ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 040001-EI
FLORIDA POWER & LIGHT COMPANY

AUGUST 10, 2004

IN RE: LEVELIZED FUEL COST RECOVERY AND CAPACITY COST RECOVERY

ESTIMATED/ACTUAL TRUE-UP
JANUARY 2004 THROUGH DECEMBER 2004

TESTIMONY & EXHIBITS OF:

K. M. DUBIN
J. R. HARTZOG

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF KOREL M. DUBIN

DOCKET NO. 040001-EI

August 10, 2004

Q. Please state your name and address.

A. My name is Korel M. Dubin and my business address is 9250 West Flagler Street, Miami, Florida 33174.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Power & Light Company (FPL) as Manager, Regulatory Issues in the Regulatory Affairs Department.

Q. Have you previously testified in this docket?

A. Yes, I have.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval the calculation of the Estimated/Actual True-up amounts for the Fuel Cost Recovery Clause (FCR) and the Capacity Cost Recovery Clause (CCR) for the period January 2004 through December 2004.

Q. Have you prepared or caused to be prepared under your direction, supervision or control an exhibit in this proceeding?

A. Yes, I have. It consists of various schedules included in Appendices I and II. Appendix I contains the FCR related schedules and Appendix II contains the CCR related schedules.

FCR Schedules A-1 through A-9 for January 2004 through June 2004 have been filed monthly with the Commission, are served on all parties and are incorporated herein by reference.

Q. What is the source of the actual data that you will present by way of testimony or exhibits in this proceeding?

A. Unless otherwise indicated, the actual data is taken from the books and records of FPL. The books and records are kept in the regular course of our business in accordance with generally accepted accounting principles and practices and provisions of the Uniform System of Accounts as prescribed by this Commission.

Q. Please describe what data FPL has used as a comparison when calculating the FCR and CCR true-ups that are presented in your testimony.

A. The FCR and CCR true-up calculation compares estimated/actual data consisting of actuals for January through June 2004 and revised estimates for July through December 2004, with the original estimates for January through December 2004 filed on September 12, 2003.

Q. Please explain the calculation of the Interest Provision that is applicable to the FCR and CCR true-ups.

A. The calculation of the interest provision follows the same methodology used in calculating the interest provision for the other cost recovery clauses, as previously approved by this Commission. The interest provision is the result of multiplying the monthly average true-up amount times the monthly average interest rate. The average interest rate for the months reflecting actual data is developed using the 30 day commercial paper rate as published in the Wall Street Journal on the first business day of the current and subsequent months. The average interest rate for the projected months is the actual rate as of the first business day in July 2004.

FUEL COST RECOVERY CLAUSE

Q. Please explain the calculation of the FCR Estimated/Actual True-up amount you are requesting this Commission to approve.

A. Appendix I, pages 2 and 3, show the calculation of the FCR Estimated/Actual True-up amount. The estimated/actual true-up amount for the period January 2004 through December 2004 is an under-recovery, including interest, of $182,196,299 (Appendix I, Page

3, Column 13, Line C7 plus C8).

Appendix I, pages 2 and 3 also provide a summary of the Fuel and Net Power Transactions (lines A1 through A7), kWh Sales (lines B1 through B3), Jurisdictional Fuel Revenues (line C1 through C3), the True-up and Interest Provision for this period (lines C4 through C10), and the End of Period True-up amount (line C11).

The data for January 2004 through June 2004, columns (1) through (6) reflects the actual results of operations and the data for July 2004 through December 2004; columns (7) through (12) are based on updated estimates.

The true-up calculations follow the procedures established by this Commission as set forth on Commission Schedule A2 "Calculation of True-Up and Interest Provision" filed monthly with the Commission.

Q. Were these calculations made in accordance with the procedures previously approved in predecessors to this Docket?

A. Yes, they were.

Q. Please summarize the variance schedule provided as page 4 of Appendix I.

A. The variance calculation of the Estimated/Actual data compared to the original projections for the January 2004 through December 2004 period is provided in Appendix I, Page 4. FPL's original filing dated September 12, 2003 Jurisdictional Projected Total Fuel and Net Power Transactions to be $3.364 billion for January through December 2004 (See Appendix I, page 4, Column 2, Line C6). The estimated/actual Jurisdictional Total Fuel Cost and Net Power Transactions are now projected to be $3.522 billion for the period January through December 2004 (Actual data for January through June 2004 and revised estimates for July through December 2004) (See Appendix I, Page 4, Column 1, Line C6). Therefore, Jurisdictional Total Fuel Cost and Net Power Transactions are $158 million higher than originally projected. (See Appendix I, Page 4, Column 3, Line C6).

Jurisdictional Fuel Revenues for 2004 are $22.3 million lower than originally projected (Appendix I, Page 4, Column 3, Line C3). The $158 million of higher costs plus the $22.3 million of lower revenues, plus interest, result in the $182.2 million under-recovery.

This $182.2 million estimated/actual under-recovery net of the final over-recovery of $41.8 million for the period ending December 2003 filed on February 23, 2004 results in a net $140.4 million under-recovery to be carried forward to the 2005 FCR factors.

Q. Please explain the variances in Total Fuel Costs and Net Power Transactions.

A. As shown on Appendix I, page 4, line C6, the variance in Total Fuel Costs and Net Power Transactions is $158 million or an 4.7% increase from projections.

This variance is mainly due to:

- A $242.3 million or 8.2% increase in the Fuel Cost of System Net Generation due primarily to higher than projected residual oil and natural gas costs. Natural gas costs are currently projected to be $78.2 million (3.8%) higher than the original filing. The unit cost of natural gas in the estimated/actual period is $6.53 per MMBTU or $.63 (10.7%) higher than the $5.90 per MMBTU included in the original filing. Residual oil costs are currently projected to be $156.3 million (22.7%) higher than the original filing. The unit cost of residual oil in the estimated/actual period is $4.50 per MMBTU or $0.30 (7.1%) higher than the $4.20 per MMBTU included in the original filing.
- A $2 million or 4% increase in the Energy Cost of Economy Purchases due to higher than projected unit cost for economy purchases.

