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August 18, 2006

STAFF'S FIRST DATA REQUEST

John T. Butler
Squire, Sanders & Dempsey, LLP
200 South Biscayne Blvd., Suite 4000
Miami, FL 33131-2398

Re: DATA REQUEST. Docket Number 060001, Fuel and purchased power cost recovery clause with generating performance incentive factor. Docket Number 060362, Petition to recover natural gas storage through the fuel recovery clause.

Dear Mr. Butler:

As you know, the Commission had several questions it wished answered prior to considering your petition. By this letter, Commission staff requests that Florida Power and Light, (FPL) provide responses to the following set of data requests:

CMP _____

COM _____

CTR _____

ECR _____

GCL _____

OPC _____

RCA _____

SCR _____

SGA _____

SEC 1

OTH _____

BAY GAS

1. Please provide a complete copy of FPL's contract or agreement with Bay Gas storage.

2. Please provide a brief history of FPL's involvement with Bay Gas.

3. A. What are the fees or charges that Bay Gas to charges FPL for storage of natural gas? Please state and explain each charge.

B. Compare the fees and charges listed in A above to those proposed to be charged by MoBay. In responding to this subsection please identify if there:

- (i) is a monthly storage reservation charge
- (ii) is a charge for base gas
- (iii) are charges for injection and withdrawal
- (iv) is an insurance charge.

C. For each fee or charge listed in A and B above, how is the fee or charge currently being recovered (in base rates, the fuel clause or some other recovery mechanism)? For each fee or charge recovered through the fuel clause, what is FPL's rationale or justification for including the fee or charge in the fuel adjustment clause.

5. For each fee or charge that Bay Gas charges FPL for storage service, how is the fee or charge reported in the A schedules?

6. For each fee or charge that Bay Gas charges FPL for storage service, how was it reported in the projection testimony used to set the fuel factor in 2005 and 2006?

7. Does FPL pay for base gas at Bay Gas? Please explain.

MOBAY COSTS

8. Please provide a schedule showing FPL's estimate of its annual cost of participating in the MoBay Storage Project. Please provide any support that FPL believes proves this annual cost is a reasonable cost.

9. For gas storage carrying costs discussed in both FPL's petition and staff's original recommendation, estimate the annual carrying costs which would flow through the fuel clause. When responding to this request, identify separately the anticipated carrying costs for Bay Gas, for MoBay and the rate of return on the unamortized balance of the base gas.

10. Based upon your petition and using the accounting and recovery treatment suggested by staff in its August 3 recommendation, provide your best estimate of the incremental increase to the fuel factor for 2008 and for 2009 based upon recovery of all costs of the Mobay contract.

DELAY/POSSIBLE COSTS OF DELAY

11. It is staff's understanding that the in-service date for Phase I of the MoBay Storage Hub is April 2008. Please provide a timeline for the project showing the latest date by which FPL believes it must obtain FPSC approval. Please discuss how delays in regulatory approval for FPL's participation in the MoBay project will affect the following:

FPL's decision whether to continue with the MoBay project
MoBay's ability to meet the April 2008 in-service date
FPL's costs of participating in the MoBay project

HEDGING QUESTIONS

12. For purposes of responding to this question, assume that there is a distinction between hedging for price volatility which protects the utility and its customers from an unstable market and hedging for supply reliability which protects the utility and its customers against disruptions of fuel supplies caused by strikes, acts of nature, etc. Please refer to Order No. PSC-02-1484-FOF-EI, issued October 30, 2002 in Docket 011605-EI. Does this order authorize physical hedges for supply reliability? Please explain.
13. What is FPL's definition of physical hedging? Please provide examples.
14. Please refer to pages 6 and 7 of FPL's petition and to page 3 of Gerry Yupp's affidavit. How is inventory carrying costs a hedging transaction cost? Please include any reference to orders, etc.
15. Does FPL believe that stored natural gas is fuel inventory? Please explain and include in the explanation comparisons/contrasts with heavy oil stored in tanks, on site or off site, and coal piles, on site or off site.

STORAGE AND INVENTORY OF ALL FUELS

16. For each fossil fuel FPL burns, at what point in the transportation chain does it take ownership?
17. For each fossil fuel, at what points in the transportation chain is the fuel considered fuel inventory of FPL?
18. For off-site storage of fossil fuel (heavy oil and coal), identify which costs of storage are recovered through the fuel clause and which costs are recovered through base rates. For any fee or charge recovered through the fuel clause, state the utility's rationale for recovery of those costs through the fuel clause as opposed to base rates. When providing the rationale, please cite applicable rules or orders.
19. For on-site storage of fossil fuel (heavy oil and coal), identify which costs of storage are recovered through the fuel clause and which costs are recovered through base rates. For any fee or charge recovered through the fuel clause, state the utility's rationale for recovery of those costs through the fuel clause as opposed to base rates. When providing the rationale, please cite applicable rules or orders.
20. If storage costs are recovered through the fuel clause, for the delivered price of that fuel, detail whether you have considered storage costs to be commodity, transportation or hedging costs.

21. If fuel carrying costs are applicable to any fuel storage, indicate whether those costs are recovered through the fuel clause or base rates. Is there a difference in treatment of carrying costs on fuel stored on-site vs. off-site? What is your rationale for any recovery of fuel inventory carrying cost through the fuel clause?

OTHER QUESTIONS

22. How many barrels of heavy oil are in FPL's rate base?

23. How many MMBtu's of heavy oil are in FPL's rate base?

24. How many tons of coal are in FPL's rate base?

25. How many MMBtu's of coal are in FPL's rate base?

26. How many barrels of light oil are in FPL's rate base?

27. How many MMBtu's of light oil are in FPL's rate base?

28. If FPL had had 6,000,000 decatherms in storage in 2005 and used the supply in storage following Hurricane Katrina, how soon after using the supply in storage would it have replenished the supply? How would it have known that the timing was right?

29. When FPL reports purchases of fuel on its monthly Schedule A-5, does it report any units that are not physically located at an FPL power plant or at Plant Scherer or St. Johns River Power Park? Please distinguish between fuel that is at a non-FPL-power-plant location and fuel that is in transit from a non-FPL-power-plant location.

30. Do the quantities of oil and coal reported as purchases on Schedule A-5 differ from the quantities reported on the FPSC 423 Forms?

31. If FPL receives heavy oil at the Sanford plant to be burned at Sanford Unit #3, through a terminal in Jacksonville, FL, does FPL report the oil in its inventory when it is on the way to the terminal, at the terminal, on the way from the terminal to Sanford, or only after the oil is received at the Sanford Plant?

32. If FPL receives heavy oil at the Cape Canaveral plant to be burned at Cape Canaveral Units #1 or #2, through the Port Canaveral Terminal, does FPL report the oil in its inventory when it is on the way to the terminal, at the terminal, on the way from the terminal to the Cape Canaveral plant, or only after the oil is received at the Cape Canaveral Plant?

33. Is the Boca Grande terminal in FPL's rate base?

John T. Butler
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Please provide a response to these data requests by August 25, 2006. If you have any questions, please contact me at (850) 413-6230.

Sincerely,



Lisa C. Bennett
Attorney

LCB:jb

cc: All Parties of Record
Charles Beck – Office of Public Counsel
Jack Shreve – Attorney General's Office
Shef Wright – Florida Retail Federation
Tim Perry – Florida Industrial Power Users Group
Mike Twomey – AARP
Division of the Commission Clerk and Administrative Services (Docket file)
Division of Economic Regulation (Lester)
Division of Regulatory Compliance and Consumer Assistance (Vandiver)