



John T. Butler
Managing Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5639
(561) 691-7135 (Facsimile)

July 2, 2009

VIA HAND DELIVERY

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

RECEIVED-FPSC
09 JUL -2 PM 3:27
COMMISSION
CLERK


Re: Docket No. 0901072-EI
Florida Power & Light Company's Petition to Determine Need for
FPL Florida EnergySecure Line

Dear Ms. Cole:

I am enclosing for filing on behalf of Florida Power & Light Company ("FPL") the original and fifteen (15) copies of rebuttal testimony and accompanying exhibits for the following FPL witnesses: (1) Sam Forrest; (2) Jonathan D. Ogur; (3) Dr. Rosemary Morley; (4) Timothy C. Sexton; (5) Robert G. Sharra; and (6) Juan E. Enjamio. The rebuttal testimony is being filed pursuant to Order No. PSC-09-337-PCO-EI, which provides for FPL to file rebuttal testimony by this date.

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

Sincerely,

for 
John T. Butler

COM 5 + 1 CR
ECR 1
GCL 1 Enclosures
OPC 1 cc: Counsel for parties of record (w/enclosures)
RCP 1
SSC 1
SGA 2
ADM 1
CLK 1 an FPL Group company

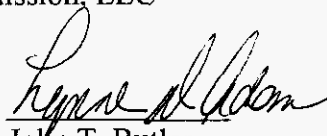
DOCUMENT NUMBER-DATE
06725 JUL-28
FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery this 2nd day of July, 2009 to the following:

Martha C. Brown
Senior Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
mbrown@psc.state.fl.us

Floyd R. Self, Esquire
Messer, Caparello & Self, P.A.
2618 Centennial Place
Tallahassee, FL 32308
fself@lawfla.com
Attorneys for Florida Gas Transmission, LLC

By: 
John T. Butler

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **REBUTTAL TESTIMONY OF SAM FORREST**

4 **DOCKET NO. 090172-EI**

5 **JULY 2, 2009**

6
7 **Q. Please state your name and business address.**

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

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

11 A. Yes. I submitted direct testimony on April 7, 2009 and supplemental direct
12 testimony on May 29, 2009.

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

15 A. No.

16 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

17 A. Yes. I am sponsoring the following exhibits which are attached to my rebuttal
18 testimony:

- 19 • SF-2: FPL's supplemental response to Staff's Fourth Set of
20 Interrogatories, Question Number 85
- 21 • SF-3: FPL's 2005 Storm-Related Incremental Fuel Expenses
22 (Originally filed as "Late Filed Exhibit No. 4" to G. Yupp's
23 Deposition in Docket No. 050001-EI)

**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 ENERGYSECURE LINE**

**REBUTTAL TESTIMONY & EXHIBITS
OF**

SAM FORREST

DOCUMENT NUMBER · DATE

06725 JUL -28

FPSC-COMMISSION CLERK

1 **Q. What is the purpose of your rebuttal testimony?**

2 A. The purpose of my rebuttal testimony is to rebut the testimony of Florida Gas
3 Transmission Company, LLC (“FGT”) witnesses Michael T. Langston and
4 Benjamin Schlesinger. Specifically, I will address the issue of whether FPL’s
5 proposed method of cost recovery for the Florida EnergySecure Line is
6 appropriate and in FPL customers’ best interests, as well as the issue of whether
7 FPL’s proposal benefits competition.

8 **Q. Please summarize your position on FGT’s testimony.**

9 A. In its direct case, FPL provided testimony demonstrating that the combination of
10 the Florida EnergySecure Line with the Company E proposal is a once-in-a-
11 generation opportunity to provide significant new geographically diverse natural
12 gas transmission infrastructure into and within the state of Florida. FGT
13 presumably recognizes this as evidenced by its interest in the project, but has
14 reacted to FPL’s proposal as a threat to its own self-interest. FGT’s fundamental
15 objective is only to ensure that a third pipeline is not constructed, as opposed to
16 offering any real alternative that would deliver comparable benefits to FPL’s
17 customers and the state of Florida. The Florida EnergySecure Line provides a
18 significant level of competition for FGT, competition which its testimony tries to
19 dismiss but which FGT’s own actions demonstrate. The very fact of FGT’s
20 repeated unsolicited proposals to FPL and the corresponding price reductions
21 FGT offered is strong evidence of the competition that the Florida EnergySecure
22 Line is already delivering, and of the direct benefits that FPL’s customers and