Offset by:

- A $62.7 million or 116.3% increase in Fuel Cost of Power Sold, which is primarily due to selling 85.1% more MWh's than projected at a 16.8% higher than projected unit cost. Additionally, gains from Off-System Sales are $9.9 million or 141.1% higher than projected.

- A $13 million or 4.5% decrease in Fuel Cost of Purchased Power due to 2% less than projected purchases at a slightly lower cost.

Q. What is the appropriate estimated benchmark level for calendar year 2005 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI?

A. For the forecast year 2005, the three year average threshold consists of actual gains for 2002, 2003, and January through June 2004, and estimates for July through December 2004 (see below). Gains on sales in 2005 are to be measured against this three year average threshold, after it has been adjusted with the true-up filing (scheduled to be filed in April 2005) to include all actual data for the year 2004.

2002	$ 9,726,487
2003	$13,091,111
2004	$16,992,686
Average threshold	$13,270,095

CAPACITY COST RECOVERY CLAUSE

Q. Please explain the calculation of the CCR Estimated/Actual True-up amount you are requesting this Commission to approve.

A. Appendix II, Pages 2 and 3 show the calculation of the CCR Estimated/Actual True-up amount. The calculation of the Estimated/Actual True-up for the period January 2004 through December 2004 is an under-recovery of $73,892,873 including interest (Appendix II, Page 3, Column 13, Lines 17 plus 18).

Q. Is this true-up calculation made in accordance with the procedures previously approved in predecessors to this Docket?

A. Yes it is.

Q. Have you provided a schedule showing the variances between the Estimated/Actuals and the Original Projections?

A. Yes. Appendix II, Page 4, shows the Estimated/Actual capacity charges and applicable revenues (January through June 2004 reflects actual data and the data for July through December 2004 is based on updated estimates) compared to the original projections for the January 2004 through December 2004 period.

Q. What is the variance related to capacity charges?

A. As shown in Appendix II, Page 4, Column 3, Line 12, the variance related to capacity charges is a $74.7 million (12.4%) increase. The primary reasons for this variance is a $12.3 million increase in payments to non-cogenerators, a $16.6 million increase in short-term capacity payments, an $8.8 million increase in payments to cogenerators, a $2.2 million increase in Transmission of Electricity by Others, and a $38.8 million increase in Incremental Power Plant Security Costs. These amounts are slightly offset by a $3.1 million increase in Transmission Revenues from Capacity Sales.

The $38.8 million increase in Incremental Power Plant Security Costs is primarily a result of the expanded scope of activities needed to comply with the Nuclear Regulatory Commission (NRC) Design Basis Threat Order EA-03-086. FPL had originally projected $2.05 million in its September 13, 2003 filing for compliance with the DBT Order. FPL's current projection of the cost of complying with that order is $40.36 million. The reasons for this increase are addressed in the testimony of FPL witness, John Hartzog. The $12.3 million increase in payments to non-cogenerators is primarily due to higher than originally projected payments to Southern Company and SJRPP. The $16.6 million increase in short-term capacity payments is primarily due to higher than estimated short-term purchases. FPL entered into several short-term economic capacity transactions that were not included in its original projections for 2004. The $8.8 million increase in payments to cogenerators is due to higher than originally projected payments to ICL and Cedar Bay.

Additionally, Page 4, Column 3, Line 15, Capacity Cost Recovery revenues, net of revenue taxes, are $1.2 million higher than originally projected. The $74.7 million higher costs less the $1.2 million additional revenue, plus interest, results in an estimated/actual 2004 true-up amount of $73.9 million under-recovery (Appendix II, Page 4, Column 3, Lines 16 plus 17). This under-recovery of $73.9 million plus the final 2003 under-recovery of $7 million filed on February 23, 2004 results in an under-recovery of $80.9 million to be carried forward to the 2005 capacity factor.

Q. Are all of the power plant security costs that FPL has included in its CCR calculation incremental costs?

A. Yes. The 2002 Minimum Filing Requirements (MFRs) filed in Docket No. 001148-EI do not include any of the incremental power plant security costs as a result of 9/11/01 or other Homeland Security responses that FPL has included for recovery through the capacity clause.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF J. R. HARTZOG

DOCKET NO. 040001-EI

August 10, 2004

Q. Please state your name and address.

A. My name is John R. Hartzog. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (FPL) as Manager, Nuclear Financial & Information Services in the Nuclear Business Unit.

Q. Have you previously testified in predecessors to this docket?

A. Yes, I have.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present and explain FPL's increased incremental nuclear power plant security costs

("Incremental security costs") for the period January 2004 through December 2004.

Q. What was FPL's projection of 2004 incremental nuclear security costs that was filed in Docket No. 030001-EI?

A. In its September 13, 2003 filing, FPL projected 2004 incremental nuclear security costs to be $12 million.

Q. What is FPL's current projection of those costs?

A. FPL's current projection of 2004 incremental nuclear security costs is $50.2 million.

Q. Please explain the reason for this increase.

A. These additional costs are necessary to ensure that FPL is in compliance with Nuclear Regulatory Commission (NRC) Design Basis Threat (DBT) Order EA-03-086 dated April 29, 2003 (the "DBT Order"). In its September 13, 2003 filing, FPL projected $2.05 million for compliance with the DBT Order. FPL's current projection for complying with that order is $40.36 million.

Q. What has changed since FPL's filing in Docket No. 030001- EI that requires additional expenditures to comply with the DBT Order?

A. The original DBT Order only stated in broad outline the levels of personnel, equipment and armament against which plants must defend. It provided no details about how those resources might be deployed against a particular plant, much less about the type of facilities and actions that the plant should use to defend itself. When FPL projected its costs of complying with the DBT Order in September 2003, very little information was available as to what meeting the DBT would actually entail.

