

Timolyn Henry

ORIGINAL

From: John_Butler@fpl.com
Sent: Friday, October 06, 2006 4:19 PM
To: Filings@psc.state.fl.us
Cc: Alex Glenn, Esq. ; Charles Beck; Patty Christensen, Esq.; damund.williams@tyndall.af.mil; Jeffrey Stone, Esq.; James Beasley, Esq.; jlavie@yvlaw.net; John McWhirter, Jr., Esq.; John Burnett; karen.white@tyndall.af.mil; Kory_Dubin@fpl.com; Lisa Bennett; Lee Willis, Esq.; Joseph A. McGlothlin; Harold Mclean; miketwomey@talstar.com; nhorton@lawfla.com; Russell Badders, Esq.; swright@yvlaw.net; jbrew@bbrslaw.com; jack_shreve@oag.state.fl.us; cecilia_bradley@oag.state.fl.us
Subject: Electronic Filing for Docket No. 060001-EI -- FPL's Prehearing Statement
Attachments: FPL Pehearing Statement 060001.doc



FPL Pehearing
Statement 060001...

Electronic Filing

a. Person responsible for this electronic filing:

John T. Butler
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5639
john_butler@fpl.com

b. Docket No. 060001-EI

c. Document is being filed on behalf of Florida Power & Light Company.

d. There is a total of 19 pages.

e. The document attached for electronic filing is Florida Power & Light Company's Prehearing Statement.

(See attached file: FPL Pehearing Statement 060001.doc)

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DOCUMENT NUMBER-DATE
09279 OCT-6 8
FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clause and)
Generating Performance)
Incentive Factor)

DOCKET NO. 060001-EI
FILED: October 6, 2006

FLORIDA POWER & LIGHT COMPANY'S PREHEARING STATEMENT

Pursuant to Order No. PSC-06-0207-PCO-EI, dated March 15, 2006 establishing the prehearing procedure in this docket, as subsequently amended by Order No. PSC-06-0560-PCO-EI, dated June 30, 2006 and Order No. PSC-06-0710-PCO-EI, dated August 23, 2006, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

A. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
G. J. Yupp W. E. Gwinn K. M. Dubin	Fuel Adjustment True-up and Projections	1 - 3 and 5 1 - 3 and 5 1 - 9
K. M. Dubin	Benchmark Levels for Gains Eligible for Shareholder Incentive	10 - 11
K. M. Dubin	Methodology for Calculating Over and Under recoveries	12
K. M. Dubin	Notification of 10%	13
G. J. Yupp	Emission allowances for Power Sales	14
G. J. Yupp	Mitigated Price Risk	16A
G. J. Yupp	Southeast Supply Header Pipeline Project	16B
G. J. Yupp	Turkey Point Unit 5 Fuel Savings	16C
K. M. Dubin	Levelized Bill	16E

DOCUMENT NUMBER-DATE

09279 OCT-6 06

FPSC-COMMISSION CLERK

G. J. Yupp	Turkey Point Replacement Fuel Costs	16F
W. E. Gwinn	Turkey Point Replacement Fuel Costs	16G
G. J. Yupp K. M. Dubin	Gas Storage Project (including rebuttal of OPC witness Merchant)	16H, 16I, 16J
P. Sonnelitter	GPIF Reward	20
P. Sonnelitter	OPC's GPIF Proposal	21-23
P. Sonnelitter	GPIF Targets / Ranges	24
K. M. Dubin	Capacity Cost Recovery True-Up and Projections	29-34
G. J. Yupp	Credits for Transmission Allowances	35
	GBRA	38A, 38B
K. M. Dubin	NERC Cyber Security	38C
R. Morley	CILC-1 Load Control (nonfirm) demands (Rebuttal of FEA witness Goins)	38D

