

ORIGINAL

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August 31, 2006

- VIA OVERNIGHT DELIVERY -
Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

RECEIVED - FPSC
06 SEP - 1 PM 3:03
COMMISSION
CLERK

Re: Docket No. 060001-EI

Dear Ms. Bayó:

I am enclosing for filing in the above docket the original and seven (7) copies of the petition of Florida Power & Light Company for Approval of its Levelized Fuel Cost Recovery Factors, Capacity Cost Recovery Factors and Generating Performance Incentive Factors for January Through December 2007, and for Confirmation of Generation Base Rate Adjustment Calculation, together with a diskette containing the electronic version of same.

Also enclosed for filing are the original and (15) fifteen copies of the prefiled testimony and exhibits of Florida Power & Light Company witnesses K. Dubin, W. Gwinn, P. Sonnelitter, G. Yupp, and the affidavits and attached documentation of Dr. Rosemary Morley and Dr. Steven Sim.

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Additionally, I am enclosing for filing in the above docket the original and seven (7) copies of Florida Power & Light Company's Notice of Intent to Seek Confidential Classification (Schedule E12 and Exhibits GJY-3, GJY-4, GJY-6, and GJY-7), together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows XP, and the word processing software is Word 2003. Please note that copies of Schedule E12 and Exhibits GJY-3, GJY-4, GJY-6, and GJY-7 that contain confidential information, with the confidential portions highlighted, are enclosed with the original of the Notice.

If there are any questions regarding this filing, please contact me at 561-304-5639.

Sincerely,

Korel M. Dubin for JTB
John T. Butler

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

Enclosures

cc: Counsel for Parties of Record (w/Encl)

an FPL Group company

DOCUMENT NUMBER-DATE

08055 SEP -1 8

FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchase Power Cost) Docket No. 060001-EI
Recovery Clause and Generating)
Performance Incentive Factor.) Filed: September 1, 2006
_____)

**PETITION OF FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF
ITS LEVELIZED FUEL COST RECOVERY FACTORS, CAPACITY COST
RECOVERY FACTORS AND GENERATING PERFORMANCE INCENTIVE
FACTORS FOR JANUARY THROUGH DECEMBER 2007, AND FOR
CONFIRMATION OF GENERATION BASE RATE ADJUSTMENT CALCULATION**

Florida Power & Light Company ("FPL"), pursuant to Order No. 9273 in Docket No. 74680-CI, Order No. 10093 in Docket No. 810001-EU, and Commission Directives of April 24 and April 30, 1980, hereby petitions the Commission (1) to approve (a) 6.071 cents per kWh as its levelized Fuel and Purchased Power Cost Recovery ("FCR") charge for non-time differentiated rates and 6.757 cents per kWh and 5.764 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the January 2007 through April 2007 billing period; (b) 5.946 cents per kWh as its levelized FCR charge for non-time differentiated rates and 6.632 cents per kWh and 5.639 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the May 2007 through December 2007 billing period; and (c) the capacity cost recovery ("CCR") factors submitted as Attachment I to this Petition for the January 2007 through December 2007 billing period, with all such charges and factors to become effective starting with meter readings scheduled to be read on or after Cycle Day 3 and with the charges and factors described in (b) and (c) to remain in effect until modified by subsequent order of this Commission; (2) to approve FPL's revised estimated/actual FCR true-up of \$230,603,338 over-

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08055 SEP-18

FPLSC-COMMISSION CLERK

recovery and revised estimated/actual CCR true-up of \$18,215,446 under-recovery, which incorporate actual data through July 2006; (3) to approve recovery of FPL's projected costs for the MoBay and Bay Gas Storage projects and the Southeast Supply Header Pipeline Project through the FCR Clause; (4) to approve recovery of FPL's projected security costs associated with the North American Reliability Council ("NERC") Cyber Security Standards through the CCR Clause; (5) to approve the proposed Generation Performance Incentive Factor ("GPIF") Targets for the period January 2007 through December 2007 of 85.2 % for the weighted system average equivalent availability and 9,010 Btu/kWh for the average net operating heat rate; and (6), pursuant to the Stipulation and Settlement Agreement approved by the Commission in its Order No. PSC-05-0902-S-EI, issued September 14, 2005 in Docket 050045-EI, to confirm FPL's proposed calculation of the Generation Base Rate Adjustment ("GBRA") and the resulting revisions to FPL's rates and charges to be implemented upon the commercial operation of Turkey Point Unit 5. In support of this Petition, FPL states as follows:

FCR Factors

1. The calculation of FCR Factors for the period January 2007 through December 2007 are contained in Commission Schedules E1-E10 and H1 (designated Minimum Filing Requirements by the Commission's April 24, 1989, Directive), which are attached as Appendix II to the testimony of FPL witness K.M. Dubin filed in this docket, which is incorporated herein by reference.

2. The revised estimated/actual \$230,603,338 FCR over-recovery for the period January 2006 through December 2006 was calculated in accordance with the methodology set forth in Schedule 1, page 2 of 2, attached to Order 10093, dated June 19, 1981. This estimated/actual FCR over-recovery has been revised from that filed on August 8, 2006 to reflect

July actual data. The supporting documentation is contained in the prepared testimony and exhibit of Ms. Dubin.

3. FPL's total FCR under-recovery is \$76,834,262. This consists of the \$230,603,338 revised estimated/actual over-recovery for 2006 plus the final under-recovery of \$307,437,600 for the period ending December 2005 filed on March 1, 2006. This total under-recovery of \$76,834,262 is to be carried forward and included in the fuel factor for January through December 2007.

4. FPL seeks Commission approval to recover its projected costs for the MoBay and Bay Gas Storage projects and the Southeast Supply Header Pipeline Project through the FCR Clause. The details of these projects and the bases for recovery of their costs through the FCR Clause are described in Ms. Dubin's testimony and in the testimony of FPL witness G. Yupp in this docket, which is incorporated herein by reference.

CCR Costs

5. The calculation of FPL's CCR Factors for the period January 2007 through December 2007 is shown in Attachment I to this Petition.

6. The revised estimated/actual \$18,215,446 CCR under-recovery for the period January 2006 through December 2006 was calculated in accordance with the methodology set forth in Schedule 1, page 2 of 2, attached to Order 10093, dated June 19, 1981. This estimated/actual CCR under-recovery has been revised from that filed on August 8, 2006 to reflect July actual data. The supporting documentation is contained in the prepared testimony and exhibit of Ms. Dubin.

7. FPL's total CCR under-recovery is \$14,909,758. This consists of the \$18,215,446 revised estimated/actual under-recovery for 2006 plus the final over-recovery of \$3,305,688 for the period ending December 2005 filed on March 1, 2006. This total under-recovery of

\$14,909,758 is to be carried forward and included in the CCR Factors for January through December 2007.

8. FPL seeks Commission approval to recover through the CCR Clause its projected security costs associated with the recently issued NERC Cyber Security Standards. The details of this project and the basis for recovery of its costs through the CCR Clause are described in Ms. Dubin's testimony.

FPL's Proposed Levelization of the 1,000 kWh Residential Bill

9. As set forth above, FPL is proposing two sets of FCR Factors for 2007, one for the period January through April and the other for May through December, with the intention of levelizing the impact in 2007 of the GBRA that becomes effective in May. As described below, the GBRA revises FPL's base rates and charges to reflect the commencement of commercial operation of Turkey Point Unit 5. The operation of Turkey Point Unit 5 also will provide significant fuel savings. In order to offset the impact of the GBRA on customer bills for May through December 2007, under FPL's proposal the Turkey Point Unit 5 fuel savings will be excluded from the FCR Factor calculation for January through April 2007 and then included and levelized over the eight month period from May through December 2007. Specifically, in May 2007, the Base charge on a 1,000 kWh Residential bill increases by \$1.25 due to the GBRA but, under FPL's proposal, is offset by a \$1.25 decrease in the fuel charge due to fuel savings associated with Turkey Point Unit 5.