Subsequent to that original projection, a series of frequent meetings has been conducted among the NRC, nuclear industry and the Nuclear Energy Institute (NEI). The meetings resulted in several revisions to the original DBT Order with the latest revision being issued as recently as May 2004. Even as refined by those revisions, there are still outstanding issues about the DBT Order that require further clarification. Meetings are continuing to resolve those issues. Finally, the NRC is currently in the process of developing and implementing Force on Force exercises (FOF) to test the defenses of licensed plants. A pilot FOF exercise was held at Turkey Point in

April 2004. Based on current requirements, the exercise was a success, but it led to the NRC's identifying additional requirements for FPL to satisfy in complying with the DBT Order.

As a result of the NRC's revisions to the DBT Order and interpretations of how it is to applied, FPL is now aware of substantial commitments of personnel and facilities that it must make in order to comply with the DBT Order.

Q. Please provide an explanation of FOF Exercises.

A. FOF exercises are a method the NRC utilizes to test a nuclear site's ability to defend against the criteria for DBT requirements. The exercises also test to ensure adequate protection of public health, safety and common defense security is maintained.

Q. To the extent permitted by NRC safeguards requirements, please provide a brief description of the additional commitments of personnel and facilities that FPL must make in order to comply with the DBT Order.

A. The commitments include additional security personnel, bullet resistant enclosures, additional fencing, lighting and gates, additional communication systems and equipment, remote surveillance equipment and software modifications, vehicle barrier system and terrain modifications. I should note that complying with the DBT Order is especially complicated at Turkey Point due to the fossil units that are located immediately adjacent to the nuclear units.

Q. Are there other factors that impact the costs of complying with the DBT Order?

A. Yes. There are a limited number of vendors that are qualified to perform the new requirements imposed by the NRC. FPL is competing with the rest of the nuclear industry for the services of those vendors to meet the DBT Order's tight compliance deadline. In addition, a large portion of the increased compliance costs is for the construction or modification of buildings and other structures at the plants. The price of gasoline has directly affected the cost of steel, and cement prices have increased dramatically due to China's purchasing the majority of all cement that would otherwise be imported.

Q. Do the increased incremental nuclear security costs you have described meet the Commission's criteria for recovery through the Capacity Costs Recovery Clause?

A. Yes, they do. All of the increased incremental costs are necessary to respond to additional, post-9/11 security requirements, and none of the increased costs were included in FPL's most recent MFRs.

Q. Can FPL now be certain what will be required to comply with the DBT Order?

A. While the compliance picture is much clearer now than it was when FPL projected 2004 incremental nuclear security costs in Docket No. 030001-EI, unfortunately there still remains a measure of uncertainty. The process of defining what is required to comply with the DBT Order is still not finished, so it is possible that the NRC could impose further requirements that FPL would have to satisfy. Moreover, the current deadline for complying with the DBT Order is October 29, 2004. It will be a race against time for FPL to implement by that deadline all the plant changes that FPL now knows are needed. If FPL is not able to complete all those changes by the deadline, it may need to implement temporary compensatory measures (primarily, additional personnel). Implementing compensatory measures would likely have the effect of deferring some of the projected construction costs into 2005, but increasing personnel costs for 2004.

Q. Does this conclude your testimony?

A. Yes, it does.

APPENDIX I

FUEL COST RECOVERY

ESTIMATED/ACTUAL TRUE UP CALCULATION

KMD-3
DOCKET NO. 040001-EI
FPL WITNESS: K.M. DUBIN
August 10, 2004

CALCULATION OF THE ESTIMATED/ACTUAL TRUE-UP AMOUNT
FLORIDA POWER & LIGHT COMPANY
FOR THE PERIOD JANUARY THROUGH DECEMBER 2004
SIX MONTHS ACTUAL SIX MONTHS REVISED ESTIMATES

