REDACTED

080001-EI

Exhibit B

Redacted Documents

Q. For the time period January 2006 – June 2008, please identify the hedged components of the natural gas cost (i.e. commodity cost, transportation cost, hedging gains/losses, etc.) reported monthly on Schedule A3 on a fuel cost per unit basis ($/MMBTU). Please provide the response in the table below. For costs placed in the other column, please identify the types of costs generally in a footnote.

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	A	B	C	D	E	F	G
	FPL NATURAL GAS FUEL COST REPORTED ON SCHEDULE A5, PER UNIT BASIS ($/MMBTU)						
	Month/Year	Cost Components					
	Month	Commodity	Transportation	Hedging Results	Sales	True-up	Total Purchases
1	January-06	[redacted]					8.7563
2	February-06						8.8082
3	March-06						8.8926
4	April-06						8.9550
5	May-06						8.7104
6	June-06						8.5854
7	July-06						8.7052
8	August-06						9.0820
9	September-06						8.3098
10	October-06						8.6555
11	November-06						9.3630
12	December-06						8.9813
13	January-07						9.9607
14	February-07						10.2622
15	March-07						9.8196
16	April-07						10.2149
17	May-07						9.9572
18	June-07						9.8581
19	July-07						9.4098
20	August-07						9.5766
21	September-07						9.2428
22	October-07						9.2946
23	November-07						9.8527
24	December-07						9.7595
25	January-08						9.4001
26	February-08						9.6628
27	March-08						9.9227
28	April-08						10.0794
29	May-08						10.9292

Q. Provide the same information in the same format over the same time period for Heavy Oil.

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	A	B	C	D	E
	FPL HEAVY OIL FUEL COST REPORTED ON SCHEDULE A5, PER UNIT BASIS ($/MMBTU)				
	Month/Year	Cost Component			
	Month	Commodity	Transportation	Hedging Results	Total Purchases
1	January-06	[redacted]	Included in Commodity Cost	[redacted]	8.63
2	February-06		Included in Commodity Cost		8.75
3	March-06		Included in Commodity Cost		12.96
4	April-06		Included in Commodity Cost		132.18
5	May-06		Included in Commodity Cost		7.92
6	June-06		Included in Commodity Cost		7.94
7	July-06		Included in Commodity Cost		8.13
8	August-06		Included in Commodity Cost		7.77
9	September-06		Included in Commodity Cost		8.48
10	October-06		Included in Commodity Cost		8.30
11	November-06		Included in Commodity Cost		8.01
12	December-06		Included in Commodity Cost		8.72
13	January-07		Included in Commodity Cost		13.37
14	February-07		Included in Commodity Cost		13.47
15	March-07		Included in Commodity Cost		11.66
16	April-07		Included in Commodity Cost		9.41
17	May-07		Included in Commodity Cost		8.57
18	June-07		Included in Commodity Cost		9.01
19	July-07		Included in Commodity Cost		9.43
20	August-07		Included in Commodity Cost		9.81
21	September-07		Included in Commodity Cost		9.91
22	October-07		Included in Commodity Cost		8.98
23	November-07		Included in Commodity Cost		11.28
24	December-07		Included in Commodity Cost		428.94
25	January-08		Included in Commodity Cost		(4,939.26)
26	February-08		Included in Commodity Cost		(595.53)
27	March-08		Included in Commodity Cost		10.21
28	April-08		Included in Commodity Cost		11.77
29	May-08		Included in Commodity Cost		9.05

Notes: This table has been developed using the Schedule A5 because hedging results are applied to purchased volumes. $/mmbtu values have been converted from $/barrel

A B C D E F G H

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FPL NATURAL GAS HEDGING

[redacted]

Notes

1) For the period Jan 2007-June 2008, the anticipated monthly fuel requirement reflects the last projection. For July 2008 onwards, the projections are the latest available runs

2) The average price reflects all purchase and sale activities

3) Average Nymex prices on days hedges were executed have been weighted wih the volumes of hedges executed

A B C D E F G H

CONFIDENTIAL

FPL HEAVY OIL HEDGING

[redacted]

Notes

1) For the period Jan 2007-June 2008, the anticipated monthly fuel requirement reflects the last projection. For July 2008 onwards, the projections are the latest available runs

2) The average price reflects all purchase and sale activities

3) Average Nymex prices on days hedges were executed have been weighted wih the volumes of hedges executed

[redacted]

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[redacted]

Notes
1) Hedging gains/(losses) for options includes option premium
2) There is no budget price for commodities
3) For Gas settle price is Nymex settlement price & For Oil settle price is NYH 1% Fuel Oil
1) All hedges are financial

[redacted]

A B C D E F G H I J

CONFIDENTIAL

[redacted]

Notes
1) Hedging gains/(losses) for options includes option premium
2) There is no budget price for commodities
3) For Oil settle price is NYH 1% Fuel Oil
4) All hedges are financial

[redacted]

Q.
Produce to FIPUG any documents supplied to any other party.

A.

CONFIDENTIAL DOCUMENTS

Documents responsive to this request are provided as Bates Number FCR 08-8132 through FCR 08-8148, FCR 08-8078 through FCR 08-8081 , FCR 08-8082 through FCR 08-8131 , FCR 08-8149 through FCR 08-8186 and FCR 08-1 through FCR 08-8077

EXHIBIT B
REDACTED VERSION OF CONFIDENTIAL DOCUMENT

Docket No. 080001-EI
Florida Industrial Power Users Group First Request for Production of Documents No. 1
Bates Nos. FCR 08-1 through FCR 08-8077

Energy Marketing and Trading Daily Management Report

EXHIBIT B
REDACTED VERSION OF CONFIDENTIAL DOCUMENT

Docket No. 080001-EI
Florida Industrial Power Users Group First Request for Production of Documents No. 1
Bates Nos. FCR 08-8078 through FCR 08-8081

Energy Marketing and Trading – Hedge Program Audit

Review of Florida Power and Light's (FPL's) Program to Hedge Natural Gas and Fuel Oil Commodity Risk Associated with Utility Generation

November 2007

Submitted by:

ICF International

FCR- 08-8082

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Table of Contents

1.0 Executive Summary

Hedging is a common practice pursued by business entities and market participants to manage exposure to commodity price volatility risk Many firms and business entities that require large volumes of one or more commodities in the production of their products or services engage in hedging activity as a tool to manage the price volatility risk The fuel requirements of an electric utility such as Florida Power and Light fall into this category

In the Spring of 2007, ICF International (ICF) was engaged by Florida Power and Light's (FPL) to conduct an independent review of the structure and performance of the hedging activity conducted by FPL to mitigate the impact of uncertain fuel prices on FPL's electricity consumers The focus of this effort is the examination of a specific subset of activities in Trading and Risk Management conducted by Energy Marketing and Trading (EMT), a Division of FPL EMT acts as the transacting party for the execution of fuel procurement with associated hedging activity and optimization strategies in connection with serving FPL's regulated customer load in Florida Specifically ICF is reviewing the structure and performance of the hedging of natural gas and fuel oil price volatility risk through the use of financial derivative tools [1]

The following provides an overview of the structure of the program

- The broad objectives as to the desired level of price volatility protection are established at the most senior levels of management within FPL Once these parameters are established, they are communicated to the Exposure Management Committee (EMC)

- The EMC is charged with:

    - Providing "a forum for the discussion of the FPL Group, Inc (Group's) energy risk profile and develop[ing] guidelines required for appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with policy [FPL Group, Inc "Energy Trading and

[1] Hedging objectives can also be advanced though the use of physical contracts including physical forward contracts and storage. In the case of FPL, these activities are conducted separately in the fuel procurement function and are not examined in this report

Risk Management Policy Manual" and EMT "Trading and Risk Management Procedures Manual"], and;

- "Execut[ing] its risk management responsibilities through direct oversight and prudent delegation of the responsibilities to the Vice President Trading Risk Management, as well as to other corporate and business unit personnel."[2]

➢ The structure and membership of the EMC ensures that the decision-making process is collaborative among officers and senior professionals so that no single individual is in a position to make decisions in isolation This structure strengthens the effectiveness and validity of the EMC decisions and facilitates an ongoing working relationship among corporate representatives most impacted by EMT activities.

➢ Development of the financial derivative forward strategy is made in conjunction with the most current planning for gas and oil burns The hedge strategy for the future year(s) is planned in conjunction with the projection of fuel requirements using a generation forecast and fuel use model utilizing forward market prices for gas and oil from multiple market sources, and use of volatility data to assess potential risk levels The concept of determining a calculated Fuel Cost Recovery price (FCR) and cost of fuel for the forward year as a benchmark is essential to all tracking of future positions

➢ Once a forward hedging strategy is developed, implementation takes place over the period of time as defined in the Planned Position Strategy (PPS) The PPS, along with the implementation documents created by the EMC are consistent with the direction of Senior Management

➢ Monitoring of the positions over time, including tracking of actual prices vs. FCR, hedge percentages vs plan, is an exemplary of the strength of this program There are clear tolerances which are established in advance that determine when adjustments in the hedge portfolio will be executed Each week, the updated generation forecast and fuel use model simulation is produced EMT Staff evaluates the results to determine whether the position remains within the tolerances or if the position needs to be adjusted The ongoing monitoring is thorough in all respects,

[2] FPL Group, Inc Energy Trading and Risk Management Policy, February 23, 2007

detailing the summary positions as well as outlining each transaction that has occurred in every month The monthly reports provide a solid record of actions and results, which is essential to a well run program

- Monitoring of credit risk appears to be thorough and tracked consistently in the program The monitoring of credit risk has evolved as it has become an increasingly important issue throughout energy markets

- The execution of the hedge portfolio recognizes the differences between natural gas and residual fuel oil markets in terms of liquidity and market concentration in an appropriate fashion These differences can affect the speed at which positions are returned to the tolerance levels

Overall, ICF concludes that:

1. ***Because FPL's generation mix consumes large quantities of natural gas and fuel oil and because natural gas and fuel oil prices have exhibited significantly more volatility than other power generation fuels such as coal, hedging is useful for FPL to manage price volatility risk on behalf of the customers.***

2. ***The FPL risk management program is a well developed, well monitored, effectively managed and executed program. The ongoing tracking of the program, as well as the development and implementation of the forward strategies, is very thorough and of more than adequate depth to insure that the FPL customers and the FPSC can be confident that the goal of the program, mitigation of price volatility, can and is being achieved.***

3. ***FPL's program is exclusively a hedging activity. FPL has gone to great lengths to avoid any elements of speculation. The "mechanical" nature of review and rebalancing virtually precludes any speculative activity within the execution of the program.***

4. *The history and evolution of the program exhibits continuous improvement. As the program has and continues to mature over the years since 2001 and as new challenges arose in energy markets, the structure of the program has allowed the EMC and EMT Staff to develop and adopt improved oversight metrics and tighten procedures in an orderly and structured manner.*

5. *An important conclusion of ICF's independent review of the FPL program is that a process whereby FPL and the FPSC collaborate to provide clarity in the broad objectives and scope of hedging activity would advance the public interest. This does not suggest that it would be appropriate for the Commission to attempt to micro manage the program. Such an attempt would likely be counter productive in that it would: 1) limit FPL's ability to execute the program in a timely manner and 2) unnecessarily increase the total cost of the hedging program. Rather, a process that allows Senior Management to communicate their views and allows the Commission to provide broad guidance as to the level of price volatility protection that the Commission deems prudent would be in the public interest. A process of this sort could reduce regulatory risk and reduce the costs of regulatory proceedings.*

6. *In ICF's review of the FPL program, it is observed that there is a strategic division between the planning for financial versus physical hedging of FPL's cost uncertainties. While some minor inefficiency may arise as a result of this division it is noted that such a division facilitates cleaner lines of authority and policy compliance in the ongoing management of the program. A broader review of the costs or benefits of a combined physical and financial hedging endeavor was beyond the scope of this review.*

7. *Based upon our review of the planning for annual procurement and risk management activities, FPL developed and implemented strategies which provided consistent levels of ex-ante price protection and volatility management for the years examined while reasonably*

minimizing hedging program costs and facilitate customer participation in the event of favorable market prices during the rate period.

2.0 Introduction and Scope of Review and Analysis

Hedging is a common practice pursued by business entities and market participants to manage exposure to commodity price volatility risk. Many firms and business entities that require large volumes of one or more commodities in the production of their products or services engage in financial hedging activity as a tool to manage the price volatility risk. The fuel requirements of an electric utility such as Florida Power and Light fall into this category.

In the Spring of 2007, ICF International (ICF) was engaged by Florida Power and Light (FPL) to conduct an independent review of the structure and performance of hedging activity conducted by FPL to mitigate the impact of uncertain fuel prices that impact FPL's electricity consumer. The focus of the review was the examination of a specific subset of activities in Trading and Risk Management conducted by Energy Marketing and Trading (EMT), a Division of FPL. EMT acts as the transacting party for the execution of fuel procurement with associated hedging activity and optimization strategies in connection with serving FPL's regulated customer load in Florida. Specifically ICF is reviewing the structure and performance of the hedging of natural gas and fuel oil price volatility risk through the use of financial derivative tools [3]

In conducting the review, ICF focused the examination to answer several important questions:

1. How does FPL project its annual fuel requirements and how does this plan interact with FPL's hedging activities that utilize financial derivatives?

2. What proportion of FPL's annual fuel requirements is hedged with financial instruments?

3. How is that proportion planned and implemented?

[3] Hedging objectives can also be advanced though the use of physical contracts including physical forward contracts and storage. In the case of FPL, these activities are conducted separately in the fuel procurement function and are not examined in this report

4 What financial instruments (*e g*, options, swaps, caps, collars, etc) does FPL use in hedging?

5 What are FPL's criteria for setting hedging prices and volume parameters?

6 What, if any, "secondary" transactions or "mid- course corrections" using financial instruments does FPL employ to manage operational changes in fuel mix based on demand changes versus plan, or oil/gas commodity price changes? If such "secondary transactions" are employed, how does the program maintain hedging objectives and defend against the tendency to enter into speculator activity or transaction?

7 What are the guidelines or thresholds that trigger "secondary transactions"?

8 How is the program monitored, and what are the mechanisms for oversight and reporting?

9 Has the hedging program provided consistent levels of "price protection" from year to year even as market dynamics have altered gas and oil price levels and price volatility?

A basic tenet of hedging as a risk management program is a "tradeoff"; the FPL program foregoes the possibility of the lowest possible procurement costs in exchange for the mitigation of the higher possible procurement costs There are a number of mechanisms that an entity that can be employed to achieve hedging objectives including physical storage of fuel, physical forward contracts for fuel and a number of financial instruments, generally called financial derivatives[4]. While the specific structure of these financial instruments can be quite complicated and differ widely in their elements, the design and function of the instruments in a hedging program are relatively straight forward. A firm enters into a contractual obligation that is financially settled to offset the risk that future commodity price movements will adversely affect the firm This report

[4] The term "financial derivative" refers to the fact that the value of the financial instrument is derived from the economic value or price of an underlying product or commodity In addition, financial derivatives are settled with cash payments rather then physical fuel deliveries

focuses on FPL's use of financial derivatives in its hedging program, which ICF understands is FPL's predominant, but not exclusive mechanism for hedging

As with almost anything in life, the use of financial derivatives involves tradeoffs When properly applied, financial derivatives provide a manageable cost for mitigation and efficient method for transferring risk. The use of financial derivatives allows for varying degrees of risk mitigation ranging from elimination of the vast majority of market volatility for the coming year to elimination of only the risk associated with the most extreme price movements Like other forms of risk management and insurance designed to address volatility, the level of uncertainty that is mitigated using derivatives is commensurate with the cost of the protection Some risk management strategies can be quite costly, requiring an up front payment that is analogous to a significant insurance premium Other strategies may require the surrender of financial gains in exchange for minimization of financial losses Fundamentally sound risk management constantly monitors these tradeoffs for all strategies in place

Nevertheless, strategies that utilize financial derivatives generally have significant advantages over strategies that rely exclusively on physical forward contracts They are generally more liquid, meaning that the positions can be entered into and exited more easily Importantly, financial derivatives will also often have lower transaction costs

Investor owned public utilities, such as FPL, are business enterprises that provide services to customers, often under a franchise arrangement with state and/or local governments Public utilities are regulated in a manner that is different from most other business entities. In addition to environmental, safety, and security regulation under the jurisdiction of federal and state entities, the Florida Public Service Commission (FPSC) excerise[s] regulatory "authority over utilities in one or more of three key areas: rate base/economic regulation; competitive market oversight; and monitoring of safety, reliability, and service The Commission achieved this goal by establishing exclusive utility service territories, regulating the rates and profits of a utility, and placing an affirmative obligation on the utility to provide service to all who requested it "[5]

[5] http://www psc.state fl us/

The interaction between normal security regulation and the additional oversight of the FPSC creates elements of regulatory risk that are unique to regulated public utilities. Over an extended period of time, hedging activity will produce periods where "profits" are reported and periods where "losses" are reported. Without a clear understanding as to the treatment of these profits and losses in advance of the hedging activity, a considerable amount of regulatory risk can be created. In other words, it is vital that gains and losses from hedging activities be evaluated in the context of gains and losses in the associated physical commodity trading. Taken out of context, hedging gains or losses often take on misconceived meanings.

There is no "inherently correct" level of hedging. The determination of the appropriate level of hedging should reflect the views of the regulators and the utility operating as a proxy for the desires of the customers in terms of their desire to avoid rate spikes and their willingness to forgo the possibility of lower prices to obtain that protection. The lack of guidance that exists in many jurisdiction creates regulatory risk for the utility that ultimately may be reflected in the utilities cost of capital. In many jurisdictions, there is only limited guidance provided by the regulators as to the level of hedging that the regulators consider appropriate.

3.0 Objectives, Costs, and Limitations of Hedging

In its simplest form, hedging is a process whereby a price is established at the time the hedge is entered into for some or all of a commodity that will be bought or sold at some time in the future Simply put, hedging reduces price uncertainty. As discussed earlier, hedging can be accomplished with forward contracts for physical delivery of the commodity or through the use of financial derivatives. In its pure form, hedging does not provide a means to reduce the expected fuel cost of an electric utility, but rather a method to levelize prices over time by mitigating the impact of price volatility.

Hedging and Speculation

Hedged positions are distinctly different from speculative positions even though the tools used for hedging are, by and large, the same tools that can be used for speculation. Whereas hedging is an activity designed to reduce price uncertainty, speculation inherently increases price uncertainty with the anticipation that market movements can be correctly predicted and profits can be made from such predictions A speculator enters the market and accepts additional risk and in so doing hopes to create positions that anticipates market movements Speculators can also attempt to compound profits by creating a portfolio where the risk of each position is either uncorrelated or positively correlated thereby increasing the degree of risk but also increasing profit opportunities

Finally, speculators can also participate as "market makers" and thereby capture elements of the insurance premium associated with accepting additional risk The activity of speculators can add liquidity and depth to a commodity market

An important conclusion of ICF's independent review of the FPL program is that FPL is engaged exclusively in hedging activity and has gone to great lengths to avoid any elements of speculation.

Costs Associated with Hedging Activity

There are costs associated with hedging activity that are unavoidable These costs include:

1 The hedging program implementation costs, which include the cost of initiating, maintaining, and monitoring the hedging activity;

2. The carrying costs and the cost of credit risk associated with maintaining the hedged position, and;

3 The transaction costs and "insurance" premium associated with obtaining the hedge

As discussed in section 5, an appropriately structured hedging program requires a rigorous structure of controls and oversight. These functions require staff and information systems that incur unavoidable costs Indeed, attempts to pursue hedging activities without sufficient resources expended on the program structure and oversight can place the business entity at considerable financial and legal risk.

4.0 Risk Management Best Practices for Regulated Energy Companies

Risk management "best practices" in the energy industry has evolved by leaps and bounds in the past 20 years The deregulation of wellhead natural gas, the restructuring of the power industry and increasing fuel price volatility have presented electric utilities and other fuel intensive industries with an array of challenges not previously present. Throughout the decade of the 1990's, energy companies adopted business practices and fuel purchasing strategies that attempted to address the rapidly changing market conditions

Over time, many of the shortcomings in these processes were exposed and ultimately cast into a spotlight due to the collapse or weakening of a significant number of large and moderate size companies A number of these companies had adopted business processes and energy purchase and trading procedures that had inadequate procedural controls to allow senior management and investors to recognize, analyze, and manage the risks associated with the large energy commodity positions.

To regain corporate stability and restore confidence in the eyes of shareholders, customers, and the public at large, regulators and corporations set out to establish generally accepted guidelines to govern the behavior and consciousness of the "evolved" energy corporation. Federal legislation including Sarbanes-Oxley was enacted In addition, business organizations such as the Committee of Chief Credit Officers (CCRO) and the North American Energy Standards Board (NAESB) developed guidelines and business practice standards designed to assist the industry and to improve public confidence in energy markets

In this process, two main developments occurred within most companies during this transitional period which became the basis for generally accepted guidelines; risk management and Sarbanes-Oxley compliance

For regulated energy, risk management has become the best proactive means to augment exclusive reliance on traditional fuel adjustment clauses and other regulatory mechanisms In the face of increasing fuel price volatility and the absence of risk

management techniques, traditional fuel adjustment clauses can result in rapid movements in electricity prices, large differed account balances or both

But because risk management displaces the exclusive reliance on these traditional tools once readily available to manage cost uncertainties, and, because regulators still perform the service of protecting customers from unmitigated cost increases, risk management programs and their guidelines have been designed to limit the company's economic risks while addressing the specific concerns of regulators who remain responsible for establishing just and reasonable rates in most jurisdictions. As a result, risk management programs for regulated energy have been founded upon proven best practices established primarily in financial and commodity markets but adapted to incorporate the additional objective of maintaining regulatory approval.

Further, the enacting of the Sarbanes-Oxley Act incorporated more formalized procedures to help govern the tactical implementation of risk management programs. Sarbanes-Oxley guidelines have supplemented risk management policies and procedures by strengthening reporting lines and accountability.

The end result for the regulated energy company is a set of best practices that is characterized using these divisions: Policies & Controls, Credit Risk Management, Modeling & Metrics, Reporting, and Information Technology. Collectively, these five areas incorporate traditional best practices with a Sarbanes-Oxley overlay to meet the critical review of the regulatory agencies.

Policies & Controls

Policies & Controls provide the blueprint for implementing and maintaining a corporate risk management program. The guidelines set forth in these documents typically address areas such as the organizational framework, risk tolerances, and business processes. A clearly articulated document that has the flexibility to evolve as the company's needs change is essential.

Policies & Controls affect all other divisions used to discuss risk management. Thus, in this report Policies & Controls is used to document the general guidelines that

concern credit, metrics, reporting and Information Technology (IT) Each of these other divisions has unique concerns, however, and those are described in the subsequent sections after Policies & Controls

Best practices in the area of policies and controls include these key points:

- Development and Approvals of Risk Management Policy Documents: It is absolutely imperative to involve Executive and Senior Management members in drafting and approving risk management guidelines Since many of these leaders regularly participate in committees and they manage departments directly impacting the risk management program, their input facilitates the overall success of the program.

- Risk Management Control and Oversight: Policies and controls should establish the Risk Management Oversight Committee, Risk Officer(s), and risk management roles for Executive Management and the Board. These positions and responsibilities need to be clearly articulated in policy documents

- The Enterprise Risk Management Organizational Framework: Traditional frameworks call for the establishment of a 3-level organizational structure that include front, middle and back offices Since each of these offices are united by functional responsibilities, coordination and control are critical success factors particularly when a company has multiple business units. The corporate objectives of the 3-level approach must include to set forth proper controls to monitor and measure the risk program's positions, and to maintain data integrity and program security.

    - Front Office: A clearly defined front office structure that is responsible for executing transactions These transactions can be for taking risks as well as mitigating risks Because this office is responsible for transactions that will change the company's risk levels, it is necessary to have a separate control function to monitor front office market activities

- Middle Office: A middle office structure that is clearly independent of front office Middle office is often consolidated at the corporate level to cover all business units Middle office ensures data integrity and consistency of the risk management program's adherence to policies and procedures Credit management is often considered to be a part of the middle office and is a vital component of today's best practices organizational framework.

- Back Office: A back office function whereby transactions business process is completed through settlement Back office also regulates accounts receivable/payable functions and is the financial reporting entity for the corporation. Back office activities are also consolidated at the corporate level for all business units.

➢ Other Supporting Activities: Risk management related activities include legal, IT, auditing and others that should be incorporated and assigned specific areas of responsibility through the policy and control documents.

Credit Risk Management

In today's energy company credit risk management has been elevated within the corporate hierarchy of priorities As a general rule, a company that is not investment grade creditworthy will incur a steep penalty possibly to a point of making that company not price competitive Hence, credit risk management has become one of the most highly visible and proactive functions for any company in compliance with industry best practices The importance of credit risk management demands distinct mention in a company's policy and control documents.

