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FPL

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June 16, 2008

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-VIA HAND DELIVERY -

Ms. Ann Cole, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 080001-EI

Dear Ms. Cole:

Consistent with Staff's Mid-Course Correction Data Requests dated June 11, 2008, attached is the original and five (5) copies of Florida Power & Light Company's ("FPL") responses to Questions No. 1, 2, 5, 12, 13, 14, 16 and 19. Also attached is FPL's Notice of Intent to Seek Confidential Classification of FPL's responses to Request No. 16 and 19, together with the diskette containing the electronic version of same. The enclosed diskette is high density, the operating system is Windows XP, and the word processing software in which the document appears is word 2003.

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

Sincerely,

John T. Butler

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Q.

Please refer to Page 5 of K.M. Dubin's March 3, 2008 Direct Testimony in Docket No. 080001-EI in which Witness Dubin discusses the switch from oil to gas that took place in the latter half of 2007. Does FPL burn oil or gas depending upon which one is cheaper to burn on a cents/MMBtu basis for plants that are fuel-switching capable?

A.

Yes. FPL dispatches its dual-fired, conventional steam units with the lower cost fuel (natural gas or heavy oil). This decision is made on a daily basis by taking into account the replacement value of each fuel and any fuel infrastructure limitations that exist on FPL's system.

Q.

Please refer to Page 5 of K.M. Dubin's March 3, 2008 Direct Testimony in Docket No. 080001-EI. The math included in the testimony appears to state that:

Heavy Oil Price (projected) = $9.31 (actual) * 101.1 = $9.41

Natural Gas Price (projected) = $9.70 (actual) *.991 = $9.61

Oil appears to have been cheaper than projected, and natural gas appears to have been more expensive than projected, so FPL switched away from oil to gas. But if oil was cheaper than gas at the time of preparing the projection testimony (i.e. $9.41 versus $9.61), why didn't FPL plan to use oil rather than gas at that time?

A.

At the time of FPL's Estimated/Actual Filing (August 6, 2007), FPL projected that the average charge-out cost for heavy oil would be $9.8606/MMBtu for the July 2007 through December 2007 period. Additionally, FPL projected that the charge-out cost for natural gas would be $9.3774/MMBtu during the same period. On this basis, FPL would have projected to use natural gas to the maximum extent possible, rather than heavy oil. Because average charge-out costs contain projected hedge values for each fuel and firm transport demand charges for natural gas, comparing the two costs for determining dispatch decisions can be misleading. FPL develops dispatch prices utilizing commodity prices and variable transport costs. Therefore, it is important to look at the underlying commodity costs that were used in the dispatch projections. For this period, the underlying commodity cost for natural gas was significantly lower than heavy oil and therefore, FPL would have planned to use natural gas to the maximum extent possible.

Q.
What actions has FPL taken and what actions does FPL plan to take during the remainder of 2008 which has or will serve to minimize 2008 fuel and purchase power costs?

A.
FPL has and will continue to dispatch its system on a daily basis utilizing the most economical fuel mix possible to help deliver the lowest possible fuel costs to its customers. FPL has and will continue to take advantage of all opportunities to purchase power at a lower cost than its own generation to help lower overall fuel costs. Additionally, while FPL dispatches its generating units based on fuel cost and unit efficiency to achieve optimal dispatch, it continually seeks new opportunities to optimize generating unit capacity and efficiency (heat rates). Several improvement projects implemented during the 2006 and 2007 timeframe include:

- GE Opflex installations to increase efficiency, capacity, and improve turndown (i.e. minimum unit load that highly-efficient units can maintain)
- Improve Putnam Startup Process to Reduce Fuel Consumption

Q.

Please refer to Page 6 of the Petition's Appendix A, Lines A2 and A3. Why are power sales projected to decline by 20.2% at the same time that power purchases are projected to decline by only 2 % (Schedule A7) or 5% (Schedule A9) or even increase by .5 % (Schedule A8)?

A.

The Fuel Cost of Power Sold (A6) is projected to decline by 20.2% due to the actual power sales results from January 2008 through April 2008. FPL did not re-project economy sales for the May 2008 through December 2008 time period. During the first four months of 2008, FPL sold approximately 281,000 MWh less of economy power than projected. Approximately 69% of the variance in the Fuel Cost of Power Sold (A6) for economy sales is attributable to the decrease from projections in MWh sold.

FPL did not re-project Purchased Power (A7) for the May 2008 through December 2008 period. Therefore, the variance is due to actuals from January 2008 through April 2008. During that period, FPL purchased approximately 506,000 MWh less than projected resulting in a variance due to consumption of ($13,174,761). This variance was somewhat offset by a higher-than-projected purchase price of $2.07/MWh or $6,923,337 in total. The net of these two figures results in a variance of ($6,251,424) or (2.0%).