LINE NO.		(1) ACTUAL JAN	(2) ACTUAL FEB	(3) ACTUAL MAR	(4) ACTUAL APR	(5) ACTUAL MAY	(6) ACTUAL JUN
A	**Fuel Costs & Net Power Transactions**						
1 a	Fuel Cost of System Net Generation	$ 184,452,314	$ 175,787,137	$ 214,008,305	$ 225,837,849	$ 273,633,221	$ 329,439,294
b	Incremental Hedging Costs	39,539	43,636	95,460	33,158	53,388	50,597
c	Nuclear Fuel Disposal Costs	2,101,960	1,950,911	1,944,426	1,523,704	1,860,877	1,983,248
d	Coal Cars Depreciation & Return	260,036	270,239	330,547	378,675	376,456	374,237
e	Gas Pipelines Depreciation & Return	159,187	157,765	156,343	154,922	153,500	152,078
f	DOE D&D Fund Payment						
2 a	Fuel Cost of Power Sold (Per A6)	(11,421,993)	(11,341,688)	(11,522,125)	(11,512,453)	(9,166,845)	(7,610,577
b	Gains from Off-System Sales	(3,487,436)	(2,828,818)	(2,150,944)	(2,193,430)	(1,561,821)	(784,437
3 a	Fuel Cost of Purchased Power (Per A7)	15,140,887	14,698,590	14,110,542	17,432,844	17,161,636	33,206,788
b	Energy Payments to Qualifying Facilities (Per A8)	12,108,633	11,650,079	10,503,252	12,428,163	10,672,709	12,559,402
c	Okeelanta Settlement Amortization including interest	802,825	801,251	800,055	799,947	799,908	802,205
4	Energy Cost of Economy Purchases (Per A9)	4,259,680	3,504,914	3,433,118	6,272,765	7,027,964	3,273,294
5	Total Fuel Costs & Net Power Transactions	204,415,631	194,694,018	231,708,980	251,156,144	301,010,992	373,446,129
6	**Adjustments to Fuel Cost**						
a	Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	(2,667,940)	(2,628,591)	(2,507,271)	(3,056,227)	(3,064,860)	(3,715,083
b	Reactive and Voltage Control / Energy Imbalance Fuel Revenues	(79,263)	(106,143)	(147,636)	4,907	33,674	(40,655
c	Inventory Adjustments	(126,576)	(12,827)	(73,126)	34,959	(36,019)	223,329
d	Non Recoverable Oil/Tank Bottoms			-	(45,837)	-	-
7	Adjusted Total Fuel Costs & Net Power Transactions	$ 201,541,853	$ 191,946,456	$ 228,980,948	$ 248,093,946	$ 297,943,787	$ 369,913,720
B	**kWh Sales**						
1	Jurisdictional kWh Sales	7,668,715,414	7,175,175,525	7,034,440,332	6,799,137,180	7,644,908,043	9,270,486,870
2	Sale for Resale (excluding FKEC & CKW)	48,691,074	45,861,710	39,221,146	43,391,707	42,455,919	38,691,036
3	Sub-Total Sales (excluding FKEC & CKW)	7,717,406,488	7,221,037,235	7,073,661,478	6,842,528,887	7,687,363,962	9,309,177,906
6	**Jurisdictional % of Total Sales (B1/B3)**	99.36907%	99.36489%	99.44553%	99.36585%	99.44772%	99.58438%
C	**True-up Calculation**						
1	Juris Fuel Revenues (Net of Revenue Taxes)	$ 281,915,788	$ 264,071,397	$ 258,908,817	$ 250,291,507	$ 281,575,254	$ 342,544,711
2	**Fuel Adjustment Revenues Not Applicable to Period**						
a	Prior Period True-up (Collected)/Refunded This Period	(28,727,488)	(28,727,488)	(28,727,488)	(28,727,488)	(28,727,488)	(28,727,488
b	GPIF, Net of Revenue Taxes (a)	(611,027)	(611,027)	(611,027)	(611,027)	(611,027)	(611,027
c	Oil Backout Revenues, Net of revenue taxes	(0)	0	(9)	0	0	(1)
3	Jurisdictional Fuel Revenues Applicable to Period	$ 252,577,273	$ 234,732,882	$ 229,570,293	$ 220,952,992	$ 252,236,738	$ 313,206,195
4 a	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	$ 201,541,853	$ 191,946,456	$ 228,980,948	$ 248,093,946	$ 297,943,787	$ 369,913,720
b	Nuclear Fuel Expense - 100% Retail (Acct. 518.111)	0	0	0	0	0	0
c	RTP Incremental Fuel -100% Retail	0	0	0	0	0	0
d	D&D Fund Payments -100% Retail	0	0	0	0	0	0
e	Adj Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4a-C4b-C4c-C4d)	201,541,853	191,946,456	228,980,948	248,093,946	297,943,787	369,913,720
5	Jurisdictional Sales % of Total kWh Sales (Line B-6)	99.36907 %	99.36489 %	99.44553 %	99.36585 %	99.44772 %	99.58438 %
6	Jurisdictional Total Fuel Costs & Net Power Transactions (Line C4e x C5 x 1.00059(c)) +(Lines C4b,c,d)	$ 200,388,424	$ 190,839,915	$ 227,845,667	$ 246,666,105	$ 296,473,119	$ 368,593,627
7	True-up Provision for the Month - Over/(Under) Recovery (Line C3 - Line C6)	$ 52,188,849	$ 43,892,967	$ 1,724,626	$ (25,713,113)	$ (44,236,381)	$ (55,387,432)
8	Interest Provision for the Month (Line D10)	(228,553)	(155,711)	(109,881)	(98,757)	(107,179)	(143,635)
9 a	True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	(344,729,859)	(264,042,075)	(191,577,330)	(161,235,097)	(158,319,479)	(173,935,550)
b	Deferred True-up Beginning of Period - Over/(Under) Recovery	41,808,676	41,808,676	41,808,676	41,808,676	41,808,676	41,808,676
10	Prior Period True-up Collected/(Refunded) This Period	28,727,488	28,727,488	28,727,488	28,727,488	28,727,488	28,727,488
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through C10)	$ (222,233,399)	$ (149,768,654)	$ (119,426,421)	$ (116,510,803)	$ (132,126,874)	$ (158,930,457)