➢ Master Agreements: Master agreements must be negotiated and completed with each counterparty before the company begins to conduct business transactions Key company policy decisions should be consistently communicated to these counterparties through the master

agreements that include risk tolerances, key personnel, creditworthiness, legal repercussions, and others

- Credit Risk Metrics: As a matter of ongoing function, actual and potential credit exposures to all counterparties must be monitored daily if not more rigorously The measures that are established by the company for limits on exposure and/or counterparty credit position must be continually checked given changes in market prices, positions, investment decisions that may impact the counterparties' creditworthiness, and other parameters.

- Liquidity Risks: Often overlooked, the liquidity of all counterparties (their ability to make payments to your company and others) must be included in credit analysis A hedging program may appear prudent upon first review but could expose the counterparty to cash flow constraints during adverse market conditions if the scope of the hedging did not account for such adversities

Modeling & Metrics

Numerous models are available for measuring a company's exposure to financial uncertainties These models support the ongoing calculation of the company's exposure given both actual positions and possible scenario positions and conditions

- Mark-to-Market Accounting: Mark-to-market (M2M) accounting must be used to assess the actual gains or losses on physical and hedge positions in the portfolio Where market prices are dynamic and physical positions change rapidly, M2M should be run on a real-time basis M2M conventions must be clearly decided and documented in company risk management policy documents and they must be consistently applied A regular audit of M2M practices is highly recommended

- Value-at-Risk: Value-at-Risk (VaR) is one of the most widely used models for measuring risk exposure The underlying assumptions of the

model impose some limitations, particularly in time periods where market liquidity is low. VaR should be calculated for the entire portfolio and for individual "books" within the portfolio on an ongoing basis; real time is preferred

- Credit Value-at-Risk: cVaR uses the same concepts as VaR but is meant to address the uncertainty of counterparty credit-worthiness exposure cVaR should be performed daily for counterparties and real-time for counterparties where actual exposure approaches the policy-stated credit limit.

- Stress Testing: All VaR models should be regularly tested for extreme market or position conditions because these models are grounded upon a user-defined confidence interval Extreme market conditions which have been experienced particularly in the power markets can create risk exposure in the tail of the distribution of normal outcomes Stress testing should be performed weekly or more often depending on the dynamic nature of any given portfolio

- Cashflow-at-Risk: cFar is an alternative model to measure risk exposure and a company's liquidity cFaR models compute the degree to which uncertainty causes the deviation between planned and actual cash flows cFaR should be calculated at regular intervals throughout the budget cycle to ensure that deviations are within acceptable

Information Technology (IT)

An ever increasing concern in today's risk management program is data reliability and security IT management is the vehicle by which the company can regulate and monitor data capture, usage, and storage IT is closely related to the Reporting requirements as described in this document's discussion of "best practices"

- Sarbanes-Oxley: Sarbanes-Oxley Act of 2002 provides guidelines for the proper controls of information technology

- Risk Assessment: IT management must assess and understand the areas of risk affecting the completeness and validity of the financial reports They must examine how the company's systems are being used and the current level and accuracy of existing documentation

- Control Environment: Employees should cross train with design, implementation, quality assurance and deployment teams to better understand the entire technology lifecycle in order to allow them to advance issues of concern that will impact the success of the program

- Control Activities: The organization should document usage rules and create an audit trail for each system that contributes financial information Further, written policies should define the specifications, business requirements and other documentation expected for each project

- Monitoring: Auditing processes and schedules should be developed to address the high-risk areas within the IT organization IT personnel should perform frequent internal audits In addition, personnel from outside the IT organization should perform audits on a schedule that is appropriate to the level of risk Management should clearly understand and be held responsible for the outcome of these audits

- Information and Communication: IT management must demonstrate to company management an understanding of IT requirements to support compliance with Sarbanes-Oxley and how to get there in order to identify and react to areas of risk

➢ Systems Audit & Stability: IT systems that support front, middle and back office activities should be initially audited when the systems are introduced by installing them in a test environment and performing parallel testing to existing methods of computing results Periodic audits

of IT systems should be conducted to ensure consistent results and to help identify anomalies in data collection process

Reporting

A primary concern for establishing risk management reporting requirements is to provide the company with transparent and consistent reporting results Transparency and consistency are vital to internal as well as external constituents' ability to understand and track results over time.

- Profits/Losses Reporting: P/L reporting should be presented for the company at large as well as for each area of activity or business unit Accounting methodologies and changes in methodologies should also be noted P/L Reporting should also separate physical activities from derivative financially settled activities

- Cash Flow Reporting: A Statement of Cash Flows should be presented which depicts the budgeted and actual cash flows for the given reporting period.

- Credit Risk Summary: A Schedule of Credit Exposures should be presented that shows the exposure per counterparty per area of activity within the company

5.0 Risk Management Best Practices and the FPL Risk Management Program

The preceding chapter of this report outlines and describes commonly accepted best practices for a risk management program in the regulated energy sector The commonly accepted "best practices" were summarized from general research on other regulated entities within the power sector but does not specifically include best practices as defined by FPL

Based upon a review of FPL's risk management practices and a comparison to industry best practices, we generally find that the policies and procedures used to support FPL's risk management program met or exceed industry best practices To support these findings the following discussion highlights some of the key strengths present in the FPL program.

Background

In support of this financial risk management program review project, FPL provided documentation (EMT's Trading and Risk Management Procedures Manual, revised July 18, 2006, and the FPL Group, Inc. Energy Trading and Risk Management Policy revised February 23, 2007 (herein collectively referred to as the Documents)). Further, FPL facilitated question-and-answer style forums to assist in our review process of its current risk management program practices Using the information gathered through these processes, the following describes some of the key points of comparison used to arrive at the previously stated conclusions.

Policies & Controls

The Documents provided by FPL support the notion that the financial risk management program is governed by a highly refined set of policies and controls These Documents along with supporting information gathered through direct interviews

are indicative of a process that has grown in scale and sophistication to reflect the changing needs of the company

The Policies and Controls employed by FPL describe clearly defined roles, responsibilities, accountability, lines of communication, and procedures to ensure that the Company is exposed to minimal risk resulting from the risk management program itself The following summarizes our primary findings related to Policies and Controls:

- The Documents were developed with provisions to allow for additions and changes to the Documents that enable them to meet the needs of the Company without jeopardizing the integrity the Documents or the program

- The Documents clearly identify key personnel and functions and their roles and authority levels within the risk management program.

- The critical linkage between the Documents and Executive Management is evidenced in the appointments and roles to the Exposure Management Committee (EMC) The EMC includes members from key organizational departments.

- The Documents link the Board of Directors' oversight of the financial health of FPL with the EMC'S acceptable risk tolerance. This relationship is carried out through the appointments and voting rights granted to the EMC

- The Documents present an organizational framework consistent with front, middle and back office structures commonly found across industries that employ risk management programs

    - Front Office

        - FPL's deal execution and capture functions coordinate activities across relevant departments, personnel and systems This framework of activity properly links personnel with respective areas of responsibilities and provides sufficient mediums to resolve issues

- Authorized personnel, tradable products, trading limits, tenors, and acceptable financial instruments are all clearly defined and detailed

- Access to the data entry privileges in deal capture systems is limited only those individuals who are formally granted permissions to enter trades.

- All transactions are entered and managed through a centralized deal capture system that supports routine reporting, settlements, and review. Transaction record editing is managed through acceptable authorizations and processes.

- Counterparties for exchange traded transactions are limited to approved Futures Commission Merchants registered with the Commodity Futures Trading Commission (CFTC); account set requires multi-level approval from VP of EMT, Director of Accounting and Finance, and V P. of Trading and Risk Management.

- Credit information is available to traders on a timely basis through daily reporting produced by the Credit Risk section of the Risk Management Department.

- Auditable records of all transactions (either telephone tapes or electronic paper trails) are gathered and reviewed on a regular basis

- Traders participate in and are held accountable for the daily reconciliation of all exchange transactions

o Middle Office

- Risk Management performs periodic model and deal valuation reviews to ensure and maintain consistent and accurate techniques to support valuations and reports

- Adequate models are in use to compute FPL's risk and uncertainties

- Credit regularly performs analyses to support its function such as margining, quarterly risk assessments, daily exposures, credit rating monitoring, and others

- Ample data management controls are implemented thus providing maximum consistency and accuracy of financial results and risk measures.

- Documents procedures for confirming OTC derivative transactions; the use of reporting conventions to track confirmation contract status

o Back Office

- Performs regular reviews to ensure compliance with transaction recording procedures

- Communicates essential company information to counterparties on a timely basis

- Employs independent validation and verification procedures that enable two-way checking of transaction details and contracts; accompanied by documented procedures for correcting discrepancies

- Reviews settlement process and reports any portfolio imbalances or other variances; traders are responsible for corrections/clarifications.

Credit Management

As found in companies employing best practices, Credit Management is an integral of the financial risk management program at FPL. The proper checks and balances have been documented and implemented thus permitting the credit function to operate effectively in supporting the risk management program. Aside from key points related to credit already described in Policies and Controls, the following identifies key findings in this functional area:

- Credit Management recognizes both current and potential credit exposures exposure when assessing credit conditions and limits
- Extensive coordination between credit and legal staff supports contracts, letters of credit, and other credit enhancing mechanisms.
- Documented procedures are in place to facilitate transactions that may create exposure beyond normal limits.
- A regular review of contract language is performed
- Procedures are in place to address credit limit breaches
- Quarterly credit risk assessments determine credit reserve requirements
- Margin calls and other credit enhancements are routinely monitored to minimize exposures
- Credit Watch reports are generated and available on daily basis, or as needed
- Dynamic credit review process uses Credit Scoring Model when other credit rating mechanisms are unavailable or inadequate.
- A unique and exclusive interface for credit data input and management is available in IT systems.

- Liquidity risks are routinely computed and reviewed to support planning and trading.

Modeling and Metrics

Modeling and metrics are concerned with proper choices used to support the program as well as accurate computations and input data used to generate reports At FPL, modeling and metrics efforts are effectively management by personnel and departments with solid lines authority, accountability, and procedures Aside from related findings already highlighted in the Policies and Controls, the following are key components of FPL's management of models and valuation metrics:

- Risk Management provides or reviews all valuation assumptions used in computations.
- Industry accepted standardized models are used in key valuation processes such as option models used for option valuation
- Regularly accepted models are used to support risk analysis including value-at-risk
- Correlations matrices are updated monthly using documented procedures and verified price curve and volatility data
- Transactions not covered by models currently available in the FPL system are documented outside the system but incorporated into results in order to provide financial reporting; results and valuations are reviewed with proper controls in place
- Procedures are documented for the development, collection and usage of price and volatility curves include data sources, frequency of collection, prioritization and usage, independent verification, and deletions

Information Technology

FPL uses a series of software applications to support its risk management functions In constructing this network of support, the FPL IT Department has defined appropriate linkages and documented procedures to adequately support the process Aside from related findings already highlighted in the Policies & Controls or other preceding sections of this report, the follow are key activities in the Information Technology management at FPL:

- IT systems have been subject to Sarbanes-Oxley audits. These activities are evident in the management of the IT resources at FPL:
    - A clear understanding of the usage and importance of usage for information technology supporting the risk management program is present
    - Proper control activities that document rules and create an auditable trail of data are routinely employed and reviewed
    - Key areas of the risk management program supported by information technology are periodically reviewed with sufficient accountability assigned to key personnel and departments
- New and existing systems are periodically audited in test environments
- Commodities Quote Graphics System uploads daily NYMEX price curves; data is verified by Risk Management

Reporting

FPL's risk management program is supported by elaborate and consistent reporting procedures These procedures facilitate the monitoring of key process, data collection, and report accuracy involving a range of activities from daily responsibilities through quarterly and annual financial statements Based on our review of this process, it is apparent that careful attention to detail supporting key company reports has been taken and that the data provided in these reports is reflective of consistent and accurate

internal data management Aside from related findings already highlighted in the Policies and Controls or other previous sections of this report, the follow items are key points regarding the risk management reporting process support the FPL risk management program:

- Trade Recap Summary provides traders with ability to review the accuracy of deals entered through the Nucleus Deal Capture System
- Quarterly review of Confirmation Status reports to ensure accurate data is included in financial reports
- Process and procedures are in place to verify the accuracy of price and volatility curves used to produce reports provided to the Securities and Exchange Commission (SEC)
- An adequate series of pre-defined reports are available on a routine basis to support internal management of risk;
  - Daily VaR position
  - Credit Watch
  - FCR Reports

Conclusions

Based upon this review and the alignment with best practices for risk management, ICF concludes that:

- The FPL risk management program is a well developed, well monitored, effectively managed and executed program The ongoing tracking of the program, as well as the development and implementation of the forward strategies, is very thorough and of more than adequate depth to insure that the FPL customers, and the PUC can be confident that the goals of the program; namely mitigation of price volatility and price exposure, can and is being achieved

- The FPL risk management program is exclusively a hedging activity FPL has gone to great lengths to avoid any elements of speculation. The "mechanical" nature of review and rebalancing essential precludes any speculative activity within the execution of the program

- The program is an example of continuous improvement As the program matured over the years since 2001 and as new challenges arose in energy markets, the structure of the program allowed the EMC and EMT Staff to develop and adopt improved oversight metrics and tighten procedures in an orderly and structured manner

6.0 Evolution and Performance of FPL Hedging Program

FPL must file with the FPSC the estimated costs for fuel procurement for the coming year plus any cost true-ups required to align actual with the estimated costs for the current year The costs of hedging activities that support fuel cost volatility management are also included in these filings The FPSC ultimately approves these estimates and sets the Fuel Cost Recovery (FCR) factors for that period The FCR filings are submitted annually but supplemental filings may be submitted when intra-year corrections to factors are necessary to ensure that the factors do not become substantially out of line with actual costs

As discussed in the previous section, FPL has developed a program that is closely aligned with ICF's view of best practices for utility hedging. This section will describe the mechanism and the procedures used to determine objectives, execute transactions, report positions, and monitor and report exposure and risk

The following provides a broad outline of the structure and operation of the program and the interaction of the financial hedging activity and physical acquisition of fuel [6]

- The broad objectives as to the desired level of price volatility protection are established at the most senior levels of management within FPL. Once these parameters are established, they are communicated to the Exposure Management Committee (EMC)

- The EMC is charged with:

    - Providing "a forum for the for discussion of Group's energy risk profile and operations and develop[ing] guidelines required for appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with this [FPL Group, Inc. Energy Trading and Risk management policy], and;

[6] An evaluation of all of the elements of FPL's fuel acquisition practices is beyond the scope of this report The extent of the review of the acquisition practices for physical fuel was limited to the basic understanding needed to evaluate the financial hedging program

- "Execut[ing] its risk management responsibilities through direct oversight and prudent delegation of the responsibilities to the Vice President Trading Risk Management, as well as to other corporate and business unit personnel "[7]

➢ The structure and membership of the EMC ensures that the decision-making process is collaborative among officers and senior professionals so that no single individual is in a position to make decisions in isolation This structure addresses a weakness that is seen in some hedging programs

➢ Development of the financial derivative forward strategy is made in conjunction with the most current planning for gas and oil burns The hedge strategy for the future year(s) is planned in conjunction with the projection of fuel requirements as projected using a generation forecast and fuel use model utilizing forward market prices for gas and oil from multiple market sources, and use of volatility data to assess potential risk levels The concept of determining a calculated Fuel Cost Recovery price (FCR) and cost of fuel for the forward year as a benchmark is essential to all tracking of future positions.

➢ Once a forward hedging strategy is developed, implementation takes place over the period of time as defined in the Planned Position Strategy (PPS). The PPS, along with the implementation documents created by the EMC, are consistent with the direction of Senior Management

➢ Monitoring of the positions over time, including tracking of actual prices vs. FCR, hedge percentages vs plan, is exemplary of the strength of this program There are clear tolerances established in advance that determine when adjustments in the hedge portfolio will be executed Each week, an updated generation forecast and fuel use model simulation is produced. EMT Staff performs an evaluation of the results to determine whether the position remains within the tolerances or if the position needs to be adjusted. The ongoing monitoring is thorough in all respects, detailing the summary positions as well as outlining each transaction that has occurred in every month The monthly reports provide a solid record of actions and results, which is essential to a well run program

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[7] FPL Group, Inc Energy Trading and Risk Management Policy, February 23, 2007

- Monitoring of credit risk appears to be thorough and tracked consistently in the program The monitoring of credit risk has evolved as it has become an increasingly important issue throughout energy markets

- The execution of the hedge portfolio recognizes the differences between natural gas and residual fuel oil markets in terms of liquidity and market concentration in an appropriate fashion These differences can affect the speed at which positions are returned to the tolerance levels

There are a number of formal documents and reports maintained by FPL that establish practices and procedures for the hedging program as well as provide the metrics necessary to monitor program activities and manage risk. The following describes a number of these documents and reports that ICF reviewed in the course of this engagement

FPL Group, Inc. Energy Trading and Risk Management Policy

The Energy Trading and Risk Management Policy (ETRMP) document is a description of the structure, objectives and policies and procedures associated with FPL Group, Inc (Group's) energy marketing and trading business activities. The document defines the responsibility of Energy Marketing and Trading (EMT) as the exclusive transacting party for "the execution of fuel procurement with associated hedging activity and optimization strategies in connection with serving FPL's regulated load in Florida." This clear delineation of responsibility is an important structural protection against a melding of non-utility activity

The ETRMP applies a structured approach the Group's management of risk It also provides a clear guide to the portfolio structure and valuation metrics and parameters that are used to monitor the portfolio, positions and exposure. The document explicitly addresses credit risk, liquidity risk and operational risk in a manner that provides clear guidance in terms of responsibility and authority

The ETRMP is dynamic in the sense that that changes are made periodically However, in the course of the review ICF concluded that there was general stability in the policy guidance documents There was no evidence of "whip-saw" changes that can create uncertainty as to appropriate policies and compliance expectation Any changes to the ETRMP must be approved by the Exposure Management Committee (EMC)

Energy Marketing & Trading, Trading and Risk Management Procedures Manual

The Trading and Risk Management Procedures Manual (TRMPM) is an extremely detailed document that provides the structure, procedures, operating practices, and restrictions for EMT Staff As stated in the document, the objective is "to provide guidance that will promote efficiency and accurate processing of trading transactions, effective preparation and distribution of information of information relating to trading and marketing activities and efficient monitoring of risk, all within a well controlled environment." Through this document, FPL ensures that all EMT Staff, including new hires, have a clear understanding of responsibilities and expectations Included in the document are descriptions of strategy development, meeting procedures, accounting requirements for derivatives and standards and codes of conduct for employees In addition, employees are instructed as to procedures within each of the major areas of responsibility including:

- Credit approval, monitoring and reporting;
- Deal execution, authorization, authorized limits and procedures for authorization in excess of limits;
- Deal capture, validation and verification;
- Model development and valuation calculation;
- Liquidity reserve valuation, and;
- Settlement and scheduling procedure

While many of these areas bear more directly on the procurement and risk management for physical fuel, the clear delineation also assures that the hedging activity that utilizes financial derivatives is managed in a consistent and tractable manner and aligned with the procurement of physical fuel

Planned Position Strategy (PPS)

The Planned Position Strategy is a primary objective document The PPS establishes the hedge percentage targets for both natural gas and fuel oil The document also presents the tolerance bands around the hedge targets The PPS also presents the target time table for achieving the hedging objectives. It is prepared for each fuel procurement year, but can be modified if changes in market conditions are sufficient to make such changes appropriate However, ICF observes that stability is generally maintained in terms of the objectives outlined in the PPSs

The PPS delineates the strategies that will be employed to obtain the desired amount of protection from price volatility. The document presents the expected burns and market forward prices. The document outlines buydown strategies and collar strategies to be employed. The PPS requires the approval of the President of FPL and any transactions outside of the scope of the PPS require the approval of the President or, in his or her absence, the CFO of the FPL Group

In the course of performing this engagement, ICF reviewed in detail all of the PPS documents from 2001 though 2007 Because the PPS documents include significant amount of commercially sensitive information and indications of hedging approaches and strategies that could be used by counter parties in negotiations, ICF will not provide a detailed description of our review However, the following general observations can be made

1) The sophistication of the PPS documents improved over time While the general structure of the earlier PPS is similar to current documents, the later documents provide a clearer direction as to the strategy and targets. In addition, the later documents provide more information in terms of current forward prices.

2) As energy price volatility increased, particularly during the height of the effects of hurricanes Katrina and Rita, adjustments to the strategies became

considerably more difficult In short, it was becoming more expensive to provide the same level of price volatility protection

Minutes of the Exposure Management Committee (EMC)

The Exposure Management Committee (EMC) is charged with the monitoring and oversight of hedging activity along with many other functions associated with the risk management and the procurement of fuel and material needed for the generation of power The EMT meets on a monthly basis The organizational structure clearly identifies voting members that are charged with the responsibility and authority to make decisions There are also non-voting members from the senior staff of EMC that prepare and present material to the Committee. Other staff also attends the meetings according to the subject matter being discussed

Detailed minutes and risk reports are prepared for each meeting These reports are structured such that the decision makers are provided with considerable detail regarding the positions and transactions that have taken place since the last meeting. As noted earlier, ICF considers this formalized committee structure with multiple individuals involved in the process of monitoring and approving activity critical to a successful program.

In the course of this engagement, ICF reviewed the minutes of more than 40 EMC Meetings Again, because the documents include extremely detailed commercially sensitive information and describes of hedging strategies and execution that could be used by counter parties in negotiations, ICF will not provide a detailed description of our review. It is clear however, that the material presented to the Committee and the review process is a strength of the structure and execution of the program In a very few insistences where a transaction may have been inconsistent with a procedures, the issue was addressed and procedures were clarified and strengthened

In addition, the review of the material clearly indicates that the procedures employed reflect and respond to market conditions. The documents identify that the mix

of hedging instruments differs between natural gas and fuel oil and has changed over time. As volatility increased, the cost of options increased dramatically. Options became an increasingly expensive method of obtaining price protection. This change in the relative price of products was reflected in the mix of instruments.

Similarly, the relative liquidity of the natural gas market and the fuel oil market was also reflected in the mix of products and hedging approach. There are many fewer credit-worthy counterparties in fuel oil markets and much less depth. FPL's requirements could have the potential to move the market, making the hedge more expensive. To address this, FPL staged purchase and balanced the portfolio with the purchase of highly correlated products.

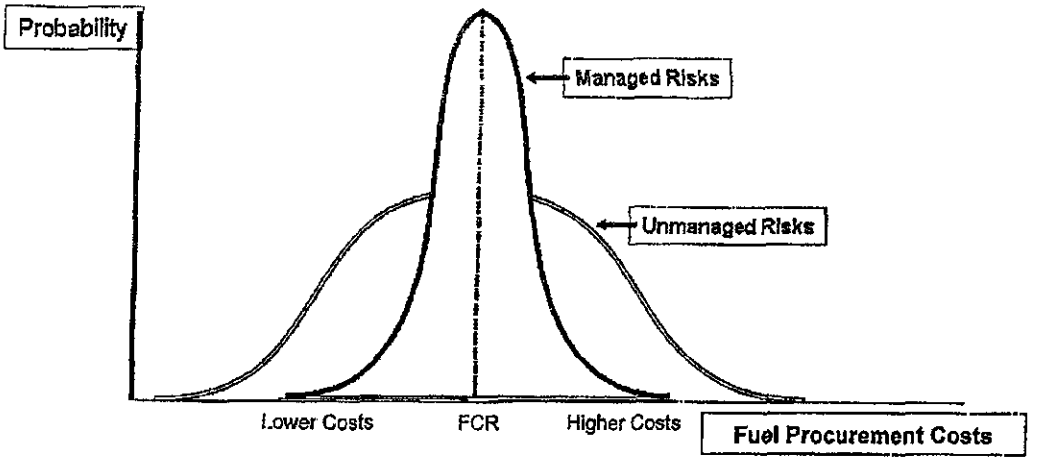
Reduction of Price Volatility Risk and Degree of Price Protection

FPL proactively manages the volatility of its fuel procurement costs, which ultimately translates into greater rate certainty for its customers. To manage price volatility FPL has established a risk management framework that supports all hedging activities. Like most risk management programs, FPL's hedging activities are planned for and implemented while balancing competing objectives; minimizing procurement costs with mitigating the possibility of higher or extreme procurement costs. The dynamic of these competing objectives creates a "tradeoff" that drives strategic and tactical decisions. The FPL program incorporates an evaluation of the statistical uncertainty associated with each procurement scenario in terms of the forgone opportunity for possible lower fuel costs with the "insurance" against the possibility that higher fuel costs; hence the creation of the "tradeoff."

Stated simply the "tradeoff" implies that greater financial certainty and lower fuel cost volatility is achieved through the mechanism of risk management program costs. This concept prevails in most forms of risk management ranging from the insurance industry to commodity trading. The reason for the added cost is that by shifting the financial risk from one party to another, the receiving party must be paid to accept the risk. Financial uncertainty does not disappear; it is merely reallocated to other parties and their portfolios through hedging transactions.

