

Ruth Nettles

From: John_Butler@fpl.com
Sent: Friday, June 20, 2008 2:37 PM
To: Filings@psc.state.fl.us
Cc: Charles Beck; Bill McNulty; burgess.steve@leg.state.fl.us; cecilia_bradley@oag.state.fl.us; Connie Kummer; Jacqueline.Bussey@fpl.com; Jeff Stone; Jim Beasley; jbrew@bbrslaw.com; John McWhirter; John Burnett; kelly.jr@leg.state.fl.us; Keino Young; Lisa Bennett; Lee Willis; Mary Bane; Joe McGlothlin; miketwomey@talstar.com; nhorton@lawfla.com; Pete Lester; Russell Badders; Tim Devlin
Subject: Re: Electronic Filing for Docket No. 080001-EI/ FPL Letter Transmitting Updated Mid-Course Correction Information to Commission - REVISED
Attachments: 20080620141110082.pdf

Electronic Filing

a. Person responsible for this electronic filing:

John T. Butler, Esq.

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Juno Beach, FL 33408

561-304-5639

John_Butler@fpl.com

b. Docket No. 080001-EI

In Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor

c. The documents are being filed on behalf of Florida Power & Light Company.

d. There are a total of 6 pages.

e. The documents attached for electronic filing are Florida Power & Light Company's letter to the Commission Clerk transmitting updated mid-course correction information, with two (2) accompanying enclosures.

Note: at the request of the Commission Clerk's office, the filing has been consolidated into a single, PDF file instead of separate Word and Excel files.

(See attached file: 20080620141110082.pdf)

DOCUMENT NUMBER-DATE

05317 JUN 20 08

FPSC-COMMISSION CLERK

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June 20, 2008

-VIA ELECTRONIC DELIVERY -

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

**Re: Docket No. 080001-EI; Florida Power & Light Company's June 3, 2008
Petition for Mid-Course Correction to its Fuel Adjustment Factors (the
"Mid-Course Correction Petition")**

Dear Ms. Cole:

I am writing on behalf of Florida Power & Light Company ("FPL") to bring to the Commission's and Staff's attention information that FPL believes they will find useful in evaluating the Mid-Course Correction Petition. A copy of this letter, with attachments, is being provided contemporaneously by electronic delivery to counsel for all parties to the above docket.

In the Mid-Course Correction Petition, FPL projected a total under-recovery of \$746 million at the end of 2008 if FPL's current fuel adjustment factors were to remain unchanged for the remainder of the year. Accordingly, the Mid-Course Correction Petition requests that the Commission approve revised fuel adjustment factors intended to collect this total projected under-recovery over the August – December 2008 period.

The \$746 million under-recovery is based in part on projections of natural gas and fuel oil prices for the remainder of 2008. Those projections used the best and most current information available at the time the Mid-Course Correction Petition was prepared, but price projections for these volatile fuels have continued to increase dramatically since that time. For example, if one were to use the June 16, 2008 forward curves for natural gas and fuel oil prices, there would be an *additional* under-recovery of approximately \$300 million over the remainder of 2008, above and beyond the \$746 million reflected in the Mid-Course Correction Petition. FPL is not proposing to revise its requested fuel adjustment factors based on this new information, because there is no certainty that the June 16 projection will be more accurate than the projection that was used for the Mid-Course Correction Petition. Fuel prices could end up significantly

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different from either projection. However, it is important for the Commission and Staff to be aware that, with the extremely volatile markets for natural gas and fuel oil, there is a real possibility of an additional under-recovery at the end of 2008 even with the revised fuel adjustment factors requested in the Mid-Course Correction Petition. FPL believes that this possibility underscores the importance of collecting the full \$746 million under-recovery this year.

Staff's Second Mid-Course Correction Data Request No. 1 asked FPL to prepare Schedule E10, which compares current and projected 1000-kWh residential bills, for 2009 under four different scenarios of how the Commission might rule on FPL's requested mid-course correction. I am enclosing a revised response to that data request, which shows for illustrative purposes the impact on the 1000-kWh residential bill in 2009 of assuming an additional \$300 million fuel cost under-recovery, as well as FPL's currently projected \$38 million cumulative under-recovery in the other adjustment clauses.¹

I am also enclosing a bar graph that shows, for each month of 2008, the cumulative under-recovery (the red bars) and the cumulative collection of additional fuel revenues under the revised fuel adjustment factors proposed in the Mid-Course Correction Petition (the green bars). One can see from the graph that FPL's cumulative collection of additional fuel revenues will never equal the cumulative under-recovery until the end of the year. FPL is providing this graph to address concerns that collecting all of the under-recovery in 2008 instead of spreading collection out over a longer period might result in FPL's ending up "ahead of the game" at some point in 2008. The graph clearly shows that this is not the case. To the contrary, FPL will remain in a deficit position throughout 2008, finally catching up to the under-recovery only at year's end.