LINE NO.		(7) REVISED EST. JUL	(8) REVISED EST. AUG	(9) REVISED EST. SEP	(10) REVISED EST. OCT	(11) REVISED EST. NOV	(12) REVISED EST. DEC	(13) TOTAL PERIOD
1	a Fuel Cost of System Net Generation	$ 328,158,233	$ 331,417,022	$ 323,993,606	$ 305,098,671	$ 258,860,614	$ 239,867,115	$ 3,190,553,382
	b Incremental Hedging Costs	34,945	34,945	34,945	34,945	48,775	34,945	539,278
	c Nuclear Fuel Disposal Costs	1,983,357	1,983,357	1,828,859	1,515,688	1,483,193	1,606,560	21,766,140
	d Coal Cars Depreciation & Return	372,017	369,798	367,579	365,359	363,140	360,921	4,189,004
	e Gas Pipelines Depreciation & Return	150,656	75,003	49,341	48,901	48,461	48,021	1,354,179
	f DOE D&D Fund Payment		-	-	-	6,671,000	-	6,671,000
2	a Fuel Cost of Power Sold (Per A6)	(7,516,774)	(8,052,651)	(7,885,260)	(7,353,729)	(10,176,498)	(13,080,892)	(116,641,485)
	b Gains from Off-System Sales	(891,900)	(935,800)	(555,650)	(407,450)	(436,000)	(759,000)	(16,992,686)
3	a Fuel Cost of Purchased Power (Per A7)	34,719,157	34,069,259	33,152,675	20,325,358	17,691,216	24,026,493	275,735,445
	b Energy Payments to Qualifying Facilities (Per A8)	13,322,000	13,300,000	12,983,000	13,616,000	11,104,000	13,563,000	147,810,238
	c Okeelanta Settlement Amortization including interest	798,469	797,800	797,132	796,463	795,795	795,126	9,586,975
4	Energy Cost of Economy Purchases (Per A9)	2,719,847	2,929,499	2,907,577	6,336,972	5,771,883	5,977,227	54,414,740
5	Total Fuel Costs & Net Power Transactions	373,850,007	375,988,232	367,673,804	340,377,179	292,225,579	272,439,516	3,578,986,211
6	**Adjustments to Fuel Cost**							
	a Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	(3,753,544)	(3,892,284)	(3,953,281)	(3,771,405)	(3,539,694)	(3,239,889)	(39,790,068)
	b Reactive and Voltage Control / Energy Imbalance Fuel Revenues							(335,114.86)
	c Inventory Adjustments							9,740.63
	d Non Recoverable Oil/Tank Bottoms							(45,837.17)
7	Adjusted Total Fuel Costs & Net Power Transactions	$ 370,096,463	$ 372,095,948	$ 363,720,523	$ 336,605,775	$ 288,685,885	$ 269,199,628	$ 3,538,824,932
3	**kWh Sales**							
1	Jurisdictional kWh Sales	9,766,926,607	9,956,053,270	9,877,393,892	9,083,786,926	8,072,305,230	7,940,128,805	100,289,458,094
2	**Sale for Resale (excluding FKEC & CKW)**	48,561,368	50,429,142	51,331,964	49,729,793	44,385,501	40,270,148	543,020,508
3	**Sub-Total Sales (excluding FKEC & CKW)**	9,815,487,975	10,006,482,412	9,928,725,855	9,133,516,720	8,116,690,731	7,980,398,953	100,832,478,602
6	**Jurisdictional % of Total Sales (B1/B3)**	99.50526%	99.49604%	99.48300%	99.45552%	99.45316%	99.49539%	N/A
	True-up Calculation							
1	Juris Fuel Revenues (Net of Revenue Taxes)	$ 359,733,073	$ 366,698,941	$ 363,801,778	$ 334,571,838	$ 297,317,190	$ 292,448,899	$ 3,693,879,193
2	**Fuel Adjustment Revenues Not Applicable to Period**							
	a Prior Period True-up (Collected)/Refunded This Period	(28,727,488)	(28,727,488)	(28,727,488)	(28,727,488)	(28,727,488)	(28,727,488)	(344,729,859)
	b GPIF, Net of Revenue Taxes (a)	(611,027)	(611,027)	(611,027)	(611,027)	(611,027)	(611,027)	(7,332,324)
	c Oil Backout Revenues, Net of revenue taxes	0	0	0	0	0	0	(10)
3	Jurisdictional Fuel Revenues Applicable to Period	$ 330,394,558	$ 337,360,425	$ 334,463,262	$ 305,233,323	$ 267,978,674	$ 263,110,384	$ 3,341,817,000
4	a Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	$ 370,096,463	$ 372,095,948	$ 363,720,523	$ 336,605,775	$ 288,685,885	$ 269,199,628	$ 3,538,824,932
	b Nuclear Fuel Expense - 100% Retail (Acct. 518.111)	0	0	0	0	0	0	0
	c RTP Incremental Fuel -100% Retail	0	0	0	0	0	0	0
	d D&D Fund Payments -100% Retail	0	0	0	0	6,671,000	0	6,671,000
	e Adj Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4a-C4b-C4c-C4d)	370,096,463	372,095,948	363,720,523	336,605,775	282,014,885	269,199,628	3,532,153,932
5	Jurisdictional Sales % of Total kWh Sales (Line B-6)	99.50526 %	99.49604 %	99.48300 %	99.45552 %	99.45316 %	99.49539 %	N/A
6	Jurisdictional Total Fuel Costs & Net Power Transactions (Line C4e x C5 x 1.00059(c)) +(Lines C4b,c,d)	$ 368,482,725	$ 370,439,164	$ 362,053,573	$ 334,970,540	$ 287,309,194	$ 267,999,246	$ 3,522,061,299
7	True-up Provision for the Month - Over/(Under) Recovery (Line C3 - Line C6)	$ (38,088,167)	$ (33,078,739)	$ (27,590,311)	$ (29,737,217)	$ (19,330,520)	$ (4,888,862)	$ (180,244,299)
8	**Interest Provision for the Month (Line D10)**	(181,330)	(189,129)	(191,120)	(191,261)	(186,825)	(168,615)	(1,952,000)
9	a True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	(200,739,133)	(210,281,141)	(214,821,521)	(213,875,464)	(215,076,454)	(205,866,310)	(344,729,859)
	b **Deferred True-up Beginning of Period - Over/(Under) Recovery**	41,808,676	41,808,676	41,808,676	41,808,676	41,808,676	41,808,676	41,808,676
10	Prior Period True-up Collected/(Refunded) This Period	28,727,488	28,727,488	28,727,488	28,727,488	28,727,488	28,727,488	344,729,859
11	**End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through C10)**	$ (168,472,465)	$ (173,012,845)	$ (172,066,788)	$ (173,267,778)	$ (164,057,634)	$ (140,387,623)	$ (140,387,623)

