the other. Settlement Amount shall mean, with respect to a Transaction and the Performing Party, the losses and costs (or gain) expressed in U.S. dollars, which such party incurs as a result of the liquidation, including losses and costs (or gains) based upon the then current replacement value of such Transaction together with, at the Performing Party's election but without duplication or limitation, all losses and costs which such party incurs as a result of maintaining, terminating, obtaining or re-establishing any hedge or related trading positions. The Settlement Amount shall be due to or from the Performing Party as appropriate. The Performing Party shall determine the Settlement Amount of each Transaction as of the date on which such termination occurs by reference to such futures, forward, swap and options markets, as it shall select

in its reasonable judgment. In calculating a Settlement Amount, the Performing Party shall discount to present value (in any commercially reasonable manner based on London interbank rates for the applicable period and currency) any amount which would be due at a later date and shall add interest (at a rate determined in the same manner) to any amount due prior to the date of the calculation.

The Performing Party shall set off (i) all such Settlement Amounts that are due to the Non-Performing Party, plus any performance security (including Margin) then held by the Performing Party, plus (at the Performing Party's election) any or all other amounts due to the Non-Performing Party hereunder, against (ii) all such Settlement Amounts that are due to the Performing Party, plus any performance security (including Margin) then held by the Non-Performing Party, plus (at the Performing Party's election) any or all other amounts due to the Performing Party hereunder, so that all such amounts shall be netted to a single liquidated amount payable by one party to the other. The party with the payment obligation shall pay such amount to the other party within one Business Day of the liquidation.

The Performing Party's rights under this section shall be in addition to, and not in limitation or exclusion of, any other rights which the Performing Party may have (whether by agreement, operation of law or otherwise). The Non-Performing Party shall indemnify and hold the Performing Party harmless from all costs and expenses, including reasonable attorney fees, incurred in the exercise of any remedies



## CONFIRMATION OF COMMODITY SWAP

Florida Power & Light Company  
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hereunder.

If a default occurs, the Performing Party may, without limitation on its rights under this section, set off amounts which the Non-Performing Party owes to it against any amounts which it owes to the Non-Performing Party (whether hereunder, under a Transaction or otherwise and whether or not then due).

#### Law and Jurisdiction:

-----  
This contract shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law rules.

#### ISDA Definitions and Master Agreement:

-----  
Any terms used and not otherwise defined herein which are contained in the 1993 ISDA Commodity Derivatives Definitions as published by and as amended, supplemented, replaced or modified from time to time by the International Swap and Derivatives Association, Inc., shall have the respective meanings set forth therein.

Upon execution of an ISDA Master Agreement, this Confirmation shall constitute a supplement to, form a part of and be subject to the ISDA Master Agreement, this Confirmation together with any other Confirmations entered into by the parties and together with the ISDA Master Agreement, if and when executed, shall constitute a single agreement between the parties.

P.6



CONFIDENTIAL

(A) (B) (C) (D) (E)

# Deal Locked

F M2 0376

## EXCHANGE Traded Futures Ticket

Date: 7/13/01 Access? \_\_\_\_\_

Obligation: FP&L fuel pool

<u>FLOOR</u>	<u>CLEARING</u>
Prudential	Prudential
Paribas	Paribas
<u>later</u>	<u>later</u>
OTHER	OTHER

Buy Cash/ SELL Futures      Sell Cash/ BUY Futures

1  
2  
3  
4  
5  
6  
7

			Original Order			Fills	
			K's	Month	Price	K's	Price
11003	<del>Buy</del>	Sell	30	Aug 01	3.25		
11004	<del>Buy</del>	Sell	100	Aug 01	3.25		
11004	<del>Buy</del>	Sell	15	Sep 01	3.34		
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					
	Buy	Sell					

Comments: \_\_\_\_\_

Monthly Volume \_\_\_\_\_ Trader Ray Lane

Basis \_\_\_\_\_ Location \_\_\_\_\_




CONFIDENTIAL

Diane S Munroe

07/13/2001 03:34 PM

1 From: Diane S Munroe on 07/13/2001 03:34 PM  
 2 To: Rodney Von Glasenapp/EMT/FPL@FPL  
 cc:  
 3 Subject: To:DIANE\_MUNROE F:FPL1.RCP

4 (A) (B) (C) (D) (E) (F)  
 ----- Forwarded by Diane S Munroe/EMT/FPL on 07/13/2001 03:36 PM -----

5 "STEVE BLAIR" <chksve@memphisrefco.com> on 07/13/2001 03:34:50 PM  


6 To: DMUNROE@FPL.COM  
 cc:  
 7 Subject: To:DIANE\_MUNROE F:FPL1.RCP

8 ^13 JUL 01 14:34  
 9 PAGE 1

R E F C O , I N C .

10 CHKSVE PRELIMINARY RECAP BY ACCOUNT FPL1/\*\*/\* ATTN:  
 11 DIANE MUNROE

12	A/C	LONG	SHORT	COMMODITY	DELIVERY	STRIKE
13	TRADE			COUNTER		
14	NO	QTY	QTY	DESCRIPTION	P/C	TY
15	PRICE	ORDER	BROKER	PARTY	DATE	PRICE
16	33680	30		NATURAL GAS/NYM	08/01	11003
17	3.250		JOZ			
18	33680	100		NATURAL GAS/NYM	08/01	11004
19	3.255		JOZ			
20		130*				
21	33680	15		NATURAL GAS/NYM	09/01	11004
22	3.340		JOZ			
23		15*				

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Florida Power & Light Company  
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Page 1 of 1

- Q.** Provide any marketing or advertising literature that FPL or any other FPL Group subsidiary provides to large commercial or industrial customers to promote its energy management services.
- A.** No such literature exists.

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Florida Power & Light Company  
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Interrogatory No. 30  
Page 1 of 1

- Q. Provide all daily reports that measures the risks associated with the hedging positions that FPL held on July 27, 2001.
- A. See attached Daily Management Report dated 7/27/01.

AS OF  
07/27/01

**DAILY MANAGEMENT REPORT**  
**FPL - EMT DIVISION**

Prepared by  
Risk Management

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Produc  
of Documents  
Question No. 30

CONFIDENTIAL

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date Change	Mark to Market		Net Open Position			Nominal MTM Value Fwd Positions only
		Month to Date Change	Today's Change	(NYMEX Contract Equivalents (3))			
		Fixed Price	Basis	Index			
Procurement - Price	\$5,786,480	(\$1,850,302)	(\$12,497)	(106)	4,433	(13,591) [1]	\$6,663,651
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement**	\$5,786,480	(\$1,850,302)	(\$12,497)	(106)	4,433	(13,591)	\$6,663,651
Total Trade	\$191,427	\$25,928	\$3,143	(1)	(2)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>\$5,977,907</b>	<b>(\$1,824,374)</b>	<b>(\$9,354)</b>	<b>(107)</b>	<b>4,431</b>	<b>(13,593)</b>	<b>\$6,649,530</b>

Residual Fuel	Year to Date Change	Mark to Market		Net Open Position			Nominal Value Fwd Positions only
		Month to Date Change	Today's Change	(NYMEX Contract Equivalents (3))			
		Fixed Price	Basis	Index			
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	(2)	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement	(\$3,263,117)	\$0	\$0	0	0	0	\$0
Total Trade	\$0	\$0	\$0	0	0	0	\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>

Power	Year to Date Change	Mark to Market		Net Open Position			Nominal Value Fwd Positions only
		Month to Date Change	Today's Change	(Thousands of Megawatt Hours)			
		Fixed Price	Basis	Index			
Procurement - Price	\$7,866,508	\$670,972	\$104,018	0	0	0	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement	\$7,866,508	\$670,972	\$104,018	0	0	0	\$0
Total Trade	\$17,014,952	\$1,141,579	\$422,405	0	0	0	\$2117,537
<b>Total Power</b>	<b>\$24,881,460</b>	<b>\$1,812,551</b>	<b>\$526,423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$2177,537</b>

Totals	Year to Date Change	Mark to Market		EMC Limit	Exception ?	Nominal Value Fwd Positions only
		Month to Date Change	Today's Change			
		Fuels	\$2,523,363			
Power	\$7,866,508	\$670,972	\$104,018	NA	NA	\$0
Total Procurement	\$10,389,872	(\$1,179,330)	\$91,521	(\$12,000,000)	No	\$6,663,651
Fuels	\$191,427	\$25,928	\$3,143	NA	NA	(\$14,121)
Power	\$17,014,952	\$1,141,579	\$422,405	NA	NA	\$2117,537
Total Trade	\$17,206,379	\$1,167,507	\$425,548	\$14,981,832	No	\$2033,416
<b>TOTAL - ALL COMMODITIES</b>	<b>\$27,596,251</b>	<b>(\$11,823)</b>	<b>\$517,069</b>	<b>NA</b>	<b>NA</b>	<b>\$6,867,067</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

**PROCUREMENT**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$243,487	\$251,234	(\$7,747)	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$243,487	\$251,234	(\$7,747)	\$5,000,000	No

**TRADE**

Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$9,228	\$7,526	\$702	\$500,000	No

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	66	530	0	1	0	5	0.19%
Residual Fuel	0	21	0	0	0	0	0.00%
Power	27	278	0	0	0	0	0.00%
Total - Trading	93	829	0	1	0	5	0.12%
Credit	NA	NA	0	0	0	0	NA

- [1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.
- [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available soon.
- [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

\*\*Fuels Procurement figure includes \$468,973 for Jan., \$177,886 for Feb., \$7438 for March, (4069) for April, (1,669,501) for May & 28,782 for June cost savings

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Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Requests for Production of Documents  
Interrogatory No. 31  
Page 1 of 1

- Q.** Provide all weekly reports that measure the risks associated with the hedging positions that FPL held during the week including July 27, 2001.
- A.** Weekly Management Reports are not issued. Daily Reports include month-to-date and year-to-date amounts.

CONFIDENTIAL

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Requests for Production of Documents  
Interrogatory No. 32  
Page 1 of 1

- Q.** Provide all monthly reports that measure the risks associated with the hedging positions that FPL held during July 2001.
- A.** Monthly Reports are not issued. Daily reports include month-to-date and year-to-date amounts. See attached Daily Report dated 7/31/01.

(A) (B) (C) (D) (E) (F) (G) (H)

AS OF  
07/31/01

**DAILY MANAGEMENT REPORT  
 FPL - EMT DIVISION**

Prepared by  
Risk Management

CONFIDENTIAL

**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date Change	Mark to Market Month to Date Change	Todays Change	Net Open Position			Nominal MTM Value Fwd Positions only
				(NYMEX Contract Fixed Price	Equivalents (3) Basis	(3) Index	
Procurement - Price	\$5,565,379	(\$2,071,403)	\$121,648	10	4,433	(13,591) (1)	\$6,365,204
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement**	\$5,565,379	(\$2,071,403)	\$121,648	10	4,433	(13,591)	\$6,365,204
Total Trade	\$191,010	\$25,511	\$208	(0)	(2)	(3)	(\$14,121)
<b>Total Natural Gas</b>	<b>\$5,756,389</b>	<b>(\$2,045,892)</b>	<b>\$121,856</b>	<b>9</b>	<b>4,431</b>	<b>(13,593)</b>	<b>\$6,351,083</b>

Residual Fuel	Year to Date Change	Mark to Market Month to Date Change	Todays Change	Net Open Position			Nominal Value Fwd Positions only
				(NYMEX Contract Fixed Price	Equivalents (3) Basis	(3) Index	
Procurement - Price	(\$3,263,117)	\$0	\$0	0	0	(2)	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement	(\$3,263,117)	\$0	\$0	0	0	0	\$0
Total Trade	\$0	\$0	\$0	0	0	0	\$0
<b>Total Residual Fuel</b>	<b>(\$3,263,117)</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>

Power	Year to Date Change	Mark to Market Month to Date Change	Todays Change	Net Open Position			Nominal Value Fwd Positions only
				(Thousands of Megawatt Hours) Fixed Price	Basis	Index	
Procurement - Price	\$7,866,508	\$670,972	\$0	0	0	0	\$0
Procurement - Asset	\$0	\$0	\$0	0	0	0	\$0
Total Procurement	\$7,866,508	\$670,972	\$0	0	0	0	\$0
Total Trade	\$17,019,334	\$1,145,961	(\$2,447)	0	0	0	\$221,919
<b>Total Power</b>	<b>\$24,885,842</b>	<b>\$1,816,933</b>	<b>(\$2,447)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$221,919</b>

Totals	Year to Date Change	Mark to Market Month to Date Change	Todays Change	EMC Limit	Exception ?	Nominal Value Fwd Positions only
Power	\$7,866,508	\$670,972	\$0	NA	NA	\$0
Total Procurement	\$10,168,771	(\$1,400,431)	\$121,648	(\$12,000,000)	No	\$6,365,204
Fuels	\$191,010	\$25,511	\$208	NA	NA	(\$14,121)
Power	\$17,019,334	\$1,145,961	(\$2,447)	NA	NA	\$221,919
Total Trade	\$17,210,344	\$1,171,472	(\$2,240)	\$14,981,832	No	\$207,798
<b>TOTAL - ALL COMMODITIES</b>	<b>\$27,379,114</b>	<b>(\$228,959)</b>	<b>\$119,408</b>	<b>NA</b>	<b>NA</b>	<b>\$6,573,002</b>

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$20,947	\$16,305	\$4,642	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$20,947	\$16,305	\$4,642	\$5,000,000	No

TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$0	\$0	\$0	NA	NA
	\$7,718	\$8,203	(\$485)	\$500,000	No

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
Natural Gas	28	587	0	2	0	10	0.34%
Residual Fuel	1	22	0	0	0	0	0.00%
Power	21	318	27	28	135	140	8.81%
Total - Trading	50	927	27	30	135	150	3.24%
Credit	NA	NA	0	0	0	0	NA

(1) Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 (2) Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available soon.  
 (3) Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

\*\*Fuels Procurement figure includes \$468,973 for Jan, \$177,886 for Feb., \$7438 for March, (4069) for April, (1,669,501) for May & 28,782 for June cost savings



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Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Requests for Production of Documents  
Interrogatory No. 33  
Page 1 of 1

- Q.** Provide all annual reports that measure the risks associated with the hedging positions that FPL held during calendar year 2000.
- A.** Annual Reports are not issued. Daily Reports include month-to-date and year-to-date amounts. See attached Daily Report dated 12/29/00.

MM

AS OF  
12/29/00

(A) (B) (C) (D) (E) (F) (G) (H)

**DAILY MANAGEMENT REPORT  
FPL - EMT DIVISION**

Prepared by  
Tony Nee

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Product  
of Documents  
Question No. 33

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**POSITION AND MARK TO MARKET REPORTING**

Natural Gas	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(NYMEX Contract Equivalents [3])		
		Fixed Price	Basis		Index		
Procurement - Price	\$6,184,539	\$10,524,899	\$4,443,585	(\$2,155,590)	79	2,190	(16,764)
Procurement - Asset	\$410,560	\$0	\$0	\$0	0	0	0
Total Procurement	\$6,595,099	\$10,524,899	\$4,443,585	(\$2,155,590)	79	2,190	(16,764)
Total Trade	\$558,098	\$4,367	(\$1,030)	(\$14,121)	(1)	(6)	(3)
<b>Total Natural Gas</b>	<b>\$7,153,197</b>	<b>\$10,529,266</b>	<b>\$4,442,554</b>	<b>(\$2,169,711)</b>	<b>78</b>	<b>2,184</b>	<b>(16,767)</b>

Residual Fuel	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(NYMEX Contract Equivalents [3])		
		Fixed Price	Basis		Index		
Procurement - Price	(\$1,517,485)	(\$6,348,617)	\$2,224,830	(\$4,808,617)	1,750	0	[2]
Procurement - Asset	\$0	\$0	\$0	\$0	0	0	0
Total Procurement	(\$1,517,485)	(\$6,348,617)	\$2,224,830	(\$4,808,617)	1,750	0	0
Total Trade	\$0	\$0	\$0	\$0	0	0	0
<b>Total Residual Fuel</b>	<b>(\$1,517,485)</b>	<b>(\$6,348,617)</b>	<b>\$2,224,830</b>	<b>(\$4,808,617)</b>	<b>1,750</b>	<b>0</b>	<b>0</b>

Power	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(Thousands of Megawatt Hours)		
		Fixed Price	Basis		Index		
Procurement - Price	\$0	\$0	\$0	\$0	0	0	0
Procurement - Asset	(\$2,682,424)	(\$1,074,193)	(\$13,103)	\$0	30	0	0
Total Procurement	(\$2,682,424)	(\$1,074,193)	(\$13,103)	\$0	30	0	0
Total Trade	\$41,423,826	\$16,236,708	\$2,344,070	\$0	(43)	0	0
<b>Total Power</b>	<b>\$38,741,202</b>	<b>\$15,162,515</b>	<b>\$2,330,967</b>	<b>\$0</b>	<b>(13)</b>	<b>0</b>	<b>0</b>

Totals	Year to Date	Mark to Market		Nominal Value Fwd Positions only	Net Position		
		Month to Date	Today's Change		(Thousands of Megawatt Hours)		
		Fixed Price	Basis		Index		
Fuels	\$5,077,614	\$4,176,282	\$6,668,415	(\$6,964,207)			
Power	(\$2,682,424)	(\$1,074,193)	(\$13,103)	\$0			
Total Procurement	\$2,395,190	\$3,102,089	\$6,655,312	(\$6,964,207)			
Fuels	\$558,098	\$4,367	(\$1,030)	(\$14,121)			
Power	\$41,423,826	\$16,236,708	\$2,344,070	\$0			
Total Trade	\$41,981,724	\$16,241,075	\$2,343,039	(\$14,121)			
<b>TOTAL - ALL COMMODITIES</b>	<b>\$44,376,914</b>	<b>\$19,343,164</b>	<b>\$8,998,351</b>	<b>(\$6,978,328)</b>			

**VALUE AT RISK REPORTING (95% confidence level, 1 day holding period)**

PROCUREMENT					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$1,015,479	\$918,319	\$99,160	NA	NA
Residual Fuel	\$1,195,487	\$1,192,053	\$3,434	NA	NA
Power	\$208,556	\$208,798	(\$242)	NA	NA
<b>Total</b>	<b>\$1,582,366</b>	<b>\$1,517,969</b>	<b>\$64,397</b>	<b>\$20,000,000</b>	<b>No</b>
TRADE					
Commodity	Today	Yesterday	Change	EMC Limit	Exception ?
Natural Gas	\$0	\$0	\$0	NA	NA
Residual Fuel	\$0	\$0	\$0	NA	NA
Power	\$475,008	\$485,418	(\$10,410)	NA	NA
<b>Total</b>	<b>\$475,260</b>	<b>\$485,680</b>	<b>(\$10,420)</b>	<b>\$5,000,000</b>	<b>No</b>

**EXCEPTION REPORTING**

Commodity Group	No. of Trades		No. of Errors		Total Score		Errors as a % of Transactions Month to Date
	Today	Month to Date	Today	Month to Date	One Day	Month to Date	
	Natural Gas	37	879	0	3	0	
Residual Fuel	19	31	0	2	0	6	6.45%
Power	20	179	0	3	0	6	1.68%
<b>Total - Trading</b>	<b>76</b>	<b>1,089</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>19</b>	<b>0.73%</b>
Credit	NA	NA	0	0	0	0	NA

[1] Includes estimate of volumes to be delivered to PGD through December 2003 offset by commitments to purchase.  
 [2] Does not include estimate of volumes to be delivered to PGD through December 2003. Anticipate that number will be available within the week.  
 [3] Contract equivalents - Gas = 10,000 mmbtu, Residual Fuel = 1,000 barrels, Heating Oil = 42,000 Gallons.