B. EXHIBITS

WITNESSES AND SUBJECT MATTER

WITNESS	SPONSOR	SUBJECT MATTER	EXHIBIT TITLES
G. YUPP	FPL	2005 Hedging Activity	GJY-1
G. YUPP	FPL	Fuel Cost Recovery Forecast Assumptions	GJY-2
G. YUPP	FPL	Total Annual Costs SESH Pipeline Project	GJY-5
G. YUPP	FPL	Description of Gas Storage Project and Its Benefits to FPL and Customers	GJY-3 GJY-4
G. YUPP	FPL	SESH Pipeline Agreement	GJY-6
G. YUPP	FPL	Fuel Cost Recovery Forecast Assumptions	GJY-7
K. M. DUBIN	FPL	Levelized Fuel Cost Recovery	KMD-1

		and Capacity Cost Recovery Final True-up for January, 2005 Through December, 2005	KMD-2
K. M. DUBIN	FPL	Fuel Cost Recovery and Capacity Cost Recovery	KMD-3
		Estimated/Actual True-Up January, 2006 through December, 2006	KMD-4
G. YUPP	FPL	APPENIDIX II	KMD-5
K. M. DUBIN	FPL	Levelized Fuel Cost Recovery	
W.E. GWINN	FPL	Factors for January, 2007 through December, 2007	
K. M. DUBIN	FPL	Capacity Cost Recovery Factors for January, 2007 through December, 2007	KMD-6
K. M. DUBIN	FPL	Fuel Cost Recovery Non-Levelized Bill	KMD-7
P. SONNELITTER	FPL	GPIF, Performance Results January, 2005 – December, 2005	PS-1
P. SONNELITTER	FPL	GPIF Charts	PS-2
P. SONNELITTER	FPL	GPIF, Incentive Factor Targets & Ranges January, 2007 – December, 2007	PS-3
R. MORLEY	FPL	Non-firm Electric Service Report	RM-5
R. MORLEY	FPL	FAC 25-6.0438	RM-6

C. STATEMENT OF BASIC POSITION

None necessary.

D. STATEMENT OF ISSUES AND POSITIONS

FUEL ADJUSTMENT ISSUES

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January, 2005 through December, 2005?

FPL: \$307,437,600 under-recovery. (DUBIN)

ISSUE 2: What are the appropriate estimated/actual fuel adjustment true-up amounts for the period January, 2006 through December 2006?

FPL: \$230,603,338 over-recovery. (DUBIN)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2007 through December, 2007?

FPL: \$76,834,262 under-recovery. (DUBIN)

ISSUE 4: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January, 2007 through December, 2007?

FPL: 1.00072. (DUBIN)

ISSUE 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included for the period January, 2007 through December, 2007?

FPL: \$6,379,479,000. (DUBIN)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January, 2007 through December, 2007?

FPL: 6.071 cents/kWh for January through April 2006 and 5.946 cents/ kWh for May through December 2006. (DUBIN)

ISSUE 7: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

FPL: The appropriate Fuel Cost Recovery Loss Multipliers are provided in response to Issue No. 8. (DUBIN)

ISSUE 8: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FPL:

JANUARY 2007 - APRIL 2007

(1) GROUP	(2) RATE SCHEDULE	(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) FUEL RECOVERY FACTOR
A	RS-1 first 1,000 kWh all additional kWh	6.071 6.071	1.00194 1.00194	5.729 6.729
A	GS-1, SL-2, GSCU-1	6.071	1.00194	6.083
A-1*	SL-1, OL-1, PL-1	5.923	1.00194	5.934
B	GSD-1	6.071	1.00187	6.083
C	GSLD-1 & CS-1	6.071	1.00077	6.076
D	GSLD-2, CS-2, OS-2 & MET	6.071	0.99464	6.039
E	GSLD-3 & CS-3	6.071	0.95644	5.807
A	RST-1, GST-1 ON-PEAK OFF-PEAK	6.757 5.764	1.00194 1.00194	6.770 5.775
B	GSDT-1, CILC-1(G), ON-PEAK HLFT (21-499 kW) OFF-PEAK	6.757 5.764	1.00187 1.00187	6.770 5.775
C	GSLDT-1, CST-1, ON-PEAK HLFT (500-1,999 kW) OFF-PEAK	6.757 5.764	1.00077 1.00077	6.762 5.768
D	GSLDT-2, CST-2, ON-PEAK HLFT (2,000+) OFF-PEAK	6.757 5.764	0.99571 0.99571	6.728 5.739
E	GSLDT-3, CST-3, ON-PEAK CILC -1(T) OFF-PEAK & ISST-1(T)	6.757 5.764	0.95644 0.95644	6.463 5.513
F	CILC -1(D) & ON-PEAK ISST-1(D) OFF-PEAK	6.757 5.764	0.99298 0.99298	6.710 5.724

* WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

MAY 2007 - DECEMBER 2007

(1) GROUP	(2) RATE SCHEDULE	(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) FUEL RECOVERY FACTOR
A	RS-1 first 1,000 kWh all additional kWh	5.946 5.946	1.00194 1.00194	5.604 6.604
A	GS-1, SL-2, GSCU-1	5.946	1.00194	5.958
A-1*	SL-1, OL-1, PL-1	5.798	1.00194	5.809
B	GSD-1	5.946	1.00187	5.957
C	GSLD-1 & CS-1	5.946	1.00077	5.951
D	GSLD-2, CS-2, OS-2 & MET	5.946	0.99464	5.914
E	GSLD-3 & CS-3	5.946	0.95644	5.687
A	RST-1, GST-1 ON-PEAK OFF-PEAK	6.632 5.639	1.00194 1.00194	6.645 5.650
B	GSDT-1, CILC-1(G), ON-PEAK HLFT (21-499 kW) OFF-PEAK	6.632 5.639	1.00187 1.00187	6.645 5.649
C	GSLDT-1, CST-1, ON-PEAK HLFT (500-1,999 kW) OFF-PEAK	6.632 5.639	1.00077 1.00077	6.637 5.643
D	GSLDT-2, CST-2, ON-PEAK HLFT (2,000+) OFF-PEAK	6.632 5.639	0.99571 0.99571	6.604 5.615
E	GSLDT-3, CST-3, ON-PEAK CILC -1(T) OFF-PEAK & ISST-1(T)	6.632 5.639	0.95644 0.95644	6.343 5.393
F	CILC -1(D) & ON-PEAK ISST-1(D) OFF-PEAK	6.632 5.639	0.99298 0.99298	6.586 5.599

* WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

FLORIDA POWER & LIGHT COMPANY

DETERMINATION OF SEASONAL DEMAND TIME OF USE RIDER (SDTR)
FUEL RECOVERY FACTORS

ON PEAK: JUNE 2007 THROUGH SEPTEMBER 2007 - WEEKDAYS 3:00 PM TO 6:00 PM
OFF PEAK: ALL OTHER HOURS

(1) GROUP	(2) OTHERWISE APPLICABLE RATE SCHEDULE	(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) SDTR FUEL RECOVERY FACTOR	
B	GSD(T)-1	ON-PEAK	6.515	1.00187	6.527
		OFF-PEAK	5.765	1.00187	5.776
C	GSLD(T)-1	ON-PEAK	6.515	1.00077	6.520
		OFF-PEAK	5.765	1.00077	5.770
D	GSLD(T)-2	ON-PEAK	6.515	0.99571	6.487
		OFF-PEAK	5.765	0.99571	5.740

Note: All other months served under the otherwise applicable rate schedule.

(DUBIN)

ISSUE 9: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

FPL: The Company is requesting that the new Fuel Cost Recovery factors for January through April 2007 and May through December 2007 become effective during these periods, respectively. This will result in four months of billing on the January through March factor and eight months of billing on the May through December factor, thus providing for a total of 12 months of billing on the new Fuel Cost Recovery factors for all our customers.

FPL is requesting that the Capacity Cost Recovery factors become effective with customer bills for January 2007 through December 2007. This will provide for 12 months of billing on the Capacity Cost Recovery factors for all our customers. (DUBIN)

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPL: \$19,136,028. (DUBIN)

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPL: \$19,849,221 subject to adjustments in the 2006 final true-up filing to include all actual data for the year 2006. (DUBIN)

ISSUE 12: What is the appropriate methodology for calculating over and under recoveries of projected fuel costs, pursuant to Commission Order Nos. 13694 and PSC-98-0691?

FPL: The appropriate methodology for calculating over and under recoveries of projected fuel costs is to take the actual fuel revenues applicable to the period minus the actual total fuel and net power transactions costs. This results in an over or under recovery shown on FPL's monthly Schedule A2, Line C7. This over or under recovery is then divided by the projected Total Fuel and Net Power Transaction Costs for the year shown on Schedule E1, Line 20. (DUBIN)

ISSUE 13: At what point in time should a utility notify the Commission that an over or under recovery exceeds 10% of the projected fuel costs?

FPL: Consistent with Order No. 13694, FPL believes that "[w]hen a utility becomes aware that its projected fuel revenues ...will result in an over- or under-recovery in excess of 10% of its projected fuel costs for the period, the utility shall so advise the Commission through a filing promptly made."(DUBIN)

ISSUE 14: What are the appropriate credits for emissions allowances for power sales for each investor-owned electric utility for the years 2005 through 2007?