The focus of FPL's financial risk management program is to consistently manage the volatility of fuel costs once the FCR rates are approved Consistent with the "tradeoff" concept, FPL is aware of the potential for greater hedging costs it may incur while reducing the volatility of fuel prices While hedging price volatility may increase slightly the overall fuel procurement costs, it provides substantial protection against dramatic cost increases and enables FPL to offer greater rate consistency to its customers. The challenge for FPL is to determine an appropriate level of forgone possibility of lower fuel costs that makes sense with an acceptable level of reduced fuel cost uncertainty

Like most investor-owned utilities, FPL's objective for hedging is a reduction in the volatility of fuel procurement costs. For any company needing to procure commoditized fuels such as gas and oil, the absence of a hedging program certainly lowers or eliminates upfront hedging costs in the same way that not paying car insurance premiums lowers the overall cost of operating an automobile As long as commodity prices stay below estimates used in preparing the FCR filing (the equivalent of no automobile accidents in the example of auto insurance), then there is a cost savings that can be passed on to customers However, to choose not to hedge (analogous to choosing not to buy auto insurance) is highly speculative in that it wagers that commodity prices will stay below a certain level (analogous to hoping that no accidents will occur) But commodity prices are very uncertain and do fluctuate, and auto accidents do happen Hence, the condition for an "insurance" tradeoff is created. Some additional costs may be incurred when pursuing the goal of reducing price volatility because the maximum potential benefits of lower fuel costs under favorable market conditions are forgone due to hedging but possibility that market conditions would result in higher costs are also precluded by the risk management program



The graphic shown here illustrates the "tradeoff" by depicting possible probability distributions of fuel procurement costs given hedged versus unhedged portfolios The Managed Risk distribution depicts lower fuel cost volatility in the form of a tighter distribution of potential costs, thus a higher probability of each possible outcome over a more narrow range of fuel costs The Unmanaged Risk distribution indicates greater cost volatility by showing a wider range of potential costs with lower probability for each possible outcome The Managed Risk distribution foregoes the possibility of the lowest procurement costs in exchange for the mitigation of the highest possible procurement costs In the opinion of ICF, FPSC Order No , PSC-02-1484-FOF-EI (the 2002 Order) recognized that there would be a cost of proactive risk management and the 2002 Order implicitly acknowledged this "tradeoff" principle by facilitating cost recovery for prudent risk management activities

Historically, much of the price volatility in oil and gas commodity markets was driven by uncertainty in future weather That uncertainty has been compounded in the past five years by changing market fundamentals, most importantly, an extremely tight balance between supply and demand and the lack of unutilized supply capacity as well as geo-political risk in major oil producing regions of the world. Since 2001 there has been upward pressure on prices for these commodities with notable spikes in volatility in 2004-06 Managing the price volatility has become more demanding in light of these recent market developments As a net buyer of these commodities, FPL maintains a

constant presence in the market that inherently exposes the company to the constant price risk and volatility.

For a utility, it is nearly impossible to eliminate all financial risks of a fuel procurement portfolio especially when there is also a degree of volume uncertainty. So there is no perfect hedge. Instead, FPL must balance the objectives of reducing price volatility to an acceptable level while controlling hedging costs and providing the greatest possible benefits to its customers

Measuring FPL's Fuel Price Volatility

The estimated costs included in FPL's FCR filings serve as an acceptable mean of the possible distribution of actual, achieved procurement costs. The FCR embodies the expected cost of fuel procurements for a given year including the cost of risk management. Thus, the FCR is an obvious benchmark to use in determining an acceptable "tradeoff" between possible reductions in costs and insurance against higher costs. Surrounding this mean are bands of possible outcomes.

As a matter of practice and consistent with the FPSC's direction concerning mid-year FCR adjustments, [redacted] FPL has the discretion to file for an intra-year rate change at any time. But when costs vary by more than 10 percent (up or down), FPL is required to notify the FPSC and formally evaluate whether to make a corrective FCR filing. If no intra-year FCR filing is submitted, FPL still recovers the incremental difference between FCR cost estimates and actual costs through the truing-up process of subsequent FCR filings.

Because of the notification requirements when fuel costs vary by more than 10 percent from estimated cost, [redacted] FPL's actual cost position relative to this [redacted] is recognized and documented in the risk management process and [redacted] is actively monitored and the positions and corrective actions are communicated through the company's Planned Position Strategy (PPS) documents. Given that gas and oil annualized price volatility is greater than [redacted] the

probability of exceeding the FCR estimated costs is relatively high in a given year if no risk management action is taken

As part of its ongoing quantification of the effects of price volatility, FPL uses additional bands of risk in order to highlight problematic exposure to higher degrees of volatility For instance, [redacted] of estimated FCR costs because at that extreme it becomes almost inevitable that an intra-year FCR filing will be prepared and submitted

ICF has mainly focused on the [redacted] threshold in order to determine whether or not price volatility has been consistently managed by the FPL hedging program. As an additional but less significant measure, we have also examined [redacted]

2003 THROUGH 2007 VOLATILITY MANAGEMENT AT FPL

The Review

It should be noted that intra-year price volatility management is an achievable objective of the FPL risk management program. As such, in this review ICF maintained its focus on the planning process used by FPL that was used to provide consistent price protection relative to the FCR cost estimates for each fuel year.

As previously established, to measure the impact of price volatility upon FPL and its customers, ICF has relied upon the FCR cost estimates [redacted]. That is, given that FCR fuel procurement cost estimates are recognized and approved by the FPSC when setting customer rates, then how do uncertainties in the market price of fuel cause actual costs to vary from these estimates. In our review we relied upon these tolerances to assess the consistency of price volatility management. In actual practice ICF recognizes that FPL must balance the objective of staying within these tolerances with the competing objectives of minimizing hedging cost and facilitating benefits to the customers.

For each calendar year beginning in 2003, FPL performed strategic planning analysis to support the FCR filing process. In addition to estimating annual expected fuel costs, these analyses also reviewed a number of risk management strategies and their impact upon the price volatility, program costs, and potential benefits to customer given favorable market price trends.

A key component used to determine the expected costs included in each FCR filing and to identify possible risk management strategies is the forward price curve. FPL uses actual forward price curves as quoted from the market to support its FCR filing preparation. ICF supports this methodology because forward price curves gathered from market sources best represent the future commodity prices and market conditions that impact FPL's ongoing procurement and risk management decisions. Market price curves embody the collective thoughts of all market participants regarding the direction of prices and the relative supply and demand of those commodities. The market forward price curves are the best and most prudent means to estimate future costs and they also correlate to hedging instruments that might be used to mitigate market volatility.

The second component used to determine estimated costs for each FCR filings is the demand assumptions for gas and oil given expected load FPL uses a network of dispatch models to determine fuel quantities to be used in each year Assumptions about growth, demand, outages, etc are updated in these models and incorporated into each updated analysis of a future year's and the current year's FCR estimated costs thus producing the best available information upon which the expected costs are computed It should be noted, however, that a thorough review of all assumptions feeding the dispatch models was not part of this review. Nonetheless, the generalized assumptions available for review were consistent with expectations for FPL's service territory.

When combined with current market forward price curves, the simulations provide a distribution of possible program costs for the year. Before any hedging scenarios are analyzed, the models produce a distribution of possible costs where the mean becomes the FCR's expected cost for that year Given the number and complexity of the variables involved in this process, this approach is both sound and defensible as a means to estimate annual costs.

In the years covered by this review, *unhedged* positions for FPL's annual procurement portfolios have maintained [redacted] Restated, the unhedged fuel procurement portfolios are inherently risky and they expose the company and its customers to uncertain and volatile price swings Without risk management, there is a reasonably high probability that FPL would incur actual costs above those costs previously estimated and that true-ups would add to subsequent filings or that those added costs would invoke intra-year FCR filings and rate increases Referring once again to the risk-reward tradeoff, the unhedged portfolio could potentially yield lower overall procurement costs but would only do so at the risk of incurring extreme price increases thus offering no consistency in guarding against higher costs or volatility management In the absence of risk management action, a short position in a volatile commodity market, as is the case for FPL's fuel procurement position, is inherently volatile An unhedged position in the market provides little or no price protection As such, ICF believes that risk management is important to provide rate stability to FPL's customers

Using the unhedged portfolio analysis as the starting point, FPL models the impact of various hedging program scenarios The objective of these model runs is to test the effectiveness of each strategy and its relative level of price protection and volatility management [redacted] In addition to measuring each scenario against the probability of exceeding estimates, the "down-side" exposure and potential customer benefits are also quantified

When possible hedging scenarios are summarized and reviewed, FPL did not [redacted] In fact, there are risk management scenarios where these probabilities were virtually eliminated but those scenarios were not acted upon

Instead, our review shows that FPL chose procurement and risk management strategies that provided a consistent level of price protection balanced with hedging costs The proposed strategies also facilitated a consistent level of benefits to flowback to customers in the event that market prices became more favorable during the rate period Keeping in mind the risk-reward tradeoff, the proposed strategies did not attempt to completely eliminate any exposure to price volatility because the cost of such strategies would have been to the extreme and would have eliminated any benefits of a favorable market from being returned to customers A consistent level of volatility management at a consistent level of program costs, the risk-reward tradeoff was diligently managed across the years examined in this study

All in all, the procurement and risk management strategies proposed by FPL in the FCR planning process significantly lowered the probability of [redacted] The probability of exceeding the [redacted] Furthermore, the probability of [redacted] but that probability consistently dropped [redacted] by virtue of FPL's hedging program

ICF believes that planning for hedging and risk management activities involves the identification and selection of strategies that yield results that can best be incorporated by the company and its customers without causing economic disruption. In doing so it is not typically possible to choose strategies that always yield the maximum possible benefits for the company and its customers. The risk-reward tradeoff means that plans are made without perfect knowledge of the future market conditions and as such the chosen strategies must facilitate a comfortable medium. Constituents must avoid second guessing these strategic choices after-the-fact and instead must focus on the prudence of the planning process and the framework used to deploy the strategies. We believe that FPL has met these criteria of developing and selecting prudent plans for managing the volatility of fuel cost procurement in the years covered by this study.

Based upon our review of the planning for annual procurement and risk management activities, FPL developed and implemented strategies that would result in consistent levels of price protection and volatility management while reasonably minimizing hedging program costs and facilitating customer participating in the event of favorable market prices during the rate period.

Appropriateness of Hedge Program Scenarios

As previously noted in this report, the gas and oil markets transitioned significantly between the years 2001 and 2007. During this period price levels and volatility reached new high levels. The result is that expected costs to procure these commodities sometimes were falling outside of the two and three standard deviations of normal levels. Procurement costs were sometimes at the extreme ends of the distribution of possible procurement costs. Most specifically there were numerous price shocks in later 2004 and early on in 2005 that would have affected all gas and oil portfolios.

During this period of time FPL used available tools to mitigate much of the uncertainty stemming from market volatility. The 2004-05 period, however, presented extreme market scenarios that were not only difficult to plan for but nearly impossible to mitigate. The reality is that when broad markets move to extreme levels, all market

participants scramble to cover positions and exposures thus exacerbating the difficulty for everyone to manage the financial risks In planning for this time period FPL analyzed numerous risk management scenarios and implemented them consistent with what was known at that time In our belief appropriate risk management scenarios were considered and selected even though this transition

Since the implementation of the risk management program at FPL, the hedging program has demonstrated a growing capability to plan for and manage price volatility in a manner that serves customer interests. Over time the program has analyzed and taken advantage of the benefits of a robust swap market, utilized commodity options when appropriate, and tested the benefits to be gained through improved market timing. Collectively, these efforts have helped to achieve the objective of price volatility management and consistent price protection, and they have been intricately incorporated into the company's risk management framework to ensure that proper safeguards are in place. The selection and use of risk management instruments and techniques have served FPL and its customers appropriately since the 2002 Order FPL's risk management program has increased its level of understanding and sophistication in risk management throughout this time and has artfully incorporated that expertise into the regulated environment of the utility industry

7.0 Summary and Conclusions

In the Spring of 2007, ICF International (ICF) was engaged by Florida Power and Light's (FPL) to conduct an independent review of the structure and performance hedging activity conducted by FPL to mitigate the impact of increasing fuel price volatility to FPL's consumer of electricity. The focus of this effort is the examination of a specific subset of activities in Trading and Risk Management conducted by Energy Marketing and Trading (EMT), a Division of Florida Power and Light. EMT acts as the transacting party for the execution of fuel procurement with associated hedging activity and optimization strategies in connection with serving FPL's regulated customer load in Florida. Specifically ICF is reviewing the structure and performance of the hedging of natural gas and fuel oil price volatility risk through the use of financial derivative tools [8]

Because FPL's generation mix consumes large quantities of natural gas and fuel oil and because natural gas and fuel oil prices have exhibited significantly more volatility than other power generation fuels such as coal, hedging is useful to help FPL to manage risk on behalf of the customers

Overall, ICF concludes that the FPL risk management program is a well developed, well monitored, effectively managed and executed program. The ongoing tracking of the program, as well as the development and implementation of the forward strategies, is very thorough and of more than adequate depth to insure that the FPL customers, and the FPSC can be confident that the goals of the program, mitigation of price volatility, can and is being achieved.

FPL's program is exclusively a hedging activity. FPL has gone to great lengths to eliminate any elements of speculation. The "mechanical" nature of review and rebalancing essentially precludes any speculative activity within the execution of the program. The review of the FPL program highlighted the importance that a utility

[8] Hedging objectives can also be advanced though the use of physical contracts including physical forward contracts and storage. In the case of FPL, these activities are conducted separately in the fuel procurement function and are not examined in this report.

hedging program be largely mechanical in nature Decisions should be based on the best information available, but to the extent possible, be devoid of the opinions of the decision-makers. If the opinion of the decision-makers begins to influence positions, the program begins to cross the line into speculation.

The history and evolution of the program exhibits continuous improvement As the program has and continues to mature over the years since 2001 and as new challenges arose in energy markets, the structure of the program has allowed the EMC and EMT Staff to develop and adopt improved oversight metrics and tighten procedures in an orderly and structured manner

The metrics used by FPL provide sufficient information to monitor the program and to limit exposure. As discussed in section 6, the metrics are in place to monitor the program in a manner consistent with the best practices for utility hedging.

An important conclusion of ICF's independent review of the FPL program is that a process whereby FPL and the FPSC collaborate to provide clarity in the broad objectives and scope of hedging activity would advance the public interest This does not suggest that it would be appropriate for the Commission to attempt to micro manage the program. Such an attempt would likely be counter productive in that it would: 1) limit FPL's ability to execute the program in a timely manner and 2) unnecessarily increase the total cost of the hedging program Rather, a process that allows Senior Management to communicate their views and allows the Commission to provide broad guidance as to the level of price volatility protection that the Commission deems prudent would be in the public interest A process of this sort could reduce regulatory risk and reduce the costs of regulatory proceedings.

Based upon our review of the planning for annual procurement and risk management activities, FPL developed and implemented strategies which provided consistent levels of ex-ante price protection and volatility management for the years examined while reasonably minimizing hedging program costs and facilitating customer participation in the event of favorable market prices during the rate period

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Impact of Hedges and Deferrals on Cash Flows

- Actual Results (1 Year With Hedges)

ACTUAL / 1 YEAR DEFERRAL WITH HEDGES

YEAR	Actual Fuel Revenue (A)	Actual Fuel Expenditure (B)	Over/Under Recovery (C) = (A - B)	Year End Estimated/Actuals (D)	Year-End True Up (E)	2001	2002	2003	2004	2005	2006	2007	2008
2000	$1,768.6	$2,345.2	($576.6)	($501.0)		($525.5)	← August Estimate X (1 + interest rate**)						
					($75.6)		($83.2)	← True Up X (1 + interest rate**)^2. Interest due to 2 year recovery period.					
2001	$2,615.2	$2,493.5	$121.7	$11.9			$12.5						
					$109.8			$120.8	← True Up X (1 + interest rate**)^2.				
2002	$2,377.7	$2,459.0	($81.3)	($9.0)				($9.4)					
					$0.0 (F)				$0.0				
2003	$3,144.8	$3,444.2	($299.4)	($341.2)					($357.9)				
					$41.8					$46.0			
2004	$3,296.9	$3,484.4	($187.5)	($180.2)						($189.0)			
					($7.3)						($8.0)		
2005	$3,879.5	$4,906.8	($1,027.4)	($743.1)							($779.4)		
					($284.3)							($312.7)	
2006	$5,620.7	$5,427.0	$193.7	$247.0								$259.1	
					($53.3)								($58.7)
2007	$5,924.2	$6,031.5	($107.3)	($22.6)									($23.7)
					($84.7)								
				Fuel Cost Recovery		($501.0)	($83.7)	$100.8	($341.2)	($138.4)	($750.4)	($37.3)	($75.9)
				Interest Paid/(Received)		($24.5)	($7.0)	$10.6	($16.7)	($4.6)	($37.0)	($16.4)	($6.4)
				TOTAL		($525.5)	($70.7)	$111.4	($357.9)	($143.0)	($787.4)	($53.6)	($82.4)

Notes:

(A) Final True-up/Dec A2, page 2, line C3, Represents Fuel Revenues Applicable to Period

(B) Final True-up/Dec A2, page 2, line C6, Represents Total Fuel Costs & Net Power Transactions Applicable to Period

(C) Final True-up/Dec A2, page 2, line C7, Total Over/Under Recovery

(D) Final True-up/Dec A2, page 2, line C7, Latest Projected Year-End Over/Under Recovery

(E) Final True-up/Dec A2, page 2, line C7, Difference between Projected and Actual Over/Under Recovery

(F) 2002 Year-end True up of -$72.3 Million included in 2003 Mid-course correction filing

* Year end true up may differ due to commission decision

** Interest rate is 4.885%

*** Portion of 2007 FCR deferred to 2009 is $-93.2 MM.

**** Net interest paid by customers throught 2008 is $102.04 MM.

FCR-08-8132

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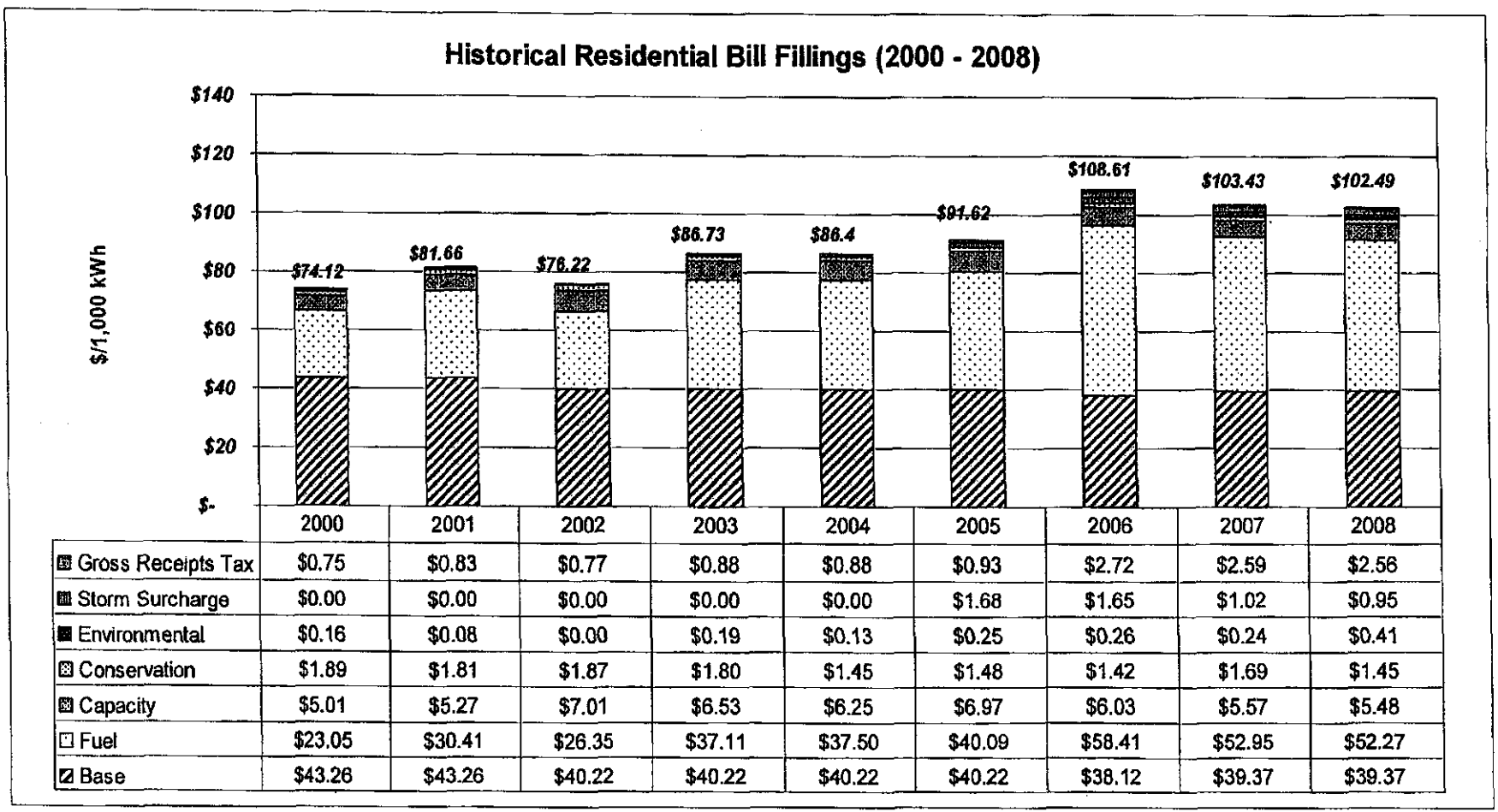
FCR Impacts on Residential Bills



	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gross Receipts Tax	$0.75	$0.83	$0.77	$0.88	$0.88	$0.93	$2.72	$2.59	$2.56
Storm Surcharge	$0.00	$0.00	$0.00	$0.00	$0.00	$1.68	$1.65	$1.02	$0.95
Environmental	$0.16	$0.08	$0.00	$0.19	$0.13	$0.25	$0.26	$0.24	$0.41
Conservation	$1.89	$1.81	$1.87	$1.80	$1.45	$1.48	$1.42	$1.69	$1.45
Capacity	$5.01	$5.27	$7.01	$6.53	$6.25	$6.97	$6.03	$5.57	$5.48
Fuel	$23.05	$30.41	$26.35	$37.11	$37.50	$40.09	$58.41	$52.95	$52.27
Base	$43.26	$43.26	$40.22	$40.22	$40.22	$40.22	$38.12	$39.37	$39.37

FCR- 08-8133

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FCR Impacts on Residential Bills

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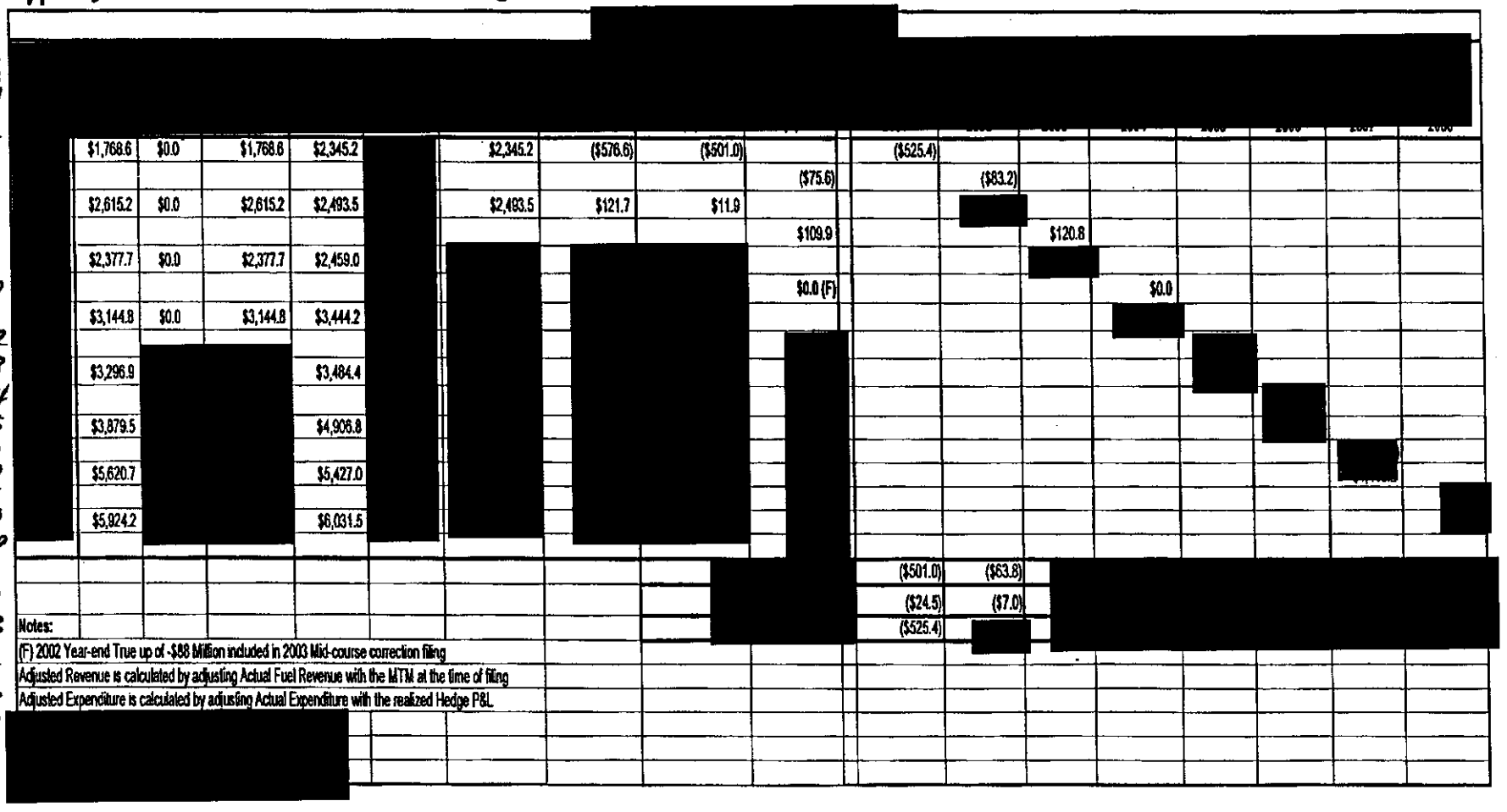