1 Florida will realize as a result of the existence of a new source of gas into the
2 state.

3 **Q. Does FPL's proposed rate base recovery provide FPL an unfair advantage**
4 **because it shields FPL from risk of full recovery if the pipeline is**
5 **underutilized, as FGT has suggested?**

6 A. No. The idea of an unfair advantage implies that FPL's customers would pay for
7 the asset until FPL finds an opportunity to sell the excess capacity to a third party
8 at an economic advantage for FPL's shareholders, rather than retaining the benefit
9 of the excess capacity for customers once they need it. FGT's implication is
10 completely inaccurate and may be based on looking at the project through FGT's
11 eyes, but it has no bearing on FPL's proposal. Consistent with other assets
12 developed, constructed and operated by FPL, the Florida EnergySecure Line is
13 being built to serve the needs of FPL's customers and will be entirely utilized by
14 its customers once the load increases to use the pipeline's full capacity.

15

16 Of course, as opportunities arise during the interim, FPL will make capacity
17 available to others, either on the Florida EnergySecure Line or through capacity
18 releases on FGT or Gulfstream. In either case, the revenue from those sales will
19 be entirely for the benefit of FPL's customers. Further, as detailed in FPL witness
20 Enjamio's testimony, the updated economic analysis performed for the Florida
21 EnergySecure Line and FGT proposals have taken into consideration the full cost
22 of the pipeline while taking no credit for the revenues from off-system sales. The
23 evaluation shows the Florida EnergySecure Line is the best economic option over

1 the life of the project, even without third-party sales of available capacity, which
2 only serve to improve the economics for FPL's customers.

3 **Q. On Page 18 of his testimony, FGT witness Langston argues that excess**
4 **capacity in the Florida market will not create greater competitive pressures.**
5 **Do you agree?**

6 A. No. The very announcement of this pipeline has created a high degree of
7 competition among the different pipeline companies involved in the solicitation
8 process. All companies, as detailed in FPL witness Stubblefield's direct
9 testimony, showed great interest in participating and provided proposals in
10 response to the request.

11

12 In a direct contradiction of the facts, FGT witness Langston states, "[a]n
13 assumption that creation of additional, excessive capacity will create greater
14 competitive pressures in a regulated market reflects a serious misunderstanding of
15 how this works." With all due respect, it is FGT that is burdened with
16 misunderstanding. FGT has continued to supply both formal and informal
17 proposals well after the original responses were accepted by FPL, each at a
18 subsequently lower price. Without the alternative of the Florida EnergySecure
19 Line and the Company E proposal, there is no reason FGT would have been
20 motivated to offer lower prices to FPL. In fact, from their original response to
21 their last offer, FGT's proposals have been reduced by over \$15,000,000
22 annually. That is the direct result of competition.

1 Additionally, once the Florida EnergySecure Line is operational and FPL offers
2 capacity into the market through capacity releases on FGT and Gulfstream, the
3 additional capacity will place downward pressure on prices for this capacity in the
4 secondary market. Florida customers will also benefit as downward pressure will
5 be placed on the price charged by FGT and Gulfstream for interruptible and short-
6 term firm capacity sales. This direct impact on FGT's bottom line is likely
7 another motivation for its position in this proceeding. The excess capacity
8 introduced by the Florida EnergySecure Line will therefore benefit all shippers in
9 Florida because they will have more choices and potentially more attractive prices
10 for their gas transportation requirements.

