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May 29, 2009

VIA HAND DELIVERY

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

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**Re: Docket No. 090172-EI
Florida Power & Light Company's Petition to Determine Need for
FPL FloridaEnergySecure Line**

Dear Ms. Cole:

I am enclosing for filing on behalf of Florida Power & Light Company ("FPL") the original and fifteen (15) copies of supplemental testimony and accompanying exhibits for the following FPL witnesses: (1) Sam Forrest; (2) Jonathan D. Ogur; and (3) James K. Guest. The supplemental testimony is being filed pursuant to Order No. PSC-09-0337-PCO-EI, which provided for FPL to file supplemental testimony by May 29 addressing additional potential issues identified by Staff and the parties that were not contemplated when FPL's petition and original testimony were filed. FPL does not believe that resolution of all aspects of those additional potential issues is necessary or appropriate for a need determination proceeding such as this, but has addressed the issues in order to provide the Commission the information it may require.

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

Sincerely,


John T. Butler

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Enclosures

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



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically this 29th day of May, 2009, to the following:

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By: 
 John T. Butler

**BEFORE THE FLORIDA PUBLIC SERVICE
COMMISSION**

**DOCKET NO. 090172-EI
FLORIDA POWER & LIGHT COMPANY**

**IN RE: FLORIDA POWER & LIGHT COMPANY'S
PETITION TO DETERMINE NEED FOR
FLORIDA ENERGY SECURE LINE**

**SUPPLEMENTAL TESTIMONY
OF**

SAM FORREST

DOCUMENT NUMBER DATE

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
SUPPLEMENTAL TESTIMONY OF SAM FORREST
DOCKET NO. 090172-EI
MAY 29, 2009

Q. Please state your name and business address.

A. My name is Sam Forrest. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as Vice President of the Energy Marketing & Trading (“EMT”) Business Unit.

Q. Have you previously submitted direct testimony in this proceeding?

A. Yes. My direct testimony was submitted on April 7, 2009.

Q. Have your position, duties, or responsibilities changed since you last filed testimony in this docket?

A. No.

Q. What is the purpose of your supplemental testimony?

A. The purpose of my supplemental testimony is to explain FPL’s proposed ratemaking treatment for the Florida EnergySecure Line and to describe how FPL would make excess transportation capacity on the Florida EnergySecure Line available to third party shippers. Finally, I will address why the

1 establishment of a separate entity is unnecessary, would unnecessarily create
2 affiliate transactions, and add additional costs to FPL's customers.

3 **Q. What ratemaking treatment does FPL propose for the Florida**
4 **EnergySecure Line?**

5 A. FPL proposes to include all prudently incurred costs for the Florida
6 EnergySecure Line in FPL's electric utility rate base. As discussed in the
7 supplemental testimony of FPL witness James K. Guest, this ratemaking
8 treatment is appropriate because the predominant purpose of the Florida
9 EnergySecure Line is to serve the natural gas transportation needs of FPL's
10 electric generating units.

11

12 From the outset, 400 million cubic feet per day ("MMcf/d") of the Florida
13 EnergySecure Line's initial 600 MMcf/d of capacity will serve FPL's
14 modernized Cape Canaveral and Riviera Beach units, which will generate
15 enough electricity to serve approximately 527,000 customers. Moreover, as
16 discussed in the direct testimony of FPL witness Juan E. Enjamio, under
17 FPL's base case scenario, from 2013 FPL's gas need would grow by
18 approximately 1.6 billion cubic feet per day ("Bcf/d") by 2030 and
19 approximately 2.8 Bcf/d by 2040. Thus, it is not a matter of "if" but "when"
20 FPL will require additional natural gas transportation capacity equal to or
21 exceeding the full capacity of the Florida EnergySecure Line for its own needs
22 as an electric utility. As the Florida Public Service Commission ("FPSC" or
23 "Commission") recognized in Order No. PSC-97-0659-FOF-EM, Docket No.

1 961512-EM, at page 4, “it is not unusual for a utility to grow into the capacity
2 of a large generating unit.” The Florida EnergySecure Line should be viewed
3 the same way because it will serve the immediate and long-term natural gas
4 transportation needs of FPL’s generation fleet to meet the growing electrical
5 demands of FPL’s customers.

6 **Q. Would FPL pursue the Florida EnergySecure Line if the Commission**
7 **excluded any portion of the prudently incurred costs of the project from**
8 **FPL’s electric utility rate base?**

9 A. No. The Florida EnergySecure Line was not developed as a strategic
10 investment asset for FPL Group, Inc. Rather, it was developed to meet FPL’s
11 obligation to serve for the benefit of FPL’s customers. FPL’s goal is to
12 provide clean energy service at an affordable price to our electric customers,
13 while ensuring the highest level of reliability. The Florida EnergySecure Line
14 would further this goal because, as discussed throughout my direct testimony,
15 it provides the most cost-effective option for meeting FPL’s immediate and
16 long-term gas transportation needs, while increasing the diversity of natural
17 gas supply and adding to the reliability of the natural gas delivery system
18 infrastructure. FPL’s customers will benefit directly from these economic and
19 strategic advantages.