10. Under FPL's levelization proposal, the residential bill for 1,000 kWh for the period January 2007 through April 2007 is \$106.68, which includes a base rate charge of \$38.12, a fuel recovery charge of \$57.29, a capacity cost recovery charge of \$5.57, a conservation charge

of \$1.69, an environmental cost recovery charge of \$0.24, Gross Receipts Tax of \$2.67, and an estimated storm securitization surcharge of \$1.10.¹

11. Under FPL's levelization proposal, the residential bill for 1,000 kWh for the period May 2007 through December 2007 is also \$106.68, but for these months that total comprises a base rate charge of \$39.37, a fuel recovery charge of \$56.04, a capacity cost recovery charge of \$5.57, a conservation charge of \$1.69, an environmental cost recovery charge of \$0.24, Gross Receipts Tax of \$2.67, and an estimated storm securitization surcharge of \$1.10.

GPIF Targets

12. The GPIF targets for the period January 2006 through December 2006 are calculated in accordance with the methodology contained in the Generating Performance Incentive Factor Implementation Manual adopted by Order No. 10168 in Docket No. 810001-EU, as revised by Order No. 10912 in Docket No. 820001-EU. The GPIF targets are presented in the testimony and exhibit of FPL witness P. Sonnelitter filed in this docket, which is incorporated herein by reference.

GBRA Calculation

13. In connection with the resolution of issues in FPL's last base rate proceeding in Docket No. 050045, the Commission approved a Stipulation and Settlement Agreement through its Order No. PSC-05-0902-S-EI, issued September 14, 2005 (the "Settlement Agreement").

¹ If securitization is accomplished in 2006, FPL expects that the storm charge will be reduced from its current level of \$1.65 per 1,000 kWh to \$1.10; if not, then the charge will be higher than \$1.10. The storm securitization charge is a preliminary estimate. The actual storm recovery charge will be based on market conditions at the time the storm recovery bonds are issued. Pursuant to Order PSC-06-0464-FOF-EI issued in the Securitization docket, "prior to implementing the initial storm-recovery charges, FPL shall file tariff sheets for administrative approval, which tariff sheets will be administratively approved by Commission Staff within three (3) business days, subject to correction for any mathematical error. At Staff's request, FPL shall furnish draft tariff sheets at least five (5) business days in advance of the public offering of storm-recovery bonds."

The Settlement Agreement provides that a “GBRA shall be implemented upon commercial operation of Turkey Point Unit 5 . . . by increasing base rates by the estimated annual revenue requirement exclusive of fuel of the costs upon which the [cumulative present value revenue requirements] CPVRR for Turkey Point Unit 5 were predicated, and pursuant to which a need determination was granted by the FPSC, such adjustment to be reflected on FPL’s customers bills by increasing base charges, and non-clause recoverable credits, by an equal percentage.” Settlement Agreement, at ¶17. To implement the GBRA, the Settlement Agreement requires FPL to “calculate and submit for Commission confirmation the amount of the GBRA using the Capacity Clause projection filing for the year that the plant is to go into service.” *Id.* Accordingly, FPL submits herewith for the Commission’s confirmation the revisions to FPL’s rates and charges resulting from the commencement of commercial operation at Turkey Point Unit 5 and the implementation of the GBRA. In support of its computation of the GBRA, FPL has included the affidavits and attached documentation of Dr. Rosemary Morley and Dr. Steven Sim.

14. As reflected in the affidavits of Dr. Morley and Dr. Sim, and pursuant to the Settlement Agreement, FPL’s base rates will be increased by the estimated annual base revenue requirement for the first twelve months of operation exclusive of fuel of the costs upon which the cumulative present value revenue requirements (“CPVRR”) for Turkey Point Unit 5 were predicated, and pursuant to which a need determination was granted by the FPSC in Order No. PSC-04-0609-FIF-EI.

15. The affidavit and supporting schedules of Dr. Sim present the base revenue requirements for the first twelve months of operation for Turkey Point Unit 5 that are used to compute the GBRA. These base revenue requirements were calculated using the projected total

installed cost value for Turkey Point Unit 5 of \$580.3 million reflected in the Company's Petition for a Determination of Need.