	$1,768.6	$0.0	$1,768.8	$2,345.2		$2,345.2	($576.6)	($501.0)		($525.4)								
									($75.6)		($83.2)							
	$2,615.2	$0.0	$2,615.2	$2,493.5		$2,493.5	$121.7	$11.9										
									$109.9			$120.8						
	$2,377.7	$0.0	$2,377.7	$2,459.0														
									$0.0 (F)				$0.0					
	$3,144.8	$0.0	$3,144.8	$3,444.2														
	$3,296.9			$3,484.4														
	$3,879.5			$4,906.8														
	$5,620.7			$5,427.0														
	$5,924.2			$6,031.5														
										($501.0)	($63.8)							
										($24.5)	($7.0)							
Notes:										($525.4)								
(F) 2002 Year-end True up of -$88 Million included in 2003 Mid-course correction filing																		
Adjusted Revenue is calculated by adjusting Actual Fuel Revenue with the MTM at the time of filing																		
Adjusted Expenditure is calculated by adjusting Actual Expenditure with the realized Hedge P&L																		

FCR-08-8134

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FCR Impacts on Residential Bills

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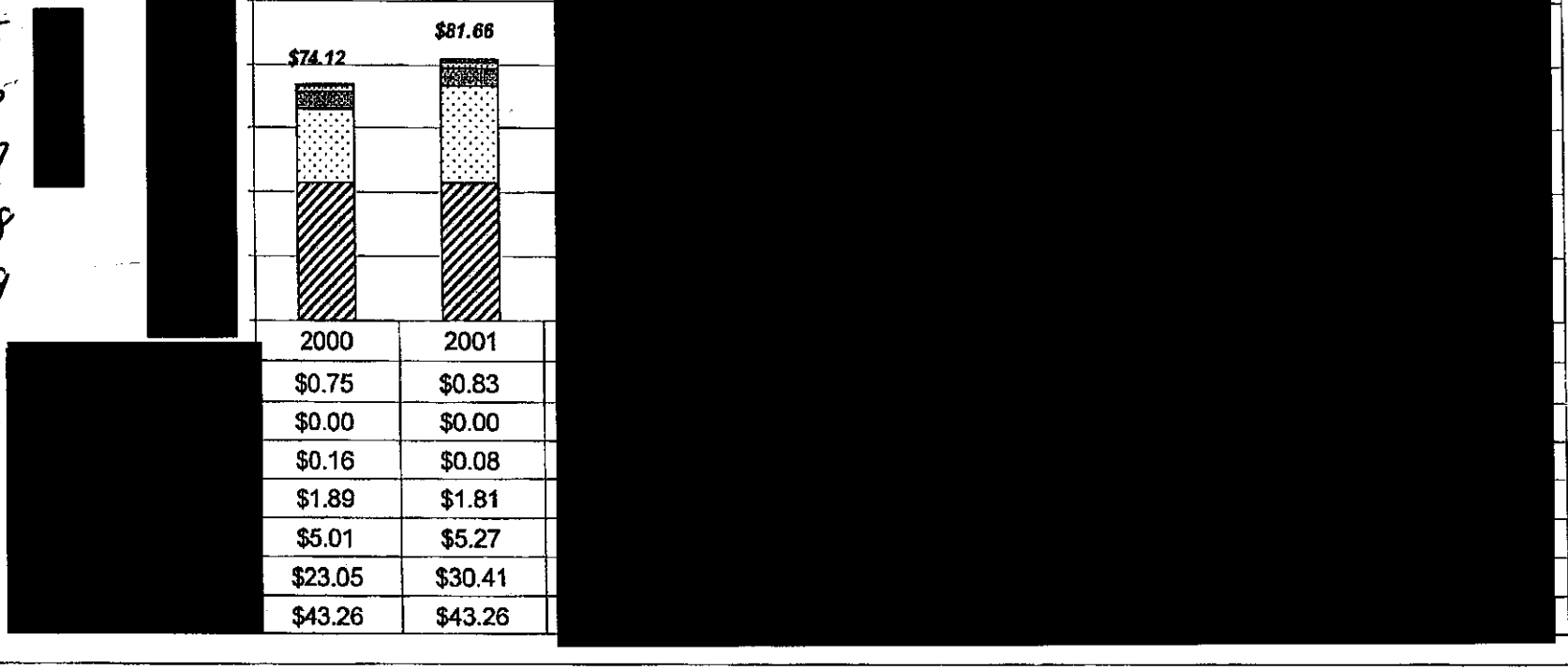

2000	2001
$0.75	$0.83
$0.00	$0.00
$0.16	$0.08
$1.89	$1.81
$5.01	$5.27
$23.05	$30.41
$43.26	$43.26

FCR-08-8135

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Impact of Hedges and Deferrals on Cash Flows

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1							[redacted]											
2–4	[redacted]																	
5		$1,768.6	$0.0	$1,768.6	$2,345.2		$2,345.2	($576.6)	($501.0)									
6										($75.6)		($83.2)						
7		$2,615.2	$0.0	$2,615.2	$2,493.5		$2,493.5	$121.7	$11.9			[redacted]						
8										$109.9			$120.8					
9		$2,377.7	$0.0	$2,377.7	$2,459.0		[redacted]		[redacted]				[redacted]	[redacted]				
10										$0.0 (F)								
11		$3,144.8	$0.0	$3,144.8	$3,444.2									$0.0				
12										[redacted]				[redacted]	[redacted]			
13		$3,296.9	[redacted]		$3,484.4											[redacted]		
14																		
15		$3,879.5			$4,906.8												[redacted]	
16																		
17		$5,620.7			$5,427.0													
18																		[redacted]
19		$5,924.2			$6,031.5													
20																		
21									[redacted]									
22																		
23	Notes:																	
24	(F) 2002 Year-end True up of -$88 Million included in 2003 Mid-course correction filing																	
25	Adjusted Revenue is calculated by adjusting Actual Fuel Revenue with the MTM at the time of filing																	
26	Adjusted Expenditure is calculated by adjusting Actual Expenditure with the realized Hedge P&L																	
27	** Interest rate is 4.885%																	
28–29	[redacted]																	

FCR-08-8736

FPL
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FCR Impacts on Residential Bills

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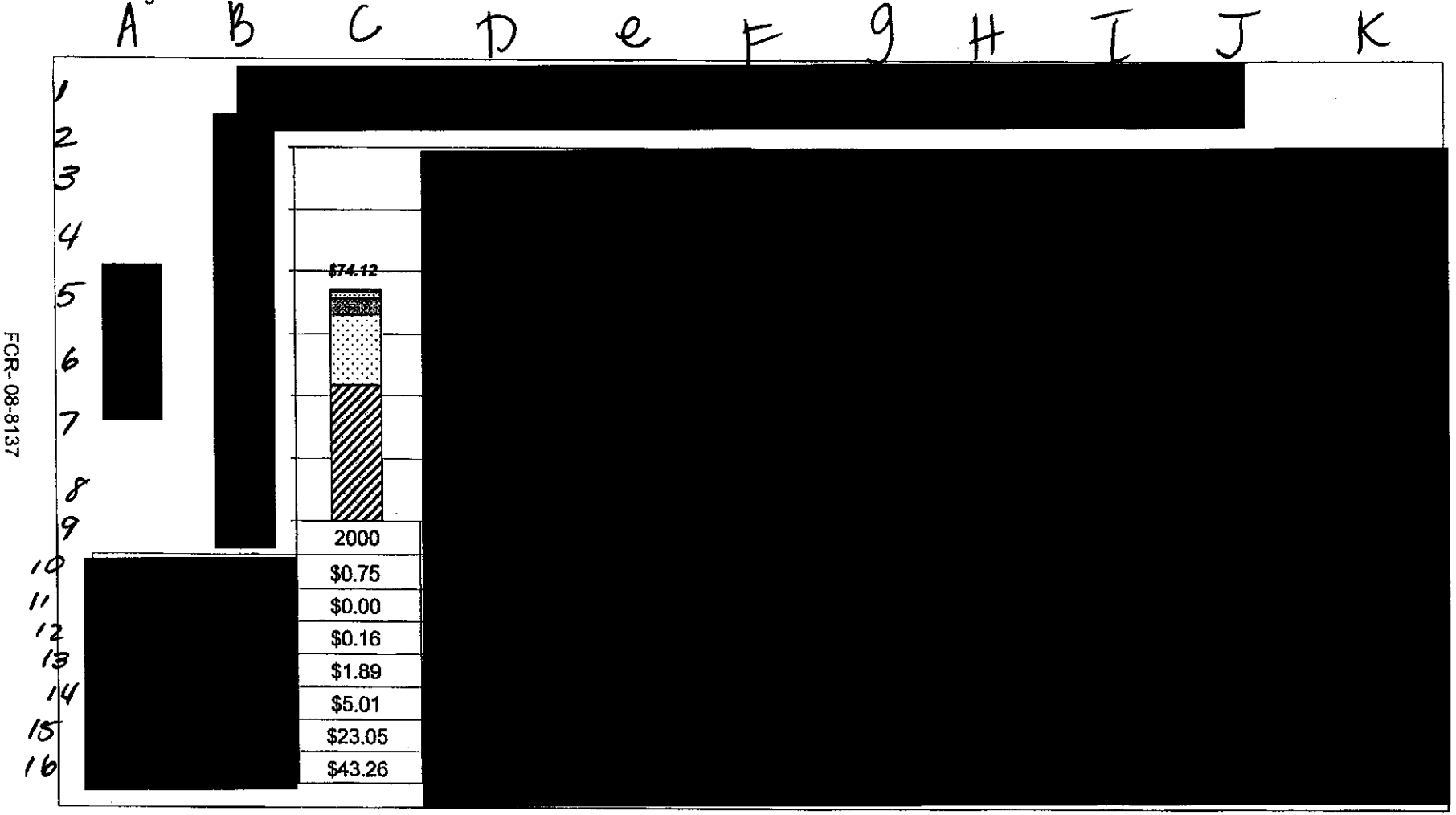

FCR- 08-8137

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Impact of Hedges and Deferrals on Cash Flows

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FCR-08-8138

Row	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1–4	[redacted]																	
5	[redacted]	$1,768.6	$0.0	$1,768.6	$2,345.2	[redacted]	$2,345.2	($576.6)	($501.0)		[redacted]							
6										($75.6)		($83.2)						
7		$2,615.2	$0.0	$2,615.2	$2,493.5		$2,493.5	$121.7	$11.9			[redacted]						
8										$109.9			$120.8					
9		$2,377.7	$0.0	$2,377.7	$2,459.0		[redacted]						[redacted]	[redacted]	[redacted]			
10										$0.0 (F)				$0.0				
11		$3,144.8	$0.0	$3,144.8	$3,444.2									[redacted]		[redacted]		
12										[redacted]								
13		$3,296.9	[redacted]		$3,484.4												[redacted]	
14																		
15		$3,879.5			$4,906.8													[redacted]
16																		
17		$5,620.7			$5,427.0													
18																		
19		$5,924.2			$6,031.5													
20																		
21–23									[redacted]									

Notes:

(F) 2002 Year-end True up of -$88 Million included in 2003 Mid-course correction filing

Adjusted Revenue is calculated by adjusting Actual Fuel Revenue with the MTM at the time of filing

Adjusted Expenditure is calculated by adjusting Actual Expenditure with the realized Hedge P&L

** Interest rate is 4.885%

[redacted]

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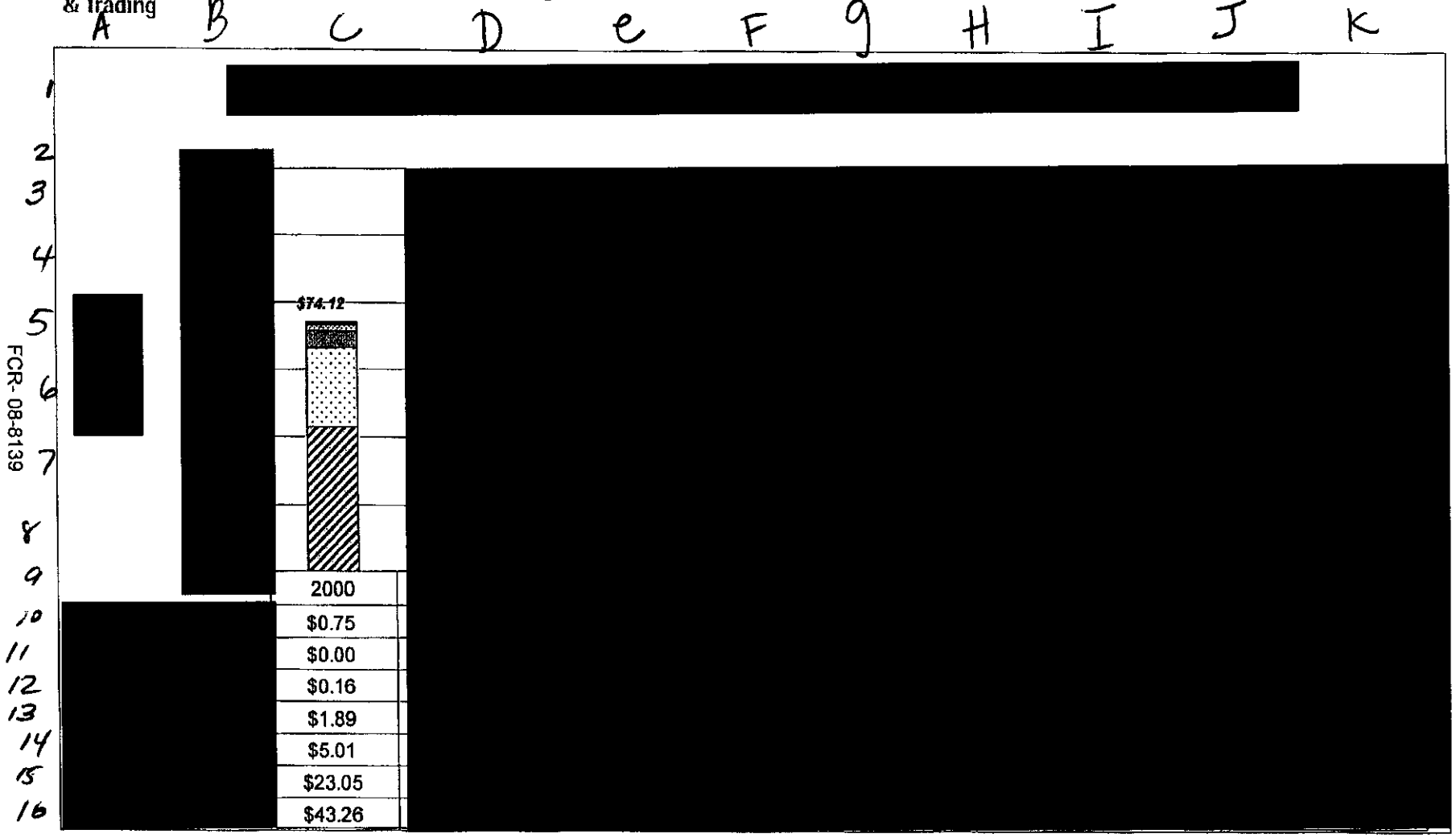

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Hedge and FCR Impacts

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	A	B	C	D	E	F	G	H	I	J
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3	1-Year Recovery w/ Hedge (Actual)	$74.12	$81.66	$76.22	$86.73	$86.43	$91.62	$108.61	$103.43	$102.49
4										
5										
6										
7										
8										
9										
10	1-Year Recovery w/ Hedge (Actual)	$2,345	$2,493	$2,459	$3,444	$3,484	$4,907	$5,427	$6,031	$6,152
11										
12										
13										
14										
15										
16										
17	1-Year Deferral with Hedges: Under Recovery of $93.2 Millions.									
18										
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FCR- 08-8140

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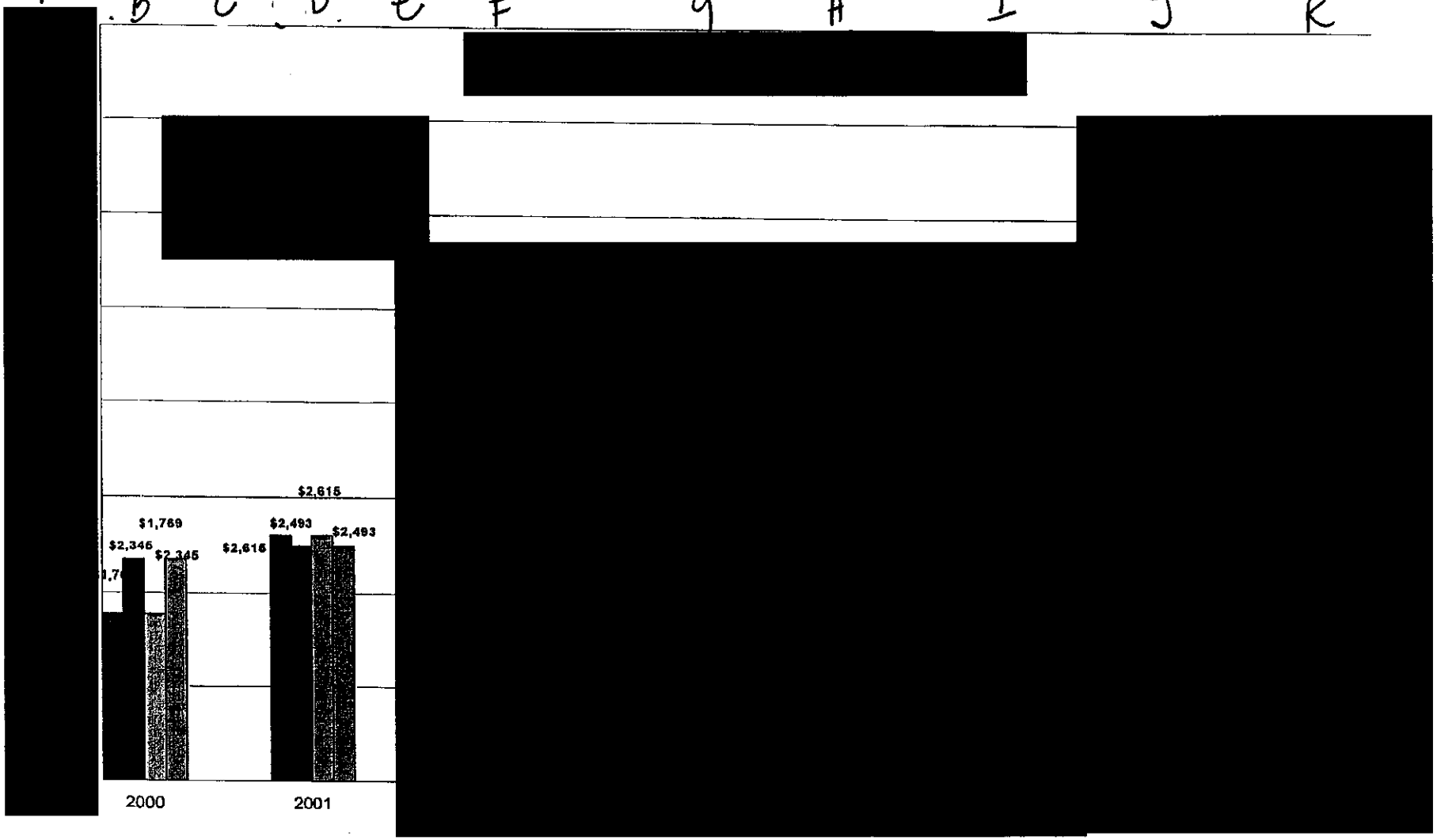
Fuel Revenues and Expenditures



FCR-08-8141

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Hedge and FCR Impacts

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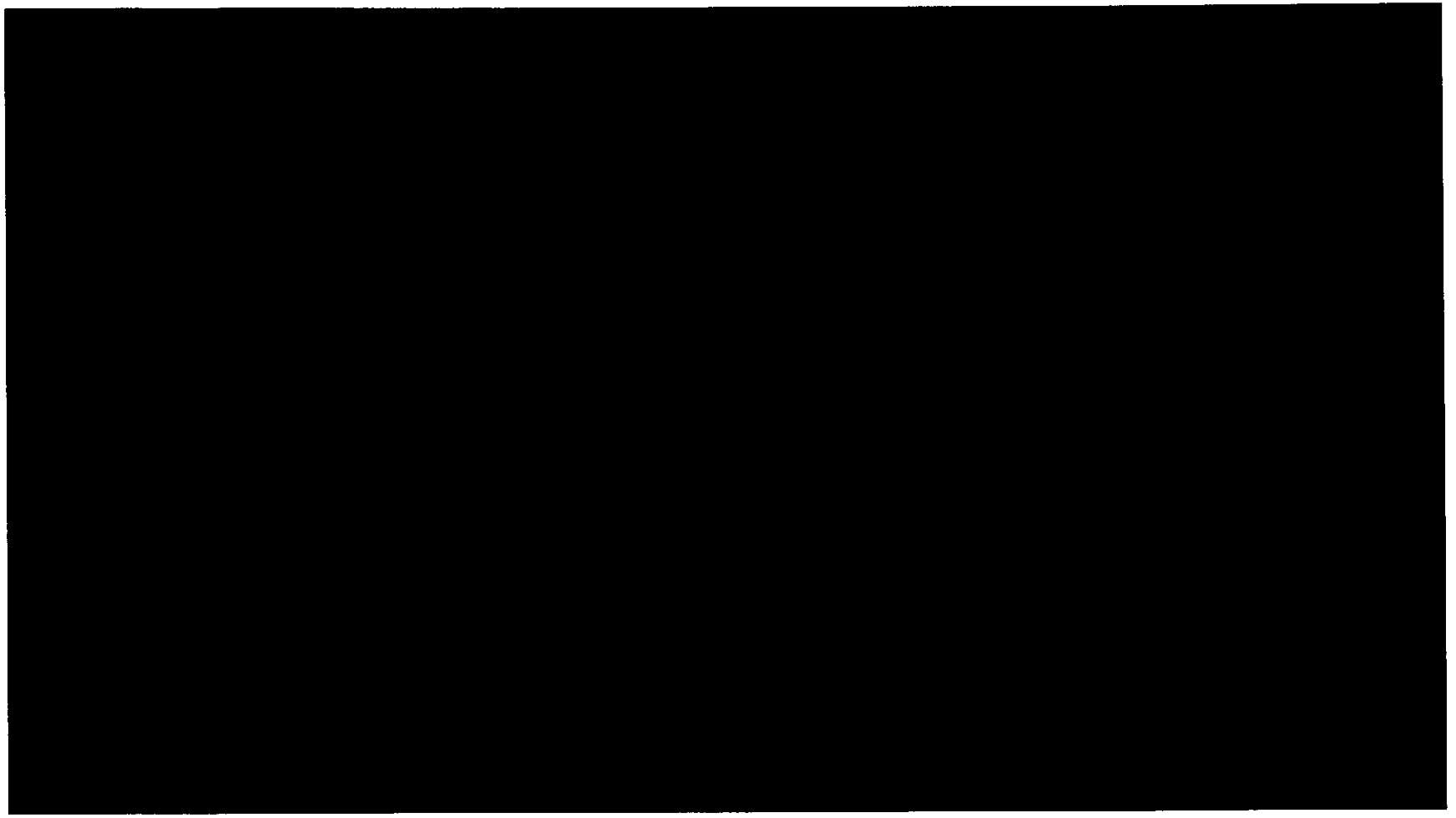

