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Subject: Docket No. 070001-EI -- FPL's Prehearing Statement
Attachments: Pehearing Statement 070001.doc

Electronic Filing

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b. Docket No. 0700001-EI

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

d. There are 11 pages total.

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

(See attached file: Pehearing Statement 070001.doc)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 070001-EI
FILED: October 8, 2007

**FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT**

Pursuant to Order No. PSC-07-0221-PCO-EI, dated March 12, 2007 establishing the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

1) WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
G. J. Yupp T.O. Jones	Fuel Adjustment True-up and Projections	1 - 3 and 5 1 - 3 and 5
K. M. Dubin		1 - 9
K. M. Dubin	Benchmark Levels for Gains Eligible for Shareholder Incentive	10 - 11
T.O. Jones K.M. Dubin	Turkey Point Replacement Fuel Costs	13A
G. J. Yupp	Mitigated Price Risk	13B
F. Irizarry	GPIF Reward	17
F. Irizarry	GPIF Targets / Ranges	18
K. M. Dubin	Capacity Cost Recovery True-Up and Projections	23-28

DOCUMENT NUMBER-DATE

09220 OCT-8 5

FPSC-COMMISSION CLERK

2) EXHIBITS

WITNESS	SPONSOR	SUBJECT MATTER	EXHIBITS
G. YUPP	FPL	2006 Hedging Activity	GJY-1
		Fuel Cost Recovery and Capacity Cost Recovery Projections	GJY-2
T.O. JONES	FPL	Turkey Point Outage Extension	TOJ-1
		Fuel Cost Recovery and Capacity Cost Recovery Projections	
K. M. DUBIN	FPL	Fuel Cost Recovery and Capacity Cost Recovery:	
		2006 Final True-up;	KMD-1 KMD-2
		2007 Estimated/Actual True-Up; and 2008 Projections	KMD-3 KMD-4 KMD-5 KMD-6
F. IRIZARRY	FPL	2006 GPIF Performance Results;	FI-1
		2008 GPIF Incentive Factor Targets and Ranges	FI-2

3) STATEMENT OF BASIC POSITION

None necessary.

4) STATEMENT OF ISSUES AND POSITIONS

FUEL ADJUSTMENT ISSUES

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January, 2006 through December, 2006?

FPL: \$53,744,558 under-recovery. (DUBIN)

ISSUE 2: What are the appropriate estimated/actual fuel adjustment true-up amounts for the period January, 2007 through December 2007?

FPL: \$25,577,700 under-recovery. (DUBIN)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2008 through December, 2008?

FPL: \$79,322,258 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, 2008 through December, 2008?

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, 2008 through December, 2008?

FPL: \$6,198,067,693. (DUBIN)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January, 2008 through December, 2008?

FPL: 5.553 cents/kWh. (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:

FLORIDA POWER & LIGHT COMPANY

FUEL RECOVERY FACTORS - BY RATE GROUP
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)

JANUARY 2008 - DECEMBER 2008

(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	5.553 5.553	1.00207 1.00207	5.227 6.227
A	GS-1, SL-2, GSCU-1	5.553	1.00207	5.565
A-1*	SL-1, OL-1, PL-1	5.459	1.00207	5.470
B	GSD-1	5.553	1.00201	5.564
C	GSLD-1 & CS-1	5.553	1.00091	5.558
D	GSLD-2, CS-2, OS-2 & MET	5.553	0.99379	5.519
E	GSLD-3 & CS-3	5.553	0.95688	5.314
A	RST-1, GST-1 ON-PEAK OFF-PEAK	6.011 5.354	1.00207 1.00207	6.024 5.365
B	GSDT-1, CILC-1(G), ON-PEAK HLFT-1 (21-499 kW) OFF-PEAK	6.011 5.354	1.00201 1.00201	6.023 5.364
C	GSLDT-1, CST-1, ON-PEAK HLFT-2 (500-1,999 kW) OFF-PEAK	6.011 5.354	1.00103 1.00103	6.017 5.359
D	GSLDT-2, CST-2, ON-PEAK HLFT-3 (2,000+) OFF-PEAK	6.011 5.354	0.99551 0.99551	5.984 5.330
E	GSLDT-3, CST-3, ON-PEAK CILC -1(T) OFF-PEAK & ISST-1(T)	6.011 5.354	0.95688 0.95688	5.752 5.123
F	CILC -1(D) & ON-PEAK ISST-1(D) OFF-PEAK	6.011 5.354	0.99302 0.99302	5.969 5.316