11 **Q. Would treating the Florida EnergySecure Line as a rate-based asset unduly**
12 **discriminate against other pipeline companies in competing for capacity in**
13 **south Florida, as characterized by FGT witness Langston?**

14 A. No. FPL is proposing the Florida EnergySecure Line as a rate base asset with the
15 primary purpose to serve FPL's electric generation. FPL is not developing this
16 asset with an eye to entering the gas pipeline business as a direct competitor to
17 FGT and Gulfstream. However, in order to bring the most value to its customers,
18 FPL will market excess capacity on Florida EnergySecure Line's Electronic
19 Bulletin Board ("EBB") and award it at the highest net present value ("NPV")
20 bid. However, once again, it should be emphasized that the most likely outcome
21 would be FPL releasing capacity on Gulfstream or FGT – consistent with FERC
22 rules and regulations - and taking the full capacity of the Florida EnergySecure
23 Line to serve FPL's customers.

1 Per FPL witness Enjamio's testimony, FPL is expected to need the full initial
2 capacity of the Florida EnergySecure Line no later than 2021 and potentially as
3 early as 2018. For that reason, any sale of capacity off the Florida EnergySecure
4 Line is likely to be shorter term in nature and therefore poses little threat to FGT
5 and Gulfstream, as their term sales have historically been for 20-25 years. In fact,
6 the more likely scenario is that FPL will release excess FGT or Gulfstream
7 capacity through their respective EBB's to the highest NPV bid. FGT and
8 Gulfstream already run the risk that existing shippers will release capacity on their
9 systems as a competitive alternative to their service.

10 **Q. On Page 19 of FGT witness Schlesinger's Direct Testimony and Pages 39 - 41**
11 **in FGT witness Langston's testimony, FGT argues that FPL's Florida**
12 **EnergySecure Line, if approved by the Florida Public Service Commission,**
13 **should be placed into a separate operating subsidiary of FPL and not in**
14 **FPL's rate base. Do you agree?**

15 A. No. As originally stated in my direct testimony, FPL is one of the nation's largest
16 consumers of natural gas and is heavily dependent on gas to meet its generation
17 requirements. At over 450 Bcf of natural gas per year, FPL is ranked number one
18 in the country among users of natural gas to generate electricity according to the
19 Department of Energy's Energy Information Administration (EIA). Owning and
20 operating a gas pipeline to help meet those requirements cost effectively and with
21 improved supply diversity and reliability is a reasonable and logical investment in
22 electric plant in service that is appropriately reflected in FPL's rate base. To
23 place this asset instead in a separate operating subsidiary would provide no

1 benefit to FPL's customers and would burden those customers with the costs of
2 operating the separate entity and managing an affiliate relationship.

3
4 Further, FGT's assertion that FPL would have access to a pipeline that is
5 unreasonably preferential, prejudicial, or unduly discriminatory is misguided.
6 FPL and its customers are *supposed* to have priority on the Florida EnergySecure
7 Line's capacity as the pipeline is being proposed for the predominant purpose of
8 serving the natural gas transportation needs of FPL's electric generating units,
9 including the modernized units at Cape Canaveral and Riviera Beach. However,
10 FPL is committed to offering any excess capacity available from the Florida
11 EnergySecure Line in an open, transparent and non-discriminatory basis at a level
12 of service commensurate with that provided to FPL's generating facilities, but this
13 is only a secondary purpose of the Project, intended to help lower its costs to
14 FPL's customers. FPL's supplemental response to Staff's Fourth Set of
15 Interrogatories, Question Number 85, attached as Exhibit SAF-1, provides more
16 details on FPL's proposed treatment of the excess capacity on the Florida
17 EnergySecure Line.

18
19 Additionally, as one of two existing major pipelines delivering natural gas into the
20 heart of the state, FGT's contentions that a third pipeline owned and operated by
21 FPL would be prejudicial and discriminatory ring rather hollow. The
22 Commission's focus should not be on ensuring that FGT maintains its current
23 competitive advantage in the market for interstate capacity serving Florida, but on

1 ensuring that Florida's consumers, and in particular FPL's customers, have access
2 to the lowest cost alternative for supplying their power generation.