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CONFIDENTIAL

**Florida Power & Light Company**

**Energy Marketing & Trading and**

**FPL Energy**

**Power Marketing Inc.**

Risk Management and Trading

Procedures Manual

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**1. GENERAL****CONFIDENTIAL****1.1 Objectives of the Manual**

The purpose of this manual is to provide specific guidance that will promote efficient and accurate processing of trading transactions, effective preparation and distribution of information relating to trading activities, and efficient monitoring of the portfolio of risks, all within a well controlled environment.

This Procedures Manual should be read in conjunction with FPL Group Policy Manual. (Capitalized terms used in the Procedures Manual have the same meaning as presented in the Policy Manual, and have not been redefined.)

This Procedures Manual ("Procedures") is to be maintained by the Business Units. Twice each year Internal Audit will ensure the Procedures represent a consistent application of the FPL Group Policy Manual. Annually, the EMC must approve all changes made to the Procedures will be reviewed and approved by the EMC members.

EMT and PMI are responsible for the procurement of both natural gas and fuel oil for power generation facilities. Throughout this manual the term "fuel" will be used in place of natural gas, fuel oil or any other approved fuel for generation assets. Should only one of these commodities be the subject of the discussion, that fuel will be noted separately.

**1.2 Employee Acknowledgment**

All employees of EMT/PMI shall document annually in writing that he or she has:

- Obtained, read and understood a copy of both the FPL Group Risk Management and Trading Policy Manual and the FPL - EMT/FPLE - PMI Risk Management and Trading Procedures Manual;
- Acknowledged by their signature that a violation of the EMT/PMI Policy or Procedures could constitute grounds for termination of employment or if applicable, criminal prosecution,
- Acknowledged by signature that he or she understands the confidential nature of the information generated in a trading and exposure management program, and agrees to maintain such information as confidential.

**1.3 FAS 133/138 Accounting Requirements**

Statement of Financial Accounting Standards 133 and 138 (FAS 133/138), "Accounting for Derivative Instruments and Hedging Activities" require that all derivatives be marked-to-market on the balance sheet through current earnings each time earnings are reported, at least on a quarterly basis. In some cases special hedge accounting treatment will be available to lessen the income statement impact, provided certain criteria and formal documentation are followed.

FPL Group's hedge strategy is to mitigate the price risk related to underlying commodities. Price risk includes both the risks of changes in the overall fair value of the entire hedged item, and the risk of changes in the cash flows of the entire asset/liability relating to all changes in the purchase or sales price. FPL Group will try to achieve hedge accounting wherever possible and practicable. The hedging instrument's effectiveness will be assessed utilizing regression analysis at the inception of the hedge and on at least a quarterly basis throughout its life. Hedge effectiveness will be evaluated using the correlation of rolling quarterly price changes. Hedges will be considered "highly effective" when an  $R^2$  of .8 or higher is achieved.

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**2. TRANSACTION FLOW****CONFIDENTIAL****2.1 Pre-Deal Transaction**

The inception of any deal begins with contact with/from a counterparty with the intent of doing a transaction. The first issue to be addressed is whether or not this is an existing or new counterparty.

**2.1.1 New Counterparty****2.1.1.1 Interim and Full Credit Review**

All first time counterparties must be assessed from a standpoint of creditworthiness. Whenever a dealmaker wants to trade with a new counterparty, the dealmaker will:

- Seek an **interim credit line**; and
  - Request a **full credit review** through the submission of a "New Counterparty Request" Form.
- A. To support the acquisition of new business, it is essential that an **interim credit line** be established (or denied) quickly. The Credit Officer is responsible for establishing credit limits based on the guidelines provided in the Policy Manual. To initiate the credit process the dealmaker will complete a "*New Counterparty Request Form*". This request must be made by e-mail, or hard copy if the e-mail system is not operating, in order to provide the necessary information required. As soon as this form (or information) is provided, the customer will be set up in the Information System (System) and an interim credit line will be established. The Credit Officer should establish an interim credit line within the same business day of receiving the required information. The interim credit line will be limited to the amount necessary to execute a deal for a one-month term.

In order for the Credit Officer to achieve the same business day turnaround time for the interim credit line the following information needs to be provided by the dealmaker:

- Counterparty name;
  - Location (city and state) of Corporate headquarters;
  - Dealmaker's contact name;
  - Credit Officer name and phone number;
  - Requested Interim Credit Line/Exposure.
- A. A **full credit review** will be triggered whenever a *New Counterparty Request Form* or e-mail request is submitted to the Credit Officer. On that form, the dealmaker will indicate the requested **permanent credit limit**. The Credit Officer is responsible for requesting and receiving all credit information directly from the counterparty. Depending on the results of the review, the Credit Officer will either approve the request, approve a *lesser* credit line, or decline the request. The Credit Officer should establish a permanent credit line within 30 days. The interim credit line will be in effect for only one month unless extended by senior management as noted in the procedures.
- B. The creditworthiness of every counterparty will be monitored on an on-going basis to detect changes in creditworthiness and shall be comprehensively reviewed at least once each year.

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**2.1.1.2 Contracts and Agreements****CONFIDENTIAL****Physical and Over-The-Counter Transactions**

- A. After the *New Customer Request Form* has been submitted to the Credit Officer and Contract Administration, the Credit Officer will forward a copy to Contract Administration. Contract Administration should be provided at least with a name and phone number of a contact person in the counterparty's Contract Department.
- B. Contract Administration will prepare and forward a *New Counterparty Package* to the new counterparty. The package will include a cover letter or e-mail, and the contract. If the contract is not returned in thirty (30) working days, Contract Administration will send a follow-up letter inquiring as to the status of execution. If forty-five (45) days elapse, Contract Administration will advise the EMT/PMI dealmaker that an executed contract has not been received, and the EMT/PMI dealmaker will contact the new counterparty to expedite contract execution.
- C. Contract Administration will keep a record of the contracts that have not been executed and will perform a quarterly review to determine if unexecuted contracts have outstanding transaction(s), in which case those counterpartys will be contacted to follow up on the status of the contract. If the decision is made by the appropriate desk manager that business may continue to be conducted on an interim basis, assistance from dealmakers will be requested if necessary to finalize the contract negotiations.

**Financial Exchange Transactions**

A fully executed Customer Agreement, signed by the EMT/PMI President, and the Director of Risk Management, is necessary to establish an account with any Futures Clearing Merchant ("FCM") for the purpose of trading exchange traded futures and options.

**2.1.2 Existing Counterparty**

When dealmakers intend to trade with an existing counterparty, they must verify that the proposed trade will not:

- Exceed the credit limit for the counterparty;
- Represent a violation under the Policy Manual.
- Exceed the risk limit established in section 4.

Non compliance with any of the above will subject the dealmaker to the discipline process. Assuming that none of these thresholds is exceeded by the proposed trade, the dealmaker is free to proceed with the transaction.

The Head of Risk Management will verify daily the compliance with credit limits and report exceptions as outlined in Appendix C of the Policy Manual.



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## 2.2 Deal Transaction

At present, there are two categories of transactions that EMT/PMI is likely to enter into:

**Spot Trades:** trades in which delivery occurs during the current calendar month.

**Forward Trades:** trades in which delivery occurs after the current calendar month.

Note: For the purpose of these Procedures, any financial derivatives serving as hedges are considered part of the physical trade being hedged.

The following processes describe the steps to both of the transaction categories:

### A. Deal Negotiation and Structuring

It is hard to separate structuring from negotiating. Structuring is a process of "price discovery", i.e. the pricing of risk components in a potential deal (NYMEX futures, Basis, etc.). This information is a prerequisite to negotiating any deal.

### B. Deal Execution and Hedging

Once EMT/PMI and the counterparty have agreed to terms, the deal is considered "executed." Any physical position that is not intended as a speculative position will require a simultaneous, offsetting hedge transaction.

### C. Deal Capture

After a deal has been executed it is necessary to capture all aspects of the deal in the System. The single greatest risk to any commodity trading company is untimely and/or inaccurate deal capture. Failure to capture a deal accurately or timely will subject the dealmaker to the discipline process.

All deals should be entered into the system by the trader executing the trade (See discussion of Trades Executed While Out Of Office for discussion of exception to this procedure). The Head of Risk Management can waive this requirement on a case by case basis. Members of the Risk Management Department will be permitted to assist in the capture of new and / or complex transactions. In any instance where the dealmaker does not enter the deals into the system, the dealmaker will always be responsible for the deals accuracy. In any instance where Risk Management assists in the capture of deals the dealmaker will be required to sign off on the deal sheet and/or confirmation.

Every active commercial employee (those employees who can commit the company to a transaction) is responsible for confirming all agreed to transactions/obligations with the counter party on a recorded line. This will allow for more clear and concise understanding of the agreement between the two parties. In order to provide a more consistent method for completing this confirmation process, the following script options are provided. Each script must incorporate the following information, and must be repeated prior to ending the conversation in order to accurately identify the transaction in which FPL-EMT or FPLE-PMI is obligated. This procedure applies to the activity executed upon EMT/PMI trade floors and does not apply to origination activity in satellite offices (See discussion of Trades Executed While Out Of Office for discussion of exception to this procedure).

**CONFIDENTIAL****EXAMPLE**

Legal counter-parties Name (Buyer/seller):	<b>Enron North America-buyer</b>
FPL entity (Buyer/seller):	<b>PMI-seller</b>
Quantity (Mwh's, MMBtu's, Bbl's etc.):	<b>100/mw's per hour</b>
Block period/product type:	<b>7/24 energy only</b>
Transfer point:	<b>Lamar busbar #_____, in ERCOT</b>
Period:	<b>Jan 1, 2001 through Dec 31,2001</b>
Price:	<b>\$28.00</b>

**OR**

"I am confirming the agreed to obligation in which Enron North America is buying from PMI, a volume of 100 megawatts per hour of energy on a 7x24 schedule at the Lamar busbar #\_\_\_\_ in ERCOT for the period January 2001 through December 2001 at a price of \$28.00 per Mw hr.egawatt."

Anytime a commercial employee transacts a trade (i.e. commits an FPL company), the employee must time stamp the deal ticket within thirty minutes following the execution time. If the transaction is executed on a recorded line, which is not at the deal maker's desk, then the deal maker must note the extension number in the comments section of the deal ticket. This will allow the mid-office to review the verbal agreement without requiring the deal maker's direct participation in the investigative process. This time stamping requirement does not apply to those parts of the organization that are not required to use deal tickets to document transactions (i.e. hourly power trading).

This procedure does not change or impact the current process of completing deal tickets on the day the deal is executed

**D. Disputed Deals**

In the case of a disputed trade, i.e. counterparty disagrees with EMT/PMI on the terms of a deal, the dealmaker, the dealmakers supervisor, the Director of Contracts, and the Head of Risk Management should be informed by whoever first learns of the dispute. These individuals can determine what steps to take regarding the dispute, including listening to the recording of the deal, and contacting the counterparty.

**E. Product Movement: Nominations and Dispatch**

The next step in the process is to arrange for the actual delivery of gas or power.

**2.2.1 Documentation of Execution Strategies**

All execution strategies must be approved prior to the execution of any transactions. The process applies to all activity within EMT / PMI and each organization has specific requirements for approval as noted below.

**I. Approval Process**

**Regulated activity:** EMT Fuel and/or Power Manager's must receive either Vice President of Wholesale Operations or Forward Markets approval for the applicable period prior to execution. The President of EMT will sign in the event of their absence.

Excluded information relates to unregulated activities.

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## II. Definitions for activity

**Spot Activity:** is defined as the period which encompasses the point of transfer in responsibility between the Forward Markets Group and the Wholesale Operations Group related to the management of all obligations. This period includes the month of flow as well as pre-defined periods prior to the actual month of flow in order for both groups to prepare the assets for physical and financial liquidation (Bid week is included in the definition of spot risk)

**Forward Activity:** is defined as all periods prior to the actual transfer of responsibility from Forward Markets to Wholesale Operations.

All spot activity should receive approval from VP of Wholesale Operations  
All forward activity should receive approval from VP of Forward Markets

## III. Requirements for Documentation:

For all Spot activity a general terms and conditions document must be defined in the following manner:

1. **Spot Month Operating Strategy (SMOS)** which outlines the specific asset or assets which include the associated obligations and the strategy related to the liquidation of physical requirements along with the plan to support the financial risks. This document is designed to define the agreement between EMT / PMI and the appropriate organizational personnel to assure that the front office and applicable management of a clear and concise execution strategy for the period.
2. **Exceptions to the SMOS:** If material changes to the spot month operating strategy arise within the spot period, it is incumbent upon the managers of the applicable areas to immediately notify, update and inform the appropriate personnel of the status change in the strategy and to document a change to the SMOS by updating and redistributing the SMOS form to all the applicable personnel.

For all Forward activity a Planned Position Strategy (PPS) is to be defined in one of the two following manners:

1. **Conditional** – This document defines the general terms and conditions of the execution strategy, identifies the risk associated with the request and supporting reasons as to why the strategy should be pursued. Additional documentation requirements, if applicable, are outlined below.
2. **Transactional** – This document defines the specific transactions terms and conditions of the execution strategy, identifies the risk associated with the request and supporting reasons as to why the strategy should be pursued. Additional documentation requirements are outlined below.
3. **Exceptions to the PPS:** If the parameters of the applicable PPS are in the process of or have been breached it is incumbent upon the manager of the area to immediately update and incorporate the changes into an updated PPS, which accounts for the exception requirements to the strategy. If any issues change in the approved documentation, the process to redistribute and updated version must be approved under the same procedures.

The range of information included on every SMOS or PPS may include:

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- Responsible Trader and Backup Responsible Trader
- Specific outline of terms and conditions of the obligations/strategy including:
  - Assets involved
  - Transaction description
  - Term
  - Commodities at risk
  - Positional strategy
  - Expected benefits (if applicable)
  - Stop loss limits if applicable (not all PPS' are required to have a stop loss limit)
- Rationale for execution strategy including:
  - Downside risk of transaction (if applicable)
  - Upside potential (if applicable)
  - Expected benefits (if applicable)
  - Operational flexibility (if applicable)
  - Areas of concern (including systems ability to capture and report on results)
- Overview of current market conditions including:
  - Fundamental, technical and/or cross commodity (if applicable)
  - Regional or intra regional relationships (if applicable)

The final documentation once approved by all required parties must be distributed to the following:

1. All participants active within the region (includes fuel and power personnel)
2. EMT/PMI Management (VP of Wholesale Operations, Forward Markets & the President of EMT or PMI depending on business unit involved in the transaction).
3. Risk Management personnel (Risk Manager)

Location of Templates for SMOS & PPS forms

The Forms for the applicable documents are located and available on the EMT Today website

The applicable Vice President's will be responsible for compliance with the strategies as well as maintaining a file of all signed documents.

## 2.2.2 Spot Trades

### 2.2.2.1 Negotiation and Structuring

Most spot deals require little structuring. Spot Fuel and Power trades are typically negotiated at a fixed price for a specific delivery location and period. Prices can also be based on published indices.

### 2.2.2.2 Deal Execution and Hedging

All spot trades must be consistent with EMT/PMI's current trading strategy as determined or approved by the Director of Wholesale Operations. Once all the terms of a deal are agreed upon (volume, delivery point, price, etc.), the deal can be executed.

