FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JANUARY 4, 2005

RE: Docket No. 040001-EI - Fuel and purchased power cost recovery clause with generating performance incentive factor.

Issue 14C: Should the Commission approve the three UPS agreements between FPL and Southern Company for cost recovery purposes?
Primary Recommendation: No. The new UPS agreements between FPL and Southern Company are not cost-effective. FPL's own analysis indicates that the new UPS agreements are between $69 million and $93 million more costly than FPL's self-build alternative. However, in staff's opinion, a more realistic cost difference is $117 million because FPL over-estimated the potential for coal-fired economy energy purchases from Southern Company.

DENIED

COMMISSIONERS ASSIGNED: Baez, Deason, Bradley, Davidson

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
Rudy Bradley	
J. Terry Deason	
Charles M. Davidson	

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

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Alternate Recommendation: Yes. The new UPS agreements provide certain benefits, some of which are difficult to quantify. The primary benefit of the new UPS agreements is FPL's retention of firm transmission rights within the Southern system. Staff recommends, as a condition of approval, that any gain on sales to third parties that utilize the transmission rights associated with the UPS agreements should be credited 100% to FPL's ratepayers. If FPL negotiates the purchase of additional coal capacity and energy from either the Miller or Scherer units, the same conditions should apply. In order to not penalize FPL, the gains on such sales should not be included in FPL's calculation of a three-year rolling average for purposes of establishing the threshold for other economy sales pursuant to Order No. PSC-00-1744-PAA-EI.

APPROVED