16. Dr. Morley, by attached affidavit and supporting schedules, presents the GBRA and the resulting revisions to FPL's rates and charges. The ratio of Turkey Point Unit 5's jurisdictional annual revenue requirements and the forecasted retail base revenues during the first twelve months of the unit's operation is the GBRA Factor. The GBRA Factor is applied to FPL's current base charges and non-clause recoverable credits by an equal percentage to produce the revised base rate charges.

17. Turkey Point Unit 5 is expected to achieve commercial operation in May 2007. Pursuant to the Stipulation and Settlement Agreement approved the Commission in its Order No. PSC-05-0902-S-EI, and subject to the Commission's confirmation of the amount of the GBRA, FPL will begin applying the incremental base rate charges to meter readings made on or after the commercial in service date of Turkey Point Unit 5. FPL will submit for the FPSC staff's administrative approval revised tariff sheets reflecting these new charges prior to the actual commercial in service date.

WHEREFORE, FPL respectfully requests this Commission (1) to approve (a) 6.071 cents per kWh as its levelized FCR charge for non-time differentiated rates and 6.757 cents per kWh and 5.764 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the January 2007 through April 2007 billing period; (b) 5.946 cents per kWh as its levelized FCR charge for non-time differentiated rates and 6.632 cents per kWh and 5.639 cents per kWh as its levelized FCR charges for the on-peak and off-peak periods, respectively, as its time differentiated rates for the May 2007 through December 2007 billing period; and (c) the CCR factors submitted as Attachment I to this Petition for the January 2007 through December 2007 billing period, with all such charges and factors to

become effective starting with meter readings scheduled to be read on or after Cycle Day 3 and with the charges and factors described in (b) and (c) to remain in effect until modified by subsequent order of this Commission; (2) to approve FPL's revised estimated/actual FCR true-up of \$230,603,338 over-recovery and revised estimated/actual CCR true-up of \$18,215,446 under-recovery, which incorporate actual data through July 2006; (3) to approve recovery of FPL's projected costs for the MoBay and Bay Gas Storage projects and the Southeast Supply Header Pipeline Project through the FCR Clause; (4) to approve recovery of FPL's projected security costs associated with the NERC Cyber Security Standards through the CCR Clause; (5) to approve the proposed GPIF Targets for the period January 2007 through December 2007 of 85.2 % for the weighted system average equivalent availability and 9,010 Btu/kWh for the average net operating heat rate; and (6) to confirm FPL's calculation of the GBRA and the resulting revisions to FPL's rates and charges to be implemented upon the commercial operation of Turkey Point Unit 5.

Respectfully submitted,

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By: Kerel M. Dukhi for JTB
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CERTIFICATE OF SERVICE
Docket No. 060001-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Petition for Approval of the Fuel and Capacity Cost Recovery Factors and GPIF for the period January 2007 through December 2007 has been furnished by overnight delivery (*) or U.S. Mail on August 31, 2006 to the following:

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By: Kevin M. Butler for JTB
John T. Butler