FLORIDA POWER & LIGHT COMPANY

FUEL COST RECOVERY CLAUSE

CALCULATION OF VARIANCE - ESTIMATED/ACTUAL vs ORIGINAL PROJECTIONS

FOR THE PERIOD JANUARY THROUGH DECEMBER 2004

				(1)	(2)	(3)	(4)
LINE				ESTIMATED /	ORIGINAL	VARIANCE	
NO.				ACTUAL	PROJECTIONS (a)	AMOUNT	%
A			**Fuel Costs & Net Power Transactions**				
	1	a	Fuel Cost of System Net Generation	$ 3,190,553,382	$ 2,948,212,042	$ 242,341,340	8.2 %
		b	Incremental Hedging Costs	539,278	427,857	111,421	26.0 %
		c	Nuclear Fuel Disposal Costs	21,766,140	21,731,958	34,182	0.2 %
		d	Coal Cars Depreciation & Return	4,189,004	4,413,013	(224,009)	(5.1) %
		e	Gas Pipelines Depreciation & Return	1,354,179	1,816,407	(462,228)	(25.4) %
		f	DOE D&D Fund Payment	6,671,000	6,670,000	1,000	0.0 %
	2	a	Fuel Cost of Power Sold (Per A6)	(116,641,485)	(53,937,966)	(62,703,519)	116.3 %
		b	Gains from Off-System Sales	(16,992,686)	(7,048,624)	(9,944,062)	141.1 %
	3	a	Fuel Cost of Purchased Power (Per A7)	275,735,445	288,786,758	(13,051,313)	(4.5) %
		b	Energy Payments to Qualifying Facilities (Per A8)	147,810,238	148,266,648	(456,410)	(0.3) %
		c	Okeelanta Settlement Amortization including interest	9,586,975	9,578,625	8,350	0.1 %
	4		Energy Cost of Economy Purchases (Per A9)	54,414,740	52,338,486	2,076,254	4.0 %
	5		Total Fuel Costs & Net Power Transactions	$ 3,578,986,211	$ 3,421,255,204	$ 157,731,007	4.6 %
	6		**Adjustments to Fuel Cost**				
		a	Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	$ (39,790,068)	$ (41,152,955)	$ 1,362,887	(3.3) %
		b	Reactive and Voltage Control Fuel Revenue	(335,115)		(335,115)	N/A
		c	Inventory Adjustments	9,741		9,741	N/A
		d	Non Recoverable Oil/Tank Bottoms	(45,837)		(45,837)	N/A
	7		Adjusted Total Fuel Costs & Net Power Transactions	$ 3,538,824,932	$ 3,380,102,249	$ 158,722,683	4.7 %
B			**Jurisdictional kWh Sales**				
	1		Jurisdictional kWh Sales	100,289,458,094	100,913,606,000	(624,147,906)	(0.6) %
	2		Sale for Resale (excluding FKEC & CKW)	543,020,508	519,832,000	23,188,508	4.5 %
	3		Sub-Total Sales (excluding FKEC & CKW)	100,832,478,602	101,433,438,000	(600,959,398)	(0.6) %
	4		**Jurisdictional % of Total Sales (B1/B3)**	N/A	N/A	N/A	N/A
			True-up Calculation				
C	1		Juris Fuel Revenues (Net of Revenue Taxes)	$ 3,693,879,193	3,716,163,293	$ (22,284,101)	(0.6) %
	2		**Fuel Adjustment Revenues Not Applicable to Period**				
		a 1	Prior Period True-up (Collected)/Refunded This Period	(344,729,859)	(344,729,859)	0	0.0 %
		b	GPIF, Net of Revenue Taxes (b)	(7,332,324)	(7,332,324)	0	0.0 %
		c	Oil Backout Revenues, Net of revenue taxes	(10)	0	(10)	N/A
	3		Jurisdictional Fuel Revenues Applicable to Period	$ 3,341,817,000	$ 3,364,101,110	$ (22,284,101)	(0.7) %
	4	a	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	$ 3,538,824,932	$ 3,380,102,249	$ 158,722,683	4.7 %
		b	Nuclear Fuel Expense - 100% Retail	0	0	0	N/A
		c	RTP Incremental Fuel -100% Retail	0	0	0	N/A
		d	D&D Fund Payments -100% Retail (Line A 1 f)	6,671,000	6,670,000	1,000	0.0 %
		e	Adj. Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (D4a-D4b-D4c-D4d)	3,532,153,932	3,373,432,249	158,721,683	4.7 %
	5		Jurisdictional Sales % of Total kWh Sales	N/A	N/A	N/A	N/A
	6		Jurisdictional Total Fuel Costs & Net Power Transactions	$ 3,522,111,210	$ 3,364,101,110	$ 158,010,100	4.7 %
	7		True-up Provision for the Period Over/(Under) Recovery (Line C3 - Line C6)	$ (180,244,299)	$ 0	$ (180,244,299)	N/A
	8		Interest Provision for the Period	(1,952,000)	0	(1,952,000)	N/A
	9	a	True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	(344,729,859)	(344,729,859)	0	0.0 %
		b	Deferred True-up Beginning of Period - Over/(Under) Recovery	41,808,676	0	41,808,676	N/A
	10		Prior Period True-up Collected/(Refunded) This Period	344,729,859	344,729,859	0	0.0 %
	11		End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through D10)	$ (140,387,623)	$ 0	$ (140,387,623)	N/A

NOTES

(a) **Per Original Projections approved by the Commission in Order No. PSC-1461-FOF-EI (December 22, 2003).**

(b) **Generation Performance Incentive Factor is (($7,449,429) x 98.4280%) - See Order No. PSC-03-1461-FOF-EI.**

APPENDIX II

CAPACITY COST RECOVERY

ESTIMATED/ACTUAL TRUE UP CALCULATION

KMD-4
DOCKET NO. 040001-EI
FPL WITNESS: K.M. DUBIN
August 10, 2004

CAPACITY COST RECOVERY CLAUSE
CALCULATION OF ESTIMATED/ACTUAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY THROUGH DECEMBER 2004

