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January 6, 2009

-VIA HAND DELIVERY -

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

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Re: Docket No. 080665-EI

Dear Ms. Cole:

I am enclosing for filing in the above docket the original and five (5) copies of Florida Power & Light Company's ("FPL's") responses to Staff's Second Data Request in this docket. FPL has agreed with Staff to file its responses no later than January 6, 2009. Additionally, FPL is enclosing the original and five (5) copies of a supplemental response to Request No. 10 in Staff's First Data Request in this docket.

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

Sincerely,
John T. Butler
John T. Butler

Enclosures

cc: Lisa Bennett, Esq., Office of the General Counsel
Ms. Connie Kummer, Division of Economic Regulation
Joseph McGlothlin, Esq., Office of Public Counsel

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DOCUMENT NUMBER-DATE
00117 JAN-6 8
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Q.

Referencing the table on page 2 of Exhibit TWG-2:

a. Please complete the table below assuming FPL's most recent resource plan.

(Please present the requested data in a form similar to the data presented in the table on page 2 of Exhibit TWG-2)

A.

FPL's current resource plan is what is reflected in the Ten Year Site Plan (TYSP) that was filed in April 2008. FPL does not extend its resource plan beyond the time horizon of the current TYSP, although for the purpose of evaluating long-term commitments such as the LCEC Agreement FPL will consider different scenarios of resource additions beyond that time horizon. Attached are four resource plan scenarios, designated Tables 1-1, 1-2, 1-3 and 1-4, that FPL has used to evaluate the LCEC Agreement. All of the scenarios reflect the resource additions shown in the current TYSP but then each has different assumed resource additions in the years beyond that time horizon.

DOCUMENT NUMBER-DATE
00117 JAN-68
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TABLE 1-1

Description of Plans

| Year | Reserve Margin | | | |
|------|--------------------|------------------|-------|-------|
| | Base with Lee | Base without Lee | | |
| 2010 | WCEC 2 | WCEC 2 | 34.8% | 36.4% |
| 2011 | WCEC 3 | WCEC 3 | 31.2% | 32.8% |
| 2012 | --- | --- | 30.6% | 32.2% |
| 2013 | PCC conversion | PCC conversion | 34.8% | 36.5% |
| 2014 | PRV conversion | PRV conversion | 35.1% | 41.4% |
| 2015 | --- | --- | 31.9% | 38.0% |
| 2016 | --- | --- | 24.8% | 30.7% |
| 2017 | --- | --- | 23.6% | 29.5% |
| 2018 | TP 6 nuclear | TP 6 nuclear | 25.7% | 31.7% |
| 2019 | --- | --- | 22.7% | 28.7% |
| 2020 | TP 7 nuclear | TP 7 nuclear | 24.3% | 30.3% |
| 2021 | --- | --- | 21.7% | 27.6% |
| 2022 | 3x1GCC | --- | 24.0% | 25.0% |
| 2023 | --- | --- | 21.6% | 22.5% |
| 2024 | 150 MW PPA | --- | 19.6% | 20.0% |
| 2025 | Nuclear 1 | Nuclear 1 | 19.8% | 20.9% |
| 2026 | 3x1GCC | 3x1GCC | 20.9% | 22.2% |
| 2027 | Nuclear 2 | Nuclear 2 | 22.1% | 23.6% |
| 2028 | --- | --- | 19.8% | 21.3% |
| 2029 | IGCC 1 | IGCC 1 | 19.6% | 21.1% |
| 2030 | IGCC 2 & 100MW PPA | IGCC 2 | 19.6% | 20.9% |
| 2031 | 3x1GCC | 3x1GCC | 21.0% | 22.8% |
| 2032 | 3x1GCC | 3x1GCC | 20.5% | 22.3% |
| 2033 | 3x1GCC | 3x1GCC | 20.1% | 22.1% |
| 2034 | --- | 3x1GCC | 23.5% | 23.5% |
| 2035 | --- | --- | 21.0% | 21.0% |
| 2036 | 3x1GCC | 3x1GCC | 20.2% | 20.2% |
| 2037 | 3x1GCC | 3x1GCC | 21.9% | 21.9% |
| 2038 | --- | --- | 19.7% | 19.7% |
| 2039 | 3x1GCC | 3x1GCC | 21.1% | 21.1% |
| 2040 | 3x1GCC | 3x1GCC | 22.5% | 22.5% |

Note: Yellow highlighted entries denote changes from Base expansion plan.

August 18, 2008 Load forecast
August 4, 2008 Fuel forecast

TABLE 1-2

Description of Plans

| Year | Base with Lee | Base without Lee | Reserve Margin | |
|------|--------------------|------------------|----------------|------------------|
| | | | Base with Lee | Base without Lee |
| 2010 | WCEC 2 | WCEC 2 | 34.8% | 36.4% |
| 2011 | WCEC 3 | WCEC 3 | 31.2% | 32.8% |
| 2012 | --- | --- | 30.6% | 32.2% |
| 2013 | PCC conversion | PCC conversion | 34.8% | 36.5% |
| 2014 | PRV conversion | PRV conversion | 35.1% | 41.4% |
| 2015 | --- | --- | 31.9% | 38.0% |
| 2016 | --- | --- | 24.8% | 30.7% |
| 2017 | --- | --- | 23.6% | 29.5% |
| 2018 | TP 6 nuclear | TP 6 nuclear | 25.7% | 31.7% |
| 2019 | --- | --- | 22.7% | 28.7% |
| 2020 | TP 7 nuclear | TP 7 nuclear | 24.3% | 30.3% |
| 2021 | --- | --- | 21.7% | 27.6% |
| 2022 | 3x1G CC | --- | 24.0% | 25.0% |
| 2023 | --- | --- | 21.6% | 22.5% |
| 2024 | 150 MW PPA | --- | 19.6% | 20.0% |
| 2025 | Nuclear 1 | Nuclear 1 | 19.8% | 20.9% |
| 2026 | 3x1G CC | 3x1G CC | 20.9% | 22.2% |
| 2027 | Nuclear 2 | Nuclear 2 | 22.1% | 23.6% |
| 2028 | --- | --- | 19.8% | 21.3% |
| 2029 | IGCC 1 | IGCC 1 | 19.6% | 21.1% |
| 2030 | IGCC 2 & 100MW PPA | IGCC 2 | 19.6% | 20.9% |
| 2031 | 3x1G CC | 3x1G CC | 21.0% | 22.8% |
| 2032 | 3x1G CC | 3x1G CC | 20.5% | 22.3% |
| 2033 | 3x1G CC | 3x1G CC | 20.1% | 22.1% |
| 2034 | --- | 3x1G CC | 23.5% | 23.5% |
| 2035 | --- | --- | 21.0% | 21.0% |
| 2036 | 3x1G CC | 3x1G CC | 20.2% | 20.2% |
| 2037 | 3x1G CC | 3x1G CC | 21.9% | 21.9% |
| 2038 | --- | --- | 19.7% | 19.7% |
| 2039 | 3x1G CC | 3x1G CC | 21.1% | 21.1% |
| 2040 | 3x1G CC | 3x1G CC | 22.5% | 22.5% |

Note: Yellow highlighted entries denote changes from Base expansion plan.