### 2.2.2.3 Deal Capture

- A. Once a Spot Fuel trade has been executed, the terms will be recorded on a *Spot Trade Ticket* (See Appendix F) and entered into the System. Spot Power trades ("Hourly Trades") are captured in a book

maintained at the Hourly Trading Desk. Due to the time sensitive nature of gas nominations and power dispatch, failure to enter spot trades in a timely manner will be considered a *serious breach* of Procedures, and will subject the dealmaker to the discipline process.

The Spot Trade Ticket is a three-part form that is filled out by the dealmaker. Required information to be provided by the dealmaker include:

- Trade Date;
- Dealmakers initials;
- Counterparty name;
- Book;
- Strategy;
- Circle whether the deal is: Firm, or Interruptible;
- Circle whether the deal is: Buy, or Sell,;
- Volume;
- Delivered Price;
- Starting and ending dates;
- Location, and Receipt Point;
- A time stamp recording the time the deal was executed.

Florida Power & Light Company  
Docket No. 010001-EI  
Staff's First Request for Production  
of Documents  
Question Nos. 1 and 3-22

Once this information has been captured on the Spot Trade Ticket, the dealmaker will keep the top for his or her own records, and pass one copy on to Scheduling and the last copy on to Risk Management. Trade tickets for all Spot Fuel trades must be made available to Risk Management and the deal captured in the deal capture system before the dealmaker leaves for the day. Trade tickets are pre numbered and Risk Management will be responsible for accounting for disposition of all deal tickets provided. As a result, should a dealmaker make a mistake on a trade ticket the ticket should be voided and provided to Risk Management. Failure to capture a deal accurately or timely will subject the dealmaker to the discipline process.

Should there be a need to change any information after the deal ticket is submitted to Risk Management, an e-mail request should be sent by the dealmaker to the appropriate Risk Management personnel detailing the changes required. If the changes are made by Risk Management, the deal maker will be notified that the changes have been made and will be required to review the changes. If the changes are made by the dealmaker, Risk Management will be notified that the changes have been made. At this time Risk Management will re-lock the deal and review the changes. In all cases the dealmaker is ultimately responsible for the accuracy of the deal in the system.

- B. The director of Wholesale Operations must be made aware of any daily or monthly pipeline imbalances that exceed the pipeline tolerances. The Director of Wholesale Operation must also be made aware of all end of month imbalances that will result in a "cash out" by the pipeline.

Once a deal is entered into the System, the new daily balances (long or short) are immediately available. Unless documented in a PPS or otherwise, the Director of Wholesale Operations must make sure the net daily balances must be flat (zero) on each pipeline by the time nominations are due that day (usually 12:30 PM EST). Gas Scheduling will monitor pipeline balances.

#### 2.2.2.4 Product Movement: Nominations and Dispatch

Once entered into the System, all relevant information becomes available to those responsible for fuel nominations and power dispatch.

Natural Gas: Gas Operations and scheduling personnel will provide for and maintain verbal and electronic communication links between EMT/PMI and all appropriate transmission pipelines. Scheduling personnel will be responsible for communicating specific trade and transportation information to the various pipelines via Electronic Bulletin Boards (EBB), and for providing available pipeline/operational information to the capacity and commodity dealmakers.

- A. Prior to 9:00 AM EST, operations personnel should test and insure that all lines of communication between EMT/PMI and the pipelines are open and available for business. At that time, Operations should also gather all available information affecting the physical flow of gas on current day or future flow dates. All pertinent information should then be communicated to the appropriate dealmakers. Operations will continue to monitor pipeline activity throughout the day providing additional, up to date information, as it becomes available.
- B. Scheduling personnel will monitor spot trading and attempt to provide any necessary transportation data not available to the dealmaker at the time of the trade. The dealmaker will provide a counterparty contact to the appropriate scheduler if one has not already been established. All information received by the scheduler from the counterparty which is inconsistent with the information input by the dealmaker must be approved by the dealmaker. Once all receipt and/or delivery information has been established for a particular deal the scheduler will prepare the deal for nomination to the pipeline.
- C. All spot (day trade) deals must be entered into the System 30 minutes prior to nomination deadlines (usually 12:30 PM EST) to allow the scheduler sufficient time to prepare the deal for nomination. Those deals entered after the 30-minute deadline must be communicated verbally to the appropriate scheduler and will be handled on a "best efforts" basis. These deals may have to be nominated as an "intraday" nomination. These nominations are considered secondary to "on-time" nominations by the pipelines and there is a risk the nomination may be unsuccessful. The scheduler will make every effort to include late deals in the initial nomination, but will not jeopardize the "on-time" nomination status of the deals input prior to the deadline.
- D. Once "on-time" nominations have been completed, the scheduler will ensure that the nominations have been received and accepted by the pipeline. Additionally, any late deals not included on the initial nomination should be prepared and nominated to the pipeline.
- E. As soon as possible, scheduling personnel must request or determine pipeline confirmation of successful or unsuccessful allocation of nominated volumes. Upon receiving the confirmation, the scheduler will communicate and explain all unsuccessful nominations to the dealmaker and then discuss the possible solutions and take appropriate actions to remedy the situation.

#### Fuel Oil

- A. Fuel Oil needs for the prompt month are reviewed by Oil Supply personnel on an ongoing basis. If a spot month need is identified, potential suppliers are then notified.
- B. The supplier will then respond as to the availability of the requested volumes within the desired delivery window.
- C. Once volume, pricing and timing are agreed upon, cargo is put into the delivery schedule.
- D. Independent inspectors, mutually agreeable to both parties, verify the quantity of the fuel oil received.
- E. The quality of the shipment is usually verified by the FPL Central Laboratory although either party can request an independent inspector to verify the quality. Quality disputes are resolved by the Independent Inspector.

F. It is EMT/PMI's standard practice to purchase fuel oil "delivered". Any divergence from this practice must be pre-approved by the EMC to assess the environmental and other risks.

Power: Purchases and sales of electricity are transacted on an hour-by-hour basis. The dealmaker that executes the transaction is responsible for the proper scheduling of the power.

A. Scheduling of hourly purchases and sales will be completed and verified before quarter till each hour. Longer term purchases and sales will be completed and verified prior to the start of schedule.

### 2.2.3 Forward Trades

#### 2.2.3.1 Negotiation and Structuring

With Forward Trades, the "negotiation" of a deal is completely dependent on the simultaneous "structuring" of that deal. Structuring involves the identification and pricing of every component of a trade – the physical commodity, transportation costs, demand charges, optionality, etc.

- A. Just prior to negotiating a deal with a counterparty, the dealmaker will alert the Structure Desk as to the specifics of the deal (i.e. pipeline, delivery point, and volumes).
- B. The Forward Markets Trader, will immediately contact "market makers" to get current market prices for each of the deal's risk components (NYMEX, basis, option, etc.). Once acquired, these prices are forwarded to the Structure Desk and dealmaker for review.
- C. The dealmaker is now free to negotiate the deal, armed with the knowledge of EMT/PMI's "cost" for the transaction.

#### 2.2.3.2 Deal Execution and Hedging

- A. Once both EMT/PMI and the counterparty agree to all terms of the deal, the trade is considered executed. If the purpose of the trade is to establish a position to be held in EMT/PMI's portfolio as permitted in Section 2.2.1 then no hedge is required.

While most price risk will be offset through financial derivatives, it can also be offset through entering into an offsetting physical trade ("back-to-back" trade). This is particularly common when trading power, which does not yet have a very liquid derivatives market.

- B. Since futures prices can be volatile, hedging with futures (or Nymex OTC Swap) should be done simultaneous to deal execution.
- C. The Forward Markets Trader will then call a market-maker or broker in basis to execute a basis swap when applicable.
- D. Some deals are "relative" deals at the moment of execution, meaning that some part of the deal's final terms will be determined at a later time. The most common examples of this are *trigger deals* and *EFP's* where the fixed-price (NYMEX) portion of the deal can be set ("triggered" or "posted" respectively) at a later time. When these types of deals are executed Hedging will not be necessary until the "unfixed component" is fixed.

One of the most common errors in deal capture is confusing an existing deal already in the System with a **new** deal. As a result, such transactions are often entered twice. To address this issue, the dealmaker will fill out a *Trigger Ticket* (See Appendix F) whenever they “fix” any component part of an **existing** deal that *already has been entered into the System*. The information required on the *Trigger Ticket* include:

- Trade (trigger) date;
- Dealmaker’s initials;
- Counterparty;
- Original Deal ID #;
- Whether the deal is a **Buy/Sell** and the deal’s volume;
- What price is being triggered, i.e. NYMEX or Basis;
- The triggered price;
- A time stamp recording the time the deal was executed.

The dealmaker will retain the top copy of the *Trigger Ticket*, and immediately give one of the remaining two copies to the Forward Markets Trader and the remaining copy will be forwarded on to Risk Management for confirmation purposes. The dealmaker will edit the underlying deal that is already in the System, adding the new price information.

#### **Protocol for requesting hedging transactions**

Derivatives – and particularly futures – are volatile, thus the consequences of errors can be high.

The most common error occurs when a dealmaker has just made a sale. With the thought “sell” fresh on the dealmaker’s mind, the dealmaker instructs the Forward Markets Trader to “sell” futures. As a result, the risk is doubled rather than eliminated.

There is a simple and very effective way to prevent this. Just as the dealmaker executes the deal and a hedge becomes necessary, they will say to the Forward Markets Trader...

“I am *buying gas, selling futures...*” or

“I am *selling gas, buying futures....*”

.... followed by the volume and the month(s) to be hedged.

Example: “*I am buying gas, selling futures; 55,000 total for January '99.*”

The Forward Markets Trader will inform the dealmaker as soon as the futures order is filled.

#### **2.2.3.3 Deal Capture**

##### **Capturing Physical Trades:**

- A. All forward trades will be recorded on a *Forward Physical Sheet* (See Appendix F). It is preferred that physical trades be captured in the System simultaneous to deal execution, but this will not always be practical. For example, during bid-week a dealmaker might be working on two or more deals at once. However, it is the dealmaker’s responsibility to ensure the deal is entered into the System *the same day the transaction is executed*.



B. Information to be entered into the System will include, but not necessarily be limited to:

- Trade Date;
- Counterparty;
- Starting and ending dates;
- Starting and ending times;
- Purchase / Sale;
- Daily, monthly, or hourly volumes;
- Price;
- Delivery point;
- Zone / Meter number;
- Performance obligation (firm, interruptible, etc.);
- Counterparty contact name, phone and fax number;
- Pertinent price, basis, fuel, transportation and wheeling cost information;
- Comments and/or specific instructions;
- Losses/shrink;
- Mark-to-market point;
- Dealmaker name;
- Settlement instructions, if different from contract terms or established industry practice. There is not much established industry practice in this area for power. As a result, it is important that the settlement instructions are clear and correct;
- A time stamp recording the time the deal was executed.

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Once the contract has been set up in the System, some of the above information will already be included and it will not be necessary to enter for each transaction. Once this information has been captured on the Forward Physical Sheet, the dealmaker will keep the top copy for his or her own records, and pass one copy on to Scheduling and the remaining copies to Risk Management. Trade sheets for all Forward trades (both Fuel and Power) executed prior to 3:30 PM must be completed and the third copy of the trade sheet must be available to Risk Management by 3:30 PM. Forward Physical Sheets are pre numbered and Risk Management will be responsible for accounting for disposition of all sheets provided. As a result, should a dealmaker make a mistake on a sheet the sheet should be voided and provided to Risk Management. Failure to capture a deal accurately or timely will subject the dealmaker to the discipline process.

Should there be a need to change any information after the deal sheet is submitted to Risk Management, an e-mail request should be sent by the dealmaker to the approved Risk Management personnel detailing the changes required. If the changes are made by Risk Management, the deal maker will be notified that the changes have been made and will be required to review the changes. If the deal maker makes the changes after Risk Management unlocks the deal, Risk Management will be notified that the changes have been made. At this time, Risk Management will re[lock the deal and review the changes. In all cases the dealmaker is ultimately responsible for the accuracy of the deal in the system.

Counterparty calls in directly and their EMT/PMI dealmaker is not available**CONFIDENTIAL**

When this occurs:

- A. A "backup" to the dealmaker will accept the call, and after verifying credit limits, etc., will execute the trade. The "backup" is also responsible for ensuring that the appropriate hedging takes place.
- B. The "backup" will capture the deal onto the appropriate form (if required), and enter the deal into the System on behalf of the customer's primary dealmaker.
- C. As soon as the primary dealmaker is back in the office, the "backup" will apprise him or her of the trade, at which point the primary dealmaker assumes full responsibility for the deal. When the primary dealmaker returns he/she must either 1) review the deal with the customer, 2) verify that a confirmation signed by the customer is on file, 3) verify that a confirmation from the customer that *agrees* with EMT/PMI's confirmation is on file.

**Capturing Financial Derivative Trades:**

Capturing financial trades is similar to the capture of physical trades. There are only two categories of financial derivatives: *Exchange Traded and Over-The-Counter (OTC)*.

**Exchange Traded:**

While there are three well-established energy exchanges – the New York Mercantile Exchange (NYMEX), the Kansas City Board of Trade (KCBOT), and the IPE (in London) – EMT/PMI will focus on the NYMEX. The principal product types traded are *futures* and *options*, which in combination create: spreads, strips, collars, strangles, etc.

- A. Due to urgency that normally exists when trading futures and options, all exchange trades will be initially captured on an *Exchange Traded Futures Ticket or EFP Trade Order Ticket* (See Appendix F).

The Forward Markets Trader will literally have one hand on the phone and the other jotting down information on the trade. Errors in the process or capturing exchange traded transactions will be considered serious and will subject the dealmaker to the discipline process.

- B. There will be times when trade orders are placed for a specific price. In these instances the price may not be reached and the trade may not be filled immediately. Unless there is a specific strategy that allows for the physical transaction to be unhedged, the physical dealmaker is not to commit to a physical transaction with price risk until that position is hedged. If the hedge order is not filled, the physical transaction is to also remain unfilled.

- C. Information required on an *Exchange Traded Futures Tickets* and the System include:

- Trade Date;
- Time stamp;
- Futures Broker, Clearing FCM;
- Buy/Sell;
- Instrument;
- Deal Hedged (counterparty);
- Contract month;
- Number of contracts;

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- Trade price;
- Dealmaker name;
- Strike Price (option);
- Premium (option);
- Trade Qualifiers (Stop, Limit, Stop-Limit, MOC, GTC, etc.);
- Physical volume being hedged (in the case of odd volumes);
- Delivery Point and Basis (helps distinguish between multiple deals with a single counterparty);
- Designation of book and strategy (to ensure proper accounting treatment in accordance with Generally Accepted Accounting Principles (GAAP) on trades executed as hedges).

Once the contract has been set up in the System, some of the above information will already be included and it will not be necessary to enter for each transaction. Once this information has been captured on the Exchange Traded Futures Ticket, the dealmaker will keep the top copy for his or her own records, and pass one copy on to Risk Management. Trade tickets for all must be made available to Risk Management and the deal captured in the deal capture system before the deal maker leaves for the day. Trade Tickets are pre numbered and Risk Management will be responsible for accounting for disposition of all tickets provided. As a result, should a dealmaker make a mistake on a ticket it should be voided and provided to Risk Management. Failure to capture a deal accurately or timely will subject the dealmaker to the discipline process.

Should there be a need to change any information after the deal sheet is submitted to Risk Management, an e-mail request should be sent by the dealmaker to the appropriate Risk Management personnel detailing the changes required. If the changes are made by Risk Management, the dealmaker will be notified that the changes have been made and will be required to review the changes. If the changes are made by the dealmaker, Risk Management will be notified that the changes have been made. At this time Risk Management will re-lock the deal and review the changes. In all cases the dealmaker is ultimately responsible for the accuracy of the deal in the system.

### **Over-the-Counter Price Swaps and Options:**

OTC financial trades fall mostly in two categories: Swaps and Options.

#### **Swaps**

Swaps are literally an exchange of two cash-flows – the receipt of one and the payment of another. The receipt and payment are netted out, leaving one party in the deal paying the other. The most common swaps are:

- Floating-for-Floating
- Fixed-for-Floating

**Floating-for-Floating:** By far the most common example of this is the *Basis Swap*, an instrument used primarily to hedge the cost of transporting natural gas from one location to another.

*Basis Swap: One party pays the NYMEX Settlement Price plus a fixed Basis Price, while the other party pays the Inside FERC (I.F.) Index Price for an agreed upon delivery point. Since neither the NYMEX Settlement Price nor the I.F. Index Price is known at the time of deal negotiation, they are both considered "floating".*

**Fixed-for-Floating:** with this swap, one of the two payments is "fixed" at the time of deal execution, and the second payment is set at a later date according to an agreed upon formula. Examples of this would be:

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*Fixed-for-NYMEX:* One party agrees to pay a fixed price, while the other party pays the NYMEX current price. (usually the sum of current NYMEX and basis prices)

*Fixed-for-Index:* One party agrees to pay a fixed price, while the other party pays the Inside FERC Index Price. (This swap is the equivalent of a Basis Swap plus a Fixed-for-NYMEX Swap.)

## Options

OTC options are mechanically the same as exchange options. They differ in their flexibility of terms. With OTC Options, one can negotiate exact (odd) volumes, and specific delivery points.

Owning an option gives one the right to:

- Purchase (*Call*) or sell (*Put*) a commodity
- At a pre-determined price (*Strike Price*)
- For pre-determined delivery period, and
- For a pre-determined volume.

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**Capturing Swaps and Options**

A. The Forward Markets Trader must capture the swap or option order either on a *Financial Swap Sheet*, or an *O-T-C Option Sheet* (See Appendix F), and enter the deal into the System *by the end of the transaction date*.

