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October 20, 2004

-VIA OVERNIGHT DELIVERY -

Blanca S. Bayó
Director, Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED-FPSC
04 OCT 21 PM 12:36
COMMISSION
CLERK

Re: Docket No. 040001-EI

Dear Ms. Bayó:

I am enclosing for filing in the above docket the original and fifteen (15) copies of the following replacement pages for prefiled testimony that was part of Florida Power & Light Company's September 9, 2004 projection filing:

- Page 15 of the testimony of Tom Hartman. The phrase "between \$60 and \$80 million (2004 NPV)" on lines 17 and 18 has been changed to read "between \$69 and \$93 million (2004 NPV)."
- Page 6 of the testimony of Korel M. Dubin. The phrase "final over-recovery of \$7,050,883" on line 15 has been changed to read "final under-recovery of \$7,050,883."
- Page 1 of Appendix I. The exhibit identification has been changed from "GJY-1" to "GJY-2."

CMP _____
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None of these changes affects the conclusions or results reflected in the testimonies of Mr. Hartman, Ms. Dubin or Mr. Yupp. For ease of identification, "revised 10/20/04" appears at the bottom of each replacement page. If there are any questions regarding this transmittal, please contact me at 305-577-2939.

Sincerely,
Korel M. Dubin
John T. Butler *for JTB*

Enclosures
cc: Counsel for Parties of Record (w/encl.)

MIA2001 369293v1

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11380 OCT 21 03

FPSC-COMMISSION CLERK

Krupp

1 customers' requirements. While a single power plant is only one source of
2 energy, transmission that will be held to implement these contracts will
3 effectively provide two additional alternatives to concentrated generation:
4 an alternate resource(s) if offered by Southern, or other units in a market
5 that is geographically diversified from FPL's service territory.

6

7 **Q. If these contracts are not approved, how would FPL meet the 930 MW**
8 **need left by the loss of the UPS Agreement?**

9 A. It is likely that FPL would either purchase power from one or more yet-to-
10 be-built gas-fired facilities, or self-build a combined cycle unit to meet this
11 need. The latter alternative would be equivalent to accelerating the self-
12 build combined cycle additions shown in the 2004 Ten Year Site Plan.

13

14 **Q. How do the costs of FPL's self-build option compare versus the cost of**
15 **the contracts proposed for approval?**

16 A. If we were to consider only the costs that can be readily quantified,
17 accelerating FPL's self-build plan could result in lower costs of between
18 \$69 and \$93 million (2004 NPV). However, this would ignore a number of
19 the benefits of the Southern contracts that are not easily quantified but
20 represent real opportunities and value for FPL's customers. First, the
21 contracts provide approximately 165 MW of firm coal capacity, with the
22 potential to obtain additional firm coal capacity as well as the opportunity
23 to purchase additional coal-based energy on an as-available basis, which

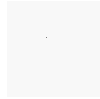
1 December 2005. Total Recoverable Capacity Payments amount to -
2 \$689,014,560 (line 16) and include payments of \$189,483,480 to
3 non-cogenerators (line1), Short-term Capacity Payments of
4 \$71,226,940 (line 2), payments of \$353,802,166 to cogenerators (line
5 3), and \$4,718,484 relating to the St. John's River Power Park
6 (SJRPP) Energy Suspension Accrual (line 4a) \$35,856,342 of
7 Okeelanta/Osceola Settlement payments (line 5b), \$12,482,363 in
8 Incremental Power Plant Security Costs (line 6), and \$7,118,219 for
9 Transmission of Electricity by Others (line 7). This amount is offset
10 by \$4,407,384 of Return Requirements on SJRPP Suspension
11 Payments (line 4b), by Transmission Revenues from Capacity Sales
12 of \$7,026,600 (line 8), and \$56,945,592 of jurisdictional capacity
13 related payments included in base rates (line 12) less a net under-
14 recovery of \$80,942,956 (line 13). The net under-recovery of
15 \$80,942,956 includes the final under-recovery of \$7,050,883 for the
16 January 2003 through December 2003 period that was filed with the
17 Commission on February 23, 2004, plus the estimated/actual under-
18 recovery of \$73,892,873 for the January 2004 through December
19 2004 period, which was filed with the Commission on August 10,
20 2004.

21

22 **Q. Has FPL included a projection of its 2005 Incremental Power**
23 **Plant Security Costs in calculating its Capacity Cost Recovery**
24 **(CCR) Factors?**

APPENDIX I

FUEL COST RECOVERY



GJY-2

DOCKET NO. 040001-EI

EXHIBIT _____

PAGES 1-6

SEPTEMBER 9, 2004