August 18, 2008 Load forecast with August 30 Lee load forecast
October 15, 2008 fuel forecast

TABLE 1-3

Description of Plans

| Year | Base with Lee | Base without Lee | Reserve Margin | |
|------|--------------------|--------------------|----------------|------------------|
| | | | Base with Lee | Base without Lee |
| 2010 | WCEC 2 | WCEC 2 | 35.4% | 37.1% |
| 2011 | WCEC 3 | WCEC 3 | 32.2% | 33.8% |
| 2012 | --- | --- | 31.4% | 33.1% |
| 2013 | PCC conversion | PCC conversion | 35.1% | 36.8% |
| 2014 | PRV conversion | PRV conversion | 36.1% | 41.6% |
| 2015 | --- | --- | 33.8% | 39.3% |
| 2016 | --- | --- | 26.3% | 31.7% |
| 2017 | --- | --- | 24.7% | 30.1% |
| 2018 | TP 6 nuclear | TP 6 nuclear | 26.5% | 32.0% |
| 2019 | --- | --- | 23.2% | 28.5% |
| 2020 | TP 7 nuclear | TP 7 nuclear | 24.3% | 29.6% |
| 2021 | --- | --- | 20.9% | 26.1% |
| 2022 | 1-3x1G CC | --- | 22.7% | 23.0% |
| 2023 | --- | --- | 19.8% | 20.0% |
| 2024 | 1-3x1G CC | 1-3x1G CC | 21.3% | 21.7% |
| 2025 | Nuclear 1 | Nuclear 1 | 21.4% | 22.0% |
| 2026 | 1-3x1G CC | 1-3x1G CC | 22.0% | 22.7% |
| 2027 | Nuclear 2 | Nuclear 2 | 22.6% | 23.4% |
| 2028 | --- | --- | 19.8% | 20.6% |
| 2029 | IGCC 1 & 150MW PPA | IGCC 1 | 19.5% | 19.8% |
| 2030 | IGCC 2 & 1-3x1G CC | IGCC 2 & 1-3x1G CC | 22.1% | 23.2% |
| 2031 | 25MW PPA | --- | 19.5% | 20.4% |
| 2032 | 2-3x1G CC | 1-3x1G CC | 22.3% | 19.5% |
| 2033 | 1-3x1G CC | 2-3x1G CC | 21.6% | 22.8% |
| 2034 | --- | --- | 23.6% | 19.8% |
| 2035 | --- | 1-3x1G CC | 20.8% | 20.8% |
| 2036 | 1-3x1G CC | 1-3x1G CC | 19.6% | 19.6% |
| 2037 | 1-3x1G CC | 1-3x1G CC | 20.8% | 20.8% |
| 2038 | 1-3x1G CC | 1-3x1G CC | 21.8% | 21.8% |
| 2039 | 1-3x1G CC | 1-3x1G CC | 22.7% | 22.7% |
| 2040 | --- | --- | 20.2% | 20.2% |

Note: Yellow highlighted entries denote changes from Base expansion plan.

October 9th, 2008 Load forecast
October 15, 2008 Fuel forecast

TABLE 1-4

| Description of Plans | | | Applies to "with" and "without" Lee Case | | Reserve Margin | |
|----------------------|----------------|------------------|--|---|----------------|------------------|
| Year | Base with Lee | Base without Lee | Cumulative New Solar Additions (MW) | Solar Contribution to Reserve Margin (25%) (MW) | Base with Lee | Base without Lee |
| | | | | | | |
| 2010 | WCFC 2 | WCFC 2 | 100 | 25 | 35.5% | 37.2% |
| 2011 | WCFC 3 | WCFC 3 | 200 | 50 | 32.4% | 34.1% |
| 2012 | --- | --- | 300 | 75 | 31.8% | 33.4% |
| 2013 | PCC conversion | PCC conversion | 400 | 100 | 35.6% | 37.3% |
| 2014 | PRV conversion | PRV conversion | 500 | 125 | 36.6% | 42.2% |
| 2015 | --- | --- | 600 | 150 | 34.4% | 40.0% |
| 2016 | --- | --- | 700 | 175 | 27.1% | 32.5% |
| 2017 | --- | --- | 800 | 200 | 25.6% | 31.0% |
| 2018 | TP 6 nuclear | TP 6 nuclear | 900 | 225 | 27.5% | 33.0% |
| 2019 | --- | --- | 1000 | 250 | 24.3% | 29.6% |
| 2020 | TP 7 nuclear | TP 7 nuclear | 1100 | 275 | 25.4% | 30.6% |
| 2021 | --- | --- | 1200 | 300 | 22.1% | 27.3% |
| 2022 | 75MW PPA | --- | 1300 | 325 | 19.5% | 24.3% |
| 2023 | 1 - 3x1 G CC | --- | 1400 | 350 | 21.1% | 21.4% |
| 2024 | 1 - 3x1 G CC | 1 - 3x1 G CC | 1500 | 375 | 22.7% | 23.2% |
| 2025 | Nuclear 1 | Nuclear 1 | 1600 | 400 | 22.9% | 23.5% |
| 2026 | 175MW PPA | --- | 1700 | 425 | 19.8% | 19.7% |
| 2027 | Nuclear 2 | Nuclear 2 | 1800 | 450 | 20.0% | 20.6% |
| 2028 | 1 - 3x1 G CC | 1 - 3x1 G CC | 1900 | 475 | 21.5% | 22.3% |
| 2029 | IGCC 1 | IGCC 1 | 2000 | 500 | 20.7% | 21.6% |
| 2030 | IGCC 2 | IGCC 2 | 2100 | 525 | 19.9% | 20.8% |
| 2031 | 1 - 3x1 G CC | 1 - 3x1 G CC | 2200 | 550 | 21.2% | 22.2% |
| 2032 | 1 - 3x1 G CC | 1 - 3x1 G CC | 2300 | 575 | 20.3% | 21.4% |
| 2033 | 1 - 3x1 G CC | 1 - 3x1 G CC | 2400 | 600 | 19.7% | 20.9% |
| 2034 | --- | 1 - 3x1 G CC | 2500 | 625 | 21.7% | 21.7% |
| 2035 | 175MW PPA | 175MW PPA | 2600 | 650 | 19.6% | 19.6% |
| 2036 | 2 - 3x1 G CC | 2 - 3x1 G CC | 2700 | 675 | 21.6% | 21.6% |
| 2037 | 75MW PPA | 75MW PPA | 2800 | 700 | 19.5% | 19.5% |
| 2038 | 1 - 3x1 G CC | 1 - 3x1 G CC | 2900 | 725 | 20.4% | 20.4% |
| 2039 | 1 - 3x1 G CC | 1 - 3x1 G CC | 3000 | 750 | 21.4% | 21.4% |
| 2040 | 225 MW PPA | 225 MW PPA | 3100 | 775 | 19.6% | 19.6% |

Note: Yellow highlighted entries denote changes from Base expansion plan.