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B. Information to be captured on both the Trade Sheet and in the System include:

- Trade Date;
- Counterparty, contact name, telephone number and fax number;
- Buy / Sell;
- Call or Put (if applicable);
- Type of Swap (Fixed-for-Floating, etc.);
- Floating Price(s);
- Fixed-Price (if any);
- Strike Price and option Premium (if any);
- Physical deal being hedged (if any);
- Contract month(s);
- Volume;
- Any other pertinent comments;
- Designation of book and strategy (to ensure proper accounting treatment in accordance with GAAP on trades executed as hedges);
- A time stamp recording the time the deal was executed.

Once the contract has been set up in the System some of the above information will already be included and it will not be necessary to enter for each transaction.

Once this information has been captured on the Trade Sheet, the dealmaker will keep the top copy for his or her own records, and pass one copy on to Risk Management. Trade Sheets for all trades must be made available to Risk Management and the deal captured in the deal capture system before the deal maker leaves for the day. Trade Sheets are pre numbered and Risk Management will be responsible for accounting for disposition of all sheets provided. As a result, should a dealmaker make a mistake on a sheet the sheet should be voided and provided to Risk Management. Failure to capture a deal accurately or timely will subject the dealmaker to the discipline process.

Should there be a need to change any information after the deal sheet is submitted to Risk Management, an e-mail request should be sent by the dealmaker to the appropriate Risk Management personnel detailing the changes required. If the changes are made by Risk Management, the dealmaker will be notified that the changes have been made and will be required to review the changes. If the changes are made by the dealmaker, Risk Management will be notified that the changes have been made. At this time Risk Management will re-lock the deal and review the changes. In all cases the dealmaker is ultimately responsible for the accuracy of the deal in the system.

**2.2.3.4 Product Movement Nominations and Dispatch**

Product Movement is the process of matching the physical supply with the sales at a given location on a pipeline or grid. It requires the purchase of released firm or interruptible capacity for gas, or transmission service for power, to be transported to the required sales location.

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**CONFIDENTIAL****Natural Gas**

- A. Available capacity both at supply points and on transportation contracts is monitored and communicated by Gas Operations to the dealmakers daily through the Daily Capacity Report. That information is continuously updated so that deals are made with realistic performance obligations attached to them.
- B. By no later than the first day of bid-week, Gas Operations and EMT/PMI the Capacity Dealmaker will review all delivery needs that exist in EMT/PMI the Forward Book for the delivery month in question, and all transportation capacity that has been purchased.
- C. The Capacity Dealmaker will address any capacity needs or excesses for the coming months, and will acquire or dispose of capacity as needed.
- D. Once bid-week commences, all new deals entered into the System will flow into the gas control section of the System. Scheduling and the Capacity Dealmaker will see this as it occurs, and will respond accordingly.
- E. Due to the large volume of deals to be considered and difficulties associated with "first of month" nominations, all baseload deals (those deals completed during bid week for next months business) must be entered into the System prior to 8:00 AM EST on the last business day of the month. Those baseload and spot deals completed on the last business day of the month will be treated as spot deals and must be input prior to 12:00 PM EST.
- F. Supplies are then allocated to the sales based on their location. Deals which are done back-to-back are designated as such by the dealmaker and will be flagged in nominating system. These deals are the first ones to be nominated in System.
- G. The remaining supplies are then allocated based on the sales location, available capacity and the priority of the deal. Firm supply and/or sales will be scheduled either using a firm market, in the case of supply, or a firm supply source, in the case of a sale. Primary firm capacity may also be used to serve a firm market.
- H. Finally, interruptible deals are allocated using the remaining supplies and/or capacity.

**Fuel Oil**

- A. During the first half of the month (typically by the 10<sup>th</sup> or as outlined in the contract) Oil Supply personnel will determine the locations and volumes needed for the following month and nominate these requirements to the appropriate suppliers.
- B. The supplier will then respond within a predetermined time as detailed in the contract as to their agreement with the nominated deliveries.
- C. Independent inspectors, mutually agreeable to both parties, verify the quantity of the fuel oil received.
- D. The quality of the shipment is verified by the FPL Central Laboratory. Quality disputes are resolved by the Independent Inspector.
- E. It is EMT/PMI's standard practice to purchase fuel oil "delivered". Any divergence from this practice must be pre-approved by the EMC to assess the environmental and other risks.

**Power**

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- A. Available capacity both at supply points and on transportation contracts is monitored and communicated by Operations to the dealmakers daily. That information is continuously updated so that deals are made with realistic performance obligations attached to them. Available transfer capability is posted on each provider's oasis site.
- B. All transmission service should be reserved prior to the start of the schedule.
- C. Transmission service is reserved on an hourly, daily, weekly, monthly or yearly basis, depending on the power schedule. Service is also reserved on a firm or non-firm basis. It is EMT/PMI's standard practice to use non-firm.
- D. Tagging of all scheduled power purchases and sales is required with transmission service.

#### 2.2.4 Trades Executed While Out Of Office:

Immediate deal entry is not always possible since some deals are executed by Dealmakers while they are away from the North Palm Beach office (EMT-GB). The following steps should be taken to insure the integrity and documentation of such transactions:

- A. If the transaction is a non-standard transaction, (i.e. requires a contract to be negotiated and executed) then it is the responsibility of the originating Dealmaker to notify the applicable contract personnel on the status of the transaction. The Dealmaker is responsible for communicating the basic information, anticipated target date of execution and any issues specific to this transaction, none of which can be verbally confirmed telephonically.
- B. If the transaction, is a standard transaction (i.e. requires a confirmation to be generated under an existing contract) then the following steps must be completed:
  - 1) Contemporaneously with general terms and conditions of a transaction being agreed to by both the EMT/PMI Dealmaker and the counterparty, it is the responsibility of the EMT/PMI Dealmaker to initiate the following steps of action:
    - (a) The Dealmaker must call the number listed below and initiate a "request for verbal confirmation via a recorded line" through the EMT/PMI North Palm Beach office. This action will require the originating Dealmaker, the counterparty representative and EMT/PMI Risk Management representative (or designate) to confirm the transaction on a recorded line.
    - (b) Once the request is received by Risk Management, the Risk Management (or designate) recipient of the call will confirm the counterparty name, contact and telephone number in order to transfer the call over the recorded line.
    - (c) It is then also up to the originating Dealmaker to confirm the transaction in accordance with the verbal confirmation review process outlined in the procedures manual (See Section 2.2.C) on the recorded line.
    - (d) Once the verbal confirmation is complete then the originating Dealmaker must document the recorded line phone number, the time at which the call took place and document the information on the deal ticket so the information can be reviewed later if necessary.

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Primary number:  
Power: Ana Lozada 561-625-7086  
Gas Bill Quigley 561-625-7687  
Financial Diane Munroe 561-625-7088  
Secondary numbers:  
Manager of Marketing: Pete Hanson 561-625-7711  
Manager of Operations: Jeff Palumbo 561-625-7171  
Manager of Portfolio Opt: Nick Nicholas 561-625-7075

If the applicable personnel are not available for approval or access to the phone line is not available then the originating Dealmaker shall have no authority to consummate the transaction. All deals executed by Dealmakers are contingent upon the completion of this process.

All transactions must be documented within the applicable deal capture system (i.e. Nucleus) on the same business in which they are consummated. If the system access is not available then it is incumbent upon the originating Dealmaker to arrange an alternate plan of entering the information into the EMT/PMI systems.



### 3. DEAL VALIDATION AND VERIFICATION

#### 3.1 Generation and Verification of Deal Confirmations

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The confirmation of transactions serves the following purposes:

- Allows the dealmakers to review both their deals and the way the deal was captured;
- Protects EMT/PMI from the counterparty renegeing by ensuring that counterparties have an opportunity to review (and challenge if they disagree) all deals;
- Allows the Head of Risk Management the ability to detect unauthorized (rogue) trades and verify compliance with Policies and Procedures.

Two basic types of confirmations will be utilized in the confirmation process. One is a "negative" confirmation and the other is an "affirmative" confirmation. Negative confirmations will be utilized when a transaction is entered into pursuant to a fully executed contract, which has negative confirmation language. The negative confirmation requires no action on the part of the other party unless that party takes exception to the transaction, then it is incumbent upon that party to contact the sending party to discuss the discrepancies. If the receiving party does not contact the sending party within a given length of time, usually 48 hours, the confirmation is deemed acceptable.

An affirmative type confirmation will be utilized when a transaction has been entered into pursuant to a pending contract, or a contract that does not contain negative confirmation language. In the case of a transaction entered into under a pending contract, the confirmation will reference a form of contract that is appropriate, such as the Gas Industry Standards Board (GISB contract), the Edison Electric Institute-National Power Marketers Association power contract, or the International Swap Dealers Association contract (ISDA), all of which are copyrighted documents, or if one of these is not appropriate, then the confirmation will reference the form of contract which is in negotiation. The affirmative confirmation will also contain any language that would normally be included in our contracts as additions or deletions to the copyrighted form, such as the Special Provisions to the GISB contract. This affirmative confirmation will require the other party to sign and return it to us within a given time, whether or not they agree with the terms set forth in the confirmation. A follow up call will be made regarding any affirmative confirmation not returned within the specified time (with the exception of confirmations for physical transactions in the current month). In the case of an executed contract without negative confirmation language the same procedure will be used with the exception that the executed contract will be referenced in the confirmation.

All Fuel, and Financial transactions will be confirmed. All Power transactions with the exception of same day transactions will be confirmed. These confirmations will be sent out by the end of the next business day following the execution of the transaction. In all cases, should a confirmation be delayed in its transmittal the reason for the delay will be documented on the confirmation transmittal sheet. Deal tickets/sheets for all transactions requiring confirmation must be provided to the appropriate risk management personnel before the deal maker leaves for the day. Failure to provide this information in a timely fashion will subject the dealmaker to the discipline process.

Once deals are confirmed all deals will be locked with only Risk Management having the capability to unlock and change deals. Should there be a need to change any information after the deal ticket/sheet is submitted to Risk Management, an e-mail request should be sent by the dealmaker to the appropriate Risk Management personnel detailing the changes requested. If the changes are made by Risk Management, the dealmaker will be notified that the changes have been made and will be required to review the changes. If the changes are made by the dealmaker, Risk Management will be notified that the changes have been made. At this time Risk Management will re-lock the deal and review the changes. In all cases the dealmaker is ultimately responsible for the accuracy of the deal in the system.

In the case of a disputed trade, i.e. counterparty disagrees with EMT/PMI on the terms of a deal, the dealmaker, the dealmakers supervisor, the Director of Contracts and the Head of Risk Management should be informed by whoever first learns of the dispute. These individuals can determine what steps to take regarding the dispute, including listening to the recording of the deal, and contacting the counterparty.

### 3.2 Confirming Physical and OTC Derivative Trades

Some deals are "relative" deals at the moment of execution, meaning that some part of the deal's final terms (price, basis, etc.) will be determined at a later time. Except in those cases where the price defaults to a settle price these deals will ultimately require as many confirmations as there are "price components" (futures, basis, etc.) to trigger.

- A. Before the end of the day following a trades execution, Risk Management will generate a paper confirmation detailing the parameters of the specific deal from the System. The only exception to this requirement is for same day Power Transactions which are not confirmed in this manner. These deals are confirmed as outlined in section G below.
- B. This confirmation will be compared to the deal ticket/sheet for accuracy. In most cases when errors are detected, Risk Management will make the appropriate amendment(s) to the deal after the dealmaker is notified of the discrepancy. This notification will be in the form of an e-mail with return receipt. In all cases the dealmaker is ultimately responsible for the accuracy of the deal in the system. An amended confirmation will be generated, and this step is repeated.
- C. Once the confirmation is determined to be correct, the appropriate Risk Management personnel signs the confirmation, faxes it to the deal counterparty, attaches the fax transmittal confirmation to the deal confirmation, and files the confirmation. The confirmation recipient may or may not respond depending on the confirmation language (See Section 3.1 above). Any steps taken by a dealmaker to circumvent this procedure will be considered a *gross violation of policy*, and will subject the dealmaker to the discipline process.
- D. Risk Management will maintain a log of all confirmations faxed to counterparties within the System, and will check them off when the counterparty returns either a signed copy of the confirmation or a separate confirmation of the transaction.
- E. Many counterparties will generate their own confirmation, which will be sent directly to Risk Management. Risk Management will first verify that EMT/PMI "knows the deal", i.e. that EMT/PMI has generated its own confirmation.
- F. If, there is no corresponding EMT/PMI confirmation by noon of the next business day on which the transaction was executed, Risk Management will *immediately* contact the counterparty's dealmaker to see if the confirmation is an error. While the incident will usually prove innocent, this occurrence is a common indicator of an *unauthorized trade*. If the confirmation was an error, the situation is dropped. If the counterparty insists that the deal did occur, the Head's of Risk Management and Wholesale Operations or Forward Markets Group ("Management") as appropriate will be notified and the following steps will be taken:
  1. Management will question the EMT/PMI dealmaker.
  2. If the dealmaker acknowledges that he/she inadvertently failed to enter the deal into the System and it is a first time offense, the dealmaker will be reminded of the gravity of this violation. The violation will be noted on an exception report, and the dealmaker given

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another chance. If the dealmaker repeatedly violates this procedure, more serious disciplinary action must be considered, *including dismissal of the employee*.

3. If the dealmaker insists that there was no deal, the phone recordings will be listened to. The counterparty will be invited to listen to their own recordings. If the recordings support EMT/PMI's dealmaker, the counterparty will be informed of this fact. If they support the counterparty's claim, *immediate disciplinary steps should be taken, including consideration of dismissal of EMT/PMI's employee*.
- G. At least once during the month an accountant designated by the Director of Accounting and Finance will perform a "check out", of power deals executed during the month with counterparties. The results of this "check out" including any exceptions discovered during this process, will be communicated to Risk Management as soon as the process is completed. These exceptions will be considered as possible "Reportable Items" as detailed in the Discipline Process document. In addition, each night the hourly power desk personnel performs a check out on that days transactions. Since any differences found during this process will be corrected prior to the confirmations being sent and management reports prepared, exceptions found during this process will not be considered "Reportable Items".

### 3.3 Confirming Exchange Traded Derivative Trades

The process of confirming futures trades is as follows:

- A. After the close of the "day" session of the NYMEX (10:00 AM to 3:10 PM EST for Natural Gas, 9:55AM to 3:25 PM EST for Power) and before the commencement of the Access trading session for Gas on that same date (4:00 PM to 7:00 PM EST), the Forward Markets Trader will check out – verbally or in writing – all futures trades done that day with each respective futures broker.
- B. Any discrepancies will be addressed immediately by the Forward Markets Trader. If the discrepancy cannot be easily addressed, or if EMT/PMI is responsible for an error, the Head of Risk Management will take appropriate action immediately.
- C. All futures transactions will be entered into the System on the same day they were traded.
- D. The Exchange Traded Futures Tickets are in triplicate:
  - The top sheet will be placed *immediately* into a two-ring clipboard that will remain with the Forward Markets Trader.
  - The second copy is an extra copy that will be retained by the Forward Markets Trader. When that day's trades are checked out with the future's broker, they may be discarded.
  - The bottom copy will be given to Risk Management to cross-check futures trades against both what has been entered into the System, and what is on the *Daily Position Reports* faxed to Risk Management each morning from the futures brokers.
- E. Each morning Risk Management, personnel will also compare the *unrealized* gain/loss shown on the broker statements with the number calculated by the System. If the positions do not match or the dollar amounts are in excess of 1% of the total outstanding, then either the broker or EMT/PMI has a data error. Once isolated, Risk Management personnel should ask the Forward Markets Trader to investigate, and resolve the discrepancy.

**4. RISK DISAGGREGATION AND INTER-BOOK TRANSFERS****CONFIDENTIAL****4.1 Risk Disaggregation**

EMT/PMI's portfolio of energy will consist of a series of books. Some of these books will exist for the purpose of *Strategies* and/or *Geographical Areas*. Others will be the repositories of the distinct risk types (fixed price, basis, etc.). By separating EMT/PMI's business into books, management can:

- Objectively measure the performance of both individual dealmakers and strategies, and
- Manage each component or risk (book) discretely.

*Risk Disaggregation* is the process of separating all the components of risk inherent to a deal so that the various risk components can be discretely hedged. There are various categories of risk: *price*, *physical* and *transportation*.

**4.1.1 Price Risk**

Price risk is the risk inherent to a portfolio due to fluctuations in the market. There are four components of a deal that can suffer price risk: futures, basis, index and option.

**4.1.1.1 Futures**

By definition:

$$\text{Fixed Price} = \text{Futures Price} + \text{Basis} + \text{Index}$$

*Futures (price) Risk* is that portion of a fixed price that is based on a prevailing futures price. As the name implies, it is a risk that can be perfectly offset / hedged using NYMEX futures.

**4.1.1.2 Basis Risk**

*Basis Risk* is the portion of a fixed price that represents the theoretical cost of capacity to transport gas from the *Henry Hub* (the delivery point for NYMEX futures in SW Louisiana).

Even if a *forward* deal is negotiated at a single delivered price, it still has both a futures and a basis price component. For example:

A dealmaker makes a sale of gas for February delivery at a *total delivered* price of \$2.50. Even though this delivered price does not distinguish the *futures* and *basis* components of the \$2.50 price they can be extrapolated.

$$\text{Delivered Price} - \text{Current Basis} = \text{Futures Price}$$

After a couple of phone calls, it is determined that the current market price for basis is still 15 cents. Subtracting \$.15 from \$2.50, the futures price is calculated to be \$2.35.