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Hedge and FCR Impacts

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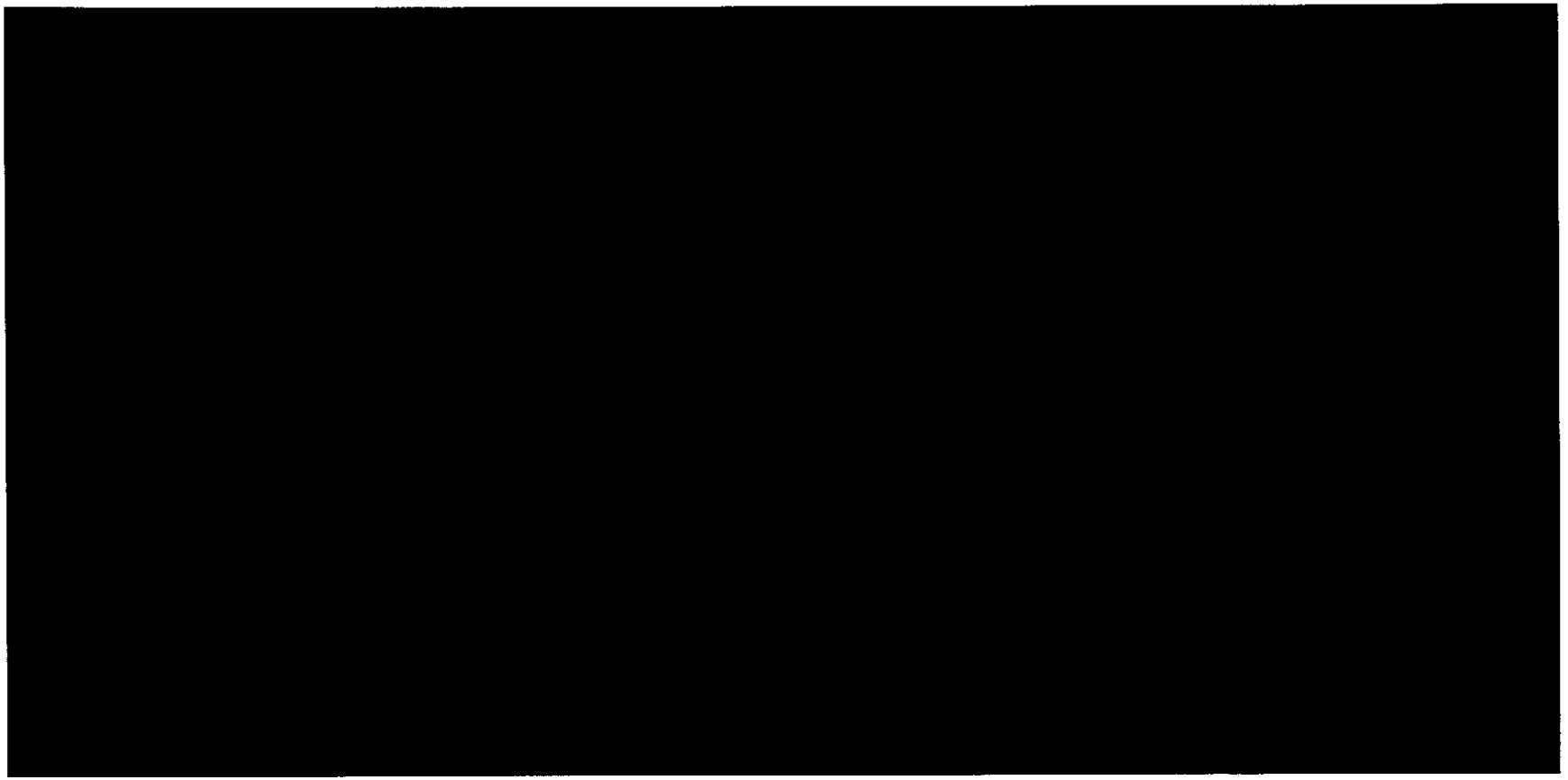

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Hedge and FCR Impacts

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3	Actual / 1-Yr w/ Hedges	Fuel Cost Recovery	($501.0)	($53.7)	$100.8	($341.2)	($138.4)	($750.4)	($37.3)	($75.9)		($1,807.0)
4		Interest Paid/(Received)	($24.5)	($7.0)	$10.6	($16.7)	($4.6)	($37.0)	($16.4)	($6.4)		($102.0)
5		NET TOTAL	($525.5)	($70.7)	$111.4	($357.9)	($143.0)	($787.4)	($53.6)	($82.4)		($1,909.0)

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FCR- 08-8144

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Hedge and FCR Impacts

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	A	B	C	D	E	F	G	H	I	J	K
1	[redacted]										
2		[redacted]									
3	1-Year Recovery w/ Hedge (Actual)	6.32%	-1.38%	40.06%	1.17%	40.82%	10.60%	11.14%	2.00%		13.84%	17.00%
4	[redacted]										
5											
6											
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FCR-08-8145

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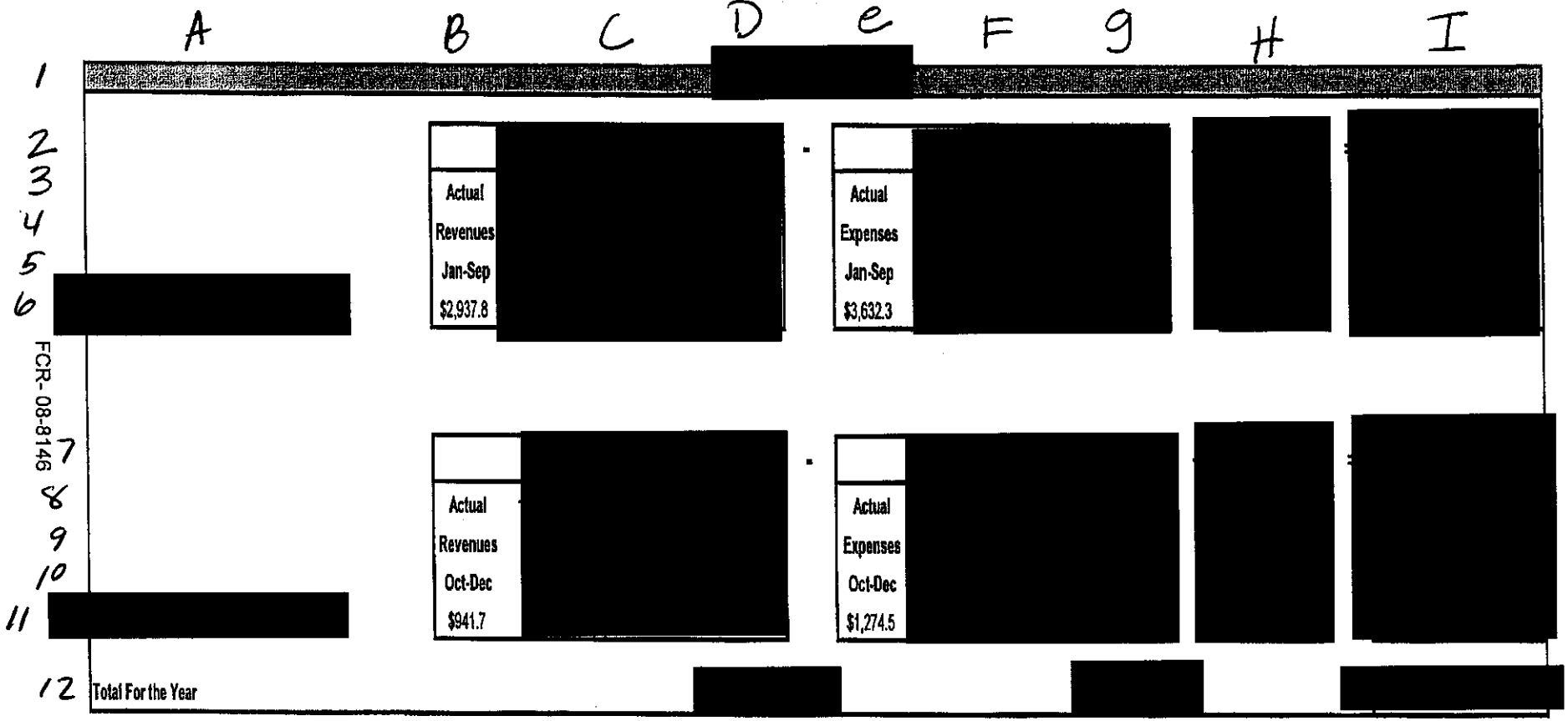
Supporting Documentation:2005



13 [redacted]

14 (B) For the Year-End True-up, we have the actual Hedge P&L for Oct-Dec, hence the MTM assumed in the Estimated/Actuals calculation has to be added back to remove its impact

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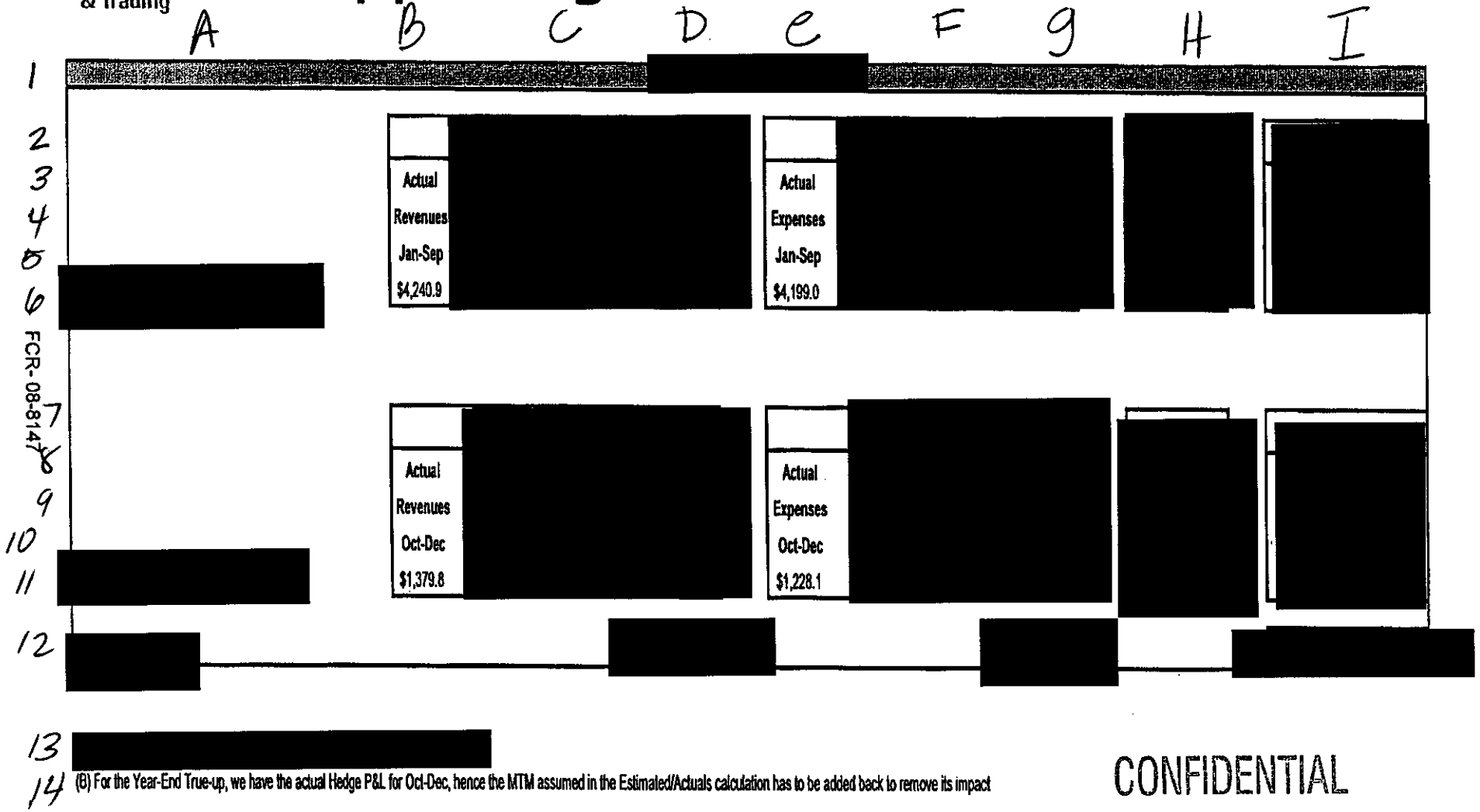
Supporting Documentation:2006



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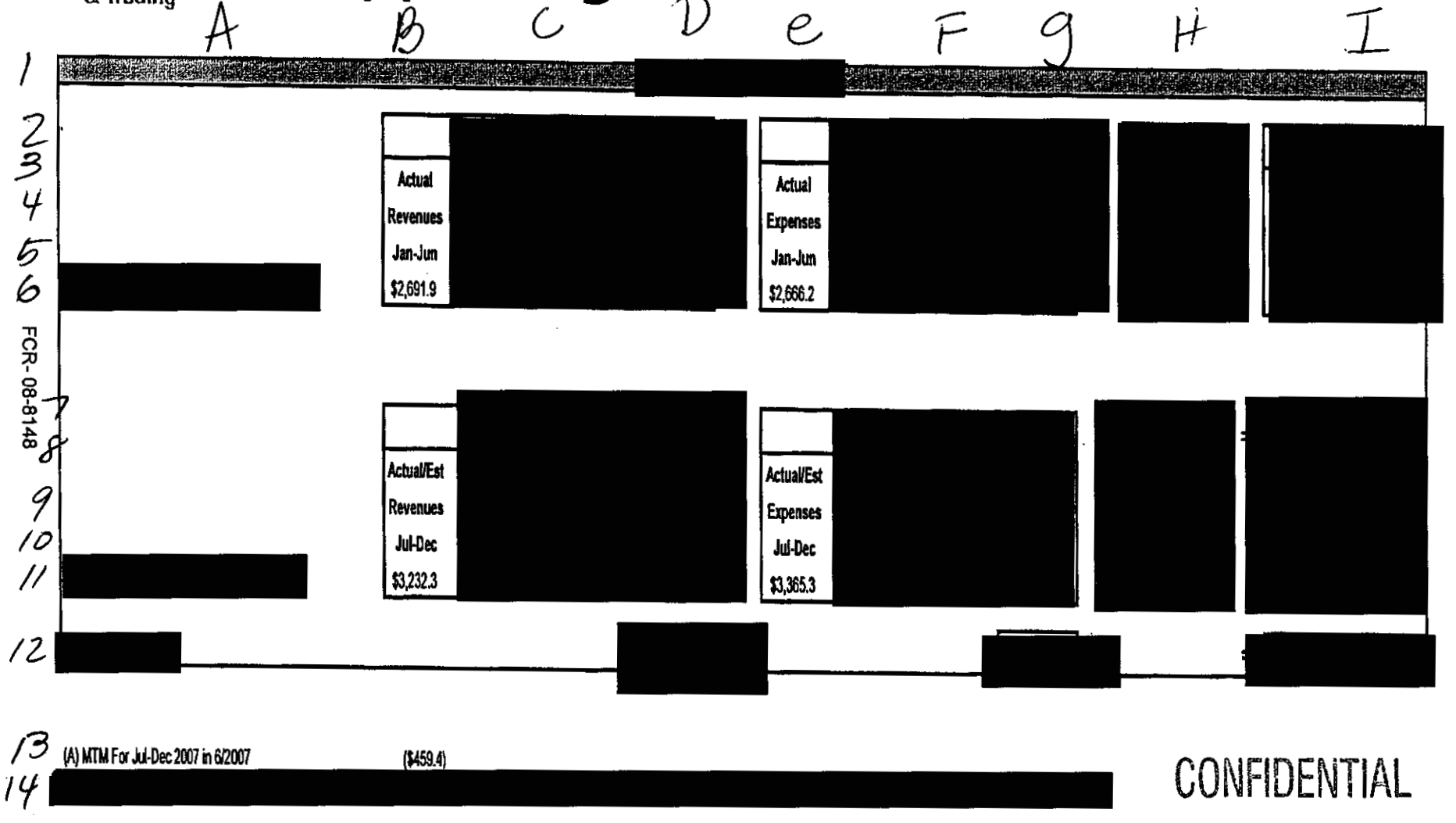
Supporting Documentation:2007



FCR-08-8148

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FCR-080004

	B	C	D	E	F	G	H	I	J
	ACTUAL								
	juris tot fuel cost		UPDATED MTM (affects FCR for next yr)	FILED MTM			Year End Estimated/Actuals (D)	Year-End True Up (E) *	
Jun-00	110,370,175								
Jul-00	109,862,563								
Aug-00	140,497,821								
Sep-00	154,160,233								
Oct-00	194,748,315								
Nov-00	242,201,475								
Dec-00	260,668,475								
Jan-01	264,268,401								
Feb-01	291,313,343								
Mar-01	242,036,250								
Apr-01	173,497,619								
May-01	161,606,481						-500,967,153	-75,643,873	
Jun-01	255,474,478								
Jul-01	180,973,979								
Aug-01	200,208,623								
Sep-01	239,799,560								
Oct-01	217,272,162								
Nov-01	244,109,302								
Dec-01	226,669,350								
Jan-02	260,399,820								
Feb-02	211,573,009								
Mar-02	168,401,017								
Apr-02	147,461,880								
May-02	141,128,810						11,857,803	109,849,248	
Jun-02	138,750,238								
Jul-02	112,522,863								
Aug-02	165,613,599								
Sep-02	207,783,450								
Oct-02	233,368,559								
Nov-02	209,388,715								
Dec-02	225,678,886								
	244,893,846								
	256,813,625								
	285,777,608								
	192,632,638								
	185,776,989						-8,975,317	-72,286,383	

	A	B	C	D	E	F	G	H	I	J
	Jan-03	219,415,561								
	Feb-03	182,596,295								
	Mar-03	360,162,847								
	Apr-03	249,214,815								
	May-03	334,359,838								
	Jun-03	340,144,346								
	Jul-03	354,311,605		-308,628						
	Aug-03	315,208,491		-308,628						
	Sep-03	322,663,131		-308,628						
	Oct-03	307,975,151		-308,628						
	Nov-03	243,514,853		-308,628						
	Dec-03	194,630,015		-308,628				-341,219,769	41,858,564	
	Jan-04	200,388,424		**-3,650,873**	**-3,650,873**					
	Feb-04	190,839,915		-3,650,873	-3,650,873					
	Mar-04	227,845,667		-3,650,873	-3,650,873					
	Apr-04	246,666,105		-3,650,873	-3,650,873					
	May-04	296,473,119		-3,650,873	-3,650,873					
	Jun-04	368,593,827		-3,650,873	-3,650,873					
	Jul-04	366,091,836		**33,046,429**	-3,650,873					
	Aug-04	354,873,067		33,046,429	-3,650,873					
	Sep-04	356,779,540		33,046,429	-3,650,873					
	Oct-04	346,435,378		**32,635,744**	-3,650,873					
	Nov-04	265,949,853		32,635,744	-3,650,873					
	Dec-04	263,460,279		32,635,744	-3,650,873			-180,244,299	-7,218,369	
	Jan-05	287,924,702		**8,363,999**	**8,363,999**					
	Feb-05	240,670,266		8,363,999	8,363,999					
	Mar-05	287,517,261		8,363,999	8,363,999					
	Apr-05	303,451,446		8,363,999	8,363,999					
	May-05	364,008,411		8,363,999	8,363,999					
	Jun-05	392,040,034		8,363,999	8,363,999					
	Jul-05	571,590,740		8,363,999	8,363,999					
	Aug-05	551,850,931		8,363,999	8,363,999					
	Sep-05	633,250,853		8,363,999	8,363,999					
	Oct-05	542,397,963		**164,495,039**	8,363,999					
	Nov-05	408,210,941		164,495,039	8,363,999					
	Dec-05	323,895,171		164,495,039	8,363,999			-743,140,130	-284,216,424	
	Jan-06	337,659,003		**89,161,938**	**89,161,938**					
	Feb-06	311,062,232		89,161,938	89,161,938					
	Mar-06	388,152,872		89,161,938	89,161,938					
	Apr-06	464,343,622		89,161,938	89,161,938					
	May-06	517,037,224		89,161,938	89,161,938					
	Jun-06	539,834,456		89,161,938	89,161,938					
	Jul-06	536,034,917		**-36,063,023**	89,161,938					
	Aug-06	601,326,990		**-584,360**	89,161,938					
	Sep-06	503,538,863		-584,360	89,161,938					
	Oct-06	465,343,500		**-79,066,662**	89,161,938					
	Nov-06	404,050,942		-79,066,662	89,161,938					
	Dec-06	358,666,454		-79,066,662	89,161,938			247,032,294	-53,411,828	
	Jan-07	**374,044,069**		**-42,270,274**	**-42,270,274**					
	Feb-07	**349,639,607**		-42,270,274	-42,270,274					
	Mar-07	**356,941,676**		-42,270,274	-42,270,274					
	Apr-07	**477,180,895**		-42,270,274	-42,270,274					
	May-07	**545,122,722**		-42,270,274	-42,270,274					
	Jun-07	**563,239,426**		-42,270,274	-42,270,274					
	Jul-07	**617,671,420**		**-76,562,510**	-42,270,274					
	Aug-07	**679,076,273**		-76,562,510	-42,270,274					

UNRELATED

A	B	C	D	E	F	G	H	I	J
Sep-07	**619,199,048**	[redacted]	-76,562,510	-42,270,274	[redacted]				[redacted]
Oct-07	**607,445,280**		-76,562,510	-42,270,274					
Nov-07	422,900,000		-76,562,510	-42,270,274					
Dec-07	406,200,000		-76,562,510	-42,270,274			**-22,525,321**	-97,774,967	
Jan-08	$416,146,862								
Feb-08	$390,473,378								
Mar-08	$425,504,729								
Apr-08	$492,131,888								
May-08	$524,578,161								
Jun-08	$575,469,112								
Jul-08	$658,015,461								
Aug-08	$657,458,111								
Sep-08	$582,662,932								
Oct-08	$557,863,225								
Nov-08	$441,658,698								
Dec-08	$429,990,469								
Jan-09	$416,146,862								
Feb-09	$390,473,378								
Mar-09	$425,504,729								
Apr-09	$492,131,888								
May-09	$524,578,161								
Jun-09	$575,469,112								
Jul-09	$658,015,461								
Aug-09	$657,458,111								
Sep-09	$582,662,932								
Oct-09	$557,863,225								
Nov-09	$441,658,698								
Dec-09	$429,990,469								
	$6,151,954,028								

