

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power)
cost recovery clause with generating)
performance incentive factor.)
_____)

Docket No. 040001-EI
Dated: September 29, 2004

FLORIDA POWER & LIGHT COMPANY'S NOTICE
OF INTENT TO SEEK CONFIDENTIAL CLASSIFICATION
(STAFF'S SECOND SET OF INTERROGATORIES (NOS. 16-21))

Pursuant to Section 366.093, Florida Statutes and Rule 25-22.006, Florida Administrative Code, Florida Power & Light Company ("FPL") hereby files this Notice of Intent to Seek Confidential Classification of certain information responsive to Staff's Second Set of Interrogatories (Nos. 16-21), and states:

Interrogatories No. 16 and 17 seek discovery of confidential, proprietary business information of FPL. (A copy of Staff's Second Set of Interrogatories is attached, to the original only.) Accordingly, FPL hereby gives notice of its intent to seek confidential classification with respect to its responses pursuant to Rule 25-22.006(3)(a), Florida Administrative Code.

Contemporaneously herewith, FPL is serving its response to Staff's Second Set of Interrogatories.

Respectfully submitted,

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By: Kerol M. Butler per JTB
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SEC | _____
OTH | comp records

This docketed notice of intent was filed with Confidential Document No. 10535-04. The document has been placed in confidential storage pending timely receipt of a request for confidentiality.

DOCUMENT NUMBER-DATE
10534 SEP 30 04
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

Docket Nos. 040001-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Notice of Intent to Seek Confidential Classification (Staff's Second Set of interrogatories (Nos. 16-21)) has been furnished by overnight delivery (*) or United States Mail on this 29th day of September, 2004, to the following:

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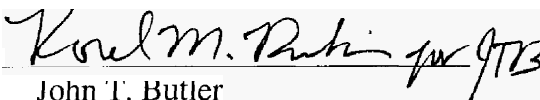
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By: 
John T. Butler

- Q.** For each of the utility's capacity contracts that have been included in the estimated/actual filing for recovery in the capacity clause during 2004, please provide the following:
- a.** Name of contract counter party and identification of contract counter party as a QF/Cogeneration facility, utility affiliate, or other entity;
 - b.** Contract end (expiration) date;
 - c.** Capacity, in MW and dollars, purchased (or sold) and projected to be purchased (or sold) under each individual contract during each month from January through December 2004.
- A.** Please see page 2 of this response for Qualifying Facilities, Unit Power Sales Agreement and St. John River Power Park Purchased Power Agreement. Please see page 3 of this response for all other purchased power agreements.

Question 16, Part a. and Part b.

Contract	Counterparty	Identification	Contract End Date
1	Desoto County Generating Company, LLC - Progress Energy Ventures	Other Entity	
2	Reliant Energy Services	Other Entity	
3	Oleander Power Project L.P.	Other Entity	
4	Progress Energy Florida, Inc. - 50 MW	Other Entity	
5	Progress Energy Florida, Inc. - 150 MW	Other Entity	
6	Progress Energy Florida, Inc. - 150 MW	Other Entity	
7	Calpine Energy Services	Other Entity	
8	Reliant Energy Services	Other Entity	
9	Reliant Energy Services	Other Entity	

Question 16, Part c. - Capacity in MW

Contract	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
1												
2												
3												
4												
5												
6												
7												
8												
9												
Total	1,195	1,195	1,195	1,148	1,148	1,496	1,496	1,496	1,496	1,286	1,335	1,335

Question 16, Part c. - Capacity in Dollars

Contract	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
1												
2												
3												
4												
5												
6												
7												
8												
9												
Total	6,156,400	6,156,400	3,873,860	3,794,640	7,013,850	16,432,978	16,044,840	16,044,840	9,941,350	4,198,715	4,537,715	6,811,735

Total Short Term Capacity Payments for 2004 | 101,007,323 (1)

(1) August 10, 2004 Estimated/Actual filing, Appendix II, pages 2 and 3, line 2

- Q.** For each of the utility's capacity contracts that have been or will be included in the projection filing for recovery in the capacity clause during 2005, please provide the following:
- a.** Name of contract counter party and identification of contract counter party as a QF/Cogeneration facility, utility affiliate, or other entity;
 - b.** Contract end (expiration) date;
 - c.** Capacity, in MW and dollars, projected to be purchased (or sold) under each individual contract during each month from January through December 2005.
- A.** Please see page 2 of this response for Qualifying Facilities, Unit Power Sales Agreement and St. John River Power Park Purchased Power Agreement. Please see page 3 of this response for all other purchased power agreements.