3 **Q. If the Florida EnergySecure Line is approved, will FGT and Gulfstream be**
4 **allowed to bid for future expansions of FPL's natural gas transportation**
5 **needs beyond the initial 600 MMcf/d?**

6 A. Yes. FPL will always consider what is in the best interests of its customers, both
7 from a reliability standpoint and an economic standpoint. At the time of the next
8 expansion beyond the initial 600 MMcf/d of Florida EnergySecure Line capacity,
9 FPL will consider proposals from Gulfstream and FGT, along with other potential
10 suppliers. If FGT or Gulfstream provide the most benefit, FPL will contract for
11 services from them instead of the Florida EnergySecure Line. However, as noted
12 in FPL's direct testimony, the expansion costs of the Florida EnergySecure Line
13 are anticipated to be extremely cost effective, thus forcing alternate suppliers into
14 a situation where they will have to be very aggressive in their pricing. FGT
15 realizes this and seeks to defeat a project that could impact their economic
16 interests. However, it is in the interest of FPL's customers and is one of the
17 significant additional future benefits of the Florida EnergySecure Line.

18 **Q. On Page 30 of his testimony, Mr. Langston states that "clearly FPL needs ...**
19 **only 400,000 Mcf/day of capacity." Did FPL consider development of a**
20 **400 MMcf/d alternative to the currently proposed 600 MMcf/d Florida**
21 **EnergySecure Line?**

22 A. Yes. However, there was little interest from the pipeline community in
23 developing the Upstream Pipeline portion of this project for anything less than

1 600 MMcf/d. In fact, of the proposals received, only the incumbents provided
2 proposals for 400 MMcf/d. For new infrastructure, 600 MMcf/d was the smallest
3 increment considered. Additionally, for the intrastate portion of the project, the
4 slightly lower costs of materials and construction of a 24" pipeline were far
5 outweighed by the future benefits of expanding a 30" pipeline system. The
6 maximum practical throughput of a 24" pipeline is roughly 600 MMcf/d, but is
7 1.25 Bcf/d for the 30" Florida EnergySecure Line. This roughly 100% increase in
8 throughput is gained by a marginal 10% to 15% increase in the overall cost of the
9 project. Future expansions of the 24" system to meet anticipated future needs
10 would incorporate more expensive pipeline expansion infrastructure and require
11 additional environmental impacts.

12
13 In addition, even though a 24" pipeline option would appear to have a marginally
14 lower initial capital cost and could meet the immediate needs for FPL's
15 customers, the operational cost associated with compression to support the
16 smaller pipeline facilities would be higher than the proposed 30" pipeline
17 facilities and would further marginalize any minimal savings related to the
18 development of a 24" system.

19
20 For FPL, the future economic benefits of inexpensive expansion gained by
21 installing the larger 30" diameter pipe and future avoidance of the environmental
22 impacts associated with expanding the smaller 24" facilities were consistent with
23 the goals of the Project.

1 **Q. Do you agree with the economic analysis on Page 32 of FGT witness**
2 **Langston's testimony?**

3 A. No. Mr. Langston tries to equate cost recovery of the Florida EnergySecure Line
4 to a cost of service pipeline on a levelized basis. The Florida EnergySecure Line
5 is proposed as a rate base asset and cost recovery would be accomplished on a
6 revenue requirement basis, consistent with the regulatory treatment of FPL's other
7 rate-based assets. He is making an apples-to-oranges comparison that is not
8 relevant to the Commission's evaluation.

9
10 In a need determination such as this, the Commission should follow its well-
11 established precedent and approve the alternative that is the least costly over time
12 for FPL's customers, regardless of the timing of the revenue requirements. The
13 analysis performed by FPL witness Enjamio shows the Florida EnergySecure
14 Line is the most economically beneficial solution to serve the gas requirements of
15 FPL's customers.

16 **Q. Do you agree with FGT's assessment that FPL's fuel price forecasting**
17 **method is not reasonable?**

18 A. No. FPL witness Sharra will detail the actual mechanics of FPL's methodology,
19 but at a high level, FPL bases its estimates on third party sources of data, namely
20 the PIRA Energy Group (PIRA), the EIA, and NYMEX (for shorter term
21 forecasting). For the period being evaluated for this proposed pipeline, only the
22 PIRA fundamental estimates and EIA rate of escalation are relevant. These

1 sources of information are highly reliable and highly utilized within the natural
2 gas industry.