20
21 Additionally, as discussed in the direct testimony of FPL witness Robert G.
22 Sharra, FPL may be in a position to sell, directly or indirectly, capacity of the
23 Florida EnergySecure Line that initially exceeds FPL’s electric-generation gas

1 requirements. Any revenues resulting from capacity releases or off-system
2 transportation sales facilitated by the Florida EnergySecure Line will flow
3 back to the benefit of FPL's customers through the Fuel Cost Recovery
4 Clause. FPL's proposed pipeline is the most cost-effective option for
5 customers irrespective of whether FPL makes any sales of excess capacity to
6 third parties, and any such sales will only serve to improve the economics of
7 the pipeline for FPL's customers.

8 **Q. How does FPL plan to make excess capacity on the Florida EnergySecure**
9 **Line available to other entities in Florida?**

10 A. FPL can either sell the excess capacity on the Florida EnergySecure Line to
11 third party shippers or it can utilize the excess capacity for its own needs and
12 release a like amount of capacity on either the Florida Gas Transmission
13 Company ("FGT") or the Gulfstream Natural Gas System ("Gulfstream")
14 pipelines to third party shippers. In all likelihood, FPL will retain and use
15 most of the Florida EnergySecure Line's excess capacity at the Martin Plant
16 and make an off-setting amount of capacity available off of either the FGT or
17 the Gulfstream systems due to their more comprehensive connectivity within
18 the state.

19
20 With respect to the option of releasing capacity on either FGT or Gulfstream,
21 FPL would follow the Federal Energy Regulatory Commission's ("FERC")
22 capacity release requirements to market the excess capacity. FERC has very
23 strict, standardized capacity release posting and bidding requirements in order

1 to ensure that capacity is awarded in an open and nondiscriminatory manner
2 and FPL would strictly adhere to these requirements. Capacity must be posted
3 and accessible to all interested parties on the pipeline's Electronic Bulletin
4 Board. Although the releasing party can set parameters for the release of
5 capacity, such as the term of the release, such parameters must be
6 nondiscriminatory. FERC also dictates the rules surrounding the capacity
7 release auction so that all releasing shippers abide by the same procedures for
8 the auction and award of capacity. With that being said, FPL does not intend
9 to make long term releases of its FGT or Gulfstream capacity as these original
10 contracts were purchased for specific delivery needs. FPL would look to
11 make short-term releases to bring additional value to its customers.

12
13 To the extent that opportunities arise for FPL to sell excess capacity directly
14 off of the Florida EnergySecure Line, FPL would make the capacity available
15 in an open, transparent and non-discriminatory manner.

16 **Q. What transportation rates would you anticipate for off-system sales to**
17 **third parties?**

18 A. If FPL finds itself in a position to make sales of Florida EnergySecure Line
19 capacity directly to third parties, it would seek approval from the FPSC for a
20 tariff pursuant to which FPL could negotiate rates for those sales consistent
21 with the principles of the Natural Gas Transmission Pipeline Intrastate
22 Regulatory Act ("NGPIRA") in Chapter 368, Part II, of the Florida Statutes.
23 These rates would be regulated by the FPSC.

1 **Q. Please explain further how the Commission would have the opportunity**
2 **to review rates charged by FPL for any off-system sales.**

3 A. FPL's proposed primary use of the pipeline is to serve FPL's native load and
4 not to engage in the transmission or delivery for sale of natural gas for
5 compensation. For that reason, FPL would not be a "natural gas transmission
6 company" under the NGPIRA. However, if FPL markets gas transportation
7 service to third parties, the Company will file a separate petition with the
8 Commission requesting approval of tariffs in accordance with the principles
9 set forth in the NGPIRA. The tariffs would specify the general terms,
10 conditions, and rules under which FPL would provide transportation service,
11 but the rates and charges would be negotiated individually with each customer
12 subject to the FPSC's oversight. After executing a transportation service
13 agreement, FPL and the third party customer would file an affidavit with the
14 FPSC affirming the reasonableness of the rates in accordance the principles
15 set forth in the NGPIRA.

16 **Q. Does FPL believe it would be appropriate to address, in this proceeding,**
17 **whether limits should be imposed on FPL's ability to offer service to third**
18 **parties in order to address concerns about potential impacts to other gas**
19 **entities?**

20 A. No. Consistent with prior Commission practice, the Commission can and
21 should address the appropriateness of any such limitations when it reviews
22 FPL's tariff filing, which will specify the terms, conditions, and rules under

1 which FPL would provide service to third parties. It is unnecessary and would
2 be premature to address such issues in the context of this need proceeding.

3 **Q. Should the Commission require FPL to establish a separate entity if it**
4 **engages in any sales of excess capacity to third parties?**

5 A. No. The primary purpose of the proposed pipeline is to provide gas to FPL's
6 combined cycle plants. Within a relatively short period of time, FPL will
7 fully utilize the entire capacity of the pipeline. Any sales made prior to that
8 time would go directly to the benefit of FPL's customers. The establishment
9 of a separate entity is not necessary to achieve this benefit. Furthermore,
10 establishing a separate entity could unnecessarily trigger affiliate transaction
11 rules and generate legal, administrative, and on-going expenses that ultimately
12 would be passed on to FPL's customers. These additional costs are
13 unnecessary because the Commission will have regulatory oversight through
14 the review of any tariffs governing any sales of excess capacity. FPL would
15 still maintain accounting records related to the pipeline to permit the
16 identification of depreciation, operation and maintenance, and other costs to
17 develop a cost of service applicable to the pipeline.

18 **Q. Does this conclude your direct testimony?**

19 A. Yes.