Oct 9th, 2008 Load Forecast
October 15, 2008 fuel forecast
100 mw/year solar additions 2010-2040

Q.

Referencing the table completed in question 1(a),

- b. Please complete the table below.
- c. Please complete the table below assuming 2010 separation characteristics remain constant through 2033.
- d. Please complete the table below assuming high natural gas prices.
 - i. Please provide natural gas prices assumed for this analysis.
- e. Please complete the table below assuming low natural gas prices.
 - i. Please provide natural gas prices assumed for this analysis.

(Please present the requested data in a form similar to the data presented in the table on page 2 of Exhibit TWG-2)

A.

FPL does not presently have the information to evaluate the retail impact of the LCEC Agreement on precisely the basis requested by Staff. However, attached are four retail rate impact analyses (RRAs) that reflect the resource-addition scenarios that are provided in response to Request No. 1 above. They are designated as Tables 2-1, 2-2, 2-3 and 2-4, respectively. Please note that Table 2-1 uses an August 4, 2008 fuel forecast while Tables 2-2, 2-3 and 2-4 use an October 15, 2008 fuel forecast. In addition, FPL's Exhibit TWG-2 is an RRA that is based on a fuel forecast as of October 3, 2006. These three fuel forecasts differ significantly and thus provide a range of results with higher and lower fuel prices. Attached as Table 2-5 is a comparison of the natural gas prices used for the three forecasts.

Subpart (b) appears to ask for an evaluation of what the retail impact would be if FPL did not serve LCEC's full-requirements load under the LCEC Agreement but instead continued to serve just the partial LCEC load under the current short-term agreement. This is not a realistic scenario, because the short-term agreement only runs through 2014. If for some reason FPL and LCEC do not proceed with the full requirements LCEC Agreement, then there presently is no contractual basis on FPL would continue to serve LCEC load at a partial-requirements level after 2014.

TABLE 2-1

| Year | Base with Les | Base without Les ¹ | Less - Reserve Margin ² | Base - Reserve Margin ² | Year | Yearly | Cumulative | LCCEC | Base | Delta ³ | LCCEC | Base | Delta ² |
|------|--------------------|-------------------------------|------------------------------------|------------------------------------|------|-------------|-------------|-------------|-------------|--------------------|-------------|-------------|--------------------|
| | | | Millions \$ | Millions \$ | | Millions \$ | Millions \$ | Millions \$ | Millions \$ | Millions \$ | Millions \$ | Millions \$ | Millions \$ |
| 2010 | WCEC 2 | WCEC 2 | 34.6% | 38.1% | 2010 | (22) | (22) | 6,561 | 5,898 | 3,874 | 6,561 | 5,898 | 42 |
| 2011 | WCEC 3 | WCEC 3 | 31.2% | 32.8% | 2011 | 6 | (16) | 5,443 | 4,020 | 4,067 | 5,443 | 4,020 | 47 |
| 2012 | --- | --- | 30.8% | 32.2% | 2012 | 10 | (4) | 5,389 | 6,349 | 4,242 | 5,389 | 6,349 | 50 |
| 2013 | PCC conversion | PCC conversion | 34.6% | 38.5% | 2013 | 16 | 12 | 5,917 | 4,876 | 4,831 | 5,917 | 4,876 | 50 |
| 2014 | PRV conversion | PRV conversion | 35.1% | 41.6% | 2014 | 76 | 60 | 6,165 | 6,078 | 5,152 | 6,165 | 6,078 | 215 |
| 2015 | --- | --- | 31.6% | 38.0% | 2015 | 86 | 174 | 6,643 | 6,537 | 5,249 | 6,643 | 6,537 | 232 |
| 2016 | --- | --- | 24.8% | 30.7% | 2016 | 73 | 248 | 7,361 | 7,184 | 5,688 | 7,361 | 7,184 | 249 |
| 2017 | --- | --- | 23.8% | 28.8% | 2017 | 63 | 311 | 7,991 | 7,792 | 6,034 | 7,991 | 7,792 | 261 |
| 2018 | TP 6 nuclear | TP 6 nuclear | 28.1% | 31.7% | 2018 | 56 | 368 | 8,420 | 8,120 | 6,294 | 8,420 | 8,120 | 281 |
| 2019 | --- | --- | 28.1% | 30.7% | 2019 | 40 | 406 | 8,726 | 8,413 | 6,506 | 8,726 | 8,413 | 286 |
| 2020 | --- | --- | 30.3% | 30.3% | 2020 | 24 | 436 | 9,170 | 8,448 | 6,565 | 9,170 | 8,448 | 315 |
| 2021 | TP 7 nuclear | TP 7 nuclear | 21.7% | 27.8% | 2021 | 13 | 448 | 9,223 | 8,914 | 7,208 | 9,223 | 8,914 | 322 |
| 2022 | 3x1G CC | 3x1G CC | 24.9% | 26.0% | 2022 | (146) | 309 | 8,568 | 8,673 | 7,349 | 8,568 | 8,673 | 58 |
| 2023 | --- | --- | 21.9% | 24.3% | 2023 | (27) | 23 | 10,353 | 10,381 | 7,808 | 10,353 | 10,381 | (104) |
| 2024 | 150 MW PPA | Nuclear 1 | 18.6% | 20.9% | 2024 | (245) | (466) | 11,365 | 11,684 | 8,044 | 11,365 | 11,684 | (68) |
| 2025 | Nuclear 1 | 3x1G CC | 20.9% | 22.2% | 2025 | (258) | (724) | 12,248 | 12,457 | 8,652 | 12,248 | 12,457 | (19) |
| 2026 | Nuclear 2 | Nuclear 2 | 22.1% | 23.6% | 2026 | (268) | (992) | 12,762 | 12,457 | 9,649 | 12,762 | 12,457 | 18 |
| 2027 | --- | --- | 22.1% | 23.6% | 2027 | (277) | (1,269) | 13,318 | 13,875 | 9,760 | 13,318 | 13,875 | 34 |
| 2028 | --- | --- | 19.8% | 21.1% | 2028 | (388) | (1,657) | 14,208 | 13,875 | 10,840 | 14,208 | 13,875 | 96 |
| 2029 | JGCC 1 | JGCC 1 | 19.6% | 20.8% | 2029 | (280) | (1,937) | 15,159 | 14,743 | 12,135 | 15,159 | 14,743 | 185 |
| 2030 | JGCC 2 & 100MW PPA | JGCC 2 | 21.0% | 22.8% | 2030 | (240) | (2,177) | 16,189 | 15,747 | 13,209 | 16,189 | 15,747 | 212 |
| 2031 | 3x1G CC | 3x1G CC | 20.5% | 22.3% | 2031 | (240) | (2,417) | 17,448 | 17,362 | 13,368 | 17,448 | 17,362 | 243 |
| 2032 | 3x1G CC | 3x1G CC | 20.5% | 22.3% | 2032 | (243) | (2,660) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2033 | 3x1G CC | 3x1G CC | 23.5% | 23.5% | 2033 | (153) | (2,813) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2034 | --- | --- | 23.5% | 23.5% | 2034 | 21 | (2,834) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2035 | 3x1G CC | 3x1G CC | 23.5% | 23.5% | 2035 | 284 | (2,549) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2036 | --- | --- | 23.5% | 23.5% | 2036 | 277 | (2,272) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2037 | --- | --- | 23.5% | 23.5% | 2037 | 271 | (1,995) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2038 | --- | --- | 23.5% | 23.5% | 2038 | 266 | (1,718) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2039 | --- | --- | 23.5% | 23.5% | 2039 | 260 | (1,441) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2040 | --- | --- | 23.5% | 23.5% | 2040 | 254 | (1,164) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2041 | --- | --- | 23.5% | 23.5% | 2041 | 248 | (887) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2042 | --- | --- | 23.5% | 23.5% | 2042 | 242 | (610) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2043 | --- | --- | 23.5% | 23.5% | 2043 | 240 | (333) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2044 | --- | --- | 23.5% | 23.5% | 2044 | 233 | (56) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2045 | --- | --- | 23.5% | 23.5% | 2045 | 225 | (309) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2046 | --- | --- | 23.5% | 23.5% | 2046 | 215 | (46) | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2047 | --- | --- | 23.5% | 23.5% | 2047 | 247 | 792 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2048 | --- | --- | 23.5% | 23.5% | 2048 | 260 | 1,632 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2049 | --- | --- | 23.5% | 23.5% | 2049 | 247 | 1,289 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2050 | --- | --- | 23.5% | 23.5% | 2050 | 234 | 1,533 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2051 | --- | --- | 23.5% | 23.5% | 2051 | 221 | 1,754 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2052 | --- | --- | 23.5% | 23.5% | 2052 | 208 | 1,962 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2053 | --- | --- | 23.5% | 23.5% | 2053 | 185 | 2,168 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2054 | --- | --- | 23.5% | 23.5% | 2054 | 163 | 2,341 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2055 | --- | --- | 23.5% | 23.5% | 2055 | 174 | 2,515 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2056 | --- | --- | 23.5% | 23.5% | 2056 | 185 | 2,690 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2057 | --- | --- | 23.5% | 23.5% | 2057 | 157 | 2,837 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2058 | --- | --- | 23.5% | 23.5% | 2058 | 148 | 2,986 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2059 | --- | --- | 23.5% | 23.5% | 2059 | 91 | 3,077 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| 2060 | --- | --- | 23.5% | 23.5% | 2060 | 60 | 3,137 | 20,552 | 20,118 | 14,135 | 20,552 | 20,118 | 281 |
| | | | | | | 3,187 | | | | | | | 6,489 |