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Staff's Second Set of Interrogatories
Question No. 17
Page 2 of 3

Contract	Capacity	Term		Contract
	MW	Start	End	Type
Cedar Bay	250	1/25/1994	12/31/2024	QF
Indiantown	330	12/22/1995	12/1/2025	QF
Florida Crushed Stone	136	4/1/1992	10/31/2005	QF
Palm Beach Solid Waste Authority	43.5	4/1/1992	3/31/2010	QF
Broward North - 1987 Agreement	45	4/1/1992	12/31/2010	QF
Broward North - 1991 Agreement	11	1/1/1993	12/31/2026	QF
Broward South - 1987 Agreement	50.6	4/1/1991	8/1/2009	QF
Broward South - 1991 Agreement	3.5	1/1/1993	12/31/2026	QF
Bio-Energy	10	5/1/1998	1/1/2005	QF
Southern Co. - UPS	931	7/20/1988	5/31/2010	UPS
JEA - SJRPP	381	4/2/1982	9/30/2021	JEA

QF = Qualifying Facility

UPS= Unit Power Sales Agreement with Southern Company

JEA = SJRPP Purchased Power Agreements

CAPACITY

Year	2005	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cedar Bay	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	9,066,335	108,796,020
ICL	9,622,361	9,622,361	9,622,361	9,622,361	9,622,361	9,622,361	9,622,361	10,377,056	10,377,056	10,377,056	10,377,056	10,377,056	10,377,056	119,996,507
FCS	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	5,777,824	57,778,240
SWAPBC	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	1,769,731	21,236,775
BN-SOC	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	1,635,188	19,622,250
BN-NEG	272,360	272,360	272,360	272,360	272,360	272,360	272,360	272,360	272,360	272,360	272,360	272,360	272,360	3,268,320
BS-SOC	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	1,838,678	22,064,130
BS-NEG	86,660	86,660	86,660	86,660	86,660	86,660	86,660	86,660	86,660	86,660	86,660	86,660	86,660	1,039,920
Bioenergy														0
	30,069,137	30,069,137	30,069,137	30,069,137	30,069,137	30,069,137	30,069,137	30,823,832	30,823,832	30,823,832	30,823,832	25,046,008	25,046,008	353,802,162
SoCo	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	9,645,160	115,741,920
SJRPP	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	6,145,130	73,741,566
Total	45,859,427	45,859,427	45,859,427	45,859,427	45,859,427	45,859,427	45,859,427	46,614,122	46,614,122	46,614,122	46,614,122	40,836,298	40,836,298	543,285,648

Question 17, Part a. and Part b.

<u>Contract</u>	<u>Counterparty</u>	<u>Identification</u>	<u>Contract End Date</u>
1	Desoto County Generating Company, LLC - Progress Energy Ventures	Other Entity	
2	Reliant Energy Services	Other Entity	
3	Oleander Power Project L.P.	Other Entity	
4	Progress Energy Florida, Inc. - 150 MW	Other Entity	
5	Calpine Energy Services	Other Entity	

Question 17, Part c. - Capacity in MW

<u>Contract</u>	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>	<u>Nov-05</u>	<u>Dec-05</u>
1												
2												
3												
4												
5												
Total	1,285	1,285	1,285	1,236	1,086	936	936	936	936	936	985	985

Question 17, Part c. - Capacity in Dollars

<u>Contract</u>	<u>Jan-05</u>	<u>Feb-05</u>	<u>Mar-05</u>	<u>Apr-05</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>	<u>Nov-05</u>	<u>Dec-05</u>
1												
2												
3												
4												
5												
Total	5,850,235	5,850,235	3,576,215	3,465,965	5,984,725	11,272,940	11,272,940	11,272,940	5,803,850	1,446,505	1,726,745	3,703,645