LINE NO.		(1) JAN 2004 ACTUAL	(2) FEB 2004 ACTUAL	(3) MAR 2004 ACTUAL	(4) APR 2004 ACTUAL	(5) MAY 2004 ACTUAL	(6) JUN 2004 ACTUAL
1.	Capacity Payments to Non-cogenerators (UPS & SJRPP)	$17,271,885	$16,715,070	$15,608,268	$15,512,596	$15,650,658	$16,010,555
2.	Short Term Capacity Payments	6,156,400	6,156,400	3,873,860	3,794,640	7,013,850	16,432,978
3.	Capacity Payments to Cogenerators (QFs)	29,618,332	29,384,726	29,454,264	30,078,378	30,398,617	30,479,099
4a.	SJRPP Suspension Accrual	422,797	422,797	422,797	422,797	422,797	422,797
4b.	Return Requirements on SJRPP Suspension Payments	(298,153)	(302,316)	(306,478)	(310,640)	(314,803)	(318,965)
5.	Okeelanta Settlement	3,020,150	3,014,230	3,009,732	3,009,323	3,009,176	3,017,819
6.	Incremental Plant Security Costs	562,344	654,189	1,001,012	865,299	1,269,330	2,948,484
7.	Transmission of Electricity by Others	817,671	808,943	807,484	649,195	611,848	798,578
8.	Transmission Revenues from Capacity Sales	(687,840)	(654,693)	(634,963)	(581,752)	(542,200)	(1,041,719)
9.	Total (Lines 1 through 8)	$ 56,883,586	$ 56,199,348	$ 53,235,976	$ 53,439,835	$ 57,519,274	$ 68,749,626
10.	Jurisdictional Separation Factor (a)	98.84301%	98.84301%	98.84301%	98.84301%	98.84301%	98.84301%
11.	Jurisdictional Capacity Charges	56,225,448	55,549,127	52,620,041	52,821,541	56,853,782	67,954,199
12.	Capacity related amounts included in Base Rates (FPSC Portion Only) (b)	(4,745,466)	(4,745,466)	(4,745,466)	(4,745,466)	(4,745,466)	(4,745,466)
13.	Jurisdictional Capacity Charges Authorized	$ 51,479,982	$ 50,803,661	$ 47,874,575	$ 48,076,075	$ 52,108,316	$ 63,208,733
14.	Capacity Cost Recovery Revenues (Net of Revenue Taxes)	$ 43,705,699	$ 41,526,132	$ 40,883,478	$ 39,699,773	$ 44,106,141	$ 52,885,350
15.	Prior Period True-up Provision	2,393,762	2,393,762	2,393,762	2,393,762	2,393,762	2,393,762
16.	Capacity Cost Recovery Revenues Applicable to Current Period (Net of Revenue Taxes)	$ 46,099,461	$ 43,919,894	$ 43,277,240	$ 42,093,535	$ 46,499,903	$ 55,279,112
17.	True-up Provision for Month - Over/(Under) Recovery (Line 16 - Line 13)	(5,380,521)	(6,883,767)	(4,597,335)	(5,982,541)	(5,608,412)	(7,929,622)
18.	Interest Provision for Month	15,490	7,770	940	(5,470)	(12,702)	(23,603)
19.	True-up & Interest Provision Beginning of Month - Over/(Under) Recovery	28,725,148	20,966,356	11,696,596	4,706,439	(3,675,334)	(11,690,209)
20.	Deferred True-up - Over/(Under) Recovery	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)
21.	Prior Period True-up Provision - Collected/(Refunded) this Month	(2,393,762)	(2,393,762)	(2,393,762)	(2,393,762)	(2,393,762)	(2,393,762)
22.	End of Period True-up - Over/(Under) Recovery (Sum of Lines 17 through 21)	$ 13,916,273	$ 4,646,513	$ (2,343,644)	$ (10,725,417)	$ (18,740,292)	$ (29,087,279)

Notes: (a) Per K. M. Dubin's Testimony Appendix III Page 3, filed September 12, 2003.
(b) Per FPSC Order No. PSC-94-1092-FOF-EI, Docket No. 940001-EI, as adjusted in August 1993, per E.L. Hoffman's Testimony Appendix IV, Docket No. 930001-EI, filed July 8, 1993.

CAPACITY COST RECOVERY CLAUSE
CALCULATION OF ESTIMATED/ACTUAL TRUE-UP AMOUNT
FOR THE PERIOD JANUARY THROUGH DECEMBER 2004

LINE NO.		(7) JUL 2004 ESTIMATED	(8) AUG 2004 ESTIMATED	(9) SEP 2004 ESTIMATED	(10) OCT 2004 ESTIMATED	(11) NOV 2004 ESTIMATED	(12) DEC 2004 ESTIMATED	(13) TOTAL	LINE NO.
1.	Capacity Payments to Non-cogenerators (UPS & SJRPP)	$15,466,146	$15,466,146	$15,466,146	$15,466,146	$15,466,146	$15,466,146	$189,565,905	1.
2.	Short Term Capacity Payments	16,044,840	16,044,840	9,941,350	4,198,715	4,537,715	6,811,735	101,007,323	2.
3.	Capacity Payments to Cogenerators (QF's)	29,944,669	29,944,669	29,944,669	29,944,669	29,944,669	29,944,669	359,081,428	3.
4a.	SJRPP Suspension Accrual	422,797	422,797	422,797	422,797	422,797	422,797	5,073,564	4a.
4b.	Return Requirements on SJRPP Suspension Payments	(323,128)	(327,290)	(331,452)	(335,615)	(339,777)	(343,940)	(3,852,557)	4b.
5.	Okeelanta Settlement	3,025,369	3,022,122	3,018,875	3,015,628	3,012,381	3,009,134	36,183,937	6b.
6.	Incremental Plant Security Costs	7,435,438	7,568,849	7,563,849	7,563,849	7,563,849	7,477,516	52,474,009	6c.
7.	Transmission of Electricity by Others	596,818	603,794	596,096	686,645	748,280	693,848	8,419,200	7.
8.	Transmission Revenues from Capacity Sales	(504,100)	(504,100)	(486,800)	(425,850)	(527,000)	(704,000)	(7,295,017)	8.
9.	Total (Lines 1 through 8)	$ 72,108,848	$ 72,241,826	$ 66,135,528	$ 60,536,983	$ 60,829,059	$ 62,777,904	$ 740,657,792	9.
10.	Jurisdictional Separation Factor (a)	98.84301%	98.84301%	98.84301%	98.84301%	98.84301%	98.84301%	N/A	10.
11.	Jurisdictional Capacity Charges	71,274,556	71,405,995	65,370,347	59,836,576	60,125,272	62,051,570	732,088,455	11.
12.	Capacity related amounts included in Base Rates (FPSC Portion Only) (b)	(4,745,466)	(4,745,466)	(4,745,466)	(4,745,466)	(4,745,466)	(4,745,466)	(56,945,592)	12.
13.	Jurisdictional Capacity Charges Authorized	$ 66,529,090	$ 66,660,529	$ 60,624,881	$ 55,091,110	$ 55,379,806	$ 57,306,104	$ 675,142,863	13.
14.	Capacity Cost Recovery Revenues (Net of Revenue Taxes)	$ 55,373,132	$ 56,445,373	$ 55,999,419	$ 51,500,102	$ 45,765,552	$ 45,016,187	$ 572,906,337	14.
15.	Prior Period True-up Provision	2,393,762	2,393,762	2,393,763	2,393,763	2,393,763	2,393,763	28,725,148	15.
16.	Capacity Cost Recovery Revenues Applicable to Current Period (Net of Revenue Taxes)	$ 57,766,894	$ 58,839,135	$ 58,393,182	$ 53,893,865	$ 48,159,315	$ 47,409,950	$ 601,631,485	16.
17.	True-up Provision for Month - Over/(Under) Recovery (Line 16 - Line 13)	(8,762,196)	(7,821,394)	(2,231,699)	(1,197,245)	(7,220,491)	(9,896,155)	(73,511,378)	17.
18.	Interest Provision for Month	(38,421)	(50,306)	(58,586)	(63,205)	(70,593)	(82,809)	(381,495)	18.
19.	True-up & Interest Provision Beginning of Month - Over/(Under) Recovery	(22,037,196)	(33,231,575)	(43,497,038)	(48,181,086)	(51,835,299)	(61,520,146)	28,725,148	19.
20.	Deferred True-up - Over/(Under) Recovery	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)	(7,050,083)	20.
21.	Prior Period True-up Provision - Collected/(Refunded) this Month	(2,393,762)	(2,393,762)	(2,393,763)	(2,393,763)	(2,393,763)	(2,393,763)	(28,725,148)	21.
22.	End of Period True-up - Over/(Under) Recovery (Sum of Lines 17 through 21)	$ (40,281,658)	$ (50,547,121)	$ (55,231,169)	$ (58,885,382)	$ (68,570,229)	$ (80,942,956)	$ (80,942,956)	22.