Current Negative (Millions \$) (2,973)
Cumulative Positive (Millions \$) 5,119
NPV⁴ (Millions \$) (109)

1. Yellow highlighted entries denote changes from Base expansion plan.

2. Fuel and demand assumptions after 2034 will not impact the delta between the Base case and the LCCEC case, which is why #N/A is used for the years 2035-2060.

3. The units available beginning in 2034 are the same in both the Base case and the LCCEC case.

4. Cash flows are discounted to the beginning of 2010 at 6.5%.

Assumptions:
Aug. 2008 Load forecast
August 2008 fuel forecast
Period 2021 through 2040 3x1 CC Fillets

TABLE 2-2

| Year | Base with Lee | Base without Lee ¹ | Lee - Reserve Margin ² | Base - Reserve Margin ² | Year | Yearly Millions \$ | Cumulative Millions \$ | LCEC Millions \$ | Base Millions \$ | Delta ³ Millions \$ | LCEC Millions \$ | Base Millions \$ | Delta ³ Millions \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------|----------------------------------|----------------------------------|-----------------------------------|------------------------------------|------|--------------------|------------------------|------------------|------------------|--------------------------------|------------------|------------------|--------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | | | | | | | | | | | | | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 |
| 2010 | WCEC 2 | WCEC 2 | 34.9% | 36.4% | 2010 | (1) | (1) | 4,917 | 4,873 | (44) | 3,631 | 3,675 | 43 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2011 | WCEC 3 | WCEC 3 | 31.7% | 32.8% | 2011 | 12 | 11 | 5,028 | 4,885 | (143) | 4,018 | 4,065 | 47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2012 | | | 30.8% | 32.2% | 2012 | 14 | 25 | 5,010 | 4,974 | (36) | 4,242 | 4,282 | 50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2013 | PCC conversion PRV conversion | PCC conversion PRV conversion | 34.5% | 36.5% | 2013 | 16 | 41 | 5,920 | 5,861 | (59) | 4,574 | 4,629 | 55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2014 | | | 35.1% | 41.4% | 2014 | 18 | 117 | 6,164 | 6,031 | (133) | 4,936 | 5,149 | 213 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | | | 31.9% | 38.0% | 2015 | 35 | 200 | 6,688 | 6,540 | (148) | 5,268 | 5,527 | 259 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016 | | | 30.7% | 30.7% | 2016 | 70 | 270 | 7,384 | 7,185 | (199) | 5,837 | 6,033 | 196 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 | | | 23.6% | 28.5% | 2017 | 57 | 373 | 7,999 | 7,798 | (201) | 6,773 | 6,978 | 205 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | | | 25.7% | 31.7% | 2018 | 47 | 373 | 8,429 | 8,183 | (246) | 6,295 | 6,518 | 223 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | TP 6 nuclear | TP 6 nuclear | 28.7% | 28.7% | 2019 | 38 | 412 | 9,746 | 8,489 | (1,257) | 6,983 | 7,206 | 223 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | TP 7 nuclear | TP 7 nuclear | 21.7% | 30.3% | 2020 | 24 | 435 | 8,764 | 8,495 | (269) | 7,027 | 7,348 | 321 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | | | 21.7% | 27.8% | 2021 | 12 | 447 | 8,055 | 7,415 | (640) | 7,468 | 7,554 | 86 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | 3x1G CC | | 24.0% | 25.0% | 2022 | (137) | 309 | 9,512 | 9,300 | (212) | 7,488 | 7,608 | 120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | | | 21.6% | 22.5% | 2023 | (289) | 40 | 8,955 | 9,790 | 845 | 7,912 | 8,044 | 132 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | 150 MW PPA | | 19.8% | 20.0% | 2024 | (238) | (188) | 10,722 | 10,575 | (147) | 8,132 | 8,344 | 212 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2025 | Nuclear 1 | Nuclear 1 | 19.8% | 20.8% | 2025 | (230) | (416) | 10,785 | 10,605 | (180) | 8,652 | 8,602 | (50) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2026 | 3x1G CC | 3x1G CC | 20.9% | 22.2% | 2026 | (230) | (645) | 10,873 | 10,669 | (204) | 9,132 | 9,160 | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2027 | Nuclear 2 | Nuclear 2 | 22.1% | 23.8% | 2027 | (231) | (877) | 11,132 | 10,861 | (271) | 9,647 | 9,647 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2028 | | | 19.8% | 21.3% | 2028 | (232) | (1,129) | 11,426 | 11,138 | (288) | 9,770 | 9,814 | 44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | IGCC 1 | IGCC 1 | 19.8% | 21.1% | 2029 | (219) | (1,349) | 12,021 | 11,718 | (301) | 10,433 | 10,725 | 292 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2030 | IGCC 2 & 100MW PPA | IGCC 2 | 19.8% | 20.8% | 2030 | (172) | (1,517) | 12,587 | 12,339 | (248) | 12,133 | 12,280 | 147 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2031 | 3x1G CC | 3x1G CC | 21.0% | 22.8% | 2031 | (137) | (1,654) | 13,354 | 13,004 | (350) | 12,894 | 13,207 | 313 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2032 | 3x1G CC | 3x1G CC | 20.5% | 22.3% | 2032 | (105) | (1,750) | 14,462 | 14,109 | (353) | 13,594 | 13,942 | 348 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2033 | 3x1G CC | 3x1G CC | 20.1% | 22.1% | 2033 | (42) | (1,800) | 16,329 | 16,004 | (325) | 13,849 | 14,182 | 333 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2034 | | | 23.5% | 23.5% | 2034 | 21 | (1,780) | #N/A | #N/A | 0 | #N/A | #N/A | 21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2035 | #N/A | #N/A | #N/A | #N/A | 2035 | 284 | (1,490) | #N/A | #N/A | 0 | #N/A | #N/A | 284 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2036 | #N/A | #N/A | #N/A | #N/A | 2036 | 277 | (1,219) | #N/A | #N/A | 0 | #N/A | #N/A | 277 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2037 | #N/A | #N/A | #N/A | #N/A | 2037 | 271 | (940) | #N/A | #N/A | 0 | #N/A | #N/A | 271 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2038 | #N/A | #N/A | #N/A | #N/A | 2038 | 266 | (842) | #N/A | #N/A | 0 | #N/A | #N/A | 266 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2039 | #N/A | #N/A | #N/A | #N/A | 2039 | 240 | (431) | #N/A | #N/A | 0 | #N/A | #N/A | 240 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2040 | #N/A | #N/A | #N/A | #N/A | 2040 | 232 | (1,667) | #N/A | #N/A | 0 | #N/A | #N/A | 232 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2041 | #N/A | #N/A | #N/A | #N/A | 2041 | 251 | 52 | #N/A | #N/A | 0 | #N/A | #N/A | 251 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2042 | #N/A | #N/A | #N/A | #N/A | 2042 | 246 | 332 | #N/A | #N/A | 0 | #N/A | #N/A | 246 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2043 | #N/A | #N/A | #N/A | #N/A | 2043 | 240 | 372 | #N/A | #N/A | 0 | #N/A | #N/A | 240 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2044 | #N/A | #N/A | #N/A | #N/A | 2044 | 233 | 605 | #N/A | #N/A | 0 | #N/A | #N/A | 233 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2045 | #N/A | #N/A | #N/A | #N/A | 2045 | 225 | 1,050 | #N/A | #N/A | 0 | #N/A | #N/A | 225 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2046 | #N/A | #N/A | #N/A | #N/A | 2046 | 218 | 1,445 | #N/A | #N/A | 0 | #N/A | #N/A | 218 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2047 | #N/A | #N/A | #N/A | #N/A | 2047 | 247 | 1,495 | #N/A | #N/A | 0 | #N/A | #N/A | 247 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2048 | #N/A | #N/A | #N/A | #N/A | 2048 | 243 | 1,755 | #N/A | #N/A | 0 | #N/A | #N/A | 243 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2049 | #N/A | #N/A | #N/A | #N/A | 2049 | 247 | 2,002 | #N/A | #N/A | 0 | #N/A | #N/A | 247 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2050 | #N/A | #N/A | #N/A | #N/A | 2050 | 234 | 2,226 | #N/A | #N/A | 0 | #N/A | #N/A | 234 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2051 | #N/A | #N/A | #N/A | #N/A | 2051 | 221 | 2,457 | #N/A | #N/A | 0 | #N/A | #N/A | 221 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2052 | #N/A | #N/A | #N/A | #N/A | 2052 | 208 | 2,665 | #N/A | #N/A | 0 | #N/A | #N/A | 208 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2053 | #N/A | #N/A | #N/A | #N/A | 2053 | 185 | 2,860 | #N/A | #N/A | 0 | #N/A | #N/A | 185 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2054 | #N/A | #N/A | #N/A | #N/A | 2054 | 165 | 3,044 | #N/A | #N/A | 0 | #N/A | #N/A | 165 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2055 | #N/A | #N/A | #N/A | #N/A | 2055 | 174 | 3,218 | #N/A | #N/A | 0 | #N/A | #N/A | 174 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2056 | #N/A | #N/A | #N/A | #N/A | 2056 | 165 | 3,395 | #N/A | #N/A | 0 | #N/A | #N/A | 165 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2057 | #N/A | #N/A | #N/A | #N/A | 2057 | 157 | 3,540 | #N/A | #N/A | 0 | #N/A | #N/A | 157 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2058 | #N/A | #N/A | #N/A | #N/A | 2058 | 149 | 3,689 | #N/A | #N/A | 0 | #N/A | #N/A | 149 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2059 | #N/A | #N/A | #N/A | #N/A | 2059 | 91 | 3,760 | #N/A | #N/A | 0 | #N/A | #N/A | 91 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2060 | #N/A | #N/A | #N/A | #N/A | 2060 | 80 | 3,840 | #N/A | #N/A | 0 | #N/A | #N/A | 80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | 2,840 | (6,912) | | | | | | 2,840 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|-----------------------------------|---------|
| Cumulative Negative (Millions \$) | (3,248) |
| Cumulative Positive (Millions \$) | 6,882 |
| NPV ⁴ (Millions \$) | 39 |

1. Yellow highlighted entries denote changes from Base expansion plan.
 2. Fuel and demand assumptions after 2024 will not impact the delta between the Base case and the LCEC case, which is why #N/A is used for the years 2035-2060.
 3. The units available beginning in 2034 are the same in both the Base case and the LCEC case.
 4. Cash flows are discounted to the beginning of 2010 at 6.5%.