FPL: FPL does not separately track credits for emissions allowances for power sales. The cost of fuel oil that FPL uses to dispatch its system and to charge for power sales incorporates the cost of emissions allowances. As FPL updates its dispatch cost of fuel oil, the current cost of emissions allowances is converted into dollars per MMBTU and added to the fuel oil cost. Therefore, the cost of emissions allowances is embedded into the fuel costs associated with power sales. This methodology assures that the most current cost information for emissions allowances is included in what FPL charges for FPL's power sales. (YUPP)

FLORIDA POWER & LIGHT ISSUES

ISSUE 16A: Has FPL adequately mitigated the price risk for natural gas, residual oil, and purchased power for the years 2005 through 2007?

FPL: Yes. FPL's actions to mitigate the price risk of natural gas, residual oil and purchased power for 2005 through 2007 are reasonable and prudent. (YUPP)

ISSUE 16B: Are the costs associated with FPL's proposed participation in the Southeast Supply Header Pipeline Project appropriate for recovery through the fuel cost recovery clause beginning in 2008?

FPL: Yes. The Southeast Supply Header (SESH) Pipeline Project will allow FPL access to growing production from natural gas basins in East Texas and North Louisiana, which will provide an important on-shore alternate natural gas supply source. It will be a valuable addition to FPL's gas-transportation alternatives because it will provide FPL access to on-shore supply, significantly increasing supply reliability and diversity and potentially supporting customer savings. The costs FPL will incur for the SESH Pipeline Project are all gas transportation costs that are recoverable through the Fuel Cost Recovery Clause pursuant to Commission Order No. 14546, Docket No. 850001-EI-B, dated July 8, 1985 (lists transportation costs among the types of fuel-related costs that may be recovered through the Fuel Cost Recovery Clause). (YUPP/DUBIN)

ISSUE 16C: What is the appropriate calculation of fuel savings associated with the addition of Turkey Point Unit 5?

FPL: The addition of the highly efficient, combined cycle Turkey Point Unit 5 will result in approximately \$96,464,000 in fuel saving to FPL's customers from May through December 2007. (YUPP)

ISSUE 16D: No issue stated for 16D

ISSUE 16E: Should the Commission approve FPL's proposal to levelize the Residential 1,000 kWh Bill by offsetting the Generation Base Rate Adjustment (GBRA) for Turkey Point Unit 5 with the fuel savings attributable to this new unit?

FPL: Yes. FPL's proposal to levelize the Residential 1,000 kWh bill by offsetting the Generation Base Rate Adjustment (GBRA) as approved in Docket No. 050045-EI for Turkey Point Unit 5 with the fuel savings attributable to this new unit will provide all customer classes with a more stable bill in 2007. The fuel savings attributable to Turkey Point Unit 5 are \$96,464,000 in 2007. Without levelization, FPL's customers' bills are projected to decrease in January 2007 as result of lower charges for fuel and capacity. Then, in May 2007, when Turkey Point Unit 5 begins commercial operations, the GBRA will become effective, which thereby would increase customer bills. FPL's proposal will still provide a decrease in customers' bills in January while eliminating the increase in

May and will provide all customer classes with a more stable bill in 2007.
(DUBIN)

ISSUE 16F: What was the additional fuel cost incurred as a result of the outage extension at Turkey Point Unit 3 in March and April, 2006?

FPL: FPL has calculated that the replacement power cost resulting from the referenced outage extension was approximately \$6 million. (YUPP)

ISSUE 16G: With respect to the outage extension at Turkey Point Unit 3 which was caused by a drilled hole in the pressurized piping, should customers or FPL be responsible for the additional fuel cost incurred as a result of the extension?

FPL: The replacement power costs resulting from the referenced outage extension were prudently incurred and therefore FPL properly should recover them from its customers. The outage resulted from the discovery of a small drilled hole in pressurizer piping during routine testing conducted at the Unit prior to start-up at the end of a refueling outage. Prompt and effective corrective actions were taken by plant personnel to provide the appropriate assurances of safety for restart of Unit. The NRC Augmented Inspection Team report on this event determined that Turkey Point's identification, classification, and response to the hole in the pressurizer piping were appropriate. (GWINN)

ISSUE 16H: What is the appropriate regulatory treatment of the base gas requirement for the MoBay gas storage contract?