FCR-08-8151

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FCR-08-8152

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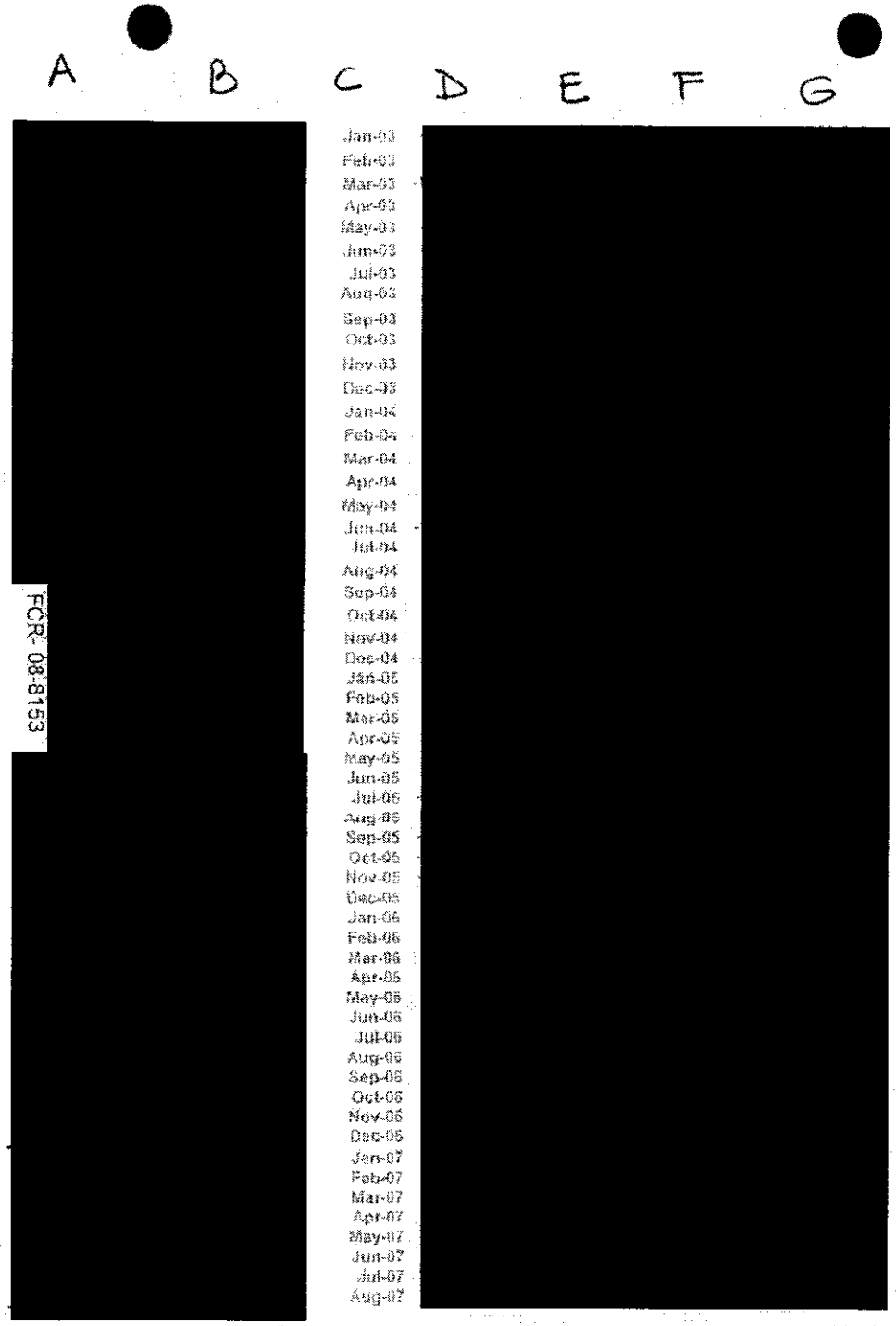
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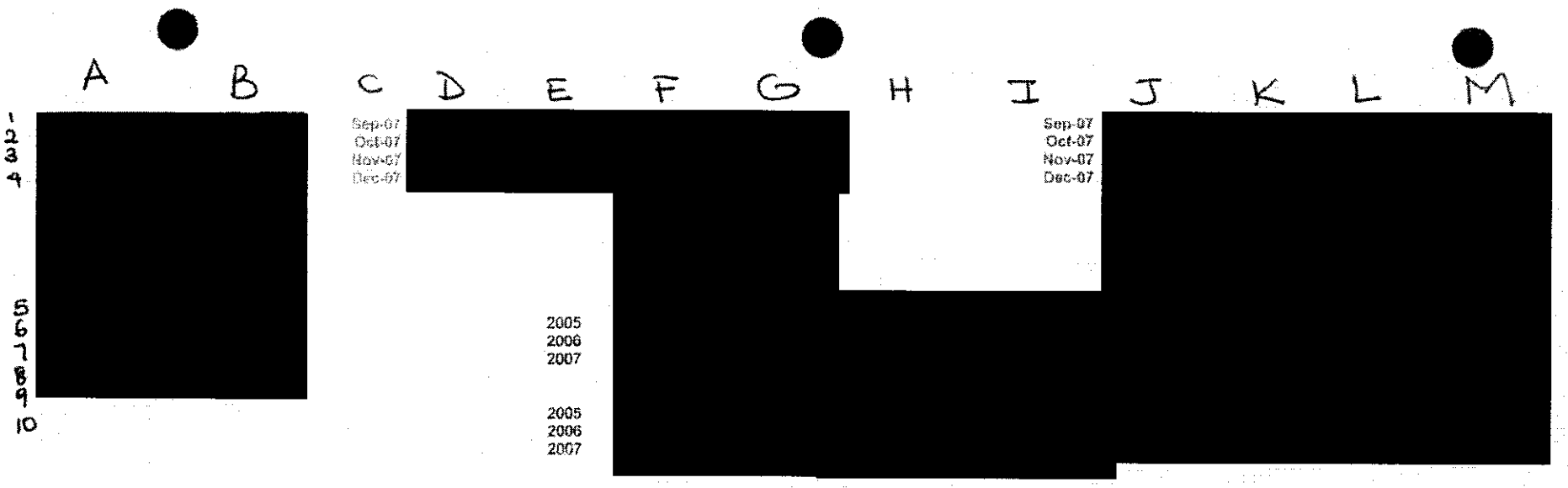

FCR-08-8154

UNCLASSIFIED

A B C D E F G H I J K L M

FCR-08-8155

ACTUAL		actual r/(under)		jan to aug act sep to dec est	difference sep to dec	
Juris. Fuel revenues		h hedging		w hedging	w hedging	
123,280,084		12,916,513		12,916,513		
118,978,17[illegible]		9,115,607		9,115,607		
116,412,80[illegible]		-24,085,019		-24,085,019		
119,154,49[illegible]		-35,005,741		-35,005,741		
128,906,05[illegible]		-68,242,258		-68,242,258		
160,145,11[illegible]		-82,056,358		-82,056,358		
160,752,21[illegible]		-79,916,258		-79,916,258		
166,650,61[illegible]		-78,609,881		-78,609,881		
188,879,28[illegible]		-102,443,056		-102,443,056		
167,994,23[illegible]		-74,042,016		-74,042,016		
136,933,44[illegible]		-34,564,171		-34,564,171		
141,026,08[illegible]		-19,678,392		**55,965,481**	**-75,643,873**	
192,468,84[illegible]		-63,005,836		-63,005,836		
170,897,25[illegible]		-10,106,725		-10,106,725		
165,135,471		-35,073,152		-35,073,152		
201,217,909		-38,581,960		-38,581,960		
211,519,319		-5,752,843		-5,752,843		
260,232,154		16,127,852		16,127,852		
276,832,982		50,163,632		50,163,632		
274,130,041		13,730,221		13,730,221		
293,810,761		82,237,752		82,237,752		
209,464,476		41,053,479		41,053,479		
178,369,587		30,907,707		30,907,707		
181,135,734		40,006,924		**-69,842,324**	**109,849,248**	
192,142,254		53,392,016		53,392,016		
199,907,451		57,384,568		57,384,568		
160,761,356		-4,852,243		-4,852,243		
179,077,115		-28,156,335		-28,156,335		
199,999,259		-33,369,300		-33,369,300		
211,690,365		2,301,651		2,301,651		
207,140,859		-18,538,027		-18,538,027		
226,810,445		-18,083,401		-18,083,401		
230,072,322		-26,741,303		-26,741,303		
223,920,564		-61,857,044		-61,857,044		
198,770,822		7,138,184		7,138,184		
175,886,503		-9,680,486		**62,405,897**	**-72,286,383**	

FCR-08-8156

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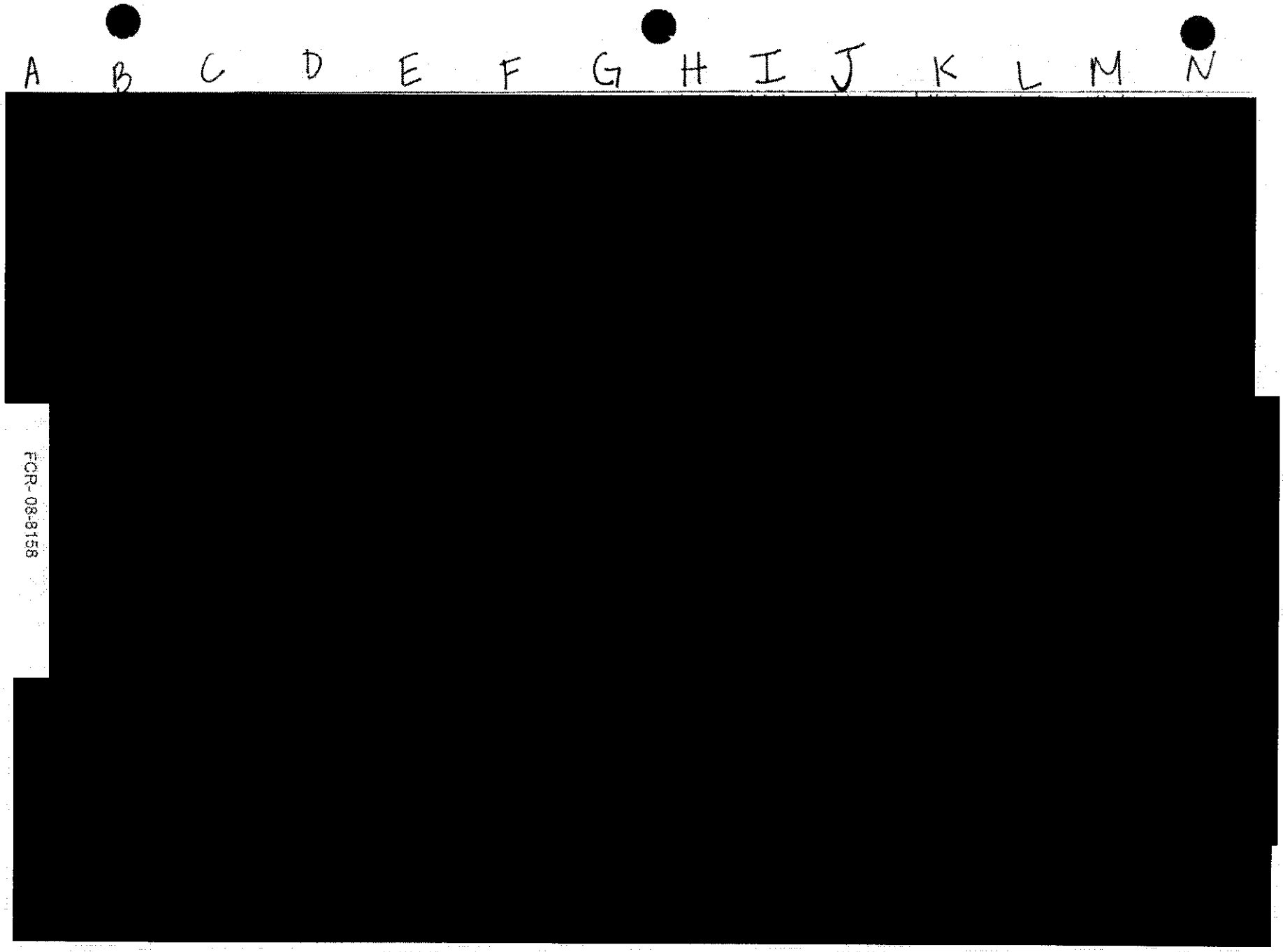
201,197,640	[redacted]	-18,307,921	[redacted]		-18,307,921		[redacted]					
198,961,794		16,365,499			16,365,499							
200,305,041		-179,856,906			-179,856,906							
212,684,873		-29,529,942			-29,529,942							
242,449,255		-91,910,582			-91,910,582							
275,560,743		-64,583,603			-64,583,603							
284,663,051		-69,647,944			-69,647,944							
321,388,219		6,189,728			6,189,728							
301,375,780		8,712,649			8,712,649							
312,235,221		4,260,070			4,260,070							
285,761,700		42,246,847			42,246,847							
271,330,915		76,700,900			**34,842,336**	**41,858,564**						
252,577,273		52,186,849			52,186,849							
234,732,882		43,892,967			43,892,967							
229,970,293		1,724,626			1,724,626							
230,952,982		-25,713,113			-25,713,113							
352,236,758		-44,236,381			-44,236,381							
313,206,196		-55,387,432			-55,387,432							
343,237,981		-22,653,875			-22,653,875							
310,350,606		-44,522,371			-44,522,371							
307,916,190		-48,861,440			-48,861,440							
284,831,405		-51,603,890			-51,603,890							
273,290,533		7,280,686			7,280,686							
264,063,985		628,706			**7,847,075**	**-7,218,369**						
295,923,398		12,048,604			12,048,604							
272,559,008		31,888,822			31,888,822							
267,900,439		-19,616,822			-19,616,822							
276,902,452		-27,548,994			-27,548,994							
390,078,787		-73,329,654			-73,329,654							
349,272,795		-42,767,239			-42,767,239							
354,454,212		-187,136,528			-187,136,528							
338,998,948		-153,182,086			-153,182,086							
368,386,979		-234,883,924			-234,883,924							
366,324,132		-177,073,831			-177,073,831							
279,843,866		-128,367,055			-128,367,055							
296,505,324		-27,389,847			**256,826,577**	**-284,216,424**						
410,049,421		72,390,418			72,390,418							
382,433,866		71,376,656			71,376,656							
376,355,819		-11,797,053			-11,797,053							
404,092,526		-60,284,097			-60,284,097							
457,727,572		-59,309,652			-59,309,652							
630,253,421		-9,571,035			-9,571,035							
559,285,903		23,220,985			23,220,985							
584,782,324		-36,544,666			-36,544,666							
555,960,044		52,411,181			52,411,181							
517,902,795		52,559,295			52,559,295							
439,963,879		35,912,928			35,912,928							
421,975,954		63,319,200			**116,731,028**	**-53,411,828**						
467,246,697		113,204,023			113,204,023							
416,659,005		66,929,398			66,929,398							
411,860,381		54,918,711			54,918,711							
417,685,071		-59,285,823			-59,285,823							
454,669,756		-90,762,966			-90,762,966							
503,944,191		-59,295,232			-59,295,232							
567,565,948		-50,165,770			-50,165,770							
573,154,91		-106,921,356			-106,921,356							

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	500,088,094	[redacted]	-19,210,954	[redacted]		-19,210,954		[redacted]					
2	531,134,971		-76,310,309			-76,310,309							
3	462,700,000		39,800,000			39,800,000							
4	472,900,000		66,700,000			**164,474,957**	**-97,774,957**						
5			-416,146,862										
6			-390,473,378										
7			-425,504,729										
8			-492,131,688										
9			-524,578,161										
10			-575,469,112										
11			-656,015,461										
12			-657,456,111										
13			-582,662,932										
14			-557,863,225										
15			-441,659,698										
16			-429,990,469										
17			-416,146,862										
18			-390,473,378										
19			-425,504,729										
20			-492,131,688										
21			-524,578,161										
22			-575,469,112										
23			-656,015,461										
24			-657,456,111										
25			-582,662,932										
26			-557,863,225										
27			-441,659,698										
28			-429,990,469										
29					5,564,282,839								
30	26,833,124,780		-1,400,453,193	[redacted]	27,024,316,635	-1,037,253,044	-363,200,149	-133,665,482	-248,347,784			1,906,079,482	

FCR-08-8157



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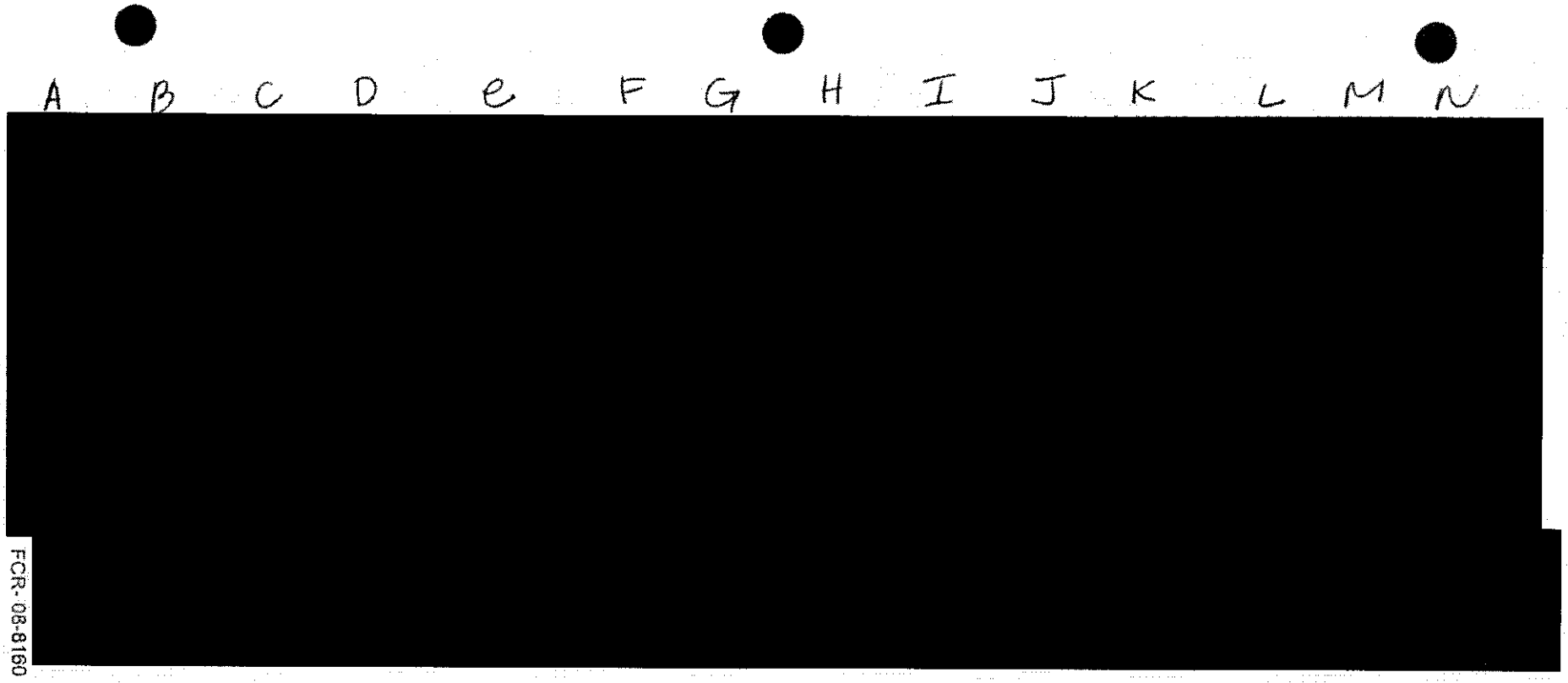
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FCR- 08-8160

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1-FCR-08-816T

ACTUAL

All figures in $ [illegible]

	HEDGING BENEFIT		
2000	0	[redacted]	2000
2001	0		2001
2002	46,304,510		2002
2003	10,607,226		2003
2004	248,057,567		2004
2005	621 637 939		2005
2006	-468 638,337		2006
2007	857,151,355		2007
2008			2008

	[redacted]
2000	
2001	
2002	
2003	
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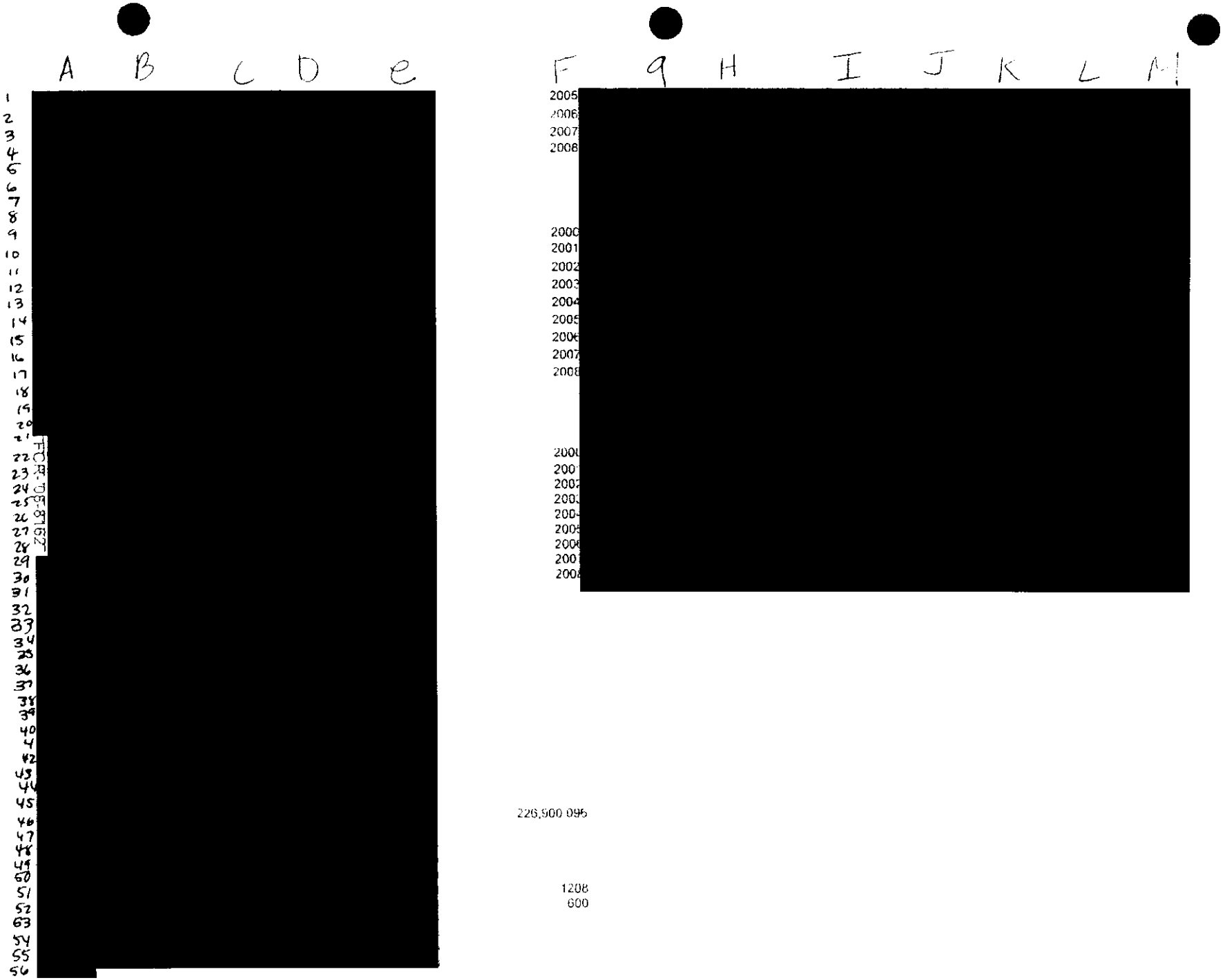
2005	
2006	
2007	
2008	

E/I impact

	[redacted]
2000	
2001	
2002	
2003	
2004	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226,900 096
1208
600

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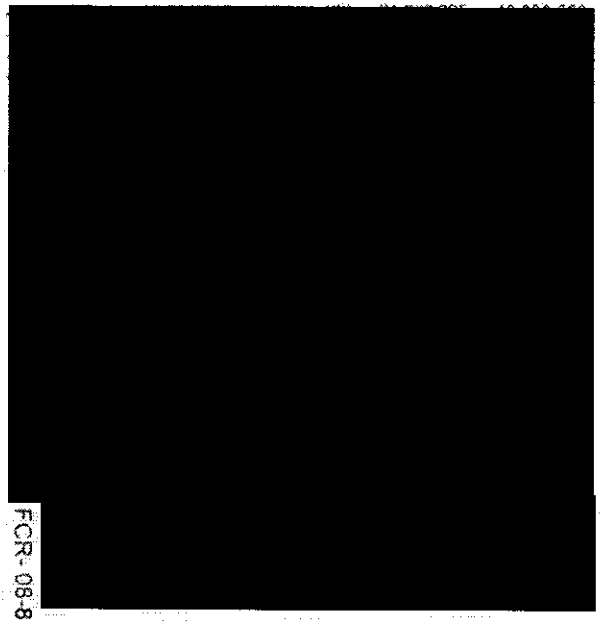

FCR- 08-8163

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FCR-98-8164

Actual Cost w/ Hedges
$2,345
$2,493
$2,459
$3,444
$3,484
$4,907
$5,427
$6,019
$6,152
$6,152

[redacted]

Actual Revenue	Over/(Under) w/ Hedges
$1,769	($577)
$2,615	$122
$2,378	($81)
$3,145	($299)
$3,297	($187)
$3,879	($1,027)
$5,621	$194
$5,898	($120)
$5,933	($219)
$5,933	($219)

Total

[redacted]

[redacted]

$0
($525)
$12
($41)
($371)
($433)
($1,374)
$1,415
$652
$0
$0

[redacted]

Year	Actual Revenue (Jan-Dec)	Actual Cost (Jan-Dec) w/ Hedges
2000	$1,769	$2,345
2001	$2,615	$2,493
2002	$2,378	$2,459
2003	$3,145	$3,444
2004	$3,297	$3,484
2005	$3,879	$4,907
2006	$5,621	$5,427
2007	$5,898	$6,019
2008	$0	$6,152
2009	$0	$6,152
Total	**$28,602**	**$30,579**

Current FCR Method: 1-Year Deferral

Year	Actual Revenue (Jan-Dec)	Actual Cost (Jan-Dec) w/ Hedges
2000	$1,769	$2,345
2001	$2,615	$2,493
2002	$2,378	$2,459
2003	$3,145	$3,444
2004	$3,297	$3,484
2005	$3,879	$4,907

	2006	$5,621	$5,427
	2007	$5,898	$6,019
	Total	$28,602	$30,579

[redacted]

JURIS. KWH SALES (from A-Schedules)

Year	ACTUAL	ESTIMATE
2000	85,722,255,000	85,722,255,000
2001	90,214,916,058	[illegible]
2002	95,525,064,711	[illegible]
2003	99,601,319,985	[illegible]
2004	99,004,371,845	[illegible]
2005	102,296,437,940	[illegible]
2006	100,658,585,704	[illegible]
2007	100,218,859,244	[illegible]
2008		111,773,808,000
2009		

Rate Replication

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Year
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2009

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1, Recovery with Hedges.