Assumptions
 PPL Load - August 18, 2008 forecast
 LCEC Load - August 30, 2008 forecast
 Fuel - Oct. 15, 2008 forecast
 Solar - 110 MW 2010 - 2011
 Nuclear - 2025/2027 nuclear units
 Coal - 2029/2030 IGCC units with CO2 capture
 Gas - 3x1 CC filers 2022 - 2040

TABLE 2-3

| Year | Base with Lec | Base without Lec ¹ | Lec - Reserve Margins ² | Base - Reserve Margins ² | Year | Yearly Millions \$ | Cumulative Millions \$ | LCEC Millions \$ | Base Millions \$ | Delta ² Millions \$ | Demand and Energy | |
|------|----------------------------------|----------------------------------|------------------------------------|-------------------------------------|------|-----------------------|---------------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|
| | | | | | | | | | | | LCEC Millions \$ | Base Millions \$ |
| 2010 | WCFC 2 | WCFC 2 | 35.4% | 37.1% | 2010 | 4 | 4 | 4,672 | 4,572 | (40) | 3,621 | 3,665 |
| 2011 | WCFC 3 | WCFC 3 | 32.2% | 33.8% | 2011 | 12 | 17 | 4,762 | 4,754 | (8) | 4,007 | 4,058 |
| 2012 | | | 31.4% | 31.1% | 2012 | 15 | 31 | 4,787 | 4,749 | (38) | 4,211 | 4,263 |
| 2013 | | | 35.1% | 36.8% | 2013 | 19 | 50 | 5,747 | 5,706 | (41) | 4,564 | 4,624 |
| 2014 | PCC conversion PRV conversion | PCC conversion PRV conversion | 34.1% | 41.8% | 2014 | 76 | 126 | 8,028 | 8,006 | (22) | 4,844 | 4,924 |
| 2015 | | | 31.6% | 38.3% | 2015 | 85 | 217 | 8,445 | 8,416 | (29) | 5,302 | 5,319 |
| 2016 | | | 20.3% | 31.7% | 2016 | 78 | 294 | 7,082 | 7,017 | (65) | 5,695 | 5,628 |
| 2017 | | | 24.7% | 30.1% | 2017 | 76 | 370 | 7,857 | 7,777 | (80) | 5,777 | 5,825 |
| 2018 | TP 6 nuclear | TP 6 nuclear | 28.5% | 32.0% | 2018 | 85 | 455 | 8,041 | 7,935 | (106) | 6,268 | 6,570 |
| 2019 | TP 7 nuclear | TP 7 nuclear | 23.2% | 28.5% | 2019 | 54 | 489 | 8,300 | 8,151 | (149) | 6,527 | 6,809 |
| 2020 | | | 24.3% | 29.6% | 2020 | 54 | 527 | 8,450 | 8,193 | (257) | 6,904 | 7,199 |
| 2021 | | | 20.9% | 26.1% | 2021 | 26 | 553 | 8,848 | 8,575 | (273) | 7,044 | 7,343 |
| 2022 | | | 22.7% | 23.0% | 2022 | 130 | 421 | 9,306 | 9,194 | (112) | 7,511 | 7,551 |
| 2023 | | | 19.6% | 20.0% | 2023 | (259) | 182 | 8,843 | 9,715 | (728) | 7,827 | 7,806 |
| 2024 | | | 21.3% | 21.7% | 2024 | (243) | (70) | 10,505 | 10,363 | (141) | 8,437 | 8,338 |
| 2025 | | | 21.4% | 22.0% | 2025 | (240) | (117) | 10,610 | 10,434 | (176) | 9,159 | 9,068 |
| 2026 | | | 22.0% | 22.7% | 2026 | (232) | (149) | 10,781 | 10,558 | (223) | 9,862 | 9,663 |
| 2027 | | | 21.6% | 21.4% | 2027 | (238) | (170) | 11,029 | 10,846 | (183) | 10,140 | 10,142 |
| 2028 | | | 19.2% | 20.8% | 2028 | (237) | (119) | 11,360 | 11,124 | (236) | 10,763 | 10,762 |
| 2029 | | | 19.2% | 19.8% | 2029 | (219) | (129) | 12,098 | 11,822 | (276) | 11,128 | 11,161 |
| 2030 | | | 22.1% | 23.2% | 2030 | (148) | (135) | 12,727 | 12,432 | (295) | 12,969 | 13,085 |
| 2031 | | | 19.5% | 20.4% | 2031 | (137) | (152) | 13,563 | 13,250 | (313) | 13,667 | 13,873 |
| 2032 | | | 22.8% | 19.5% | 2032 | (374) | (1,067) | 14,352 | 14,352 | (233) | 14,185 | 14,043 |
| 2033 | | | 21.6% | 22.5% | 2033 | (225) | (1,252) | 18,498 | 18,237 | (261) | 14,868 | 14,856 |
| 2034 | | | 23.6% | 19.6% | 2034 | (321) | (1,449) | #N/A | #N/A | 0 | #N/A | (321) |
| 2035 | | | 20.8% | 20.8% | 2035 | 89 | (2,377) | #N/A | #N/A | 0 | #N/A | 89 |
| 2036 | | | #N/A | #N/A | 2036 | 337 | (2,840) | #N/A | #N/A | 0 | #N/A | 337 |
| 2037 | | | #N/A | #N/A | 2037 | 329 | (1,711) | #N/A | #N/A | 0 | #N/A | 329 |
| 2038 | | | #N/A | #N/A | 2038 | 322 | (1,380) | #N/A | #N/A | 0 | #N/A | 322 |
| 2039 | | | #N/A | #N/A | 2039 | 315 | (1,074) | #N/A | #N/A | 0 | #N/A | 315 |
| 2040 | | | #N/A | #N/A | 2040 | 308 | (759) | #N/A | #N/A | 0 | #N/A | 308 |
| 2041 | | | #N/A | #N/A | 2041 | 303 | (481) | #N/A | #N/A | 0 | #N/A | 303 |
| 2042 | | | #N/A | #N/A | 2042 | 298 | (184) | #N/A | #N/A | 0 | #N/A | 298 |
| 2043 | | | #N/A | #N/A | 2043 | 293 | (137) | #N/A | #N/A | 0 | #N/A | 293 |
| 2044 | | | #N/A | #N/A | 2044 | 282 | (49) | #N/A | #N/A | 0 | #N/A | 282 |
| 2045 | | | #N/A | #N/A | 2045 | 274 | 643 | #N/A | #N/A | 0 | #N/A | 274 |
| 2046 | | | #N/A | #N/A | 2046 | 268 | 943 | #N/A | #N/A | 0 | #N/A | 268 |
| 2047 | | | #N/A | #N/A | 2047 | 264 | 1,244 | #N/A | #N/A | 0 | #N/A | 264 |
| 2048 | | | #N/A | #N/A | 2048 | 307 | 1,551 | #N/A | #N/A | 0 | #N/A | 307 |
| 2049 | | | #N/A | #N/A | 2049 | 293 | 1,843 | #N/A | #N/A | 0 | #N/A | 293 |
| 2050 | | | #N/A | #N/A | 2050 | 278 | 2,122 | #N/A | #N/A | 0 | #N/A | 278 |
| 2051 | | | #N/A | #N/A | 2051 | 265 | 2,386 | #N/A | #N/A | 0 | #N/A | 265 |
| 2052 | | | #N/A | #N/A | 2052 | 250 | 2,637 | #N/A | #N/A | 0 | #N/A | 250 |
| 2053 | | | #N/A | #N/A | 2053 | 235 | 2,871 | #N/A | #N/A | 0 | #N/A | 235 |
| 2054 | | | #N/A | #N/A | 2054 | 220 | 3,081 | #N/A | #N/A | 0 | #N/A | 220 |
| 2055 | | | #N/A | #N/A | 2055 | 208 | 3,269 | #N/A | #N/A | 0 | #N/A | 208 |
| 2056 | | | #N/A | #N/A | 2056 | 198 | 3,437 | #N/A | #N/A | 0 | #N/A | 198 |
| 2057 | | | #N/A | #N/A | 2057 | 189 | 3,582 | #N/A | #N/A | 0 | #N/A | 189 |
| 2058 | | | #N/A | #N/A | 2058 | 181 | 3,708 | #N/A | #N/A | 0 | #N/A | 181 |
| 2059 | | | #N/A | #N/A | 2059 | 161 | 4,098 | #N/A | #N/A | 0 | #N/A | 161 |
| 2060 | | | #N/A | #N/A | 2060 | 106 | 4,207 | #N/A | #N/A | 0 | #N/A | 106 |
| | | | | | | 4,207 | | | | | | 8,488 |