3

4 I would also like to address how the forecast impacts the overall analysis from a
5 high level. As the FGT system operates at a higher variable rate than that of the
6 combined Florida EnergySecure Line and Company E proposal, a higher natural
7 gas price forecast works to the detriment of FGT's proposal(s). Although he does
8 not provide an alternative projection of future gas prices, FGT witness
9 Schlesinger states on page 7 of his Direct Testimony, "FPL may have severely
10 understated future natural gas prices(.)" Even if that is true, that very statement
11 works against the FGT proposal(s) for the reasons discussed in Mr. Sharra's
12 rebuttal testimony.

13 **Q. Are economics the sole indicator the Commission should consider in this**
14 **proceeding?**

15 A. No. As FPL has detailed in previous testimony, and as FPL witness Sharra details
16 in his rebuttal testimony, the Florida EnergySecure Line offers access to a diverse
17 mix of supply alternatives and provides for a uniquely routed third major pipeline
18 into the state of Florida, further strengthening the infrastructure delivering the
19 predominant fuel in FPL's portfolio. This combination of strategic benefits, along
20 with the economically beneficial solution provided by the Florida EnergySecure
21 Line, are the reasons this Project should be approved.

1 Q. Do you agree with FGT witness Schlesinger's assertion on Page 11 of his
2 testimony that gas supplies rebounded shortly after hurricanes Katrina and
3 Rita in 2005?

4 A. No. Although FGT may be correct in its assessment that rising onshore
5 production was able to replace much of the offshore production that was lost, Mr.
6 Schlesinger fails to detail the impact to the customers of end users like FPL.
7 Attached as Exhibit SAF-3 to this testimony is a late-filed exhibit from FPL's
8 2005 Fuel Cost Recovery proceeding. Therein, Gerry Yupp, Sr. Director of
9 Wholesale Operations at FPL, provided the bottom line impact from events such
10 as the 2005 storms referred to in FGT's testimony. In the document, Mr. Yupp
11 lists the actual quantity of firm natural gas supplies that was curtailed through
12 claims of Force Majeure during each of the 2005 storms that impacted the Gulf of
13 Mexico. Over 23 Bcf of FPL's supply was impacted during that period and had to
14 be replaced with other, more expensive natural gas procured in the spot market, or
15 by other, more expensive fuels such as heavy oil or light oil. FPL paid over
16 \$92MM in incremental natural gas costs to replace this lost fuel. This is in
17 addition to the increased costs of burning oil as a replacement fuel. So, while
18 "replacement" gas may have been available shortly after the events, there was
19 significant impact felt by FPL's customers nonetheless. One of the major benefits
20 in constructing the Florida EnergySecure Line is to continue to minimize these
21 types of impacts to FPL's customers by creating a highly reliable and diverse
22 supply portfolio. While SESH and the addition of Gulf Coast storage has added

1 to the strength of the portfolio, as new gas requirements are added, we cannot stop
2 looking at new infrastructure to harden our supply.

3 **Q. Does this conclude your rebuttal testimony?**

4 **A. Yes.**

Florida Power & Light Company
Docket No. 090172-EI
Staff's Fourth Set of Interrogatories
Interrogatory No. 85- Supplemental
Page 1 of 1

Q.

On page 16, lines 10-15, of witness Forrest's testimony, it states that FPL will market the 200 MMcf/d to other entities and revenues received from such sales would flow back to FPL's customers via the Fuel Cost Recovery Clause. What process will FPL employ to market the 200 MMcf? Will the capacity be bundled with supply? What assurance is there that FPL will receive the maximum value for the capacity and/or bundled sale so that its customers receive the maximum credit through the Fuel Cost Recovery Clause?

A.

- A. As described in the testimony of witness Sexton, page 55, lines 15-18, "FPL can either sell excess capacity on its new pipeline system to third party shippers or can utilize the excess capacity on the new pipeline for its own account and release a like amount of capacity on either the Gulfstream or FGT systems to third party shippers." Witness Sexton also explains on page 38, lines 17-19 of his testimony how FPL could market the 200 MMcf/d to markets throughout FGT or Gulfstream's service territories by releasing its firm transportation capacity on FGT or Gulfstream to third parties and replacing such capacity with incremental capacity on the new pipeline.