FPL: This issue is addressed in FPL's Prehearing Statement, Issue No. 2, filed in Docket No. 060362.

ISSUE 16I: What is the appropriate regulatory treatment for the carrying costs associated with any unamortized balance of MoBay base gas?

FPL: This issue is addressed in FPL's Prehearing Statement, Issue No. 5, filed in Docket No. 060362.

ISSUE 16J: What is the appropriate regulatory treatment for the carrying costs associated with the MoBay and Bay Gas inventory?

FPL: This issue is addressed in FPL's Prehearing Statement, Issues Nos. 2 and 3, filed in Docket No. 060362.

GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

ISSUE 20: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January, 2005 through December, 2005 for each investor-owned electric utility subject to the GPIF?

FPL: \$8,478,098 reward. (SONNELITTER)

ISSUE 21: Should the Commission amend or modify the existing GPIF mechanism so as to incorporate a “dead band” around the scale of Generating Performance Incentive Points in the amounts proposed by OPC?

FPL: No. The current GPIF methodology, as approved by the Commission, has worked as intended by providing an ongoing incentive for the efficient operation of generating units. FPL’s improved unit performance, calculated in accordance with the current GPIF methodology, has saved FPL’s customers an average of over \$14 million per year in fuel costs during the last sixteen years, which is more than double the average GPIF reward received by FPL during the same period. OPC’s “dead band” proposal would virtually eliminate the GPIF incentive. In addition, OPC’s proposal is unfairly asymmetric: it would exclude twice as large a range of performance improvements from receiving rewards as it would exclude performance declines from receiving penalties. (SONNELITTER)

ISSUE 22: If the “dead band” amendment to the GPIF mechanism is implemented by the Commission should it be applied for the current year so that the rewards or penalties are applied commencing January 1, 2007?

FPL: OPC’s “dead band” proposal should not be approved, for the reasons stated in FPL’s position on Issue 21. If the Commission were nonetheless to approve that proposal, it should be implemented only prospectively, such that all unit performance through the end of 2006 would be rewarded and penalized in accordance with the existing GPIF procedures and using the previously established targets and ranges. (SONNELITTER)

ISSUE 23: Should OPC’s proposed modification to the GPIF methodology be approved?

FPL: No. The current GPIF methodology works well and is in no need of revision. OPC’s “dead band” proposal should not be approved, for the reasons stated in FPL’s position on Issue 21. If this issue is intended to address OPC’s proposal to impose minimum performance levels on the calculation of GPIF targets, FPL believes the issue is premature because OPC has asked that it be addressed next year in Docket 070001-EI and has not provided enough specifics at this point for FPL to formulate a detailed response. FPL opposes the concept of minimum performance levels

because it is inherently insensitive to actual, achievable performance. Many generating units would likely fall into a grey area, where their performance is adequate to avoid penalties but not good enough to receive a reward because it is below the minimum performance level. All GPIF incentives would be effectively removed for such units. (SONNELITTER)

ISSUE 24: What should the GPIF target/ranges be for the period January, 2007 through December, 2007 for each investor-owned electric utility subject to the GPIF?

FPL: The targets and ranges should be as set forth in the Testimony and Exhibits of P. Sommelitter including the following:

PLANT/UNIT	EAF TARGET (%)	HEAT RATE HR. TARGET (BTU/KWH)
Ft. MYERS 2	78.9	6,814
LAUDERDALE 4	82.6	7,650
LAUDERDALE 5	92.2	7,548
MANATEE 1	86.6	10,220
MARTIN 1	94.6	10,027
MARTIN 4	94.0	6,926
SANFORD 4	90.2	6,878
SANFORD 5	91.3	6,844
SCHERER 4	96.0	10,136
ST. LUCIE 1	84.0	10,961
ST. LUCIE 2	70.3	11,002
TURKEY POINT 3	84.2	11,112
TURKEY POINT 4	90.7	11,120

(SONNELITTER)

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 29: What are the appropriate final capacity cost recovery true-up amounts for the period January, 2005 through December, 2005?

FPL: \$3,305,688 over- recovery. (DUBIN)

ISSUE 30: What are the appropriate estimated/actual capacity cost recovery true-up amounts for the period January, 2006 through December, 2006?

FPL: \$18,215,446 under-recovery. (DUBIN)

ISSUE 31: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January, 2007 through December, 2007?

FPL: \$14,909,758 under-recovery. (DUBIN)

ISSUE 32: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January, 2007 through December, 2007?