Notes: **(a) Per K. M. Dubin's Testimony Appendix III Page 3, fi**
(b) Per FPSC Order No. PSC-94-1092-FOF-EI, Docket N
Appendix IV, Docket No. 930001-EI, filed July 8, 1993.

FLORIDA POWER & LIGHT COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF ESTIMATE/ACTUAL TRUE-UP VARIANCES
FOR THE PERIOD JANUARY THROUGH DECEMBER 2004

Line No.		ESTIMATED / ACTUAL	ORIGINAL PROJECTIONS (a)	VARIANCE AMOUNT	VARIANCE %
1.	Capacity Payments to Non-cogenerators (UPS & SJRPP)	$ 189,565,905	$ 177,228,528	$ 12,337,377	7.0 %
2.	Short Term Capacity Payments	101,007,323	84,454,210	16,553,113	19.6 %
3.	Capacity Payments to Cogenerators (QF's)	359,081,428	350,288,484	8,792,944	2.5 %
4a.	SJRPP Suspension Accrual	5,073,564	5,073,564	0	0.0 %
4b.	Return Requirements on SJRPP Suspension Payments	(3,852,557)	(3,852,557)	(0)	0.0 %
5.	Okeelanta Settlement	36,183,937	36,180,354	3,583	0.0 %
6.	Incremental Plant Security Costs	52,474,009	13,673,611	38,800,398	283.8 %
7.	Transmission of Electricity by Others	8,419,200	6,259,386	2,159,814	34.5 %
8.	Transmission Revenues from Capacity Sales	(7,295,017)	(4,235,810)	(3,059,207)	72.2 %
9.	Total (Lines 1 through 8)	$ 740,657,792	$ 665,069,770	$ 75,588,022	11.4 %
9.	Jurisdictional Separation Factor	98.84301%	98.84301%	0	0.0 %
10.	Jurisdictional Capacity Charges	$ 732,088,455	$ 657,374,979	$ 74,713,476	11.4 %
11.	Capacity related amounts included in Base Rates (FPSC Portion Only) (b)	(56,945,592)	(56,945,592)	0	N/A
12.	Jurisdictional Capacity Charges Authorized for Recovery through CCR Clause	$ 675,142,863	$ 600,429,387	$ 74,713,476	12.4 %
13.	Capacity Cost Recovery Revenues (Net of Revenue Taxes)	$ 572,906,337	$ 571,704,239	$ 1,202,097	0.2 %
14.	Prior Period True-up Provision	28,725,148	28,725,148	0	N/A
15.	Capacity Cost Recovery Revenues Applicable to Current Period (Net of Revenue Taxes)	$ 601,631,485	$ 600,429,387	$ 1,202,097	0.2 %
16.	True-up Provision for Period - Over/(Under) Recovery (Line 15 - Line 12)	$ (73,511,378)	$0	$ (73,511,378)	N/A
17.	Interest Provision for Period	(381,495)	0	(381,495)	N/A
18.	True-up & Interest Provision Beginning of Period - Over/(Under) Recovery	28,725,148	28,725,148	0	N/A
19.	Deferred True-up - Over/(Under) Recovery	(7,050,083)	0	(7,050,083)	N/A
20.	Prior Period True-up Provision - Collected/(Refunded) this Period	(28,725,148)	(28,725,148)	0	N/A
21.	End of Period True-up - Over/(Under) Recovery (Sum of Lines 16 through 20)	$ (80,942,956)	$0	$ (80,942,956)	N/A

otes: (a) Per K. M. Dubin's Testimony Appendix III, Page 3, Docket No. 030001-EI, filed September 12, 2003.
(b) Per FPSC Order No. PSC-94-1092-FOF-EI, Docket No. 940001-EI.