Total Short Term Capacity Payments for 2005 71,226,940 (1)

(1) September 9, 2004 Levelized Fuel Cost Recovery and Capacity Cost Recovery Filing, Appendix III, page 3, line 2

- Q. Please identify and describe all 2004 costs and revenues, other than those associated with the capacity sales and purchase contracts identified in response to Interrogatory Nos. 16-17 above, that the utility intends to recover/credit through the capacity cost recovery clause. Please identify each item as: (1) a transportation and transmission cost or revenue; (2) a security cost; or, (3) any other cost or revenue (please specify).**
- A.** In addition to the costs and revenues associated with the capacity sales and purchase contracts identified in response to Interrogatory Nos. 16-17, FPL intends to recover/credit through the capacity cost recovery clause the following:

**SJRPP Suspension Payment Accrual and Return
(August 10, 2004 Estimated/Actual filing, Appendix II, pages 2 and 3, lines 4a and 4b)**

Recovery of this item was approved in Docket No. 970001-EI; Order No. PSC-97-1045-FOF-EI , issued on September 5, 1997. The order states

“FPL shall be permitted to collect approximately \$ 4.7 million per year through the capacity cost recovery clause associated with future capacity payments to be made to Jacksonville Electric Authority (JEA). Because of the tax exempt status of the municipal bonds used to finance JEA's ownership share of the St. Johns River Power Park (SJRPP), FPL is limited to taking 37.5% of the energy produced from JEA's share of the plant based on a projected plant capacity factor of approximately 67%. Because the plant has operated at a much higher capacity factor than anticipated, FPL will reach its 80,534,332 mWh limit in 2015. However, capacity payments must be made through 2020. FPL calculated the savings on a net present value basis using their POWRSYM (System Production Costing) Model. Two cases were run: the first case assumed a capacity factor of 67% for SJRPP and the second case assumed the higher than expected capacity factor being experienced at SJRPP. The case with the higher than expected capacity factor produced a net present value savings of approximately \$ 128 million in fuel costs. The net present value of the \$ 4.7 million requested by FPL per year for the next 17 years is approximately equal to \$ 40 million. It is appropriate that those customers who are receiving the benefits pay the costs during the period in which they benefit.”

Okeelanta Settlement

(August 10, 2004 Estimated/Actual filing, Appendix II, pages 2 and 3, line 5)

Recovery of this item was approved in Docket No. 000982-EI Order No. PSC-00-1913-PAA-II, issued on October 19, 2000. The order states:

“In order to mitigate the impact on customer bills in 2001, FPL proposes to reflect the \$222.5 million settlement payment as a base rate regulatory asset from January 1, 2001 until December 31, 2001. On January 1, 2002, FPL proposes to begin collection of the settlement payment over a term of five years as follows: 79% through the capacity clause; and 21% through the fuel adjustment clause. Any unamortized amounts during the five-year term would earn interest at the commercial paper rate rather than a higher overall rate of return.

... Therefore, we find that FPLs proposal for cost recovery of the payment made pursuant to the Settlement Agreement shall be approved.”

Incremental Plant Security Costs

(August 10, 2004 Estimated/Actual filing, Appendix II, pages 2 and 3, line 6)

Recovery of this item was approved in Docket No. 010001-EI Order No. PSC-01-2516-FOF-EI, issued on December 26, 2001. The order states:

“We believe that approving recovery of this incremental power plant security cost through the fuel clause sends an appropriate message to Florida “s investor-owned electric utilities that we encourage them to protect their generation assets in extraordinary, emergency conditions as currently exist.”

In Docket No. 020001-EI, Order No. PSC-02-1761-FOF-EI, issued on December 13, 2002, the Commission approved to change recovery of these security costs through the fuel clause to recovery through the capacity clause.

Transmission of Electricity by Others

(August 10, 2004 Estimated/Actual filing, Appendix II, pages 2 and 3, line 7)

This category includes the cost of transmission that is procured from a third party provider to wheel power into FPL's system. The category also includes the cost of transmission procured from a third party provider that FPL utilizes for off-system sales to another entity.