**4.1.1.3 Index Risk**

Index prices are considered "the market" for first of month natural gas prices.

The *Index Price* for natural gas is a price posted by the *Inside FERC* publication on the 2<sup>nd</sup> business day of each month. In theory, it is the *weighted average* of all *fixed-price* deals done during bid-week.

The prices used in its calculations are gathered through surveys of the "major market players". However, no one verifies the surveyed information; thus an incentive exists to "speak one's position" when surveyed. Hopefully, this process of *liar's poker* offsets itself between those being surveyed.

Gas is often bought or sold at some differential to the posted Index price. ("I will sell you gas at Index + 2 cents". The 2 cents is the "index risk".)

This premium/discount is the least form of risk within the natural gas marketing business in that it changes so slowly.

**4.1.1.4 Option Risk**

Option risk exists in any deal where the amount of gas bought / sold is variable while the price of the gas is fixed.

The most common example of this risk would be a "peaking" deal, where a utility has the *option* to call on gas for a pre-determined number of days within a finite period, but not the *obligation* to take the gas.

The risk to EMT/PMI is the "replacement cost" of the gas if/when it is called on. The premium (or "demand charge") paid by the customer is calculated to offset the replacement cost.

The two most common options provide the buyer flexibility in the total volume that can be accepted/delivered for: 1) the entire delivery month, or 2) specific day(s) *during* the delivery month (Gas Daily option).

**4.1.2 Physical Risk**

Physical risk is the risk of being unable to acquire the actual molecules/ electrons needed to fulfill a contractual obligation. This risk is typically a function of liquidity. It is incumbent on EMT/PMI the dealmakers and management to understand the liquidity (or lack thereof) of the markets targeted for business.

**4.1.3 Transportation Risk**

Transportation risk is the opposite of physical risk. It is concerned with the ability to deliver the molecules/electrons rather than acquire them. Physical deals should not be executed without either:

- Owning the ability to transport the commodity, or
- Having a high degree of comfort that the capacity to do so will be available when needed.

**4.2 Inter- Book Transfers**

EMT/PMI will have very dynamic interaction between its books.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Excluded information relates to unregulated activities.

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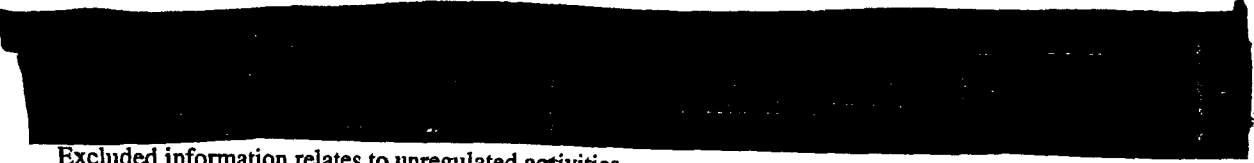
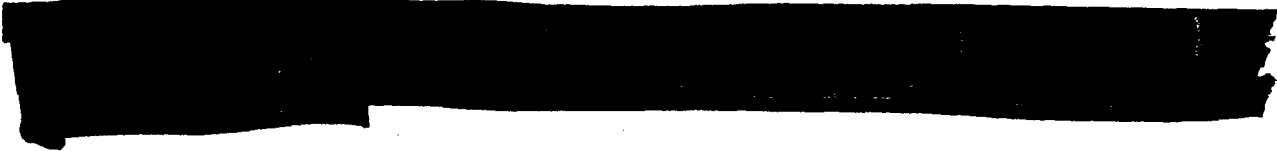
Excluded information relates to unregulated activities.

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Excluded information relates to unregulated activities.

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Excluded information relates to unregulated activities.

**4.3 Risk Limits – FPL EMT**

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The following risk limits have been established for the FPL EMT Business Unit

**SPOT ACTIVITY**

A. It is the responsibility of the Director of Wholesale Operations to monitor the following limits frequently. Risk Management will verify that the actual positions are within the limits.

COMMODITY	MAXIMUM VOLUME PER DAY
Natural Gas	150,000 MMBtu/day
Fuel Oil (All Grades)	250,000 Bbls/day
Coal	NA
Emissions Credits	Included in Fuel Risk

- These limits will remain in effect until systems enhancements are made to support VaR calculations for spot activity.
- Spot month is the month in which the power and/or fuel flows.
- All location spread activity shall not exceed the 250,000 MMBtu/day limit.

All physical risk is considered to be inherent in our daily requirements and accepted organizationally as an outstanding business risk, therefore limits will not be allocated for monitoring purposes.



**FORWARD ACTIVITY for Florida Power & Light Company**

Risk Types/Periods	Current Limits	Maximum Limits	Duration Limits [2]
<b>FPL Procurement Transactions (1) :</b>			
Value at Risk	\$5,000,000	\$30,000,000	2 Years
Loss Limit, year to date (1)	\$12,000,000	\$20,000,000	2 Years
<b>VOLUMETRIC LIMITS</b>		<b>NATURAL GAS</b>	
<b><u>Fixed Price</u></b>			
Monthly Limit	750 Contracts (7.5 Bcf) Monthly	1,500 Contracts (15 Bcf) Monthly	5 Years
Aggregate Limit	2,500 Contracts (25 Bcf) Aggregate	5,000 Contracts (50 Bcf) Aggregate	5 Years
<b><u>Basis</u></b>			
Monthly Limit	2,500 Contracts (25 Bcf) Monthly	5,000 Contracts (50 Bcf) Monthly	5 Years
Aggregate Limit	20,000 Contracts (200 Bcf) Aggregate	40,000 Contracts (400Bcf) Aggregate	5 Years

Note 1: Excludes utility firm transportation.

Note 2: One contract equals 10,000 mmbtu of gas.

**OIL****Fixed Price**

Monthly	1,500 contract	3,000 contract
Aggregate	5,000 contract	10,000 contracts

Note: One contract equals 1,000 barrels of oil.

Req. consensus approval of PCD & Utility management.

**FORWARD ACTIVITY (Continued)**

<b>Risk Types/Periods</b>	<b>Current Limits</b>	<b>Maximum Limits</b>	<b>Duration Limits [2]</b>
<b>FPL Trading Transactions:</b>			
<b>Value at Risk</b>	\$ 500,000	\$15,000,000	2 Years
<b>Loss Limit, year to date</b>	\$ 1,000,000	\$ 5,000,000	2 Years

**VOLUMETRIC LIMITS****Fixed Price**

Monthly Limit	15,000 mmBtu/month	30,000 mmBtu/month	2 Years
Aggregate Limit	300,000 Aggregate	600,000 Aggregate	2 Years

**Basis**

Gulf Coast – Summer Daily Limit	60,000 mmBtu/day	120,000 mmBtu/day	2 Years
Gulf Coast – Summer Aggregate Limit	6 Bcf Aggregate	12 Bcf Aggregate	2 Years
Gulf Coast – Winter Daily Limit	20,000 mmBtu/day	40,000 mmBtu/day	2 Years
Gulf Coast – Winter Aggregate Limit	2 Bcf Aggregate	4 Bcf Aggregate	2 Years
Northeast – Summer Daily Limit	10,000 mmBtu/day	20,000 mmBtu/day	2 Years
Northeast – Summer Aggregate Limit	3 Bcf Aggregate	6 Bcf Aggregate	2 Years
Northeast – Winter Daily Limit	2,000 mmBtu/day	4,000 mmBtu/day	2 Years
Northeast – Winter Aggregate Limit	1.2 Bcf Aggregate	2.5 Bcf Aggregate	2 Years

(1) FPL Transactions include losses in comparison to market prices, even though FPL consumes the gas or power involved in most of its transactions. When opportunity losses occur for power or gas used by the FPL system, no actual loss is incurred. Using this method for risk management is more rigorous and conservative, models an unregulated environment, and provides better procurement practices and potential results for customers.

(2) Any period from next calendar month forward.

**5. SETTLEMENT**

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**5.1 Verification and Calculation**

Deal settlement is the series of steps required to determine the total dollars to be *paid* or *received* in conjunction with each deal.

Some transactions have all related pricing information available as of deal execution, but many deals are negotiated with "to be determined" (floating) prices. For example:

- Triggers
- EFPs
- Swaps
- Index

All of these deal types have pricing components that are set after deal negotiation. Before these deals can be "settled", the missing price information must be supplied.

Below is a table reflecting the day each month on which the "floating" prices are available:

<u>Deal Type</u>	<u>Availability</u>
NYMEX	3 <sup>rd</sup> business day prior to the end of the month <i>preceding</i> the delivery month (the day of NYMEX final settle)
Index	The actual day of the month is dependent upon the referenced publication (The second business day of the delivery month in the case of <i>Inside FERC</i> )
Basis	The second business day of the delivery month (Basis determination requires both the NYMEX and Index settlements)
Gas Daily	The first business day <u>following</u> a delivery month (the <i>Gas Daily</i> publication on that day will include the final price used to calculate the <i>average Gas Daily price</i> for the month)

Note: In the case of *trigger* and *EFP* transactions, NYMEX and Basis prices *can* be fixed before (often well before) their respective futures contract's and basis' final settlement.

**5.1.1 Physical Deal Settlement**

The missing price component(s) of all "to be priced" deals will be entered into the System by Risk Management personnel regardless of whether the price(s) become available prior to settlement or at settlement.

**5.1.1.1 At Settlement**

It is a simpler process overall to *fix* "floating" prices at their respective settlement values. Risk Management personnel inputs the appropriate price (NYMEX settle, Index, etc.) into the System. The System will automatically "distribute" this data to the appropriate deals, make any required calculations and determine the *Settlement Price(s)*. No inter-book swap is required.

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### 5.1.2 Physical Deal Invoices

Physical deals, by their nature, cannot be invoiced until after the delivery period so that the "actual gas flowed" can be determined and factored into the invoice calculation.

- A. On the last business day of the delivery month in question, Gas Operations will cross-check the actual volumes that *flowed* to/from the counterparty with those volumes reflected in the System. Gas Operations will generate a list of discrepancies, make the appropriate adjustments within the System, and inform Accounting that the volumes are correct.
- B. Using the "Unpriced Deals Report", Accounting will review all physical deals in the System to ensure that each has a price. Should there be any deals after the end of the delivery month that are missing prices, Accounting will inform the deal's respective dealmaker, who will research *and determine* the correct price *within one hour*. Failure to comply with this requirement will subject the dealmaker to the discipline process.

Due to the very tight schedules that Accounting is under to close out the books each month, there will be no tolerance for non-compliance on this issue, except for mitigating circumstances that are considered acceptable by the Director of Wholesale Operations, and Director of Accounting and Finance.

- C. Risk Management will enter the missing prices into the System.
- D. Invoices will be generated by Accounting, and sent to the appropriate counterparties.

### 5.1.3 Financial Deal Settlement and Invoicing

Unless indicated otherwise in the deal's contract/confirmation, over the counter financial derivatives settle *five business days* after all the settlement price(s) are available. Accounting will generate an invoice from the System and review the information for reasonableness. If any discrepancies are noted, Accounting will confer with the dealmaker and/or Risk Management to resolve the discrepancies. Accounting will fax the invoice to the counterparty, and verbally confirm the invoice with the counterparty's respective settlement person.

Over The Counter Option premiums are typically due two or three days following the execution of the transaction. When an Over The Counter Option is executed, Risk Management will notify Accounting so that an invoice can be generated for payment or notification of payment due.

## 5.2 Paying and Receiving

### 5.2.1 Authorities

No Trading or Marketing personnel are allowed to authorize any cash settlements, or receive or record any cash receipts arising from transactions. Authorization levels for cash disbursements are specified in Appendix B. The authorization limits referenced in Appendix B are only applicable to trading activities. Such authority does not exist and can not be exercised with respect to normal disbursements, including non-trading related disbursements at EMT/PMI.

### 5.2.2 Payment Request Procedure

The Director of Accounting and Finance will designate an accounting staff person (Accountant) to be responsible for initiating payment for all transactions. Payment of invoices will be processed through one of FPL's systems (Paris A/P, PMIS, Treasury Workstation, etc.), after matching invoices received to payable balances in the System. A copy of Over The Counter confirmations will be provided to the

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Forward Markets Trader for verification. The FPL Finance Department keeps a record of all wire transfers to record payments, but all other record-keeping responsibilities remain with EMT/PMI. The Accountant will prepare a payment request and forwarded for authorization, consistent with levels indicated in Appendix B.

When possible, payments will be made via wire transfer.

### **5.2.3 Standing Payment Instructions**

Payment information specified in Appendix C must be included in each confirmation or in the Master Agreement that governs any subsequent confirmation.

### **5.2.4 Payment Receipt Procedure**

The Accountant is responsible for initiating and sending invoices to counterparties for all transactions.

Cash receipts will be compared to System records and any differences investigated. An Accountant independent of the payable function will be responsible for posting to the System and ensuring timely deposits.

**CONFIDENTIAL****6. ADMINISTRATIVE****6.1 Exchange Traded Futures****6.1.1 Margin Requirements**

The EMT/PMI Finance section is responsible for monitoring margin calls and receipts, and for providing projected cash flow information to FPL's Finance Department. After Risk Management has reconciled the Futures Clearing Merchant's Daily Position Report to EMT/PMI's records, the EMT/PMI Finance section will be notified of the completion of this step and the need for any margin deposit.

**6.1.2 Variation Margin Account Payment**

Calls for additional funds (Margin Calls), or amounts in excess of the Initial Margin requirement will be settled by wire transfer as needed after reconciliation with the Head of Risk Management (see Section 3.3). Specifically:

- The Director of Accounting and Finance will designate an Accountant to be responsible for initiating payment for all margin account deficits. An accounting voucher will be prepared. The Accountant will verify that it is correct and that it matches the daily reconciliation performed by Risk Management. The voucher is then initialed by any authorized signer as specified in Appendix B and sent to the FPL Finance Department. Similarly, the System will advise that a payment is to be received by FPL from the Futures Clearing Merchant's.
- The FPL Finance Department handles all payments based on the voucher. Payments are authorized by approved limits. When possible, payments will be made via wire transfer.
- Once the invoice is paid, the voucher is sent to Accounting with a copy kept by the FPL Finance Department. Receipts are cross-referenced to the bank statement by Treasury for verification of receipt.

**6.1.3 Documentation**

EMT/PMI Accounting retains all reconciliation and exception documentation. Daily confirmations are used to validate monthly confirmations, then disposed. Monthly Futures Clearing Merchant's account confirmations are to be scanned into the System and sent to Corporate Records for retention for three years, consistent with Commodities Futures and Trade Commission regulation for the Futures Clearing Merchant's.

**6.2 Measurement Methodologies****6.2.1 Credit Measurement Methodology**

Credit exposures will be calculated by the System on a counterparty by counterparty basis, with offsetting exposures to be netted where documentation permits to determine an aggregate exposure for each individual counterparty.

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### 6.2.2 Market Risk Measurement Methodology

Market risk will be measured from two perspectives:

- Loss Limits (defined in the Policy Document), which measure performance through *realized* and *unrealized* gains and losses to the portfolio (applicable to FPL only), and
- Value-at-Risk (VaR), which attempts to quantify the risks to a portfolio (given current market conditions) in the near future (applicable to all business units).

The System will quantify the VaR as a component of different aspects of market risk management and credit risk management. Determination of VaR will be made by the System using a real time variance-covariance methodology or Monte Carlo calculations when determined appropriate by the Head of Risk Management. The variance-covariance methodology will use a matrix multiplication of volatilities and correlations to determine the overall volatility of the trading portfolio with the latter methodology performing multiple scenario simulations to determine VaR. The determination of volatilities and correlations will be the responsibility of the Head of Risk Management, subject to EMC approval.

The approved trading volume limits are specified in Appendix D of the Policy Manual.

### 6.3 Systems Access

The following describes the process to be followed regarding systems access for both new employees as well as existing employees changing positions.

#### 6.3.1 New Employees

The Administrative Assistant reporting to the Director of Operations & Administration is responsible for notifying Systems personnel of new employees. Systems personnel will then:

- establish the user's system id
- fill out the top portion of the Nucleus User Authorization Form (See Appendix F)
- Sign the Form
- Forward the Form on to Risk Management

Risk Management Administrative Assistant then performs the following:

- Completes the Nucleus User Authorization Form at the direction of the Risk Management Position Manager.
- Establishes the user's access rights based on the user's department.
- Deactivate the user's access until authorization is obtained.

Finally the Risk Management Position Manager or Head of Risk Management does the following:

- Signs the Nucleus User Authorization Form
- Activates the user in Nucleus
- Returns the Form to the Risk Management Administrative Assistant for filing

#### 6.3.2 Existing Employee Changing Positions

The Administrative Assistant reporting to the Director of Operations & Administration is responsible for notifying Risk Management personnel of any change in job functions. From that point the process is the same as that followed for new employees.

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### 6.3.3 Employee Leaving Company

Since employee leaving represents increased risk it is the responsibility of the employee's supervisor to notify Risk Management personnel of the departure. Risk Management personnel will then deactivate the user's access.

## 6.4 Reporting

There are numerous aspects to any physical or financial transaction that require diligent monitoring and adherence to specific guidelines. Exceptions arising from the guidelines must be documented by all personnel involved in the trading process. Exception documentation should include the nature of the exception, how it occurred and why, as well as any remedial action taken and the result of that action. Any exception identified by any member of the Company with respect to the trading process must be documented on the same day and forwarded to the Head of Risk Management. Further, each month the Head of Risk Management will prepare and distribute to management the Exception Report (see Management Reporting) including details of the action taken or to be taken on the particular exception. The Head of Risk Management will take care to accurately detail the timing and nature of the exception, the action plan and any broader steps taken to ensure the exception is not repeated.

