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October 22, 2002

-VIA TELECOPY AND U.S. MAIL-

Robert D. Vandiver, Esquire  
Office of Public Counsel  
The Florida Legislature  
111 West Madison Street  
Room 812  
Tallahassee, Florida 32399-1400

Re: Docket No. 020007-EI

Dear Rob:

Recently, you called to express concern over Paragraph 9(b) of the Agreement for the Purpose of Ensuring Compliance with Ambient Air Quality Standards for Ozone (the "Agreement"), which was entered into by Florida Power & Light Company ("FPL") and the Florida Department of Environmental Protection ("FDEP") on September 19, 2002, and which FPL has filed in the above docket to document that its Manatee Reburn NOx Control Technology Project (the "Project") qualifies for cost recovery under Section 366.8255 of the Florida Statutes. I am writing to address your concern.

Paragraph 9(b) states as follows:

FDEP concurs that the steps and changes described in paragraphs 3 through 7, above, are prudent for the purposes of ... (b) authorizing related cost recovery pursuant to Section 366.8255(1)(d), Florida Statutes, as amended by the Florida Legislature in its 2002 session and signed into law by the Governor of the State of Florida.

I understand you are concerned that Paragraph 9(b) could be construed to suggest that the FDEP and not the Florida Public Service Commission ("FPSC") is empowered to determine whether the costs of the Project are prudently incurred for the purpose of recovering those costs through FPL's rates and charges. Please accept my assurance that neither FPL nor the FDEP intends Paragraph 9(b) to be interpreted in that manner. The FPSC has exclusive authority to determine the prudence of costs for the purpose of recovery through an electric utility's rates and charges, and the Agreement is not intended to preempt or usurp that authority. In this regard, please note

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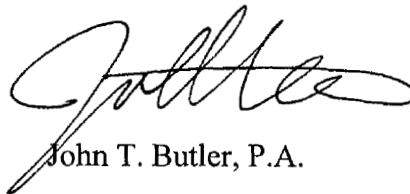
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that Paragraph 2 of the Agreement expressly conditions the effectiveness of the Agreement upon the FPSC's issuing a final order authorizing recovery of the Project costs through the Environmental Cost Recovery Clause, thus recognizing the primacy of the FPSC's authority over cost recovery.

I am sending a copy of this letter to the FDEP's counsel and ask that we be contacted immediately if they disagree with any of the foregoing. I trust that this addresses your concern. Of course, if you have any remaining questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Butler", with a long, sweeping horizontal stroke extending to the right.

John T. Butler, P.A.

cc: Trina Vielhauer, Esq., Florida Department of Environmental Protection  
Howard L. Rhodes, Florida Department of Environmental Protection  
Marlene K. Stern, Esq., Florida Public Service Commission  
Blanca S. Bayo, Florida Public Service Commission  
Randall R. LaBauve, Esq., Florida Power & Light Company  
Korel M. Dubin, Florida Power & Light Company