Cumulative Negative (Millions \$) (24,998)
Cumulative Positive (Millions \$) 7,206
NPV (Millions \$) 21

1. Yellow highlighted entries denote changes from Base expansion plan.
2. Fuel and demand assumptions after 2035 will not impact the delta between the Base case and the LCEC case, which is why #N/A is used for the years 2035-2060.
3. The units available beginning in 2035 are the same in both the Base case and the LCEC case.
4. Cash flows are discounted to the beginning of 2010 at 8.5%.

ASSUMPTIONS
FPL Load - October 6, 2009 forecast
LCEC Load - October 6, 2008 forecast
Fuel - Oct. 15, 2008 forecast
Solar - 110 MW in service 2010-2011 - 0% firm capacity contribution
Nuclear - 2025/2027 nuclear units
Coal - 2029/2030 IGCC units with CO2 capture
Gas - 3x1 CC files 2022 - 2049

TABLE 2-5

Fuel Forecast Comparison
AVG \$/MMBtu

| FORECAST | Natural Gas 2007 Analysis Forecast \$/ MMBtu | Natural Gas August 4th, 2008 Forecast \$/ MMBtu | Natural Gas October 15th, 2008 Forecast \$/ MMBtu |
|----------|--|---|---|
| 2010 | 6.9 | 10.1 | 8.3 |
| 2011 | 6.3 | 9.4 | 8.7 |
| 2012 | 6.5 | 9.4 | 8.7 |
| 2013 | 6.7 | 9.3 | 9.3 |
| 2014 | 6.8 | 9.4 | 9.4 |
| 2015 | 7.2 | 9.7 | 9.7 |
| 2016 | 7.6 | 10.2 | 10.2 |
| 2017 | 8.1 | 11.0 | 11.0 |
| 2018 | 8.7 | 12.0 | 11.9 |
| 2019 | 9.2 | 12.4 | 12.4 |
| 2020 | 9.8 | 12.9 | 12.9 |
| 2021 | 10.1 | 13.5 | 13.2 |
| 2022 | 10.4 | 14.1 | 13.4 |
| 2023 | 10.7 | 14.8 | 13.7 |
| 2024 | 11.0 | 15.4 | 14.0 |
| 2025 | 11.4 | 16.1 | 14.2 |
| 2026 | 11.7 | 16.8 | 14.5 |
| 2027 | 12.1 | 17.6 | 14.8 |
| 2028 | 12.5 | 18.4 | 15.1 |
| 2029 | 12.8 | 19.2 | 15.4 |
| 2030 | 13.2 | 20.1 | 15.7 |
| 2031 | 13.6 | 21.0 | 16.0 |
| 2032 | 14.0 | 21.9 | 16.3 |
| 2033 | 14.4 | 22.9 | 16.6 |

Q.

How would FPL propose to adjust retail base rates to recognize the incremental addition of Lee County's load in 2014?

A.

Retail customers will receive the benefit of spreading fixed costs over a larger base that results from serving the LCEC load, through changes in the jurisdictional separation factors upon which base rates are established over time. It is not necessary for purpose of maintaining this base-rate reduction benefit that base rates be readjusted every time additional plant in service is added. This is because the purpose of test-year ratemaking is not to freeze the level of investment, expenses and revenues for years into the future, but rather to establish an appropriate relationship among those major components of a utility's earnings which will ensure that earnings remain within a target range so long as that relationship remains essentially intact. One of the important determinants of the relationship are the jurisdictional separation factors, which establish the portion of the utility's total system costs and investment for which retail customers are responsible. So long as the LCEC load used to determine the most recent base rate jurisdictional separation factors is essentially the same (or, more precisely, so long as the proportion that LCEC load represents of FPL's total load remains essentially the same), the use of those jurisdictional separations factors will continue to ensure that retail customers are getting the base-rate reduction benefits of serving LCEC.

There are basically two stages to the LCEC load coming onto FPL's system: the initial load of 200-300 MW in 2010, and an increase to LCEC's full requirements load in 2014 (this is projected to grow to about 1100 MW during contract term). The jurisdictional separation factors in FPL's 2010 test year that are to be used in FPL's 2009 rate case will reflect the initial stage of LCEC load and will remain appropriate (and properly compensate retail customers) until 2014. It is probable that FPL's base rates will undergo a subsequent review at about that time such that the estimated increase in load due to LCEC becoming a full requirements customer in 2014 would be reflected in new separation factors for the rate effective period. But there are many

components of ratemaking. Between rate cases, some expenses will increase and others will decrease. Thus, even if rates are not reset in 2014, under general ratemaking principles customers would still be assumed to be receiving the benefit of the change in separation factors that will occur annually for purposes of surveillance reporting.

However, in the interest of clarifying the benefits associated with the proposed LCEC contract, if the Commission agrees that this contract is prudent and consistent with the interests of FPL's retail customers, FPL will commit to make an adjustment in the 2013 capacity cost recovery ("CCR") clause proceedings to credit customers, effective January 1, 2014, by the amount of reduced annual cost responsibility resulting from the lower jurisdictional separation factors that reflect the second, higher stage of LCEC load (the "base rate benefit credit"). The base rate benefit credit will be calculated using data and projections for 2014 that are current at the time of the 2013 CCR proceeding. Therefore, the credit may be higher or lower than the 2014 base rate benefit that was projected at the time the LCEC Agreement is reviewed and found to be prudent by the Commission in 2009. FPL will continue to flow the base rate benefit credit back to retail customers annually through the CCR clause until new base rates are determined or stipulated in a subsequent base rate proceeding.