FLORIDA POWER & LIGHT COMPANY
 CALCULATION OF CAPACITY PAYMENT RECOVERY FACTOR
 JANUARY 2007 THROUGH DECEMBER 2007

Rate Schedule	(1) Percentage of Sales at Generation (%)	(2) Percentage of Demand at Generation (%)	(3) Energy Related Cost (\$)	(4) Demand Related Cost (\$)	(5) Total Capacity Costs (\$)	(6) Projected Sales at Meter (kwh)	(7) Billing KW Load Factor (%)	(8) Projected Billed KW at Meter (kw)	(9) Capacity Recovery Factor (\$/kw)	(10) Capacity Recovery Factor (\$/kwh)
RS1/RST1	53.16632%	59.30190%	\$22,151,400	\$296,493,017	\$318,644,417	57,179,067,367	-	-	-	0.00557
GS1/GST1	5.87319%	6.09526%	\$2,447,028	\$30,474,613	\$32,921,641	6,316,475,854	-	-	-	0.00521
GSD1/GSDT1/HLTF(21-499 kW)	22.77752%	19.84569%	\$9,490,105	\$99,222,919	\$108,713,024	24,498,272,505	48.77603%	68,802,806	1.58	-
OS2	0.01767%	0.01137%	\$7,361	\$56,844	\$64,205	19,483,307	-	-	-	0.00330
GSLD1/GSLDT1/CS1/CST1/HLTF(500-1,999 kW)	10.61297%	9.52249%	\$4,421,826	\$47,609,790	\$52,031,616	11,427,338,776	58.89580%	26,578,956	1.96	-
GSLD2/GSLDT2/CS2/CST2/HLTF(2,000+ kW)	1.79468%	1.37540%	\$747,742	\$6,876,639	\$7,624,381	1,942,208,130	66.75988%	3,985,266	1.91	-
GSLD3/GSLDT3/CS3/CST3	0.21415%	0.16041%	\$89,223	\$802,015	\$891,238	241,266,419	70.44910%	469,136	1.90	-
ISST1D	0.00000%	0.00000%	\$0	\$0	\$0	0	0.00000%	0	**	-
ISST1T	0.00000%	0.00000%	\$0	\$0	\$0	0	0.00000%	0	**	-
SST1T	0.09540%	0.03084%	\$39,748	\$154,214	\$193,962	107,481,831	12.69501%	1,159,789	**	-
SST1D1/SST1D2/SST1D3	0.01041%	0.00871%	\$4,337	\$43,523	\$47,860	11,250,053	58.59008%	26,303	**	-
CILC D/CILC G	3.29757%	2.44772%	\$1,373,911	\$12,237,933	\$13,611,844	3,576,500,862	75.31837%	6,504,809	2.09	-
CILC T	1.44949%	1.01874%	\$603,922	\$5,093,392	\$5,697,314	1,633,058,243	78.91615%	2,834,738	2.01	-
MET	0.09024%	0.08777%	\$37,597	\$438,844	\$476,441	99,513,255	57.23052%	238,194	2.00	-
OL1/SL1/PL1	0.54246%	0.05369%	\$226,011	\$268,414	\$494,425	583,398,330	-	-	-	0.00085
SL2, GSCU1	0.05794%	0.04001%	\$24,138	\$200,043	\$224,181	62,308,069	-	-	-	0.00360
TOTAL			\$41,664,349	\$499,972,203	\$541,636,552	107,697,623,000		110,599,997		

Note: There are currently no customers taking service on Schedules ISST1(D) and ISST1(T). Should any customer begin taking service on these schedules during the period, they will be billed using the applicable SST1 factor.

- (1) Obtained from Page 2, Col(8)
- (2) Obtained from Page 2, Col(9)
- (3) (Total Capacity Costs/13) * Col (1)
- (4) (Total Capacity Costs/13 * 12) * Col (2)
- (5) Col (3) + Col (4)
- (6) Projected kwh sales for the period January 2007 through December 2007
- (7) (kWh sales / 8760 hours)/(avg customer NCP)(8760 hours)
- (8) Col (6) / ((7) *730)
- (9) Col (5) / (8)
- (10) Col (5) / (6)

Totals may not add due to rounding.

CAPACITY RECOVERY FACTORS FOR STANDBY RATES		
Demand =	$(Total\ col\ 5)/(Doc\ 2_Total\ col\ 7)(.10)(Doc\ 2_col\ 4)$	
Charge (RDD)	12 months	
Sum of Daily		
Demand =	$(Total\ col\ 5)/(Doc\ 2_Total\ col\ 7)/(21\ onpeak\ days)(Doc\ 2_col\ 4)$	
Charge (DDC)	12 months	
CAPACITY RECOVERY FACTOR		
	RDC	SDD
	** (\$/kw)	** (\$/kw)
ISST1D	\$0.25	\$0.12
ISST1T	\$0.24	\$0.11
SST1T	\$0.24	\$0.11
SST1D1/SST1D2/SST1D3	\$0.25	\$0.12