FPL: \$591,052,906. (DUBIN)

ISSUE 33: What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January, 2007 through December, 2007?

FPL: The appropriate jurisdictional separation factors are:
 FPSC 98.68536%
 FERC 1.31464% (DUBIN)

ISSUE 34: What are the appropriate capacity cost recovery factors for the period January, 2007 through December, 2007?

FPL:

Rate Schedule	Capacity Recovery Factor (\$/kw)	Capacity Recovery Factor (\$/kwh)
RS1/RST1	-	0.00557
GS1/GST1	-	0.00521
GSD1/GSDT1/HLTF(21-499 kW)	1.58	-
OS2	-	0.00330
GSLD1/GSLDT1/CS1/CST1/HLTF(500-1,999 kW)	1.96	-
GSLD2/GSLDT2/CS2/CST2/HLTF(2,000+ kW)	1.91	-
GSLD3/GSLDT3/CS3/CST3	1.90	-
CILC D/CILC G	2.09	-
CILC T	2.01	-
MET	2.00	-
OL1/SL1/PL1	-	0.00085
SL2, GSCU1	-	0.00360

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.25	.12

ISST1T	.24	.11
SST1T	.24	.11
SST1D1/SST1D2/ SST1D3	.25	.12

(DUBIN)

ISSUE 35: What are the appropriate credits for transmission allowances for power sales for each investor-owned electric utility for the years 2005 through 2007?

FPL: The appropriate credit for transmission allowances for power sales for 2005 is \$3,299,310. The appropriate credit for transmission allowances for power sales for 2006 is \$3,701,913; which includes actuals through June and projections for the balance of the year. The appropriate credit for transmission allowances for power sales for 2007 is projected to be \$3,941,588. (YUPP)

FLORIDA POWER & LIGHT ISSUES

ISSUE 38A: Pursuant to the stipulation signed by all parties to the prior rate proceeding and approved in Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI what is the appropriate Generation Base Rate Adjustment (GBRA) for Turkey Point Unit 5?

FPL: Paragraph 17 of the Stipulation and Settlement Agreement approved the Commission in its Order No. PSC-05-0902-S-EI (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." As shown in the affidavits of Drs. Steven R. Sim and Rosemary Morley that FPL filed in this docket on September 1, 2006 as part of its projection filing, the jurisdictional annualized 2007 revenue requirement for Turkey Point Unit 5 is \$126.80 million. When this is divided by the total retail base rate revenues projected for 2007 of \$3,876.80 million, the resulting percentage is 3.271%, which will be applied as an equal percentage to base charges and non-clause recoverable credits.

ISSUE 38B: Has FPL correctly calculated the GBRA as 3.271%?

FPL: Yes. See FPL's position on Issue 38A.

ISSUE 38C: Should the Commission approve FPL's proposal to recover the projected security costs associated with the recently issued North American Reliability Council (NERC) Cyber Security Standards through the Capacity Cost Recovery Clause?

FPL: Yes. FPL is seeking recovery of \$2,796,363 for security costs related to recently issued NERC Cyber Security Standards CIP-002-1 through CIP-009-1 (Cyber Security Standards). NERC was recently certified by the Federal Regulatory Energy Commission (FERC) as the nation's Electric Reliability Organization (ERO), pursuant to the Energy Policy Act of 2005. As such, NERC is responsible for developing and enforcing mandatory electric reliability standards which will apply to all users, owners and operators of the bulk power system. The NERC Cyber Security Standards were approved by the NERC Board on May 3, 2006 and became effective June 1, 2006 to address cyber security concerns as a result of the September 11, 2001 terrorist attacks. FPL is seeking recovery only of the costs of complying with the Cyber Security Standards at its power plants; it has specifically excluded from its request the compliance costs associated with the transmission and other non-power plant parts of its system. None of the costs FPL seeks to recover are presently recovered through base rates. They are clearly related to governmentally-imposed post-9/11 security requirements and hence are properly recoverable through the Capacity Cost Recovery Clause. (DUBIN)

ISSUE 38D: Should CILC-1 Load Control (nonfirm) demands be included in developing capacity cost recovery factors?

FPL: Yes. The Federal Executive Agencies' proposal would unfairly allocate an additional \$16.4 million to FPL's other customers and is inconsistent with the Commission's rules and practice for non-firm service. (Morley)

E. STATEMENT OF LEGAL ISSUES AND POSITIONS

FPL: None at this time.