### 6.4.1 Exception Limit Reporting Process

#### 6.4.1.1 Market Risk

When pre-determined market risk tolerance limits are approached or breached, it is the responsibility of management to implement actions necessary to bring exposures to acceptable levels. As part of the Management Reporting process, the EMT/PMI President should include any actions taken or anticipated to limit the overall levels of market risk to insure limits are respected.

When either an individual limitation, or aggregate market risk tolerance limit has been exceeded, the following shall take place:

- Trading that will increase market risk is to be suspended immediately while the limit has been exceeded.
- The EMT/PMI President and Head of Risk Management are to be notified immediately.
- The Head of Risk Management, EMT/PMI President and other appropriate EMT/PMI employees should decide on an appropriate corrective course of action.
- If the current market risk limits specified in Appendix D of the Policy Manual are exceeded, the EMC is to be notified immediately. Upon notification, any member of the EMC may request a meeting of the EMC to determine the appropriate action. The FPL Chairman must be immediately notified if the maximum limits specified in Appendix D of the Policy Manual are exceeded.



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#### 6.4.1.2 Credit Risk

Trading personnel will immediately suspend all new trade activity with a counterparty or group of counterparties when the assigned credit limit has been reached or exceeded. Every effort must be made to reduce the exposure in this circumstance. Disciplinary action or dismissal will result from the intentional increase in the credit exposure to a counterparty/group that has already exceeded the approved credit level assigned by the Company.

Where either a counterparty-specific or aggregate credit limit has been exceeded, the following shall take place:

- Trading with that counterparty or those counterparties that will increase credit exposure is to be suspended immediately while the limit is exceeded.
- The EMC is to be immediately notified that certain credit limits have been exceeded.
- The Credit Officer, EMT/PMI President and other appropriate employees should decide on an appropriate corrective course of action.

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The following table lists the distribution, reporting frequency and originator of reports considered essential for management information and control purposes:

<b>Report</b>	<b>Distribution</b>	<b>Normal Frequency</b>	<b>Originator</b>
Fixed Price and Basis Compliance Reports	Dealmakers/EMT/PMI Management	Daily	Head of Risk Management
Futures Position Summary Report	Dealmakers/EMT/PMI Management	Daily	Head of Risk Management
Daily Management Report	EMC, EMT/PMI Management	Daily	Head of Risk Management
Credit Accumulation by Category	EMC	Quarterly	Credit Officer
Credit Accumulation by Category	EMT/PMI Management	Daily	Credit Officer
Credit Report	Dealmakers	Real Time Availability - Nucleus	Credit Officer
Exceptions Report	EMT/PMI Management	Weekly	Head of Risk Management
Missing Contracts Report	Dealmakers, EMT/PMI Management	Real Time Availability – EMT/PMI Today	Contract Administrator
Unpriced Contracts Exceptions	Accounting, Dealmakers	End of Month As required	Accounting

**Fixed Price and Basis Compliance Reports** - (Originator – Head of Risk Management)

Distributed daily to the Trading personnel. This report will document:

- Net open long/short position, in aggregate and by book, location and delivery period or other

**Futures Position Summary Report** – (Originator – Head of Risk Management)

- Net futures positions in the form of numbers of contracts long or short

**Daily Management Report** – (Originator – Head of Risk Management)

Information provided to EMT/PMI Management and EMC includes:

- Current VaR levels and limits by book
- Current Mark To Market results and limits by book
- Current net position (fixed price and basis) by book
- Cumulative realized gains/losses generated by the commodity trading and exposure management from the commencement of the current fiscal period in aggregate and by dealmaker, book, strategy, location and delivery period or other (EMT only)
- Violation of any exposure limit

- Net changes on the day, for the current calendar month and for the year to date in aggregate and by book.
- Summary, of deals executed and exceptions noted

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Credit Accumulation by Category – (Originator - Credit Officer)

- This report will provide the total value of credit extended to counterparties by category as specified in the Risk Management and Trading Policy Manual.

Credit Report - (Origination/Credit Officer)

- Provides the net credit exposure by counterparty

Exceptions Report - (Originator -Head of Risk Management)

- Provides summary, by dealmaker, of deals executed and exceptions noted, including violations of dealmaker limits. Also provides details of exceptions noted and statistical data and charts relating to exceptions.

Missing Contracts Report – (Originator - Contract Administrator)

- Summarizes the counterparties for which signed contracts have not been received.

Unpriced Contracts Exceptions – (Originator - Accounting)

- Summarizes any deals that do not have prices.

\*\*\*Stress Testing of the Portfolio - (Originator - Risk Manger)

- Mark to Market Stress Testing - Report summarizing the impact of shocking the portfolio to quantify the magnitude of exposures in extreme market scenarios. Stress Testing will include back-testing of VaR.
- Credit Exposure Stress Testing – Report summarizing the impact of a change in counterparty exposures when the one-month forward average commodity price increases by 25% or greater from the market level used in the previous weeks credit summation.

\*\*\* - These reports will be made available as systems enhancements are made. They are not part of the current reporting requirements.

EMT/PMI Personnel will identify additional credit reporting to support the business requirements.

**7. APPENDIX A - AUTHORIZED DEALMAKERS**

Individuals currently authorized to enter into transactions with counterparties (Dealmakers), and their related limits are as follows.

**Authorized Dealmakers****OTC PRODUCTS**

Raj Agarwall	Eulalio Mendiola
Paul Ballman	Bill Miller
Larry Boisvert	Art Morris
Alex Brinis	Terry Morrison
David Brown	Bill Murphy
Dave Camardese	Nick Nicholas
Rick Dargento	Jeffrey Palumbo
Jay Davis	Rangan Padmanabhan
Mike Dickenson	Jerry Patrick
Jeff Dunn	Art Ruiz
Keith Emery	Bonnie Russ
Greg Fant	Michelle Sefchick
Harold Frieden	Joe Stepenovitch
Peter Hanson	Jim Treadway
Winton Kelly	Gene Ungar
Bill Key	Dave Van Pelt
Chuck Latham	Jeff Wallace
Douglas Max	Dan Wheeler
Sean McCarthy	Danielle Wilks
Bruce McCracken	John Wood
Mark McKee	Gerry Yupp

**EXCHANGE TRADED PRODUCTS**

Raj Agarwall	Rangan Padmanabhan
Gene Ungar	Eulalio Mendiola
Dan Wheeler	Terry Morrison

**ELECTRONICALLY TRADED PRODUCTS**

Eulalio Mendiola	Bill Murphy
Raj Agarwall	Jeffrey Palumbo
Rangan Padmanabhan	Jeff Dunn
Dan Wheeler	Art Ruiz
Terry Morrison	Jeff Wallace
Mark McKee	

Risk Management will be responsible to add or subtract commercial personnel as needed.

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**8. APPENDIX B - CASH DISBURSEMENT AUTHORIZATIONS**

The authorization limits referenced here are only applicable to trading activities. Such authority does not exist and can not be exercised with respect to normal disbursements, including non-trading related disbursements at EMT/PMI.

C. Michael Coller, Senior Accountant	\$5,000,000
Paul Karns, Director, Contracts	\$5,000,000
Henry G. Williams, Supervisor Fuel Accounting	\$5,000,000

9. APPENDIX C - BANKING INFORMATION

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For payment by wire transfer:

Bank of America,  
Account #: 3750132076; ABA #: 111000012  
Account Name: Florida Power & Light Company - General Fund

For payment by check:

Florida Power & Light Company  
General Mail Facility  
Miami, FL 33188-0001

**10. APPENDIX D - CREDIT POLICY AND PROCEDURE****CONFIDENTIAL****10.1 Credit Review Process**

Background: The Counter Party Customer Credit Review Process is to be applied consistently to all business relationships external or internal to the FPL Group companies. Business relationships between FPL Group companies (regulated or unregulated) will require that FYE audited financial statements be used for credit evaluation and determination or that a credit enhancement to be provided (i.e., FPL Group Capital Guaranty).

All counter party customers and credit support providers require a comprehensive credit review at least once every twelve months, with priority credit review status applied to the largest (in terms of sales) counter party customers.

- 1) Credit Management will receive a electronic copy of the Customer Contract/Credit Request Form from the requesting commercial personnel. This request will initiate a Credit Department review for accuracy and completeness. If any discrepancies, omissions or inaccurate information is provided then the Credit Department personnel will contact the commercial personnel and request additional information. Otherwise the Credit Department will initiate the execution of a Credit Authorization Form.
- 2) All requests for initial review and/or changes to counter party credit status will be input into the Credit Review Status Logbook.
- 3) The Credit Department will review the type of activity contemplated and whether there are any pending deals in order to establish priority of the response back to the requesting commercial personnel.
  - a) If the request requires an immediate response, then proceed with step number four (A 1)
  - b) If the request does not require an immediate response, then proceed with step number fourteen (B1)
  - c) For credit reviews of credit support providers, proceed to step number twenty-five (C1)

**A. COUNTER PARTY - INTERIM CREDIT STEPS**

- 1) The Credit Department will initiate contact with counter party's Credit Manager and request any information supporting the following requirements:
  - a) Determine ownership/legal status of customer, if a subsidiary company then determine hierarchical position of company
  - b) Financial year end audited financial statements for the customer or credit support provider
  - c) Senior long term debt ratings from recognized credit rating agencies (Moody's, Standard & Poors, Fitch IBCA, or Duff & Phelps)
  - d) Bank and trade credit references
  - e) Corporate literature describing the business operations and capabilities
  - f) Form of credit enhancement (guaranty, letter of guaranty, bond) from credit support provider (all of these documents will require review by Legal)
- 2) The Credit Department will perform a qualitative review of the financial statement, along with relevant data input into the Credit Management System for a quantitative analysis in order to determine an internal score. This will include calculating Liquidity, Leverage and Profitability ratios and the customer's Tangible Net Worth.
  - a) Qualitative items
    - i) Organization structure (relation to parent company)
    - ii) Number of years in business
    - iii) Company reputation
    - iv) Strategic importance to contracting FPL entity(ies)
    - v) Control of assets (i.e., generation, production fields)

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- b) Quantitative items
  - i) Customer name and address
  - ii) Business type
  - iii) Contact information
  - iv) Credit agency rating(s)
  - v) Financial statement information
  - vi) Other
- 3) Upon completion of analyzing the information a financial score will be developed to indicate the customer's creditworthiness and equivalent class rating. This score will be applied to assign the EMC approved maximum credit limit by rate class. A second level of analysis will be completed by the Credit Department to determine approved credit limit by quantifying the Tangible net worth of the counter party. This two layer approach to credit management will enhance our current review process and directly correlate the actual amount approved by the Credit Department personnel. The scoring will be as follows:
  - a) Scoring is from 1 to 6, translating into the following
    - i) 1 AAA
    - ii) 2 AA
    - iii) 3 A
    - iv) 4 BBB
    - v) 5 BB
    - vi) 6 B
  - 4) Upon acceptable review, the Credit Department will complete the credit fields within New Customer Contract/Credit Request Form
  - 5) Immediately upon acceptance of the interim credit review, the Credit Department will input the interim credit limit and information into the Company Maintenance Form in the Nucleus Trading System. This will immediately give the counter party an active status and available credit limit. The interim credit line will be set with an expiration date that is in accordance with the EMC approved credit policy.
  - 6) Simultaneously the Credit Department will verbally notify the requesting commercial personnel of the interim credit decision and communicate the approved interim limit or form of enhancement in process.
  - 7) Thereafter the Credit Department will create a permanent counter party credit file containing all the documentation accumulated in the review along with the New Customer Contract/Credit Request Form.
  - 8) Credit Department personnel will then route file to pending file storage.
  - 9) Prior to the expiration date of the interim period, the Credit Department personnel will review the customer file to address the pending issue if a permanent credit line has not been established for the counter party.
    - a) Determine appropriate action
      - i) Inactivate customer account if permanent credit is not to be established
      - ii) Update information for possible review and extension of interim credit limits. If extension is recommended by the Credit Department personnel then request specific approval from Management (ie. Head of Risk Management, Corporate Controller or EMT President) to extend the interim limits as noted within the Policies and Procedures manual.
        - (1) 1 to 31 days – Credit Officer
        - (2) 32 to 62 days – Director of Risk Management
        - (3) 63 days and beyond – President of EMT or FPL Vice President of Accounting & Controller
      - iii) If approved then Credit Department personnel will modify the credit expiration date in Nucleus Trading System.
  - 10) At the end of the business day the Credit Department will route the pending and active file to the file room located at G5269.



**B. COUNTER PARTY - PERMANENT CREDIT STEPS**

- 1) The Credit Department will initiate contact with counter party's Credit Manager and request any information supporting the following requirements:
  - a) Determine ownership/legal status of customer, if a subsidiary company then determine hierarchical position of company
  - b) Financial year end audited financial statements for customer or for credit support provider
  - c) Senior long term debt ratings from recognized credit rating agencies (Moody's, Standard & Poors, Fitch IBCA, or Duff & Phelps)
  - d) Bank and trade credit references
  - e) Corporate literature describing the business operations and capabilities
  - f) Form of credit enhancement (guaranty, letter of guaranty, bond) from credit support provider (all of these documents will require review by Legal)
- 2) The Credit Department will review the financial statement and all other information noted above on a quantitative or qualitative basis for analysis in order to determine an internal score.
- 3) Review the FYE audited financial statements as well as appropriate information disclosed with the footnotes to the financial statements (i.e., disclosure of goodwill) for possible use in adjusting the financial statement information
- 4) Enter all applicable information into the Credit Management System (CMS) to determine the financial credibility of the counter party and to determine a quantitative score. The following information must be input:
  - a) Customer name and address
  - b) Business type
  - c) Contact information
  - d) Credit agency rating(s)
  - e) Financial statement information
  - f) Other
- 5) Upon completion of analyzing the information within the CMS, a financial score will be generated upon the customer's creditworthiness. This score will be applied as follows:
  - a) Scoring is from 1 to 6, translating into the following
    - i) 1 AAA
    - ii) 2 AA
    - iii) 3 A
    - iv) 4 BBB
    - v) 5 BB
    - vi) 6 B
- 6) Upon determination of creditworthiness of customer establish a credit line in accordance with the EMC approved matrix detailed within the Credit Policies for the particular business unit.
  - a) Should the results of applying the credit score to the matrix not allow for a sufficient credit line, then additional credit may be obtained through utilizing some form of credit enhancement (i.e., guaranty, letter of credit, bond, escalated payment terms)
  - b) The counter party proposed credit enhancement will depend the type of enhancement available and whether this meets established credit requirements.
  - c) The credit enhancement will be applied to the credit line as is dictated by Credit Policy
- 7) Upon acceptable review, the Credit Department will complete the credit fields within New Customer Contract/Credit Request Form as well as the Credit Authorization Form.
- 8) Immediately upon acceptance of the credit review, the Credit Department will input the approved credit limit and information into the Company Maintenance Form within the Nucleus Trading System. This will immediately give the counter party an active status and available credit limit.
- 9) Simultaneously the Credit Department will verbally notify the requesting commercial personnel of the final decision and communicate the approved limit or form of enhancement in process.
- 10) Thereafter the Credit Department will create a permanent customer credit file containing all the documentation accumulated in the review along with the New Customer Contract/Credit Request Form and the Credit Authorization Form.

11) At the end of the business day the Credit Department will route the complete and updated file to the file room located at G5269.

**C. CREDIT SUPPORT PROVIDERS – PERMANENT STEPS**

- 1) The Credit Department will initiate contact with counter party's Credit Manager and request any information supporting the following requirements:
  - a) Determine relationship of credit support provider to customer
  - b) Financial year end audited financial statements for credit support provider
  - c) Draft form of credit enhancement being offered (this is to routed to Legal for review)
  - d) If a banking institution, then a senior long term debt ratings from recognized credit rating agencies (Moody's, Standard & Poors, Fitch IBCA, or Duff & Phelps)
  - e) If an insurance company, then the AM Best rating
- 2) The Credit Department will review the financial statement and any other information noted above on a quantitative or qualitative basis for analysis in order to determine an internal score.
- 3) Review the FYE audited financial statements as well as appropriate information disclosed with the footnotes to the financial statements (i.e., disclosure of goodwill) for possible use in adjusting the financial statement information.
- 4) Enter all applicable information into the Credit Management System (CMS) to determine the financial credibility of the counter party and to determine a quantitative score. The following information must be input:
  - a) Credit support providers name and address
  - b) Business type
  - c) Contact information
  - d) Credit agency rating(s)
  - e) Financial statement information
  - f) Other
- 5) Upon completion of analyzing the information within the CMS, a financial score will be generated upon the credit support provider's creditworthiness. This score will be applied as follows:
  - a) Scoring is from 1 to 6, translating into the following
    - i) 1 AAA
    - ii) 2 AA
    - iii) 3 A
    - iv) 4 BBB
    - v) 5 BB
    - vi) 6 B
- 6) Upon determination of creditworthiness of the credit support provider establish a credit line in accordance with the EMC approved matrix detailed within the Credit Policies for the particular business unit.
  - a) Should the results of applying the credit score to the matrix not allow for a sufficient credit line, then deny the credit enhancement
  - b) The credit enhancement will be applied to the credit line as is dictated by Credit Policy
- 7) Upon acceptable review, the Credit Department will complete the credit fields within New Customer Contract/Credit Request Form as well as the Credit Authorization Form.
- 8) Immediately upon acceptance of the credit review, the Credit Department will input the approved credit rating of the credit support provider (this rating will be used for the counter party customer also) and information into the Company Maintenance Form within the Nucleus Trading System. This will immediately give the counter party an active status.
- 9) Thereafter the Credit Department will create a permanent customer credit file containing all the documentation accumulated in the review along with the New Customer Contract/Credit Request Form and the Credit Authorization Form.
- 10) At the end of the business day the Credit Department will route the complete and updated file to the file room located at G5269.