With respect to the option of releasing capacity on either Gulfstream or FGT, FPL would follow FERC's capacity release requirements to market the 200 MMcf. FERC has very strict, standardized capacity release posting and bidding requirements in order to ensure that capacity is awarded in an open and non-discriminatory manner and FPL would strictly adhere to these requirements. Capacity must be posted and accessible to all interested parties on the pipeline's Electronic Bulletin Board. Although the releasing party can set parameters for the release of capacity, such as the term of the release, such parameters must be non-discriminatory. FERC also dictates the rules surrounding the capacity release auction so that all releasing shippers abide by the same procedures for the auction and award of capacity. With that being said, it is not FPL's intention to do long-term releases of its FGT or Gulfstream capacity as these original contracts were purchased for specific delivery needs. FPL would look to do short-term releases to bring additional value to its customers.

To the extent FPL decides to sell excess capacity on its Florida EnergySecure Line, FPL would plan to post the available capacity in an open and transparent manner and seek bids on the capacity in order to ensure non-discriminatory access to the capacity. FPL would file tariffs governing such sales with the Florida Public Service Commission. In addition, FPL will post its available capacity from the Florida EnergySecure Line, on an electronic bulletin board, and will include such detail as the available volume of capacity, the available term, and any reserve price. FPL will award capacity in a non-discriminatory manner to the party(ies) offering the highest net present value bid(s) consistent with the posted criteria.

- B. Pursuant to FERC regulations, releasing shippers are not allowed to bundle or tie capacity to be released with a supply sale unless it is done as part of an "Asset Management Agreement," which requires that the asset manager (purchaser of the released capacity) utilize the capacity in part to meet the supply needs of the releasing shipper. FPL releases capacity only when it is not needed to serve FPL's supply needs. Therefore, the scenario would not fall within the Asset Management Agreement parameters announced by FERC, and the capacity release could not be bundled with a supply sale. Therefore, unless FPL is utilizing the capacity to serve a particular market, the capacity would be released alone and not be bundled with supply.
- C. As described in subpart A, the capacity will be released through an open and transparent auction; therefore, the market price will prevail and customers will receive the maximum value for the capacity.

Natural Gas

Supplier Non-Performance Expense

<u>Weather Event</u>	<u>Quantity (Dth)</u>	<u>Cost Impact (\$)</u>
Tropical Storm Arlene	213,946	(147,322.80)
Hurricane Dennis	2,502,984	(4,534,502.09)
Hurricane Emily	5,026	(4,568.63)
Hurricane Katrina	11,274,578	(41,570,169.28)
Hurricane Rita	9,255,352	(46,645,704.75)
Total Non-Performance	23,251,886	(92,902,267.55)

Non-performance expense reflects the incremental cost that FPL incurred to replace firm natural gas supply that was curtailed as a result of each weather event. The calculation is performed by taking the difference in price between the daily spot price and the original firm contract price multiplied by the volume that was cut each day. Cost impacts shown as negative values in Table 1 occurred when FPL paid a higher spot price for replacement natural gas than the original firm contract price. As shown above, FPL experienced firm natural gas supply disruptions of 23,251,886 dekatherms with a total replacement value of \$92.9 million.

FPL was able to utilize several agreements with natural gas transporters and storage facilities, which were executed as a result of last year's storm season, to help mitigate the impact of supply disruptions. Natural gas storage was extremely beneficial, particularly after Hurricane Katrina, in helping FPL meet its daily natural gas requirements.

Fuel Oil

The impact of the 2005 storm season on FPL's heavy fuel oil inventory was markedly different than 2004 from the standpoint of where the storms made landfall and the timing of the events. These storms did not impact Florida ports at which FPL receives fuel oil as significantly during the 2005 season. FPL did experience shipping delays as the storms passed and moved into the Gulf, however FPL was able to manage its inventories throughout these events with significantly less natural gas than it utilized in 2004. FPL consumed roughly 85% less natural gas in an effort to manage fuel oil inventory during 2005 as compared to 2004. This however, equated to roughly \$5 million in incremental cost, almost the same as 2004, as the gas to oil spread was much larger in 2005.