* 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 2008 THROUGH SEPTEMBER 2008 - 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	6.042	1.00201	6.054
		OFF-PEAK	5.403	1.00201	5.414
C	GSLD(T)-1	ON-PEAK	6.042	1.00106	6.049
		OFF-PEAK	5.403	1.00106	5.409
D	GSLD(T)-2	ON-PEAK	6.042	0.99565	6.015
		OFF-PEAK	5.403	0.99565	5.379

(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 and Capacity Cost Recovery factors become effective with customer bills for January 2008 through December 2008. This will provide for 12 months of billing on the new Fuel Cost Recovery and Capacity Cost Recovery factors for all our customers. (DUBIN)

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPL: \$19,672,897. (DUBIN)

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPL: \$21,014,637 subject to adjustments in the 2007 final true-up filing to include all actual data for the year 2007. (DUBIN)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

ISSUE 13A: 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: FPL's Replacement power costs constitute actual fuel and/or purchased power costs incurred in providing electric service to its customers. As such, they are properly recoverable through the FCR Clause just like any other power costs, unless they are shown to have been unnecessarily incurred because the utility could have avoided them had it acted prudently. There is nothing to suggest that FPL acted imprudently with respect to the deliberate bad act that led to the drilled hole. FPL complied fully with NRC requirements and industry standards in order to prevent improper access and deliberate criminal acts, and took extensive actions to swiftly and effectively investigate and inspect both Turkey Unit 3 and Unit 4 after the drilled hole in the pressurizer piping was discovered, enabling FPL to expeditiously return the plant to service with minimal disruption in production. FPL's actions at each step in this process were unquestionably reasonable and prudent. To deny recovery of replacement power costs even where a utility has acted prudently would be completely inconsistent with the purpose of the FCR Clause and with fundamental principles of ratemaking. It would put the utility at risk of not recovering its actual fuel costs whenever a nuclear plant is unexpectedly offline, even for reasons beyond the utility's control, and it would provide the utility no corresponding reward for having to bear this large risk. Such a policy would create a major disincentive to investments in any technology that has very low energy costs, including solar and wind as well as nuclear generation, which investments are important to helping achieve the state's energy security, fuel diversity and environmental goals. (DUBIN/ JONES)

ISSUE 13B: Has FPL adequately mitigated the price risk for natural gas, residual oil, and purchased power for the years 2006 through 2008?

FPL: Yes. FPL's actions to mitigate the price risk of natural gas, residual oil and purchased power for 2006 through 2008 are reasonable and prudent. (YUPP)

GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January, 2006 through December, 2006 for each investor-owned electric utility subject to the GPIF?

FPL: \$9,001,300 reward. (IRIZARRY)

ISSUE 18: What should the GPIF target/ranges be for the period January, 2008 through December, 2008 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 F. Irizarry including the following:

PLANT/UNIT	EAF TARGET (%)	HEAT RATE HR. TARGET (BTU/KWH)
Ft. MYERS 2	86.6	6,808
LAUDERDALE 4	93.3	7,757
LAUDERDALE 5	91.9	7,641
MARTIN 2	94.9	9,892
MARTIN 3	93.8	7,031
MARTIN 4	82.4	6,973
SANFORD 4	94.1	6,920
SANFORD 5	85.5	6,915
SCHERER 4	85.6	10,163
ST. LUCIE 1	82.4	10,881
ST. LUCIE 2	93.6	11,052
TURKEY POINT 3	90.9	11,125
TURKEY POINT 4	81.7	11,070

(IRIZARRY)

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 23: What are the appropriate final capacity cost recovery true-up amounts for the period January, 2006 through December, 2006?

FPL: \$4,030,283 under- recovery. (DUBIN)

ISSUE 24: What are the appropriate estimated/actual capacity cost recovery true-up amounts for the period January, 2007 through December, 2007?

FPL: \$15,561,009 under-recovery. (DUBIN)

ISSUE 25: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January, 2008 through December, 2008?