**D. REQUIRED MINIMUM DOCUMENTATION LIST FOR COUNTER PARTY CUSTOMER/CREDIT SUPPORT PROVIDER CREDIT REVIEW**

- 1) Completed and accurate Customer Contract/Credit Request Form. (internal use only)
- 2) Completed and accurate Credit Authorization Form. (internal use only)
- 3) Complete calculation of the Credit Management System for defining an internal Credit score.
- 4) Documentation describing:
  - a) Ownership and/or legal status of customer
  - b) Subsidiary requirements include
    - i) Determine hierarchical position of the sub within the parent company
    - ii) Confirm what form of assurance will be received from the counter party, if applicable
- 5) Financial year end audited financial statements:
  - a) By counter party customer and/or
  - b) By credit support provider
- 6) Senior long term debt ratings from recognized credit rating agencies (customer or credit support provider)
  - a) Moody's
  - b) Standard & Poors
  - c) Fitch IBCA
  - d) Duff & Phelps
- 7) Bank and trade credit references (Minimum of 1 reviewed)
- 8) Corporate literature describing the business operations and capabilities
- 9) Identification of counter party's or credit support provider's approved forms of credit enhancement (must be reviewed by Legal):
  - a) Guaranty
  - b) Letter of Credit
  - c) Bond/ others

**10.2 Monitoring of Credit Enhancement Process**

- 1) Credit Department personnel will review weekly the Nucleus Trading System for the expiration date field on the following credit enhancement screens:
  - a) Guarantees
  - b) Letters of Credit
  - c) Bonds
- 2) For any credit enhancements that are identified as having an expiration date within the next thirty (30) days the following actions will take place:
  - (a) For credit enhancements that have been received:
    - i) Determine the **active/inactive** status of customer

**For all active customers do the following:**

- (1) Proceed with Credit review process already outline in procedures
- (2) Locate the applicable permanent customer credit file in the onsite file room
- ii) Perform customer historical credit analysis
  - (1) Average receivable balance
  - (2) High/Low receivable balance
  - (3) Payment history
  - (4) Average credit exposure
- iii) Determine date of last comprehensive credit review
  - (1) If credit review is due, initiate comprehensive credit review as identified with the EMC approved credit procedures
  - (2) If credit review is current, review data from last credit review
- iv) Determine whether current credit enhancement is sufficient and may be renewed in current form

- (1) If credit enhancement may be reissued in the current form, initiate a formal request of the counter party's Credit Manager for extension of the credit enhancement
  - (2) If credit enhancement is in need of modification, consult with Legal for recommended changes and then submit the required changes to the counter party's Credit Manager for review
- v) Upon receipt of reissued credit enhancement, enter information into the Nucleus Trading System
  - vi) Route the reissued credit enhancement to the permanent customer credit file

**For all inactive customers do the following:**

- vii) Determine the active/inactive status of customer
  - (1) If inactive, Credit Department personnel will contact commercial personnel to determine need and proceed as business warrants
    - (a) If status to remain inactive, let credit enhancement expire (upon expiration change status of enhancement to terminated)
- viii) If status is inactive and should be active then locate the applicable permanent customer credit file
- ix) Perform customer historical credit analysis
  - (1) Average receivable balance
  - (2) High/Low receivable balance
  - (3) Payment history
  - (4) Average credit exposure
- x) Determine date of last comprehensive credit review
  - (1) If credit review is due, initiate comprehensive credit review as identified with the EMC approved credit procedures
  - (2) If credit review is current, review data from last credit review
- xi) Determine whether current credit enhancement is sufficient and is in compliance with the current business practices being used
  - (1) If credit enhancement may be reissued in the current form, initiate a formal request of the counter party's Credit Manager for extension of the credit enhancement
  - (2) If credit enhancement is in need of modification, consult with Legal for recommended changes and then submit the required changes to the counter party's Credit Manager or appropriate contact for review
- xii) Upon receipt of reissued credit enhancement, enter information into the Nucleus Trading System
- xiii) Route the reissued credit enhancement to the permanent customer credit file

b) For credit enhancements that have been issued to support FPL entities:

- i) Determine the active/inactive status of customer

**For all active customers do the following:**

- (1) If active proceed with process
  - (a) If active, initiate credit review procedure
- ii) Locate the appropriate permanent customer credit file
- iii) Perform customer historical credit analysis
  - (1) Average payable balance
  - (2) High/Low payable balance
  - (3) Payment history
  - (4) Average credit used
- iv) Determine date of last comprehensive credit review
  - (1) If credit review is due, initiate comprehensive credit review as identified with the EMC approved credit procedures
  - (2) If credit review is current, review data from last credit review

- v) Determine whether current credit enhancement is sufficient and may be renewed in current form
  - (1) If credit enhancement may be reissued in the current form, initiate a formal request of Legal for extension of the credit enhancement
  - (2) If credit enhancement is in need of modification, consult with Legal for recommended changes and then submit the required changes to the counter party's Credit Manager for review
- vi) Upon issuance of reissued credit enhancement, enter information into the Nucleus Trading System
- vii) Route the reissued credit enhancement to the permanent customer credit file

**For all inactive customers do the following:**

- (1) If inactive, contact commercial personnel to determine need and proceed as business warrants
  - (a) If to remain inactive, let credit enhancement expire
- viii) If status is inactive and should be active then locate the applicable permanent customer credit file
- ix) Perform customer historical credit analysis
  - (1) Average payable balance
  - (2) High/Low payable balance
  - (3) Payment history
  - (4) Average credit used
- x) Determine date of last comprehensive credit review
  - (1) If credit review is due, initiate comprehensive credit review as identified with the EMC approved credit procedures
  - (2) If credit review is current, review data from last credit review
- xi) Determine whether current credit enhancement is sufficient and may be renewed in current form
  - (1) If credit enhancement may be reissued in the current form, initiate a formal request of Legal for extension of the credit enhancement
  - (2) If credit enhancement is in need of modification, consult with Legal for recommended changes and then submit the required changes to the counter party's Credit Manager for review
- xii) Upon issuance of reissued credit enhancement, enter information into the Nucleus Trading System
- xiii) Route the reissued credit enhancement to the permanent customer credit file

### 10.3 Application of Credit Enhancements

Credit enhancements currently take a variety of forms and are utilized to either supplement or extend credit lines to counter parties and/or FPL affiliate companies. Examples of credit enhancements currently utilized are bonds, guaranties, letters of credit, escrow accounts, cash prepayments and accelerated payment terms.

A credit enhancement is utilized when an entity cannot obtain any credit on a standalone basis (i.e. due to lack of financial information, etc.) or cannot obtain a credit line for the level of business anticipated. Bonds, guaranties and letters of credit are issued by separate entities (credit support provider), therefore the extension of credit to the direct counter party is transferred to the supporting provider. The credit support provider must meet the credit requirements set forth in the EMC approved credit procedure for Counter Party Customer Credit Review.

Using the credit support provider's internally generated credit score (if applicable), the Credit Department personnel will apply the counter parties credit line on the following basis:

**EMT RISK MANAGEMENT AND TRADING PROCEDURES**

Type of Credit Enhancement	Face Value Amount Applied	Maximum Amount per Enhancement	Credit Rating & Tangible Net Worth Used for Counter Party
Bond	100%	As specified in "FPL Group Credit Matrix Per Single Corporate Entity".	Credit support providers
Guaranty	100%	As specified in "FPL Group Credit Matrix Per Single Corporate Entity".	Credit support providers
Letter of Credit	100%	No limit	Credit support providers
Escrow Accounts	100%	No limit	Prepayment
Prepayments	100%	No limit	Prepayment
Other	As authorized by EMT/FPLE-PMI management *	As authorized by EMT/FPLE-PMI management *	As authorized by EMT/FPLE-PMI management *

\*Authorized personnel from EMT/FPLE-PMI include any one of the following:  
 President – EMT  
 Vice President of Accounting & Controller  
 Director of Risk Management

Further, monitoring will occur to identify consolidated exposure at the FPL Group level to a single credit support provider or holding company for multiple counter party customers and/or multiple FPL Group affiliate companies.

This information will be reported to the EMC on a monthly basis. Any action required must come from the CFO (or acting CFO) of FPL Group. The EMC shall be responsible for the policy setting and contingency planning due to any exception. The CFO and subsidiary management shall coordinate and execute the actions required to the exception with formal notification of a response to the EMC.

**10.4 Counter Party Status--Event Credit Review Process**

- 1) Upon request or daily review of an industry information the Credit Department may obtain/receive information of issues or events upon which the counter party credit need reviewed.
  - a) Examples of information
    - i) Aging Accounts Receivable Report
    - ii) Rating agency action (downgrade, upgrade)
    - iii) News source on merger, acquisition activity
    - iv) Estimated earnings report/interim financial results
    - v) Bankruptcy
    - vi) Other
- 2) The Credit Department may need to further investigate the customer event and accumulate information either verbally or written to determine whether the applicable information has a possible impact upon the creditworthiness of the counter party regardless of a positive or negative impact.
- 3) Upon review of the new information, if the event has credit implications, then the Credit Department will document the event within the Credit Authorization Form, comment section.
- 4) Immediately upon discovery of an impact to the counter party credit status, the Credit Department will query the customer within the Credit Management System (CMS) and update the applicable information for analysis and re-scoring the customer account if appropriate.
- 5) Should this issue or event result in the change to the approved credit line then documentation will be input into the Credit Authorization Form. All applicable articles and information reviewed which contributed to the review will be filed within the counter parties permanent file.

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- 6) The Credit Department will also update the applicable credit information within the Nucleus Trading System.
- 7) The Credit Department will also immediately notify all Commercial and appropriate Accounting personnel of changes to the counter parties credit status via email.
- 8) By the end of the business day the Credit Department will route the updated Credit Authorization Form and any other supporting documentation to the counter party's permanent credit file.

### 10.5 Active/Inactive Company Status Process

The current system (Nucleus) defaults all new/reactivated counter parties are entered as an "active status" once the counter party is saved/updated in the system. This programmed default within Nucleus will be manually changed by the Contracts Department personnel from "active" to "inactive" status anytime a new/change request is requested. This will allow the Credit Department personnel to control /change the status of the counter party once an approved credit limit is established. This procedure will assure the Credit Department personnel of clear communication of approved credit limits by counter

### NEW/REACTIVATING COMPANY NAMES

- 1) Upon receiving notification from the Contracts Department that a new company name has been entered into the Nucleus Trading System, the Credit Department will review the credit files to determine the current status of establishing a credit line.
  - a) If the credit review has been completed or is current to a point of establishing a credit line, then complete the following fields as appropriate within the Nucleus Trading System - Company Maintenance Form
    - i) Credit Rating/Deal Types Tab:
      - (1) Remove the inactive status from the company name
      - (2) Credit – Net Forward
      - (3) Credit – Net RP (receivables/payables)
      - (4) Credit Given
      - (5) Last Look Date
      - (6) Next Look Date
      - (7) Expiration Date
      - (8) Internal Credit Rating
      - (9) Credit Service
      - (10) Credit Rating
      - (11) Deal Types
    - ii) Office/Address Tab
      - (1) Offices
      - (2) Addresses
    - iii) Comments
      - (1) Company Notes as appropriate
  - b) Enter on the Credit Authorization Form in the permanent counter party credit file the date the account is activated
  - c) Route the Credit Authorization Form to the counter party credit file to the appropriate file area
- 2) Upon completion of activating the company name, if applicable, notify the appropriate commercial personnel via e-mail or telephonically.

### DEACTIVATING COMPANY NAMES

- 1) On a monthly basis, Credit Department personnel will review a Nucleus generated report identifying all company names that have not had activity or transactions executed within the last 180 days.
- 2) Upon review of these reports, the Credit Department personnel will complete the following steps:
  - a) Using the Company Maintenance Form in the Nucleus Trading System locate the company name(s) on the applicable report and change the box from "active" to "inactive".

- b) Using the Customer Header Data screen in the Corporate Credit Management System locate the company name(s) on the applicable report and change the status field to inactive.
  - c) Retrieve the permanent counter party credit file
  - d) Enter on the Credit Authorization Form in the permanent counter party credit file the date the account has been deactivated
  - e) Route the Credit Authorization Form to the counter party credit file to the appropriate file area
- 3) Upon completion of deactivating the company names, perform the following:
- a) Sign, date and file the report in the deactivation file located in the permanent file room.

#### 10.6 Process to Reconcile the Corporate Credit Management System to Nucleus-Company Maintenance Form

After activating a new company on the Company Maintenance Form in the Nucleus Trading System, log into the Corporate Credit Management System and verify that the company information is in agreement between the Nucleus Trading System and the Corporate Credit Management System.

- 1) From the Corporate Credit Management system (CCM) Header Data screen and the Nucleus Company Maintenance Form screen compare the following fields and determine the match. Correct any fields that are not the same.

Corporate Credit Management System	Nucleus Trading System
Status	Inactive
Customer name	Long name
Address	Office/Address
Duns No.	Duns ID
Telephone No.	Phone
Fax No.	Fax

- 2) From the CCM Credit Decision Report screen and the Nucleus Company Maintenance Form screen compare the following fields and determine that they match. Correct any fields that are not the same.

Corporate Credit Management System	Nucleus Trading System
Overall Risk Rating	Int. Credit Rating
Last evaluation date	Last Look
Next evaluation date	Next Look
Credit Approved	Credit Given



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**CONFIDENTIAL****11. APPENDIX E - GLOSSARY**

**Allocated Volumes:** Allocated volumes are considered confirmed and accepted by the pipeline for the next days flow. Once the shipper has electronically submitted a nomination to the pipeline, the nomination is accepted by the pipeline as a scheduled volume. At this time the pipeline considers all scheduled volumes from all shippers. In considering scheduled volumes, the pipeline determines the shipper's schedule compared to the pipeline capabilities and contract entitlements. Based on these factors the pipeline allocates transportation to the various shippers.

**Basis:** The differential that exists any time between the cash (spot) price of a give commodity and the price of the nearest futures contract for the same (or related) commodity. The basis may reflect different time periods, product forms, qualities or locations. The cash price minus the futures price equals the basis.

**Broker:** A person paid a fee or commission for acting as an agent in making contracts, sales or purchases.

**Contract month:** The month in which a futures contract may be fulfilled by making or taking delivery. Most interest rate futures contracts are liquidated prior to the contract month.

**Call option:** An option which gives the buyer the right but not the obligation to buy a futures contract or physical commodity for a specified price within a specified period of time in exchange for a one-time premium payment. It obligates the seller of the option to sell the underlying futures contract or commodity at the designated price, should the option be exercised at that price.

**Cap:** A supply contract between a buyer and seller, whereby the buyer is assured that he will not have to pay more than a given maximum price. This type of contract is analogous to a call option.

**Capacity:** For electricity, the rated load-carrying capability of electrical equipment such as generators or transmission lines, typically expressed in megawatts or megavoltamperes. For gas, the rated transportation volume of natural gas pipelines, typically expressed in millions of cubic feet per day.

**Collar:** A supply contract between a buyer and a seller of a commodity, whereby the buyer is assured that he will not have to pay more than a given maximum price, and where by the seller is assured of receiving a given minimum price. A combination of a put and call options to form a price range.

**Credit risk:** The risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligations in a timely manner.

**Derivative:** Financial instrument derived from a cash market commodity, futures contract, or other financial instrument.

**EFP (Exchange of futures for physical):** The conversion of a futures position into a physical position via simultaneous buy/sell transactions.

**Exercise:** The process of converting an options contract into a futures or physical position.

**FERC (Federal Energy Regulatory Commission):** The US government body whose responsibilities include the regulation of the gas industry and interstate electricity sales and rates.

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**Firm:** Gas or electricity sales that are guaranteed not to be interrupted.

**Forward contracts:** A cash market transaction in which two parties agree to the purchase and sale of a commodity at some future time under such conditions as the two agree. Those who use forward contracts expect to make or take physical delivery of the merchandise or financial instrument. Each contract is tailored specifically to the needs of the buyer and seller, in contrast to futures contracts.

**FCM (Futures Clearing Merchant):** A firm, which is legally authorized to solicit or accept orders for the purchase or sale of futures contracts. The FCM is required to be registered with the Commodity Futures Trading Commission.

**Futures Contract:** An exchange-traded supply contract between a buyer and a seller whereby the buyer is obligated to take delivery and the seller is obligated to provide delivery of a fixed amount of a commodity at a predetermined price at a specified location. Futures contracts are traded exclusively on regulated exchanges and are settled daily based on their current value in the market-place.

**GAMES (Gas Acquisition and Management Electronic System):**

**Gas Operations:** All activities and personnel related to, or involved with, the transportation and tracking of natural gas. Generally included are T&E/Capacity Trading, Fuel Management, Scheduling and Nominations, and Gas Analyst.

**GISB (Gas Industry Standards Board):** A nonprofit North American industry association whose mission is to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas.

**Hedge:** The initiation of a position in a futures or options market that is intended as a temporary substitute for the sale or purchase of the actual commodity.

**Henry Hub:** The delivery point for the NYMEX Division natural gas contracts. Henry Hub is in Erath, Louisiana, and is a large system of pipeline interconnects.

**Initial Margin:** The amount each participant must deposit to his margin account at the time a buy or sell order is placed.