Q. How does FPL intend to identify and collect from Lee County any costs approved for recovery from retail ratepayers through the nuclear cost recovery mechanism, both prior to and after implementation of the contract?

A. Regarding the economics of cost recovery for the Nuclear Uprate and Turkey Point 6 & 7 projects from LCEC and retail customers, FPL has previously pointed out to Staff that:

- Recovery from LCEC of costs for the Nuclear Uprate and Turkey Point 6 & 7 projects is not dependent upon the specifics of how the retail jurisdictional portion of those costs are recovered from retail customers. Attempting to impose a requirement on LCEC for special payments toward the costs of those projects would be inconsistent with the terms of the LCEC Agreement and with applicable FERC ratemaking requirements, which would substantially chill the prospects for future wholesale contracts that could benefit retail customers and the state as a whole.
- FPL's economic evaluation of the LCEC agreement assumes that retail customers will pay the retail jurisdictional share of nuclear project costs pursuant to this Commission's nuclear cost recovery mechanism without any further, special payments or consideration from LCEC to retail customers. The economic evaluation shows that retail customers will benefit from the LCEC Agreement, in that they will pay less for electricity over the life of the Agreement than they would without the Agreement, so there is no need or justification for requiring that LCEC make additional payments to the benefit of retail customers.
- To whatever extent retail customers could be said to pay an extra share for nuclear projects on the front end, it could be said equally that they will receive more of the projects' benefits on the back end. The nuclear projects (especially Turkey Point 6 & 7) are expected to be in service well after the LCEC Agreement terminates. Retail customers will continue to benefit from the projects' low energy costs in those later years, after the project costs have been substantially depreciated, while LCEC will receive no residual benefits once the LCEC Agreement comes to an end.

In addition, FPL believes it is important for Staff to appreciate that the difference in the retail and FERC cost recovery process for the Nuclear Uprate and Turkey

Point 6 & 7 projects is essentially one of timing rather than ultimate cost responsibility. The following explanation, together with Attachment 10-1, may be helpful:

- Retail customers will pay for the nuclear projects using FPSC regulatory accounting, including the Nuclear Cost Recovery ("NCR") mechanism. This means that retail customers will "prepay" a portion of nuclear project costs, in the form of reimbursing FPL directly for pre-construction costs and for interest on construction costs that otherwise would increase Plant in Service and become part of base rates when the projects go into service.
- LCEC, on the other hand, will not prepay under the NCR mechanism, because FERC does not recognize that mechanism. Moreover, because FERC does not recognize the NCR mechanism, prepayment by retail customers does not result in a reduction in the Plant in Service on which LCEC rates are set. Consequently, the Plant in Service balances used to determine LCEC's rates once the nuclear projects go into service will be higher than they will be under FPSC regulatory accounting. Essentially, FPL maintains a separate set of books for the purpose of wholesale transactions such as the LCEC Agreement, which reflect FERC rather than FPSC regulatory accounting principles.
- As a result of these differences in regulatory accounting, retail customers will pay more early for the nuclear projects than LCEC customers, but then retail customers will pay *less* for those projects than LCEC once they go into service.
- Over time FPL shareholders do not get paid more than their authorized return by either retail customers or LCEC -- rather, it is a question of when the payments are received.
- The absence of prepayment by LCEC does not mean that either LCEC or FPL shareholders receive a "windfall." Therefore, requiring a payment to retail customers for a portion of the NCR charges would unfairly penalize LCEC and/or FPL shareholders, because there is no "surplus" from which such a payment could be made. Moreover, retail customers are fully compensated for their prepayment by the resulting lower Plant in Service balances when nuclear projects go into service. Therefore, retail customers do not need to receive a payment from LCEC to be made whole. Providing them with a credit against their NCR charges at the expense of LCEC and/or FPL shareholders would constitute an undeserved subsidy.

As FPL has previously pointed out to Staff, retail customers are going to have less cost responsibility for the nuclear projects if FPL serves the LCEC load than they would if FPL does not serve that load. The FPSC calculation of total company pre-construction costs, interest on construction costs and ultimately Plant in Service will not be any different with or without the LCEC load. However, the portion of those total company values for which retail customers are responsible will be determined by multiplying the total company values times the retail jurisdictional separation factors. Because the addition of the LCEC load (at the initial, partial-requirements level and then later at the full-requirements level) will reduce the retail jurisdictional separation factors, adding the LCEC load will reduce the amount that retail customers must pay. This benefit will start in 2010 and increase substantially in 2014. Moreover, reducing the retail jurisdictional separation factors will lower the cost responsibility borne by retail customers under base rates as well as through the NCR mechanism. Therefore, with the addition of the LCEC load, retail customers will pay less for the nuclear projects through the NCR mechanism initially and then later through base rates than they would if FPL does not serve that load. The FPSC should not jeopardize this benefit to retail customers by attempting to impose additional costs on LCEC or FPL shareholders that are inconsistent with FERC regulatory accounting for wholesale power sales and are unwarranted by the economics of FPL's cost recovery for the nuclear projects in question.

**ILLUSTRATIVE EXAMPLE OF
IMPACT OF CHANGE IN JURISDICTIONAL FACTOR ON NUCLEAR COST RECOVERY**

(Does not represent actual numbers)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|---------|---------|---------|---------|---------|------------------------------|
| (billions) | | | | | | |
| <u>Retail Customer</u> | | | | | | |
| Annual Expenditures (1) | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 3.00 | \$ 15.00 |
| FPSC Jurisdictional Factor | 98% | 98% | 98% | 98% | 98% | 95% |
| Retail Cost Responsibility | 2.94 | 2.94 | 2.94 | 2.94 | 2.94 | 14.25 (95% of \$15 billion) |
| Retail Customer Pays 1/3 upfront | (0.98) | (0.98) | (0.98) | (0.98) | (0.98) | (4.90) (4) |
| Total FPSC Retail Cost Responsibility Beginning 2014 | | | | | | \$ 9.35 (2) |
| <u>Wholesale Customer</u> | | | | | | |
| FERC Jurisdictional Factor | 2% | 2% | 2% | 2% | 2% | 5% |
| Wholesale Cost Responsibility | \$ 0.06 | \$ 0.06 | \$ 0.06 | \$ 0.06 | \$ 0.06 | \$ 0.75 (5% of \$15 billion) |
| Amt Paid By Wholesale Customer. | | | | | | |
| Total FERC Wholesale Cost Responsibility Beginning 2014 | | | | | | \$ 0.75 (3) |

Notes:

- (1) Assumes constant expenditures over 5 years; plant goes in service in 2014; and ignores AFUDC.
- (2) FPSC Customer pays on lower jurisdictional amount in 2014 (Lee County Contract), less amount already recovered for years 2009-2013.
- (3) Lee County bears their proportion of total cost of plant in year 2014.
- (4) The effect of this is that the amounts paid by retail customer will be recorded in a deferred credit account designated as 100% retail. These amounts will be amortized over the useful life of the asset. The wholesale customer continues to pay based on the total (\$15) cost of the plant.