FPL: \$19,591,292 under-recovery. (DUBIN)

ISSUE 26: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January, 2008 through December, 2008?

FPL: \$610,964,193. (DUBIN)

ISSUE 27: What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January, 2008 through December, 2008?

FPL: The appropriate jurisdictional separation factors are:
 FPSC 98.76048%
 FERC 1.23952% (DUBIN)

ISSUE 28: What are the appropriate capacity cost recovery factors for the period January, 2008 through December, 2008?

FPL:

Rate Schedule	Capacity Recovery Factor (\$/kw)	Capacity Recovery Factor (\$/kwh)
RS1/RST1	-	0.00546
GS1/GST1	-	0.00534
GSD1/GSDT1/HLFT(21-499 kW)	1.63	-
OS2	-	0.00584
GSLD1/GSLDT1/CS1/CST1/HLFT(500-1,999 kW)	2.05	-
GSLD2/GSLDT2/CS2/CST2/HLFT(2,000+ kW)	1.98	-
GSLD3/GSLDT3/CS3/CST3	1.86	-
CILC D/CILC G	2.15	-
CILC T	2.06	-
MET	2.18	-
OL1/SL1/PL1	-	0.00194
SL2, GSCU1	-	0.00297

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.25	.12
ISST1T	.24	.12
SST1T	.24	.12
SST1D1/SST1D2/ SST1D3	.25	.12

(DUBIN)

5) STIPULATED ISSUES

FPL: None at this time.

6) PENDING MOTIONS

Motion for Temporary Protective Order dated May 14, 2007 related to OPC's First Request for Production of Document No. 1 that requests documents that were filed in this docket with the Commission on a confidential basis.

Motion for Temporary Protective Order dated June 22, 2007 related to OPC's Second Request for Production of Documents Nos. 2 -8.

Motion for Temporary Protective Order dated September 13, 2007 related to OPC's request for Exhibit TOJ-1 to prepared testimony of T.O. Jones.

7) PENDING REQUESTS FOR CONFIDENTIALITY

Florida Power & Light Company's First Request for Extension of Confidential Classification for audit materials (audit control no. 05-031-4-1), dated January 5, 2007.

Florida Power & Light Company's First Request for Extension of Confidential Classification for audit materials (audit control no. 05-028-4-1), dated January 31, 2007.

Florida Power & Light Company's Request for Confidential Classification for November 2006 Form 423, dated February 9, 2007.

Florida Power & Light Company's Request for Confidential Classification of Exhibit GJY-1 to prepared testimony of G.Yupp dated April 2, 2007.

Florida Power & Light Company's First Request for Extension of Confidential Classification granted by Order No. PSC-05-1079-CFO-EI, dated May 1, 2007.

Florida Power & Light Company's Request for Confidential Classification for audit materials (audit control no. 07-022-4-3), dated May 30, 2007.

Florida Power & Light Company's First Request for Extension of Confidential Classification granted by Order No. PSC-05-1248-CFO-EI, dated June 21, 2007.

Florida Power & Light Company's Request for Confidential Classification for audit materials (audit control no. 07-022-4-1), dated June 26, 2007 (revised September 27, 2007).

Florida Power & Light Company's Request for Confidential Classification for March 2007 Form 423, dated July 18, 2007.

Florida Power & Light Company's Request for Confidential Classification for April 2007 Form 423, dated August 30, 2007.

Florida Power & Light Company's Request for Confidential Classification for May 2007 Form 423, dated September 4, 2007.

Florida Power & Light Company's Request for Confidential Classification of Schedule E12, Pg 7 of Exhibit KMD-6 to prepared testimony of K.M.Dubin and Exhibit TOJ-1 to prepared testimony of T.O. Jones dated September 4, 2007.

Florida Power & Light Company's Request for Confidential Classification of Response to Staff's Second Set of Interrogatories No. 12 dated October 1, 2007.

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

8) OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT

FPL: None at this time.

9) STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

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

Respectfully submitted this 8th day of October, 2007.

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By: /s/ John T. Butler
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CERTIFICATE OF SERVICE
Docket No. 070001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery on the 8th day of October, 2007, to the following:

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