Revenues from Capacity Sales
(August 10, 2004 Estimated/Actual filing, Appendix II, pages 2 and 3, line 8)

This category reflects the allocation of off-system sales revenue applicable to FPL transmission. The category also includes revenues from option and/or capacity sales.

- Q.** Please identify and describe all 2005 costs and revenues, other than those associated with the capacity sales and purchase contracts identified in response to Interrogatory Nos. 16-17 above, that the utility projects it will recover/credit through the capacity cost recovery clause. Please identify each item as: (1) a transportation and transmission cost or revenue; (2) a security cost; or, (3) any other cost or revenue (please specify.)
- A.** In addition to the costs and revenues associated with the capacity sales and purchase contracts identified in response to Interrogatory Nos. 16-17, FPL intends to recover/credit through the capacity cost recovery clause the following:

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... Therefore, we find that FPLs proposal for cost recovery of the payment made pursuant to the Settlement Agreement shall be approved.”

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(September 9, 2004 Levelized Fuel Cost Recovery and Capacity Cost Recovery Filing, Appendix III, page 3, line 7)

This category includes the cost of transmission that is procured from a third party provider to wheel power into FPL's system. The category also includes the cost of transmission procured from a third party provider that FPL utilizes for off-system sales to another entity.

**Revenues from Capacity Sales
(September 9, 2004 Levelized Fuel Cost Recovery and Capacity Cost Recovery
Filing, Appendix III, page 3, line 8)**

This category reflects the allocation of off-system sales revenue applicable to FPL transmission. The category also includes revenues from option and/or capacity sales.

- Q. Pursuant to Section IV of Order No. PSC-03-1461-FOF-EI, issued December 22, 2003, for 2004 incremental security cost recovery, please identify each security enhancement project group by the security requirement (such as a specific NRC Order), and for each project group provide the original projected 2004 cost for last year's filing, the estimated/actual 2004 costs in this year's filing, reasons for the variance, and the amount for any base rate items that were removed.**
- A. FPL's 2004 incremental security cost projections are listed on page 2 of this response. FPL's base amount for incremental power plant security costs is zero. The 2002 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 CCR clause. On November 9, 2001, FPL filed a series of adjustments to its 2002 MFRs to reflect the impact of the 9/11/01 events. However, the footnote on Attachment 1 of this filing stated that this series of adjustments "Reflects recovery of additional security costs through the fuel clause as filed 11/05/2001 in Docket 010001-EI." The "additional security costs" reflected in the fuel clause were the initial estimate of the costs of power plant security. Thus, from the outset FPL's incremental power plant security costs as a result of 9/11/01 and other Homeland Security responses have been accounted for and recovered through the adjustment clauses and not reflected in base rates.

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Staff's Second Set of Interrogatories
Interrogatory No. 20
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Project Description	As Filed with 030001-EI Total	Revised Estimated 2004 Expenses Total	Difference	NRC Order EA 03-
Contractor Security Guards	6,168,697	6,168,697	-	038,086
Bullet Resistant Enclosure	120,000	-	(120,000)	086
Miles Gear Weapon System	350,000	-	(350,000)	039
Relocation Expenses associated with staff	90,264	50,264	(40,000)	038,039,086
Additional Staffing due to NRC Orders EA-03-039, 038, & 086	262,248	267,066	4,818	038,039,086
Director Nuclear Operations & Training Compliance (1)	192,201	250,898	58,697	038,039,086
Access Order Reinvestigation	17,500	17,500	-	EA-02-261
Force on Force Exercises	350,000	411,734	61,734	039,086
Plant Access Training Reinvestigation	103,125	103,125	-	EA-02-261
NRC Part 171 - Homeland Security (2)	1,690,576	1,515,016	(175,560)	Part 171
Heightened Security III - New Design Basis Threat (3)	-	38,838,105	38,838,105	086,2002-12A
Firearms Training Simulators Upgrade (4)	25,000	75,000	50,000	039
Handguns	50,000	125,000	75,000	039,086
Cyber Security System (5)	750,000	750,000	-	086
Vehicle Barrier Tie Down	600,000	-	(600,000)	086
Security Projects Engineering Support	350,000	134,400	(215,600)	086
Security Delay Barriers	75,000	-	(75,000)	086
Vehicle Barrier System	1,000,000	-	(1,000,000)	086
Security Computer System Upgrades	-	1,524,000	1,524,000	086
Sub-Total Nuclear (6)	12,194,611	50,230,805	38,036,194	
Fossil - Camera/Recorders/Fencing/Gate/Lighting/Signs/Guard Building	1,116,000	1,612,689	496,689	Footnote (7)
Fossil- Guards	363,000	630,518	267,518	Footnote (7)
Sub-Total Fossil (8)	1,479,000	2,243,207	764,207	
TOTAL NUCLEAR AND FOSSIL	13,673,611	52,474,012	38,800,401	