**Inside FERC:** A weekly trade publication by McGraw Hill which covers all areas governed by the FERC including gas, electricity, oil and hydroelectricity. It includes indexes, which are often used as industry price standards.

**Intraday Nomination:** A nomination submitted to the pipeline after the prescribed deadline generally submitted the afternoon prior to the flow date to correct discrepancies. It may also be submitted the morning of the actual flow date to request additional receipt or delivery transactions. Intraday nominations are considered secondary to nominations submitted prior to the deadline and are scheduled on a first come – first serve basis. It is likely that an intraday nomination attempting receipt or delivery in a constrained area will be unsuccessful.

**IPE (International Petroleum Exchange):** London oil exchange which has futures and options contracts in Brent Blend crude oil and gas oil and which launched a natural gas futures contracts on January 31, 1997.

**ISDA (International Swaps and Derivatives Association):** The leading global trade association representing participants in the privately negotiated derivatives industry, a business which includes

interest rate, currency, commodity and equity swaps, as well as related products such as caps, collars, floors and swaptions.

**KCBOT (Kansas City Board of Trade):** Futures exchange that offers trading in natural gas futures and options as well as wheat futures and options. Electricity futures and options trading are not offered.

**Long:** As a noun, a trader who has purchased futures contracts or the cash commodity or financial instrument, and has not yet offset that position. As a verb, the action of taking a position in which the trader has bought futures contracts (or the cash commodity) without taking the offsetting action.

**Margin:** An amount of money deposited by both buyers and sellers of futures contracts to ensure performance of the terms of the contract. Margin in commodities is not a payment of equity or down payment on the commodity itself, but rather is a performance bond or security deposit.

**Margin Call:** A demand from a clearing house to a clearing member, or from a brokerage firm to a customer for additional cash due to adverse price movement.

**Market Risk:** The risk that value will be lost due to a change in some market variable, such as commodity or equity prices, interest rates or foreign exchange rates.

**Mark-to-market:** To revalue any position, whether physical or financial to current rates or prices.

**Monte Carlo Simulation:** A stochastic method of simulating possible behavior of underlying variables many times over. Monte Carlo is useful in the valuation of complex derivatives, for which exact analytical solutions have not been found, but can be computationally intensive.

**Nomination:** A grouping of information identifying specific transportation agreements, gas supply and gas markets. Once the information has been grouped and converted to an electronic form, it is transmitted as a request for transport via phone line or Internet to the pipeline's mainframe computer. Nominations are due prior to 12:30 PM EST on the day prior to the actual flow date.

**NYMEX (New York Mercantile Exchange):** US Futures exchange, consisting of two divisions: the NYMEX Division and the COMEX division. Along with metals futures and options, NYMEX offers trading for energy futures and options including: natural gas and electricity, as well as propane futures and options of the crude oil/gasoline and crude oil/heating oil crack spreads.

**Option:** A contract that gives the purchaser the right, but not the obligation, to buy or sell the underlying commodity at a specified price (the exercise, or strike price) on or before an agreed date.

**Over-the-counter (OTC):** A customized derivative contract usually arranged with an intermediary such as a major bank or the trading wing of an energy major, as opposed to a standardized derivative contract.

**Put Option:** An option which gives the buyer, or holder, the right but not the obligation to sell a futures contract at a specified price within a specified period of time in exchange for a one-time premium payment. It obligates the seller, or writer of the option to buy the underlying futures contract at the designated price, should the option be exercised.

**Scheduled Volumes:** Those volumes requested by the shipper to be transported from the production area to the pooling agreement or various markets.

**Scheduler:** Those individuals directly or indirectly responsible for communicating a transportation request (nomination), and other information to and from the various pipelines.

**Settlement Date:** The date on which a security is actually delivered and payment is made for its receipt, which is usually shortly after the trade date.

**Settlement Price:** The price established by a clearing house at the close of trading session as the official price to be used in determining net gains or losses, margin requirements, and the next day's price limits.

**Short:** As a noun, a trader who has sold futures contracts or the cash commodity to profit from declining prices and has not yet offset that position. As a verb, the action of a trader taking a position in which he has sold futures contracts (or makes a forward contract for the sale of the cash commodity or instrument).

**Spot:** Refers to the characteristics of being available for immediate (or nearly immediate) delivery. It usually refers to a cash market price for stocks of the physical commodity that are available for immediate delivery. Spot is also used in reference to the futures contract of the prompt month (earliest delivery period still traded).

**Stress testing:** To stress test is to simulate behavior under an extreme market event and examine its behavior under the "stress" of that behavior.

**T&E (Transportation and Exchange):** A term loosely used to describe all activities and personnel related to, or involved with, the transportation of natural gas. More specifically, within the transportation group, T&E refers to those individuals directly involved with purchasing and/or trading available capacity on the various pipelines.

**Trade Date:** The date on which a transaction takes place.

**Transmission:** The bulk movement of gas or electricity from suppliers to distributors or directly to large customers.

**Underlying:** The variable on which a futures, option, or other derivative contract is based.

**Value-at-Risk (VaR):** The largest likely loss expected to be suffered over a given period of time within a given probability. The time period is known as the holding period and the probability is known as the confidence interval.

**Volatility:** The measure of variability of a market factor, most often the price of the underlying instrument.

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12. APPENDIX F - FORMS

**Credit Authorization**

Counterparty Name: \_\_\_\_\_ DUNS # \_\_\_\_\_

Authorized Credit Line: \$ \_\_\_\_\_ Internal EMT/PMI Rating (1-7) \_\_\_\_\_

Credit Line based on the following factors:

\_\_\_\_\_ Stand alone analysis

Date of Financials: \_\_\_\_\_ Audited \_\_\_\_\_ Unaudited \_\_\_\_\_

Tangible Net Worth: \$ \_\_\_\_\_

D&B Rating: \_\_\_\_\_ RAM Score \_\_\_\_\_

Long Term Debt Ratings:

S&P \_\_\_\_\_ Moody's \_\_\_\_\_ Duff & Phelps \_\_\_\_\_ Fitch \_\_\_\_\_

\_\_\_\_\_ Parent company guarantee

From: \_\_\_\_\_

Amount: \_\_\_\_\_

Expiration: \_\_\_\_\_

\_\_\_\_\_ Full L/C above credit line amount.

\_\_\_\_\_ Trade/Bank Reference Calls Made: \_\_\_\_\_ Yes \_\_\_\_\_ No

This Company is a subsidiary of \_\_\_\_\_

Comments/Special Conditions: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Approved by: Credit Officer: \_\_\_\_\_ Date: \_\_\_\_\_

Director of Acctg. & Finance \_\_\_\_\_ Date: \_\_\_\_\_

**SALES TAX EXEMPTION CERTIFICATE  
 MULTI-JURISDICTION**

Issued to:	Address:	City:	State:	Zip Code
------------	----------	-------	--------	----------

I certify that:

Name of Firm (Buyer)

is engaged as a registered  
 Wholesaler  
 Retailer

Street Address or P.O. Box No.

Manufacturer  
 Lessor  
 Other

City	State	Zip Code
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is registered with the below listed states and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product to be resold, leased, or rented in the normal course of our business. We are in the business of wholesaling, retailing, manufacturing, leasing or renting.

Product or Services Rendered

City or State	State Registered or ID No.	City or State	State Registered or ID No.

I certify that if any property so purchased tax free is used or consumed by the firm as to make it subject to a Sales or Use Tax we will pay the tax due direct to the proper authority when state law so provides or inform the seller for added tax billing. This certificate shall be part of each order which we may hereafter give to you, unless otherwise specified, and shall be valid until canceled by us in writing or revoked by the city or state.

General description of products to be purchased from the seller

I swear or affirm that the information on this form is true and correct as to every material matter.

Authorized signature (Owner, Partner, Corporate Officer)	Title	DATE
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Version 3/1/99

<b>D No. 17478</b> Deal ID. #		<b>SPOT TRADE</b> Natural Gas		Trade Date:	Trader:
Counterparty:			From Date:	Thru Date:	
<b>EMT</b> Business Unit:	Profit Center:	Portfolio:	Region:	Strategy #:	
<b>F</b> Firm Int	<b>B</b> Buy <b>S</b> Sell	Daily Volume:	Delivered Price:		
Pipeline:		Zone:	Receipt Point:		
DRN:	Transport Contract #:		Up/Down Stream K #:		
Comments:					



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No 2144

**O-T-C Options**

Price Type: <b>Fixed Point Swing</b>	Settlement:	Business Unit:	Profit Center	Trade Date	Initials
	<b>Physical</b>	<b>EMT</b>		Portfolio:	Region
	<b>Financial</b>	Price Source:			
	1st 2nd 3rd	<b>NYMEX</b>	<b>IF monthly</b>	<b>NGI</b>	<b>GD Idx</b>
Other					
Business Unit:	Profit Center	Portfolio:	Region:	Strategy #:	
<b>EMT</b>					

**Trading Partner:** \_\_\_\_\_ **Broker ?:** \_\_\_\_\_

Contact: \_\_\_\_\_ Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_  
 Dth. \_\_\_\_\_ Dth. \_\_\_\_\_ Starting \_\_\_\_\_ Ending \_\_\_\_\_  
 Day: \_\_\_\_\_ Month: \_\_\_\_\_ Date: \_\_\_\_\_ Date: \_\_\_\_\_

**Backed Deal:** \_\_\_\_\_ **Trader:** \_\_\_\_\_

**Comments / Price Notes:** \_\_\_\_\_

<b>Delivery Point:</b>	Exchange/Location:	Pipeline:	Zone:	Point:

Month	Yr.	Call Put	Option Premium	Monthly Volume	STRIKE PRICE			Nucleus Deal #
					NYMEX	Basis	Index	
Jan		C P						
Feb		C P						
Mar		C P						
Apr		C P						
May		C P						
Jun		C P						
Jul		C P						
Aug		C P						
Sep		C P						
Oct		C P						
Nov		C P						
Dec		C P						

F No 0336

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**EXCHANGE Traded Futures Ticket**

Date: \_\_\_\_\_ Access? \_\_\_\_\_

<u>FLOOR</u>	<u>CLEARING</u>
Prudential	Prudential
Paribas	Paribas

Obligation: \_\_\_\_\_

<u>OTHER</u>	<u>OTHER</u>
--------------	--------------

Buy Cash/ **SELL Futures**      Sell Cash/ **BUY Futures**

		<i>Original Order</i>			<i>Fills</i>	
		<u>K's</u>	<u>Month</u>	<u>Price</u>	<u>K's</u>	<u>Price</u>
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____

Comments: \_\_\_\_\_  
 Monthly  
 Volume \_\_\_\_\_ Trader \_\_\_\_\_  
 Basis \_\_\_\_\_ Location \_\_\_\_\_

FP N° 3370

**Forward Physical**

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<b>BUYING</b> Gas /Selling Futures	<b>I</b>	<b>F</b> EFP	Trade Date:			Initials:
			Settlement:			Pricing Location:
<b>SELLING</b> Gas /Buying Futures +/-		Trigger theirs ours	3rd	2nd	LD	
			NGI	GD Idx	IF Monthly	
			Publication:		Other	

Trading Partner: \_\_\_\_\_ Broker ? : \_\_\_\_\_

Contact: \_\_\_\_\_ Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Dth. Day:	Dth. Month:	Starting Date:	Ending Date:
Business Unit:	Profit Center:	Portfolio:	Region:
EMT			Strategy #:
Delivery Location:	Pipeline:	Zone:	Point:
Performance Obligation:	<b>I</b> <b>F</b>	Transport Contract #:	Up/Down Str. Contract #:

Comments: \_\_\_\_\_

Month	Year	Delivered Volume	Futures Price	Basis	Phys. (Index) Prem.	Transport Cost	Other? Cost	Delivered PRICE	Information System Deal #
Jan									
Feb									
Mar									
Apr									
May									
Jun									
Jul									
Aug									
Sep									
Oct									
Nov									
Dec									

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0240

<b>T</b>	<b>TRIGGER</b>			
Sequence #	Natural Gas		Trade Date:	Trader:
Counterparty:			Original Deal ID #:	
<b>Buy</b>				
<b>Sell</b>				
		Monthly Volume:	Price:	
From:	Thru:	Location:	Receipt Point:	
<b>Price Conversion ?:</b>				
		From:	To:	
Comments:				

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<b>New Hire &amp; Change Request Form</b>			
<b>Directions:</b> Form to be completed by Supervisor prior to employee's arrival. Upon completion forward to Bonny Arena.			
<b>TYPE OF REQUEST (check one)</b>			
<input type="checkbox"/>	New Employee		
<input type="checkbox"/>	Contractor - Name of Company		
<input type="checkbox"/>	Existing FPL Employee		
<input type="checkbox"/>	Existing EMT Employee (Job Change)		
<b>GENERAL INFORMATION</b>			
Name		Home Phone #	
Company	<input type="checkbox"/> FPL - EMT	Home Address	
EMT Group		Home Address	
Job Title		New Office #	
Job Code		New Fax #	
Hire Date		New Cellular #	
Supervisor Name		New Pager #	
SS#		Room #	
Work Order #		Birthday (month/day)	
Payroll Loc #		Lotus Notes Name	
(Payroll Loc # must be the same as on 106)			
<b>SYSTEM ACCESS / EQUIPMENT (check all that apply)</b>			
<input type="checkbox"/>	Lotus Notes	<input type="checkbox"/>	Other
<input type="checkbox"/>	Internet Access	<input type="checkbox"/>	Other
<input type="checkbox"/>	Remote Access	<input type="checkbox"/>	Other
<input type="checkbox"/>	Nucleus	<input type="checkbox"/>	Other
<input type="checkbox"/>	Sagewave	<input type="checkbox"/>	Other
<input type="checkbox"/>	Stratus	<input type="checkbox"/>	Other
<input type="checkbox"/>		<input type="checkbox"/>	Laptop
<input type="checkbox"/>		<input type="checkbox"/>	Cell Phone
<input type="checkbox"/>		<input type="checkbox"/>	Pager
<input type="checkbox"/>		<input type="checkbox"/>	Corporate American Express Card
<input type="checkbox"/>		<input type="checkbox"/>	Other:
<input type="checkbox"/>		<input type="checkbox"/>	Other:
<b>Supervisor Signature</b>		<b>Date</b>	

No. 2801

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**Financial Swaps**

<u>Pricing Location</u>	<u>Trade Date</u>				<u>Trader Initials</u>	
<u>Float #1:</u>	<b>BASIS</b>	<b>NYMEX</b>	<b>SWING</b>	<b>POINT</b>	<b>Float/Float</b>	<b>Publication</b>
<u>Float #2:</u>	<b>BUYING</b> Receive Index Pay Nym Set (+/-)	<b>BUYING</b> Rec. Nym Set Pay Fixed	<b>BUYING</b> Pay Fixed Rec. GD Avg.	<b>BUYING</b> Receive Index Pay Fixed	<b>BUYING</b> Rec. Float #1 Pay Float #2	IF monthly
<u>Settlement</u>	<b>SELLING</b> Pay Index Rec. Nym Set (+/-)	<b>SELLING</b> Pay Nym Set Receive Fixed	<b>SELLING</b> Receive Fixed Pay GD Avg.	<b>SELLING</b> Pay Index Receive Fixed	<b>SELLING</b> Pay Float #1 Rec. Float #2	NGI
3rd 2nd LD						GD Idx
						Other
<u>Business Unit:</u>	<u>Profit Center</u>	<u>Portfolio:</u>		<u>Region</u>	<u>Strategy #:</u>	
EMT						
<u>Trading Partner:</u> _____ <u>Broker ?:</u> _____						
<u>Contact:</u> _____ <u>Phone #:</u> _____ <u>Fax #:</u> _____						
<u>Dth. Day:</u>	<u>Dth. Month:</u>	<u>Starting Date:</u>	<u>Ending Date:</u>			
<u>Backed Deal:</u> _____ <u>Trader:</u> _____						

Comments / Price Notes:

Month	Yr.	Monthly Volume	FIXED Price	BASIS Price	Index Premium	TOTAL PRICE	Nucleus Deal #
Jan	_____	_____	_____	_____	_____	_____	_____
Feb	_____	_____	_____	_____	_____	_____	_____
Mar	_____	_____	_____	_____	_____	_____	_____
Apr	_____	_____	_____	_____	_____	_____	_____
May	_____	_____	_____	_____	_____	_____	_____
Jun	_____	_____	_____	_____	_____	_____	_____
Jul	_____	_____	_____	_____	_____	_____	_____
Aug	_____	_____	_____	_____	_____	_____	_____
Sep	_____	_____	_____	_____	_____	_____	_____
Oct	_____	_____	_____	_____	_____	_____	_____
Nov	_____	_____	_____	_____	_____	_____	_____
Dec	_____	_____	_____	_____	_____	_____	_____

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# EFP Trade Order Ticket

	<u>FLOOR</u>	<u>CLEARING</u>
Date: _____	Prudential	Prudential
	Paribas	Paribas
Obligation: _____	OTHER	OTHER
	Delivery	OTHER
Their broker _____	Location	_____
<b>Buy Cash/Sell Futures</b>		<b>Sell Cash/Buy Futures</b>

		<i>Original Order</i>			<i>Deal</i>	
		<u>K's</u>	<u>Month</u>	<u>Price</u>	<u>#</u>	<u>Posted?</u>
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____
Buy	Sell	_____	_____	_____	_____	_____

Comments: \_\_\_\_\_

Monthly Volume \_\_\_\_\_ Trader \_\_\_\_\_

Basis \_\_\_\_\_ Location \_\_\_\_\_