FPL did not re-project Energy Payments to Qualifying Facilities (A8) for the May 2008 through December 2008 period. Therefore, the variance is due to actuals from January 2008 through April 2008. During that period, FPL purchased approximately 106,000 MWh less than projected resulting in a variance due to consumption of ($3,348091). This variance was offset by a higher-than-projected purchase price of $2.42/MWh or $4,235645 in total. The net of these two figures results in a variance of $887,554 or 0.5%.

Likewise, FPL did not re-project economy purchases (Schedule A9) for the May 2008 through December 2008 time period. Therefore, the variance is due to actual results from January 2008 through April 2008. FPL purchased approximately 127,600 MWh of economy power less than projected during the January 2008 through April 2008 time period. During this period, the cost of economy purchases was approximately $10/MWh higher than projected. The total net variance due to the decrease in purchases and increase in the cost of economy purchases was ($5,792,451) or (5.5%).

Q.

What are the sources of known increases and decreases to 2009 customer fuel and non-fuel rates for FPL relative to the rates for mid-course correction appearing in Schedule E-10? Include in your response the impact of the clauses, GBRA (by plant), nuclear cost recovery, fuel hedging, fuel commodity and transportation, FPL Solar Energy Projects and other ECRC rate impacts, and any other significant drivers. To the extent possible, estimate the relative impact of each source on a typical residential bill.

A.

Based on the approval of FPL's request for a fuel mid-course correction to recover $746.2 million in August through December 2008, FPL's preliminary impacts to its Residential 1,000 kWh are as follows:

COMPANY: FLORIDA POWER & LIGHT COMPANY — SCHEDULE E10

	CURRENT MAY 08 - JUL 08	MIDCOURSE CORRECTION AUG 08 - DEC 08	DIFFERENCE $	DIFFERENCE %	PRELIMINARY JAN 09 - MAY 09	DIFFERENCE $	DIFFERENCE %	PRELIMINARY JUN 09 - DEC 09	DIFFERENCE $	DIFFERENCE %
BASE	$39.37	$39.37	$0.00	0.00%	$39.37	$0.00	0.00%	$40.76	$1.39	3.53%
FUEL	$52.27	$68.15	$15.88	30.38%	$64.16	($3.99)	-5.85%	$64.16	$0.00	0.00%
CONSERVATION	$1.45	$1.45	$0.00	0.00%	$1.45	$0.00	0.00%	$1.45	$0.00	0.00%
CAPACITY PAYMENT	$5.46	$5.46	$0.00	0.00%	$7.97	$2.51	45.97%	$7.97	$0.00	0.00%
ENVIRONMENTAL	$0.40	$0.40	$0.00	0.00%	$0.40	$0.00	0.00%	$0.40	$0.00	0.00%
STORM RESTORATION SURCHARGE	$1.11	$1.11	$0.00	0.00%	$1.11	$0.00	0.00%	$1.11	$0.00	0.00%
SUBTOTAL	$100.06	$115.94	$15.88	$0.30	$114.46	(1.48)	-1.28%	$115.85	$1.39	1.21%
GROSS RECEIPTS TAX	$2.57	$2.97	$0.40	15.56%	$2.93	(0.04)	-1.35%	$2.97	$0.04	1.37%
TOTAL	$102.63	$118.91	$16.28	15.86%	$117.39	(1.52)	-1.28%	$118.82	$1.43	1.22%

Q.

Why FPL is pursuing the mid-course correction at this time by recovering the total costs over a five month period rather than a longer or deferred time period?

A.

FPL presently has no reason to expect that customers' total bills will be lower in 2009 than what they will be for the remainder of 2008 with the mid-course correction fully recovered this year. Based on world market conditions and fuel forward projections, indicators show fuel trends upward. As shown in the response to Question No. 13, with the mid-course correction recovered as FPL has proposed from August through December 2008, customers' bills remain nearly flat in 2009, therefore, mitigating additional step increases to customers' bills. That would not be the case at all if the mid-course correction recovery is extended into 2009. On the contrary, customers would see significant step increases in their bills, further creating uncertainty for customers' budgets as well as incrementally affecting customers financially on a repeated basis. At this time, FPL cannot predict the potential bill impact of its Solar Energy Projects; that said, if these Solar Energy Projects are approved, customer bills would increase in some measure in 2009. Also, FPL cannot predict the Turkey Point True-up at this time. Please see response to Question No. 4. In addition, as of May 31, 2008, FPL has a net underrecovery in its non-fuel clauses of approximately $38 million which is not reflected in any of the 2009 scenarios.