F. STATEMENT OF POLICY ISSUES AND POSITIONS

FPL: None at this time.

G. STIPULATED ISSUES

FPL: None at this time.

H. PENDING MOTIONS

Motion for Reconsideration of Order No. PSC-06-0568-CFO-EI dated July 17, 2006.

Motion for Temporary Protective Order dated July 21, 2006 related to OPC's request for documents that were filed in this docket with the Commission on a confidential basis.

Motion for Temporary Protective Order dated August 23, 2006 related to OPC's First Request for Production of Documents Nos. 2 and 4.

Motion for Temporary Protective Order dated September 6, 2006 related to OPC's request for Exhibits GJY-3, GJY-4 and GJY-6 to prepared testimony of G.Yupp and Schedule E12, Pg 7 of Exhibit KMD-6 to prepared testimony of K.M.Dubin.

Motion for Temporary Protective Order dated September 18, 2006 related to OPC's Second Request for Production of Documents No. 5.

I. PENDING REQUEST FOR CONFIDENTIALITY

Florida Power & Light Company's First Request for Extension of Confidential Classification for audit materials (audit control No. 04-022-4-1), dated April 28, 2006.

Florida Power & Light Company's Second Request for Extension of Confidential Classification granted by Order No. PSC-04-1057-CFO-EI, dated April 28, 2006.

Florida Power & Light Company's Request for Confidential Classification of for Exhibits GJY-3, GJY-4 and GJY-6 to prepared testimony of G.Yupp and Schedule E12, Pg 7 of Exhibit KMD-6 to prepared testimony of K.M.Dubin dated September 21, 2006.

Florida Power & Light Company's Request for Confidential Classification of for Responses to Staff's Data Request Nos. 1 and 8 dated September 14, 2006.

FPL anticipates that it may file further requests for confidential classification with respect to responses to other discovery requests that are pending.

J. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

K. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT

FPL: None at this time.

Respectfully submitted this 6th day of October, 2006.

R. Wade Litchfield, Esq.
Associate General Counsel
John T. Butler, Esquire
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5639
Facsimile: (561) 691-7135

By: /s/ John T. Butler
John T. Butler
Fla. Bar No. 283479

CERTIFICATE OF SERVICE
Docket No. 060001-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic delivery on the 6th day of October, 2006, to the following:

Lisa Bennett, Esq.
Wm. Cochran Keating IV, Esq.
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Charles J. Beck, Esq.
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley Law Firm
Attorneys for Tampa Electric
P.O. Box 391
Tallahassee, Florida 32302

John T. Burnett, Esq.
Progress Energy Service Company,
LLC
P.O. Box 14042
St. Petersburg, Florida 33733-4042

Robert Scheffel Wright, Esq.
John T. LaVia, III, Esq.
Young van Assenderp, P.A.
Attorneys for Florida Retail Federation
225 South Adams Street, Suite 200
Tallahassee, FL 32301

Norman H. Horton, Jr., Esq.
Floyd R. Self, Esq.
Messer, Caparello & Self
Attorneys for FPUC
P.O. Box 1876
Tallahassee, Florida 32302-1876

John W. McWhirter, Jr., Esq.
McWhirter, Reeves,
Davidson, et al.
Attorneys for FIPUG
400 North Tampa Street, Suite 2450
Tampa, Florida 33602

Jeffrey A. Stone, Esq.
Russell A. Badders, Esq.
Beggs & Lane
Attorneys for Gulf Power
P.O. Box 12950
Pensacola, Florida 32576-2950

Capt. Damund E. Williams
Lt. Col. Karen S. White
AFLSA/JACL - ULT
139 Barnes Drive
Tyndall Air Force Base, FL 32403-5319

Michael B. Twomey, Esq.
Post Office Box 5256
Tallahassee, Florida 32314-5256
Attorney for AARP

Jack Shreve
Senior General Counsel
Cecilia Bradley
Senior Assistant Attorney General
Office of the Attorney General
The Capitol – PL01
Tallahassee, Florida 32399-1050

James W. Brew, Esquire
Brickfield, Burchette, Ritts & Stone, P.C.
Attorneys for PCS Phosphate
1025 Thomas Jefferson Street, NW, Eighth Floor, West Tower
Washington, DC 20007-5201

By: /s/ John T. Butler
John T. Butler