- (1) Wackenhut portion, manager training and compliance to write new plans to comply
- (2) Additional fees NRC imposes to assist in the Homeland Security initiative
- (3) Will require installation of barriers, gates, vehicle traps
- (4) Device to train marksmanship and deadly force.
- (5) Task force to evaluate methods and strategies for managing effective cyber security program as part of design basis threat. Contractor support - 2 engineers, project manager, scheduler/admin and remediation costs.
- (6) Variance due to the expanded scope of activities needed to comply with the NRC Design Basis Threat Order.
- (7) Required by Maritime Transportation Safety Act (33 CFR 105), Security Coast Guard Rule and/or **recommendations from the Department of Homeland Security authorities.**
- (8) Variance due to the expanded scope of activities needed to comply with the final Maritime Transportation Safety Act

- Q. For 2005 incremental security cost projection, please identify each security enhancement project group by the security requirement (such as a specific NRC Order), and for each project group provide the projected cost and the amount for any base rate items that were removed pursuant to the evaluation process and adjustment method described in Section IV of Order No. PSC-03-1461-FOF-EI, issued December 22, 2003.**
- A. FPL's 2005 incremental security cost projections are listed on page 2 of this response. FPL's base amount for incremental power plant security costs is zero. The 2002 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 CCR clause. On November 9, 2001, FPL filed a series of adjustments to its 2002 MFRs to reflect the impact of the 9/11/01 events. However, the footnote on Attachment 1 of this filing stated that this series of adjustments "Reflects recovery of additional security costs through the fuel clause as filed 11/05/2001 in Docket 010001-EI." The "additional security costs" reflected in the fuel clause were the initial estimate of the costs of power plant security. Thus, from the outset FPL's incremental power plant security costs as a result of 9/11/01 and other Homeland Security responses have been accounted for and recovered through the adjustment clauses and not reflected in base rates.

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Project Description	2005 Projected Expenses	NRC Order EA- 03
Contractor Security Guards	6,503,598	038,086
Wackenhut: Director of Nuc Op & Training Compliance Mgr.	217,992	03-038,039,086
Additional Staffing due to NRC Orders EA-03-039, 038, & 086	510,124	03-038,039,086
Equipment - glasses, range supplies, ammo)	20,000	039
Uniforms	20,000	03-038,039,086
Gas Masks	70,000	086,039
Access Order Reinvestigation	12,000	EA-02-261
Force on Force Exercises	400,000	039,086
Plant Access Training Reinvestigation	31,000	EA-02-261
NRC Part 171 - Homeland Security	1,183,357	Part 171
Heightened Security III - New Design Basis Threat	623,600	086,2002-12A
Firearms Training Simulators Upgrade	75,000	039
Handguns	5,000	039,086
Cyber Security System	474,928	086
Computers & Printer for Training	7,200	039
Miles Gear Weapons System	350,000	039,086
Security Projects Engineering Support	33,600	086
Security Computer System Upgrade	10,800	086
Briefing Room Expansion	30,000	086
East Security Building Entrance Reconfiguration	200,000	086
Nuclear Energy Institute (NEI) Contract for Adversary Services	60,000	039
Sub-Total Nuclear	10,838,199	
Cameras/Recorders - Fossil	813,644	(1)
Guard Force - Fossil	830,518	(1)
Sub-Total Fossil	1,644,163	
Total	12,482,363	

(1) Required by Maritime Transportation Security Act (33 CFR 105), Security Coast Guard Rule and/or recommendations from the Department of Homeland Security authorities.