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

Sincerely,

/s/ John T. Butler

John T. Butler

Enclosures

cc: Counsel for parties of record (w/enclosures)

¹ In the interest of completing the revised response to Data Request No. 1 as promptly as possible, the cumulative \$38 million under-recovery for other clauses was included along with the assumed \$300 million additional fuel cost under-recovery and hence shows up on the revised E10 schedules as an increase in the 2009 fuel adjustment charge rather than as an increase in the charges for the other clauses.

Q.

Please provide Fuel Cost Recovery Schedule E-10s for the period August through December 2008 and January through December 2009 for each of the following four scenarios based upon the best information currently available to FPL regarding projected utility costs, customer counts, sales, etc.: (A) FPL's petition for mid-course correction is approved, (B) FPL's petition for mid-course correction is denied (C) Commission requires 50% of requested mid-course underrecovery to be collected in 2008 and the remaining 50% collected in 2009 (D) The Commission requires the requested mid-course underrecovery to be collected over the 17 month period of August 2008 through December 2009.

A.

The scenarios below have been revised from those provided in FPL's original response to this request. These scenarios include a fuel under-recovery of \$300 million for the May-December 2008 estimated/actual period, which is in addition to FPL's mid-course correction filing. FPL is also including the actual net under-recovery (not included in current factors) of \$38 million for all other clauses as of May 2008.

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.

Scenario (A) - FPL's petition for mid-course correction is approved.

COMPANY: FLORIDA POWER & LIGHT COMPANY

SCHEDULE E10

	CURRENT		MIDCOURSE CORRECTION		DIFFERENCE		PRELIMINARY		DIFFERENCE		PRELIMINARY		DIFFERENCE	
	MAY 08 - JUL 08		AUG 08 - DEC 08		\$	%	JAN 09 - MAY 09		\$	%	JUN 09 - DEC 09		\$	%
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%	\$67.29	(\$0.86)	-1.26%	\$67.29	\$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	\$117.59	1.65	1.42%	\$118.98	\$1.39	1.18%				
GROSS RECEIPTS TAX	\$2.57	\$2.97	\$0.40	15.56%	\$3.02	0.05	1.68%	\$3.05	\$0.03	0.99%				
TOTAL	\$102.63	\$118.91	\$16.28	15.86%	\$120.61	1.70	1.43%	\$122.03	\$1.42	1.18%				

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Scenario (B) - FPL's petition for mid-course correction is denied.

COMPANY: FLORIDA POWER & LIGHT COMPANY

SCHEDULE E10

	CURRENT	PRELIMINARY	DIFFERENCE		PRELIMINARY	DIFFERENCE	
	MAY 2008 - DEC 2008	JAN 2009 - MAY 2009	\$	%	JUN 2009 - DEC 2008	\$	%
BASE	\$39.37	\$39.37	\$0.00	0.00%	\$40.76	\$1.39	3.53%
FUEL	\$52.27	\$74.19	\$21.92	41.94%	\$74.19	\$0.00	0.00%
CONSERVATION	\$1.45	\$1.45	\$0.00	0.00%	\$1.45	\$0.00	0.00%
CAPACITY PAYMENT	\$5.46	\$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%
STORM RESTORATION SURCHARGE	\$1.11	\$1.11	\$0.00	0.00%	\$1.11	\$0.00	0.00%
SUBTOTAL	\$100.06	\$124.49	24.43	24.42%	\$125.88	\$1.39	1.12%
GROSS RECEIPTS TAX	\$2.57	\$3.19	0.62	24.12%	\$3.23	\$0.04	1.25%
TOTAL	\$102.63	\$127.68	25.05	24.41%	\$129.11	\$1.43	1.12%

Scenario (C) - Commission requires 50% of requested mid-course underrecovery to be collected in 2008 and the remaining 50% collected in 2009.

COMPANY: FLORIDA POWER & LIGHT COMPANY

SCHEDULE E10

	CURRENT	MIDCOURSE CORRECTION	DIFFERENCE		PRELIMINARY	DIFFERENCE		PRELIMINARY	DIFFERENCE	
	MAY 08 - JUL 08	AUG 08 - DEC 08	\$	%	JAN 09 - MAY 09	\$	%	JUN 09 - DEC 09	\$	%
BASE	\$39.37	\$39.37	\$0.00	0.00%	\$39.37	\$0.00	0.00%	\$40.76	\$1.39	3.53%
FUEL	\$52.27	\$60.21	\$7.94	15.19%	\$70.75	\$10.54	17.51%	\$70.75	\$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	\$108.00	\$7.94	8.15%	\$121.05	13.05	12.08%	\$122.44	\$1.39	1.15%
GROSS RECEIPTS TAX	\$2.57	\$2.77	\$0.20	7.78%	\$3.10	0.33	11.91%	\$3.14	\$0.04	1.29%
TOTAL	\$102.63	\$110.77	\$8.14	7.93%	\$124.15	13.38	12.08%	\$125.68	\$1.43	1.15%