Recovery (Jan-Aug Actuals, Sep-Dec Est.)	1-Year Deferral	Actual True-up (Sept-Dec)	1-Year recovery Net cashflow
($577)	($501)	($76)	$0
$122	$12	$110	($525)
($81)	($9)	($72)	($71)
($299)	($341)	$42	$111
($187)	($180)	($7)	($437)
($1,027)	($743)	($284)	($143)

	A	B	C	D	E	F	G	H	I	J
1	$194	$247	($53)	($787)						
2	($120)	($23)	($98)	($53)						
3	($1,977)	($1,538)	($439)	($1,906)						
4	[redacted]									
5										
6	Actual Revenue	Actual Cost	#REF!	FCR (Actual)	True-Up (Actual)	Actual Rates (Historical)	[redacted]			
7	$1,769	$2,345	$2,345	($501)	($76)	74.12				
8	$2,615	$2,493	$2,493	$12	$110	81.66				
9	$2,378	$2,459	$2,505	($9)	($72)	76.22				
10	$3,145	$3,444	$3,455	($341)	$42	86.73				
11	$3,297	$3,484	$3,732	($180)	($7)	86.43				
12	$3,879	$4,907	$5,528	($743)	($284)	91.62				
13	$5,621	$5,427	$4,958	$247	($53)	108.61				
14	$5,898	$6,019	$5,162	($23)	($98)	103.43				
15	$0	$0	$5,911	$0	$0	102.49				
16	$0	$0	$6,084	$0	$0	106.02				
17	[redacted]									
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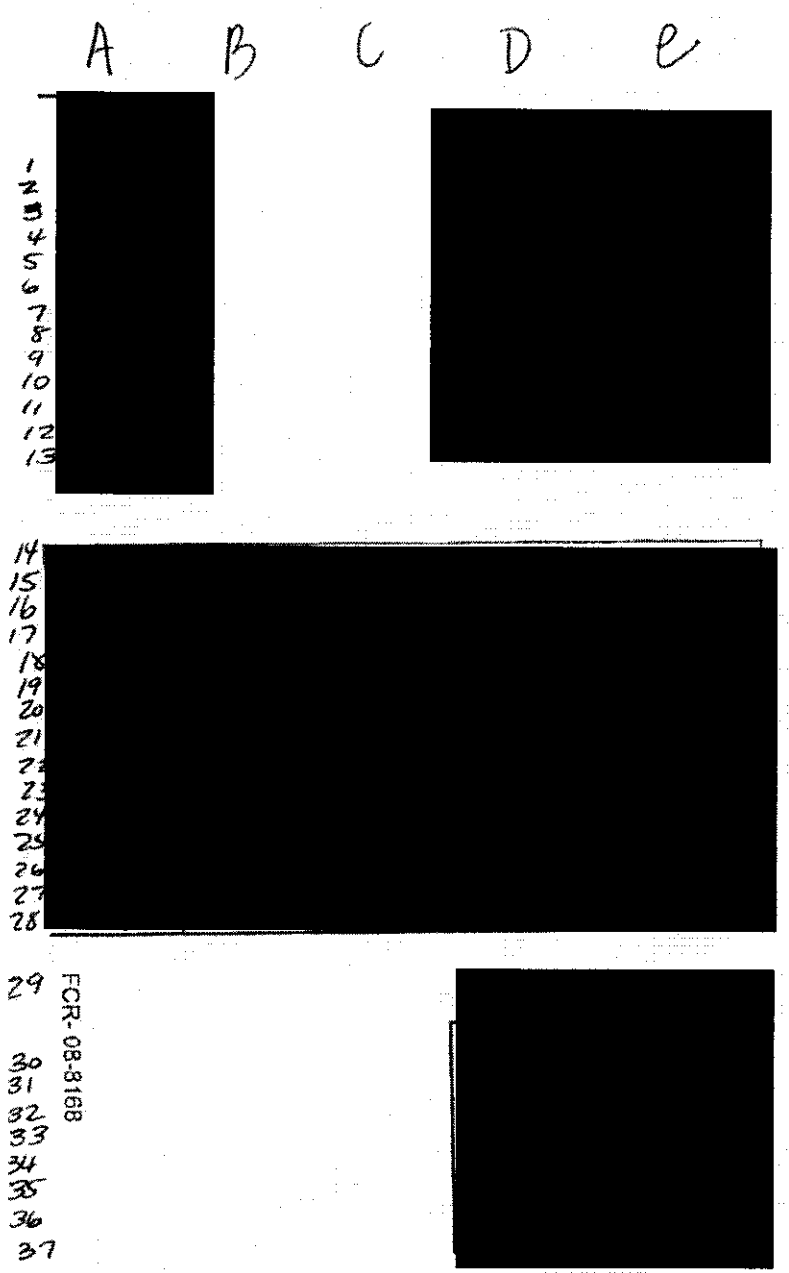
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FCR-08-8169

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

[redacted]

16 17 18 19 20 21 22 23 24 25

[redacted]

FCR 08-8170

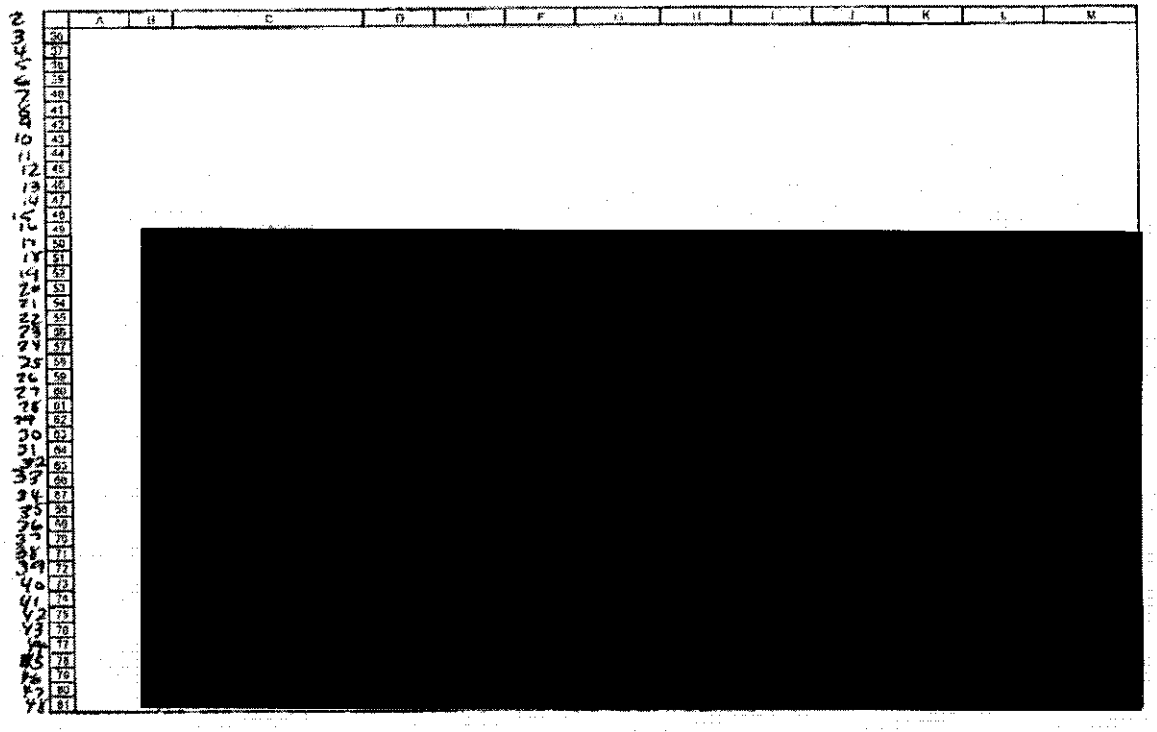
FCR-08-8171

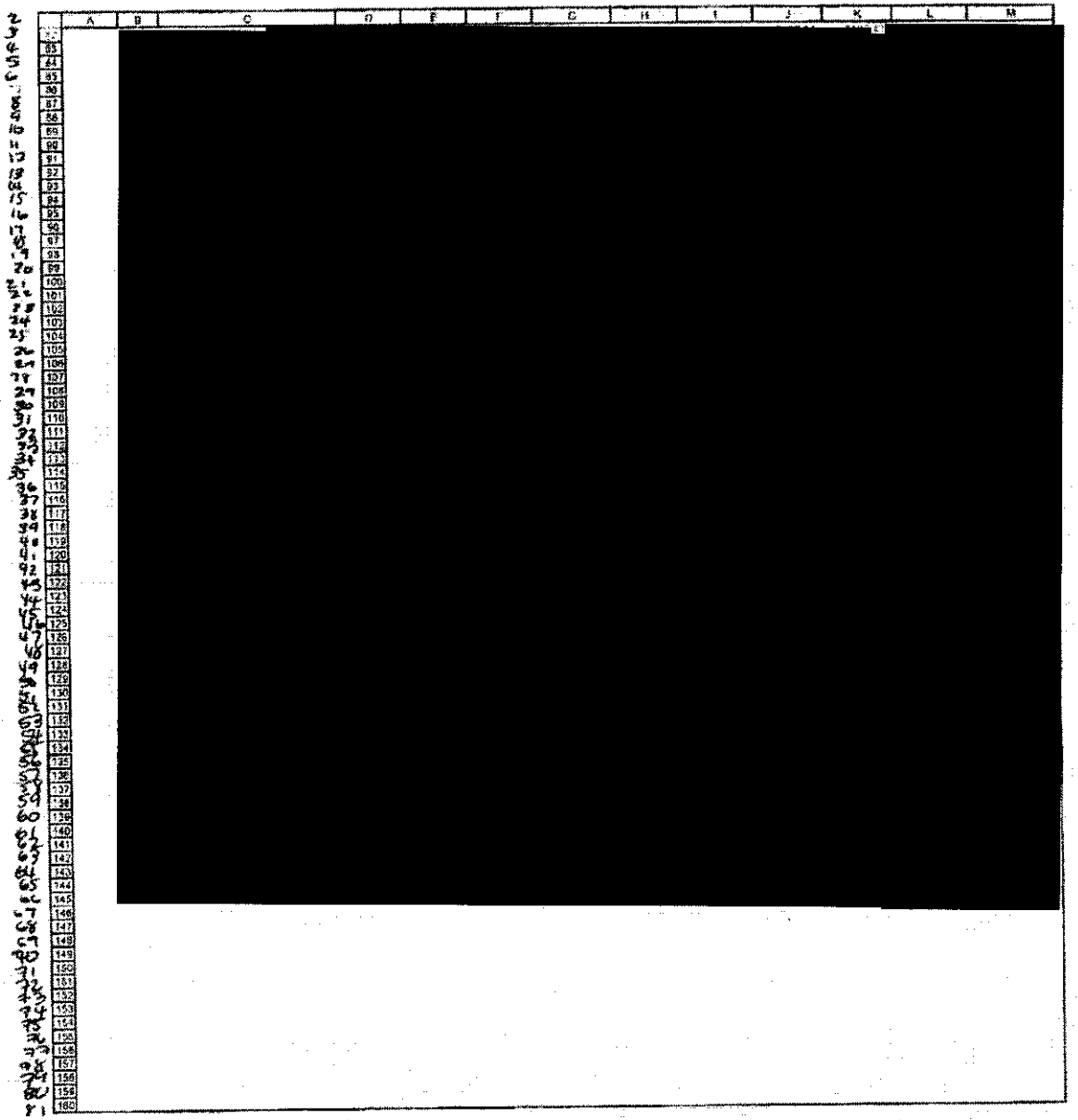
FCR Impact on Residential

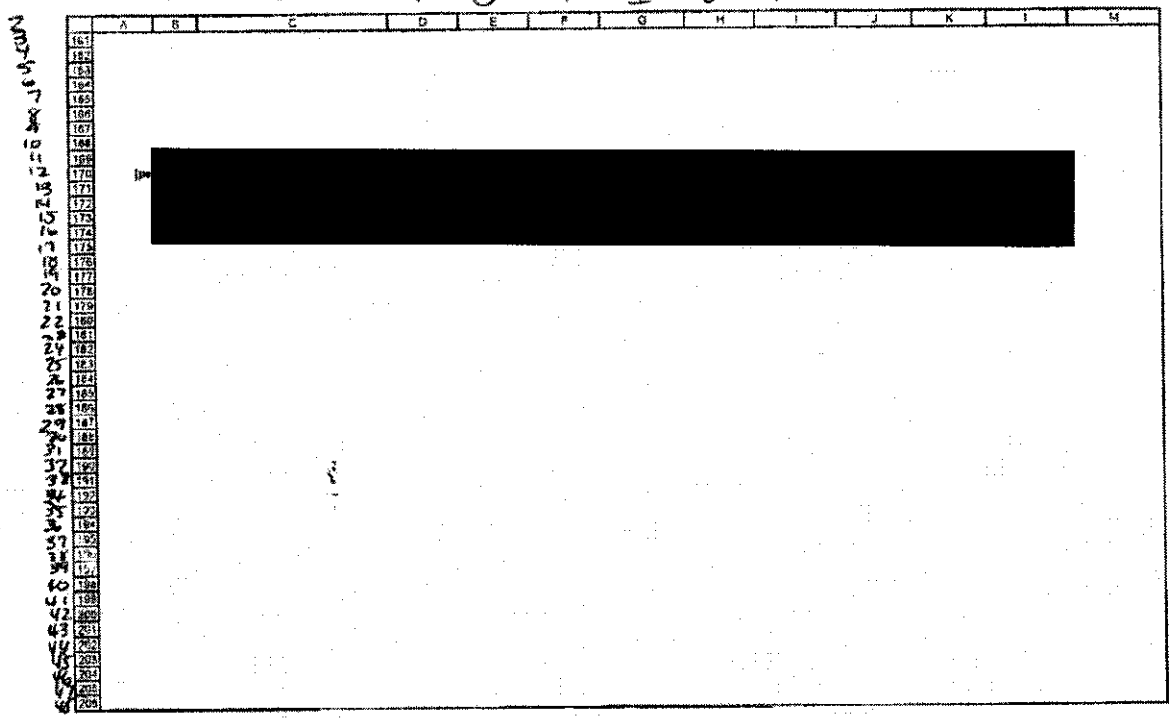
	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2						Net					[redacted]		
3		Year	Actual Cost w/ Hedges	Actual Cost w/o Hedges	Hedge Impact	Hedge impact on Residential 1,000 kWh Bill	Year impacted	Actual Revenue		Over/(Under) w/ Hedges	[redacted]		
4		2000	$1,789	[redacted]				$1,782		($377)			
5	[illegible]	2001	$2,615					$2,615		$122			
6	[illegible]	2002	$2,378					$2,378		($85)			
7	[illegible]	2003	$3,145					$3,145		($289)			
8	[illegible]	2004	$3,297					$3,207		($187)			
9	[illegible]	2005	$3,679					$3,679		($1,027)			
10	[illegible]	2006	$5,621					$5,621		$194			
11	[illegible]	2007	$5,898					$5,863		($42)			
12	[illegible]	2008	[illegible]					[illegible]					
13	114.98	2009	[illegible]										

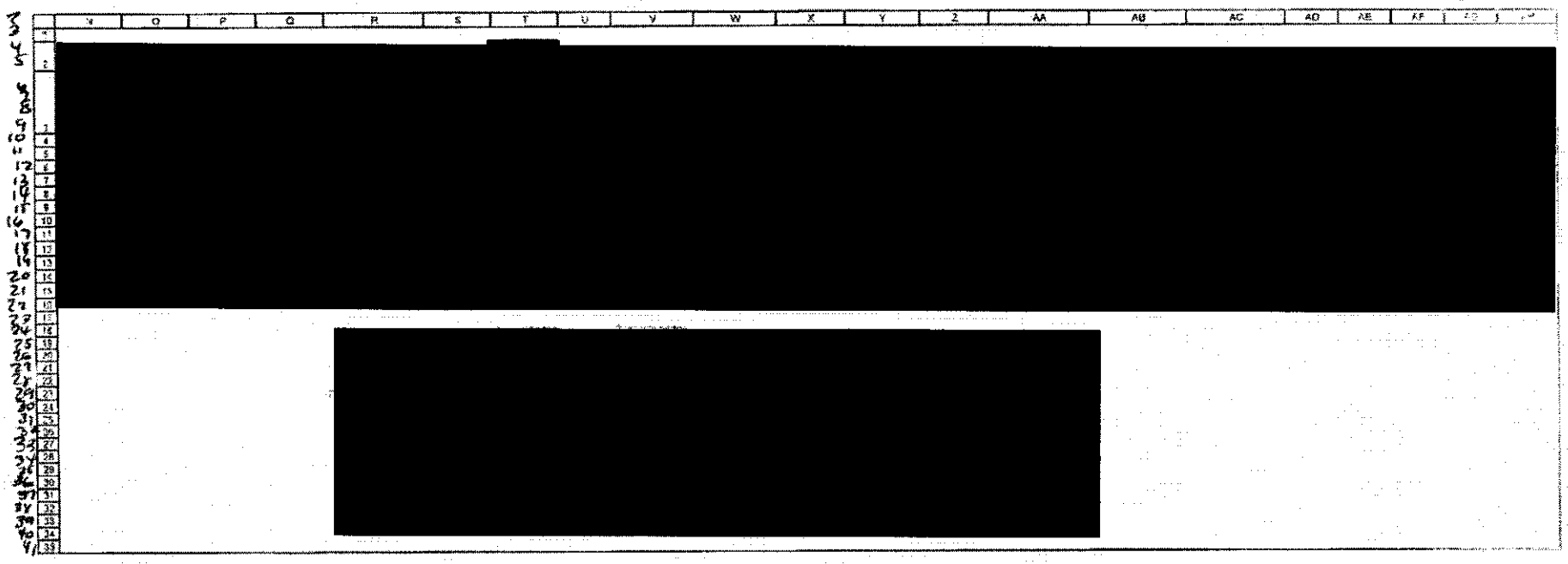
[redacted]

FCR-08-8172

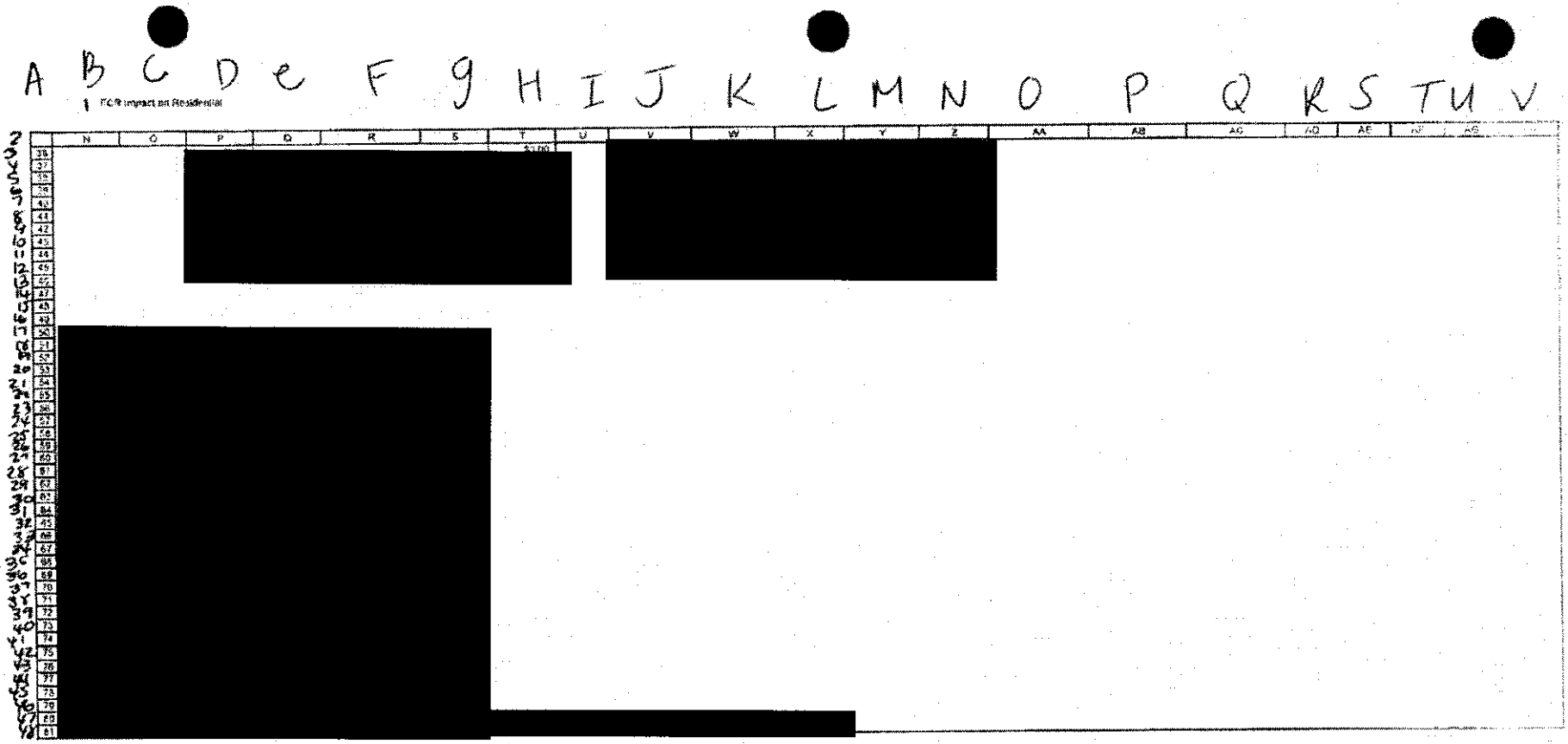




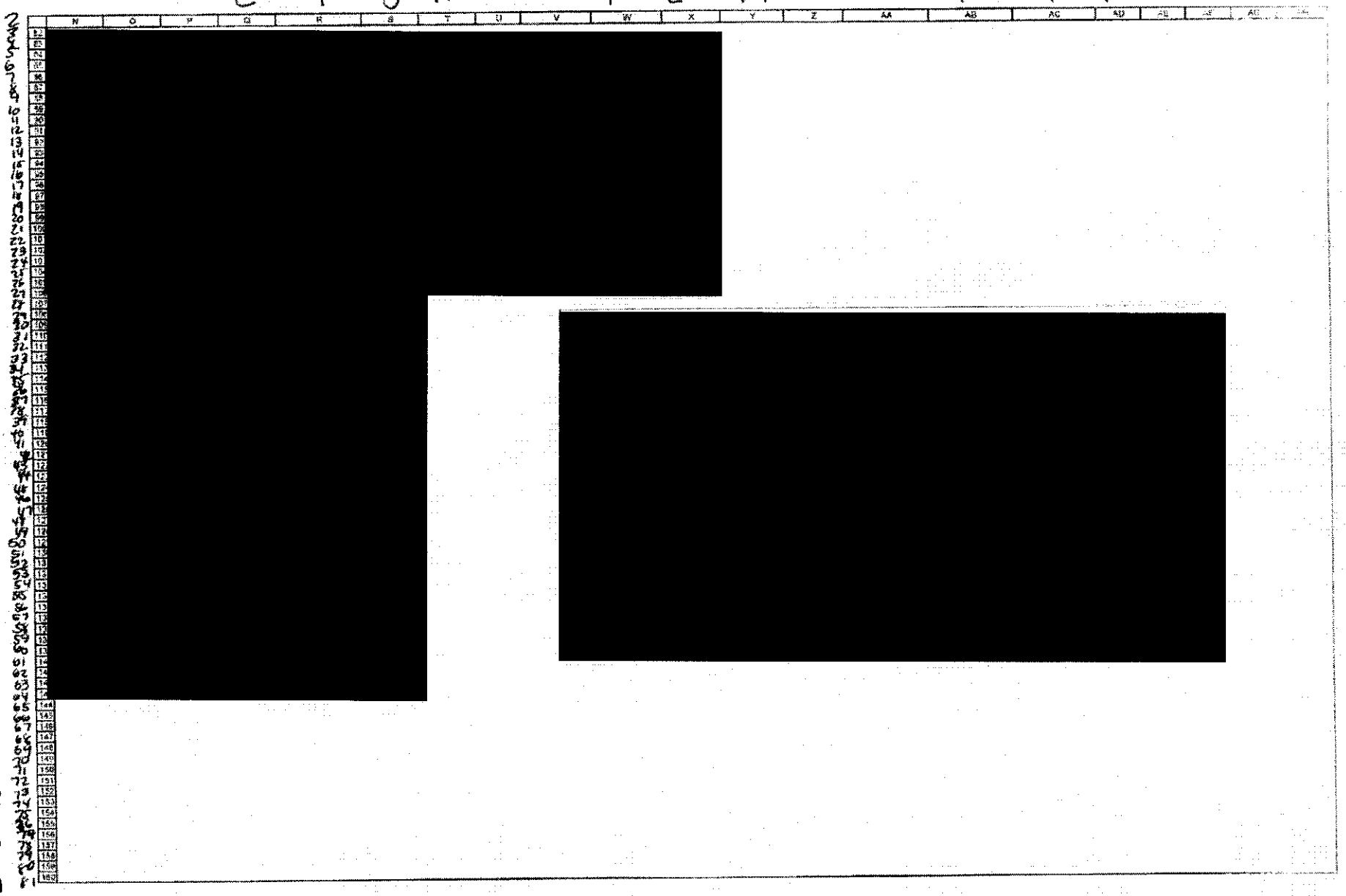




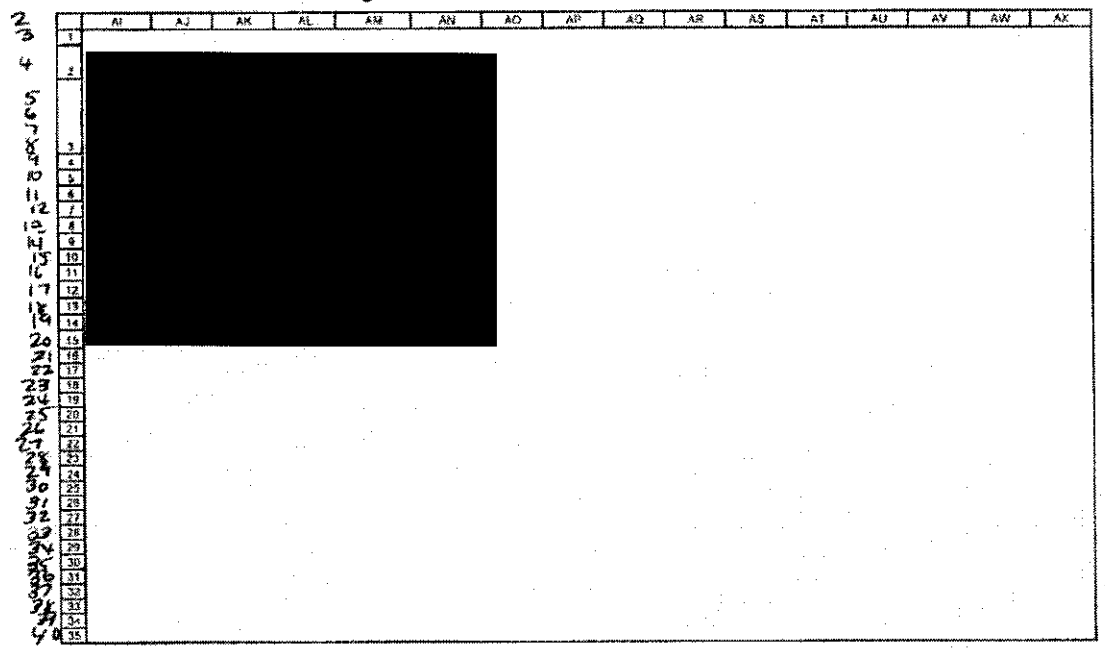
FCR-08-8176



FCR-08-8177


A B C D e F g H I J K L M N O P Q R S T U V
FCR Impact on Residential
N O P Q R S T U V W X Y Z AA AB AC AD AE AF AG
82 VMM_Data_Methodology_MM132008.xls