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Florida Power & Light Company

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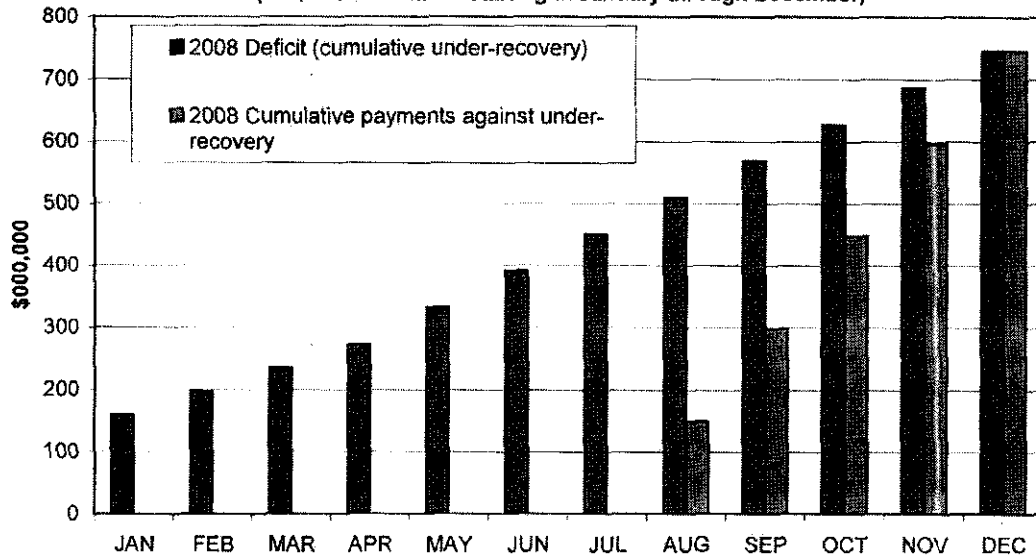
Scenario (D) - The Commission requires the requested mid-course underrecovery to be collected over the 17 month period of August 2008 through December 2009.

COMPANY: FLORIDA POWER & LIGHT COMPANY

SCHEDULE E10

	CURRENT	MIDCOURSE	DIFFERENCE		PRELIMINARY	DIFFERENCE		PRELIMINARY	DIFFERENCE	
	MAY 08 - JUL 08	CORRECTION AUG 08 - DEC 08	\$	%	JAN 09 - MAY 09	\$	%	JUN 09 - DEC 09	\$	%
BASE	\$39.37	\$39.37	\$0.00	0.00%	\$39.37	\$0.00	0.00%	\$40.76	\$1.39	3.53%
FUEL	\$52.27	\$56.95	\$4.68	8.95%	\$72.16	\$15.21	26.71%	\$72.16	\$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	<u>\$1.11</u>	<u>\$1.11</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$1.11</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$1.11</u>	<u>\$0.00</u>	<u>0.00%</u>
SUBTOTAL	\$100.05	\$104.74	\$4.68	\$0.09	\$122.46	17.72	16.92%	\$123.85	\$1.39	1.14%
GROSS RECEIPTS TAX	<u>\$2.57</u>	<u>\$2.66</u>	<u>\$0.12</u>	<u>4.67%</u>	<u>\$3.14</u>	<u>0.45</u>	<u>16.73%</u>	<u>\$3.18</u>	<u>\$0.04</u>	<u>1.27%</u>
TOTAL	<u>\$102.63</u>	<u>\$107.43</u>	\$4.80	4.68%	<u>\$125.60</u>	18.17	16.91%	<u>\$127.03</u>	\$1.43	1.14%

FPL fuel cost under-recovery deficit per June 3, 2008 mid-course correction filing
vs. planned Aug-Dec 2008 collection of under-recovery amount
(All \$ are cumulative starting in January through December)



Includes: \$121,000,000 actual under-recovery from 2007
\$152,000,000 actual under-recovery Jan-Apr, 2008
\$473,000,000 projected under-recovery May-Dec, 2008 (at time of filing)
\$746,000,000 total submitted for mid-course correction

DOES NOT INCLUDE ANY ADDITIONAL PROJECTED 2008 UNDER-RECOVERY IDENTIFIED SINCE THE JUNE 3, 2008, MID-COURSE CORRECTION FILING

Includes: \$746,000,000 under-recovery collected from Aug-Dec, 2008