FCR-08-817


AI AJ AK AL AM AN AO AP AQ AR AS AT AU AV AW AX

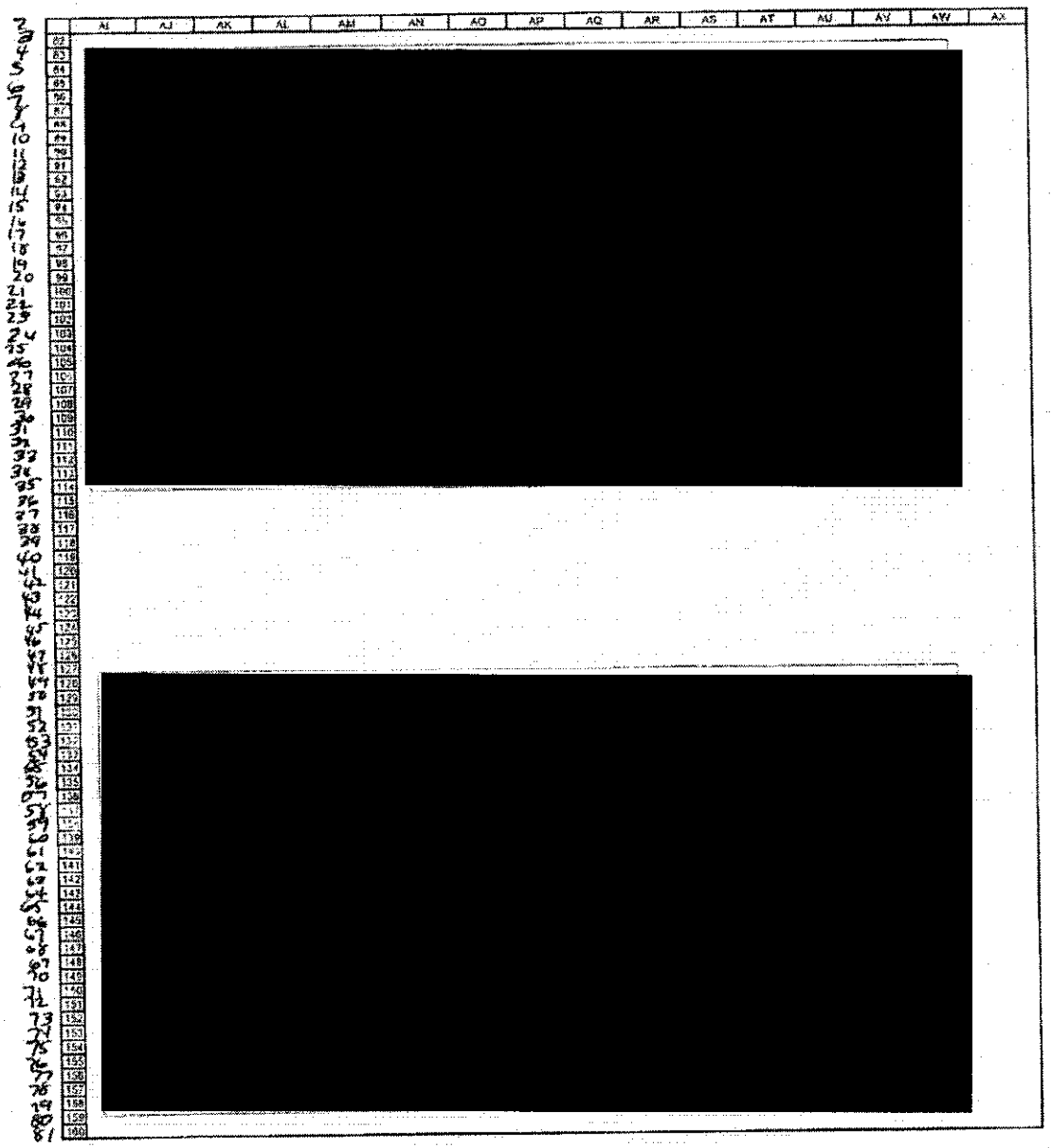
1 FCR Impact on Residential

A B C D e F g H I J K L M N O P Q R

	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX

[redacted]

FCR- 08-8180



B C D E F G H I J K L M N O P Q R S T

	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP

[redacted]

FCR-08-8182

SALES JULY0507

FCR-08-8183

BILLED SALES, UNBILLED SALES, NET ENERGY FOR LOAD,
DELIVERED SALES AND FORECASTS OF LOSSES.

		MONTH	NEL	BILLED SALES	DELIVERED SALES	TOTAL UNBILLED	TOTAL LOSS	Over/(Under)	BILLED RESALE SALES	BILLED RETAIL SALES
7	2004	December				3,967,547				
9	**2005**	**TOTAL**	**111,300,768**	**103,802,730**	**103,520,349**	**48,018,310**	**7,599,083**		**1,506,292**	**102,296,438**
12	**2006**	January	8,059,327	**8,191,699**	**7,520,707**	**2,964,459**	495,072		166,564	8,025,136
13		February	7,472,875	**7,389,868**	**6,975,972**	**2,658,333**	465,059		106,186	7,283,681
14		March	8,178,343	**7,290,389**	**7,649,219**	**2,865,965**	476,400		99,384	7,191,005
15		April	9,294,370	**7,739,703**	**8,695,985**	**3,743,133**	624,967		122,995	7,616,708
16		May	9,463,589	**8,571,110**	**8,834,344**	**4,045,114**	638,265		125,786	8,445,324
17		June	11,035,993	**9,697,454**	**10,270,723**	**4,520,448**	745,682		136,716	9,560,738
18		July	10,689,603	**10,147,261**	**9,933,621**	**4,404,637**	758,276		138,133	10,009,128
19		August	11,634,417	**10,230,770**	**10,823,209**	**4,841,071**	766,957		146,654	10,084,116
20		September	10,926,293	**10,105,967**	**10,161,573**	**4,847,066**	702,802		148,827	9,957,140
21		October	9,745,729	**9,517,042**	**9,063,757**	**4,417,366**	716,312		133,688	9,383,354
22		November	8,382,312	**8,313,450**	**7,798,840**	**3,930,107**	571,831		132,813	8,180,637
23		December	8,263,289	**8,033,335**	**7,673,728**	**3,570,500**	533,067		111,736	7,921,599
25		**TOTAL**	**113,146,337**	**105,228,048**	**105,401,679**	**46,808,200**	**7,497,740**		**1,569,482**	**103,658,566**
26			1.7%	1.4%	1.8%	-2.5%	-1.3%		4.2%	1.3%
28	**2007**	January	8,459,531	8,668,888	7,865,045	2,907,009	536,194		113,714	8,555,173
29		February	7,498,030	7,574,647	6,969,214	2,405,071	519,558		116,537	7,458,110
30		March	8,449,013	7,491,791	7,864,444	2,727,758	520,138		109,956	7,381,835
31		April	8,798,871	7,604,488	8,182,661	3,321,835	663,949		123,248	7,481,240
32		May	9,329,572	8,376,287	8,685,365	3,658,586	701,542		126,849	8,249,438
33		June	10,610,575	9,218,518	9,889,347	4,329,415	753,833		131,848	9,086,670
34		July	**10,926,351**	9,752,110	10,110,575	4,687,880	844,574		130,354	9,621,756
35		August	**11,395,190**	10,334,820	10,620,069	4,973,129	802,468		141,995	10,192,825
36		September	**11,348,865**	10,227,473	10,473,530	5,219,186	888,417		138,455	10,089,018
37		October	**9,797,554**	9,568,577	9,044,823	4,695,433	769,127		136,375	9,432,201
38		November	**9,352,984**	8,660,944	8,725,458	4,759,947	618,736		131,787	8,529,157
39		December	**8,826,995**	8,852,946	8,230,467	4,137,468	592,902		75,495	8,777,451
41		**TOTAL**	**114,793,530**	**106,331,489**	**106,661,000**	**47,822,718**	**8,211,437**		**1,476,615**	**104,854,874**
42			1.5%	1.0%	1.2%	2.2%	9.5%		-5.9%	1.2%

A B C D E F G H I J K L

SALES JULY0507

BILLED SALES, UNBILLED SALES, NET ENERGY FOR LOAD,
DELIVERED SALES AND FORECASTS OF LOSSES.

	MONTH	NEL	BILLED SALES	DELIVERED SALES	TOTAL UNBILLED	TOTAL LOSS	Over/(Under)	BILLED RESALE SALES	BILLED RETAIL SALES
2008	January	**9,127,192**	9,007,267	8,555,502	3,685,703	559,018	451,765	73,538	8,933,728
	February	**8,612,256**	8,478,747	8,034,385	3,241,341	561,034	444,362	73,446	8,405,301
	March	**9,250,418**	8,521,954	8,694,302	3,413,688	541,442	-172,348	71,945	8,450,009
	April	**9,603,217**	8,335,781	8,909,451	3,987,358	683,053	-573,670	78,270	8,257,511
	May	**10,270,109**	8,925,676	9,533,950	4,595,632	727,984	-608,274	81,347	8,844,329
	June	**11,413,915**	10,306,045	10,642,503	4,932,089	777,546	-336,457	86,293	10,219,752
	July	**11,397,699**	10,588,713	10,546,732	4,890,109	871,822	41,981	91,366	10,497,347
	August	**11,889,506**	10,663,115	11,080,761	5,307,755	833,436	-417,647	95,050	10,568,065
	September	**11,683,220**	10,600,068	10,782,097	5,489,784	911,813	-182,028	96,821	10,503,247
	October	**10,169,191**	10,004,151	9,387,909	4,873,538	798,828	616,245	92,999	9,911,153
	November	**9,711,005**	8,990,844	9,059,458	4,942,152	644,602	-68,614	85,799	8,905,045
	December	**9,159,066**	9,189,130	8,540,097	4,293,120	606,720	649,033	76,779	9,112,350
							-155,652		
	TOTAL	**122,286,794**	**113,611,495**	**113,767,146**	**53,652,270**	**8,517,297**		**1,003,654**	**112,607,840**
		6.5%	6.8%	6.7%	12.2%	3.7%		-32.0%	7.4%
2009	January	**9,515,886**	9,370,305	8,919,849	3,842,664	584,837	450,456	74,810	9,295,495
	February	**8,673,183**	8,669,617	8,091,225	3,264,272	558,887	578,392	74,704	8,594,913
	March	**9,623,530**	8,757,877	9,044,983	3,551,378	559,540	-287,107	73,175	8,684,701
	April	**10,021,185**	8,687,699	9,297,224	4,160,903	710,691	-609,525	79,516	8,608,183
	May	**10,651,983**	9,282,842	9,888,451	4,766,512	756,681	-605,609	82,593	9,200,249
	June	**11,804,929**	10,672,550	11,007,090	5,101,051	803,006	-334,540	87,539	10,585,011
	July	**11,792,679**	10,955,701	10,912,222	5,059,572	905,035	41,479	92,613	10,861,089
	August	**12,278,638**	11,021,525	11,443,423	5,481,473	862,571	-421,901	96,297	10,925,226
	September	**12,083,651**	10,955,175	11,151,643	5,677,941	946,116	-196,468	98,068	10,857,107
	October	**10,565,713**	10,368,338	9,753,966	5,063,570	829,656	614,371	94,247	10,274,091
	November	**10,126,274**	9,356,943	9,446,865	5,153,492	665,647	-89,922	87,047	9,269,896
	December	**9,566,315**	9,589,307	8,919,824	4,484,009	632,649	669,483	78,028	9,511,279
	TOTAL	**126,703,966**	**117,685,877**	**117,876,766**	**55,606,836**	**8,815,317**		**1,018,638**	**116,667,239**
		3.61%	3.59%	3.61%	3.64%	3.50%		1.5%	3.6%

FCR-08-8184

A B C D E F G H I J

SALES JULY0507

	L	M	N	O	P	Q	R	S
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11	[redacted]							
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FCR-08-8185

27-Jul-07

VMM_Data_Methodology_Mar132008.xls

SALES JULY0507

	L	M	N	O	P	Q	R	S
1								
2								
3								
4								
5								
43	Fuel Cost (E3)							
44	$416,146,862							
45	$390,473,378							
46	$425,504,729							
47	$492,131,868							
48	$524,578,161							
49	$575,469,112							
50	$658,015,461							
51	$657,458,111							
52	$582,662,932							
53	$557,863,225							
54	$441,659,698							
55	$429,990,469							
56	$6,151,954,928							
57								
58								
59								
60								
61								
62	fuel in bill	57.25						
63		**5,932,541,681**						
64	under recovery =>	($219,412,347.05)	($2.12)					
65								
66								
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73								
74								

FCR-08-8186

Q.

Produce the documents identified by FPL in response to FIPUG's First Set of Interrogatories and the redacted portions of Exhibit GJY-1 attached to the testimony of G. J. Yupp filed April 3, 2008.

A.

CONFIDENTIAL

Documents responsive to this request are provided as Bates Number FCR 08-8187 through 08-8225

CONFIDENTIAL

	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	TOTAL YEAR	FIXED PRICE TRANSACTIONS	[redacted]			
5	2007	PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						$ (799,268,428)
13						
14	AVERAGE PERIOD OF HEDGE (Days) - FINANCIAL		[redacted]			

FCR- 08-8187

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

FPL HEAVY FUEL OIL PROCUREMENT

	A	B	C	D	E	F
1				VOLUME		
2	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
3	TOTAL YEAR 2007	FIXED PRICE TRANSACTIONS	[redacted]			
4		PHYSICAL POWER OPTION PREMIUMS				
5		PHYSICAL POWER (EXERCISED OPTIONS)				
6		SWAPS				
7		SWING SWAPS				
8		OVER-THE-COUNTER OPTIONS				
9		BROKER FEES				
10						
11						$ (56,629,393)
12						
13	AVERAGE PERIOD OF HEDGE (Days) - FINANCIAL		[redacted]			

FCR- 08-8188

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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CONFIDENTIAL

	A	B	C	D	E	F
1						
2				ELECTRICITY		
3			VOLUME			
4	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
5	TOTAL YEAR 2007	FIXED PRICE TRANSACTIONS	[redacted]			
6		PHYSICAL POWER OPTION PREMIUMS				
7		PHYSICAL POWER (EXERCISED OPTIONS)				
8		SWAPS				
9		SWING SWAPS				
10		OVER-THE-COUNTER OPTIONS				
11		BROKER FEES				
12					$ -	$ -
13						
14		AVERAGE PERIOD OF HEDGE (Days) - PHYSICAL	[redacted]			
15						
16						
17						
18	Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.					

FCR-08-8189

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	January-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						
13						
14						

FCR- 08-8190

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

FPL HEAVY FUEL OIL PROCUREMENT

	A	B	C	D	E	F
1				VOLUME		
2						
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	January-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						
13						
14						

FCR-08-8191

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

	A	B	C	D	E	F
1				ELECTRICITY		
2			VOLUME			
3	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
4	January-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						
13						
14						
15						
16	Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.					

FCR-08-8192

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	February-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						
13						
14						

FCR- 08-8193

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	February-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						
13						
14						

FCR- 08-8194

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

	A	B	C	D	E	F
1					ELECTRICITY	
2			VOLUME			
3	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
4	February-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
11						
12						
13						
14						
15						
16	Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.					

FCR- 08-8195

GJY-1
Docket No. 080001-EI
FPL Witness: Gerard Yupp
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April 3, 2008

CONFIDENTIAL

	A	B	C	D	E	F
				FPL NATURAL GAS PROCUREMENT		
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	March-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8196

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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	March-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR-08-8197

GJY-1
Docket No. 080001-EI
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	A	B	C	D	E	F
					ELECTRICITY	
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
	March-07	FIXED PRICE TRANSACTIONS	[redacted]			
		PHYSICAL POWER OPTION PREMIUMS				
		PHYSICAL POWER (EXERCISED OPTIONS)				
		SWAPS				
		SWING SWAPS				
		OVER-THE-COUNTER OPTIONS				
		BROKER FEES				

Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

FCR- 08-8198

GJY-1
Docket No. 080001-EI
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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	April-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8199

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FPL HEAVY FUEL OIL PROCUREMENT

	A	B	C	D	E	F
1						
2			VOLUME			
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	April-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8200

GJY-1
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	A	B	C	D	E	F
1					ELECTRICITY	
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
4	April-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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16	Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.					

FCR-08-8201

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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	May-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8202

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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	May-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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13						
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FCR- 08-8203

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	A	B	C	D	E	F
				ELECTRICITY		
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
	May-07	FIXED PRICE TRANSACTIONS				
		PHYSICAL POWER OPTION PREMIUMS				
		PHYSICAL POWER (EXERCISED OPTIONS)				
		SWAPS				
		SWING SWAPS				
		OVER-THE-COUNTER OPTIONS				
		BROKER FEES				

Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

FCR-08-8204

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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	June-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8205

GJY-1
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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	June-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8206

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	A	B	C	D	E	F
1						
2					ELECTRICITY	
3			VOLUME			
4	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
5	June-07	FIXED PRICE TRANSACTIONS	[redacted]			
6		PHYSICAL POWER OPTION PREMIUMS				
7		PHYSICAL POWER (EXERCISED OPTIONS)				
8		SWAPS				
9		SWING SWAPS				
10		OVER-THE-COUNTER OPTIONS				
11		BROKER FEES				
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16	Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.					

FCR-08-8207

GJY-1
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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	July-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8208

GJY-1
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FPL HEAVY FUEL OIL PROCUREMENT

	A	B	C	D	E	F
1				VOLUME		
2						
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	July-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8209

GJY-1
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	A	B	C	D	E	F
1				ELECTRICITY		
2			VOLUME			
3	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
4	July-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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16 Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

FCR- 08-8210

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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	August-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR-08-8211

GJY-1
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	A	B	C	D	E	F
1			FPL HEAVY FUEL OIL PROCUREMENT			
2			VOLUME			
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	August-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR-08-8212

GJY-1
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	A	B	C	D	E	F
				ELECTRICITY		
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
	August-07	FIXED PRICE TRANSACTIONS	[redacted]			
		PHYSICAL POWER OPTION PREMIUMS				
		PHYSICAL POWER (EXERCISED OPTIONS)				
		SWAPS				
		SWING SWAPS				
		OVER-THE-COUNTER OPTIONS				
		BROKER FEES				

Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

FCR- 08-8213

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	A	B	C	D	E	F
1						
2			FPL NATURAL GAS PROCUREMENT			
3			VOLUME			
4	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
5	September-07	FIXED PRICE TRANSACTIONS	[redacted]			
6		PHYSICAL POWER OPTION PREMIUMS				
7		PHYSICAL POWER (EXERCISED OPTIONS)				
8		SWAPS				
9		SWING SWAPS				
10		OVER-THE-COUNTER OPTIONS				
11		BROKER FEES				
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13						
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FCR- 08-8214

GJY-1
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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	September-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8215

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	A	B	C	D	E	F
				ELECTRICITY		
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
	September-07	FIXED PRICE TRANSACTIONS	[redacted]			
		PHYSICAL POWER OPTION PREMIUMS				
		PHYSICAL POWER (EXERCISED OPTIONS)				
		SWAPS				
		SWING SWAPS				
		OVER-THE-COUNTER OPTIONS				
		BROKER FEES				

Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

FCR- 08-8216

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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	October-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8217

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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	October-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8218

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	A	B	C	D	E	F
1						
2				ELECTRICITY		
3			VOLUME			
4	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
5	October-07	FIXED PRICE TRANSACTIONS	[redacted]			
6		PHYSICAL POWER OPTION PREMIUMS				
7		PHYSICAL POWER (EXERCISED OPTIONS)				
8		SWAPS				
9		SWING SWAPS				
10		OVER-THE-COUNTER OPTIONS				
11		BROKER FEES				
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16	Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.					

FCR- 08-8219

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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	November-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8220

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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	November-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8221

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	A	B	C	D	E	F
					ELECTRICITY	
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
	November-07	FIXED PRICE TRANSACTIONS				
		PHYSICAL POWER OPTION PREMIUMS				
		PHYSICAL POWER (EXERCISED OPTIONS)				
		SWAPS				
		SWING SWAPS				
		OVER-THE-COUNTER OPTIONS				
		BROKER FEES				

Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

FCR-08-8222

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	A	B	C	D	E	F
1				FPL NATURAL GAS PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	December-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8223

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	A	B	C	D	E	F
1				FPL HEAVY FUEL OIL PROCUREMENT		
2				VOLUME		
3	PERIOD	INSTRUMENT	PURCHASES	SALES	OPTION PREMIUMS	GAIN/(LOSS)
4	December-07	FIXED PRICE TRANSACTIONS	[redacted]			
5		PHYSICAL POWER OPTION PREMIUMS				
6		PHYSICAL POWER (EXERCISED OPTIONS)				
7		SWAPS				
8		SWING SWAPS				
9		OVER-THE-COUNTER OPTIONS				
10		BROKER FEES				
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FCR- 08-8224

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	A	B	C	D	E	F
				ELECTRICITY		
			VOLUME			
	PERIOD	INSTRUMENT	PURCHASES	SALES	SAVINGS	GAINS
	December-07	FIXED PRICE TRANSACTIONS	[redacted]			
		PHYSICAL POWER OPTION PREMIUMS				
		PHYSICAL POWER (EXERCISED OPTIONS)				
		SWAPS				
		SWING SWAPS				
		OVER-THE-COUNTER OPTIONS				
		BROKER FEES				

Note: Physical power option premium volumes represent the total available volume. Physical power option exercised volumes represent the actual volumes called upon.

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EXHIBIT B
REDACTED VERSION OF CONFIDENTIAL DOCUMENT

Docket No. 080001-EI
Florida Industrial Power Users Group First Request for Production of Documents No. 6
Bates Nos. FCR 08-8307 through FCR 08-8698 and FCR 08-8717 through FCR 08-8872

Fuel Cost Recovery and Hedge Program and Exposure Management Committee Meeting

EXHIBIT B
REDACTED VERSION OF CONFIDENTIAL DOCUMENT

Docket No. 080001-EI
Florida Industrial Power Users Group First Request for Production of Documents No. 10
Bates Nos. FCR 08-8305 through FCR 08-8306

Energy Marketing and Trading Risk Management Budget